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UNIVERSE INTERNATIONAL HOLDINGS LIMITED

寰宇國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1046)

**(I) SUPPLEMENTAL AGREEMENT
TO
THE ACQUISITION OF 49% EQUITY INTEREST OF
GLORY INTERNATIONAL ENTERTAINMENT LIMITED;
AND
(II) CHANGE IN USE OF PROCEEDS**

Reference is made to the announcement of Universe International Holdings Limited (the “**Company**”) dated 27 August 2015 (the “**Announcement**”) in relation to the disclosable transaction concerning the acquisition of 49% of the issued share capital of Glory International Entertainment Limited. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

SUPPLEMENTAL AGREEMENT

Completion has taken place in accordance with the terms of the SP Agreement. As at the date of this announcement, the Purchaser is the owner of 49% of the issued share capital of the Target while the Vendor is the owner of the remaining 51% of the issued share capital of the Target.

In light of the business development of the Target Group subsequent to the Completion, the Group and the Vendor have further discussed the future prospects of the Target Group and on 5 May 2016, the Purchaser and the Vendor entered into a supplemental agreement (the “**Supplemental Agreement**”) to the SP Agreement whereby the Purchaser and the Vendor have agreed to amend certain terms of the SP Agreement so that (i) the Final Consideration will be capped at the amount which is equal to the Initial Consideration (i.e. HK\$36,750,000), which has been paid in full at or before Completion; (ii) the Consideration will only be subject to downward adjustment; and (iii) the reference period by which the Final Consideration is calculated will be extended from a period of 12 months to 15 months. More details of such amendments are set out below.

* *for identification purposes only*

Determination of Final Consideration

Pursuant to the terms of the Supplemental Agreement, the final amount of the Consideration for the acquisition of the Sale Shares (“**Final Consideration**”) shall be determined in accordance with the following revised formula:

$$FC = NP \times (12/15) \times 7.5 \times 49\%$$

Where:

“FC” means the amount of the Final Consideration subject to a cap of HK\$36,750,000;

“NP” means the net profit of the Target Group for the Relevant Period (as defined below) (the “**Relevant Period Net Profit**”), being the audited consolidated profit after tax of the Target Group attributable to owners of the Target for the period from 1 July 2015 to 30 September 2016 (“**Relevant Period**”) as shown in the audited consolidated financial statements of the Target Group (“**Relevant Period Audited Accounts**”) for the Relevant Period (which will only include income or gain generated by activities in the ordinary and usual course of business of the Target Group). Where the Relevant Period Net Profit is a negative figure, “NP” shall be deemed to be zero.

As stated above, (i) the cap of the Final Consideration is reduced from HK\$55,125,000 to HK\$36,750,000; and (ii) the reference period by which the net profit of the Target Group will be determined for calculating the Final Consideration is extended from 12 months from 1 July 2015 (i.e. 30 June 2016) (the “**Original Reference Period**”) to 15 months from 1 July 2015 (i.e. 30 September 2016), and therefore, the net profit of the Target Group during such extended period shall be annualised by a factor of 0.8 (i.e. $12 \div 15$) as stated in the amended formula above.

Refund of the difference between the Final Consideration and Initial Consideration

The Purchaser and the Vendor shall, in good faith, determine the Final Consideration in accordance with the above formula within 75 days after the Relevant Period Audited Accounts are available. Within 10 Business Days after the Final Consideration is determined, where the Final Consideration is less than the amount of the Initial Consideration, the Vendor shall pay in cash (or by way of cheque) to the Purchaser a sum equal to such difference.

For the avoidance of doubt, where the Final Consideration is equal to or more than the Initial Consideration, neither the Purchaser is required to pay any additional sum to the Vendor nor is the Vendor required to refund any part of the Initial Consideration to the Purchaser.

Since the Final Consideration is capped at HK\$36,750,000, which is equal to the Initial Consideration, the Consideration will only be subject to downward adjustment and the Company will not be required to make any further payment to the Vendor in any event.

REASONS FOR AND BENEFITS OF THE SUPPLEMENTAL AGREEMENT

As disclosed in the Announcement, the Target has a number of subsidiaries, the principal activities of which include advertising production, provision of public relations services, holding and sponsoring stage performance, concerts, film production and other cultural events in Hong Kong, Taiwan and the PRC.

The Target Group has planned to release a film in Hong Kong and the PRC during the coming summer vacation in order to maximise the return of the Target Group, as the box office in Hong Kong and the PRC during the summer vacation is, in general, relatively higher than that in other period of the year. However, the profit attributable to the aforesaid film cannot be counted as profits of the Target Group for the Original Reference Period. Therefore, the Vendor and the Group have discussed this situation and for the benefits of the Target Group, have agreed to extend the reference period for three more months, i.e. from 1 July 2015 to 30 September 2016. The Directors consider that in order to maintain a good business relationship between the Group and the Vendor, the Purchaser and the Vendor entered into the Supplemental Agreement to extend the relevant reference period for determining the Final Consideration, from 12 months from 1 July 2015 (i.e. 30 June 2016) to 15 months from 1 July 2015 (i.e. 30 September 2016). In balance with the extension of the aforesaid period, the Purchaser and the Vendor have agreed to reduce the cap of the Final Consideration from HK\$55,125,000 to HK\$36,750,000.

Based on the above, the Directors consider that the terms of the Supplemental Agreement are fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

CHANGE IN USE OF PROCEEDS

Reference is made to the Circular of the Company dated 24 June 2015 in relation to, among others, the Placing and the Rights Issue, and the Announcement.

As stated in the Announcement, the Board had resolved to reallocate the proceeds from the Placing that were planned to settle the balance of the Final Consideration, i.e. a maximum of HK\$18.3 million, to the provision of short terms loans under the Group's money lending business. As at the date of this announcement, the Group has received the repayment of all the principal and interests of such short terms loans.

Since the Final Consideration is now capped at HK\$36,750,000, which is equal to the Initial Consideration, the Company does not have to make any further payment to the Vendor. Therefore, the Board has resolved to reallocate the aforesaid HK\$18.3 million as general working capital of the Group.

GENERAL

Save for the above amendments and the corresponding changes, all other terms and conditions in the SP Agreement remain unchanged and continue in full force and effect. The Directors consider that such changes to the SP Agreement would not have any adverse impact on the business and performance of the Group and the terms of the Supplemental Agreement are in the interests of the Company and the Shareholders as a whole.

By order of the Board
Universe International Holdings Limited
Lam Shiu Ming, Daneil
Chairman and Executive Director

Hong Kong, 5 May 2016

As at the date of this announcement, the executive Directors are Mr. Lam Shiu Ming, Daneil, Mr. Hung Cho Sing, Ms. Cheng Hei Yu and Mr. Lam Kit Sun, the non-executive Director is Mr. Chan Shiu Kwong Stephen, and the independent non-executive Directors are Mr. Lam Wing Tai, Mr. Choi Wing Koon and Mr. Lam Chi Keung.