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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)

DISCLOSEABLE TRANSACTION – PROVISION OF LOAN

Reference is made to the announcement of the Company dated 13 October 2014, in which the Company entered into MOU I with COH in respect of the proposed acquisition of shares of a group of companies which are principally engaged in the production of frames for eyeglasses and other optical products.

Reference is also made to the announcement of the Company dated 20 April 2015 in which the Company announced that the Company has re-commenced the negotiation for the possible acquisition of shares of COH with the Borrower and that the Lender (a wholly-owned subsidiary of the Company) had entered into MOU II with the Borrower to form the basis of negotiation of the possible acquisition of the Borrower's shareholdings in COH.

The Board is pleased to announce that after trading hours on 5 October 2015, the Lender and the Borrower entered into the Loan Agreement pursuant to which the Lender had agreed to grant to the Borrower, an Independent Third Party, an unsecured loan in the principal amount of HK\$55,000,000, bearing interest at a rate of 9.75% per annum for a period of one year.

In consideration of the Lender agreeing to advance the Loan to the Borrower, the Borrower agrees to grant the Option to the Lender to confer it the right to purchase the Option Shares subject to the terms and conditions of the Loan Agreement.

As certain of the applicable percentage ratios under the Listing Rules in respect of the grant of the Loan are more than 5% and all applicable percentage ratios are less than 25%, the grant of the Loan constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

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* *for identification purposes only*

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THE LOAN AGREEMENT

Date: 5 October 2015

Parties: (1) Fragrant River Entertainment Investment Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company as at the date of this announcement, as Lender; and

(2) Cassia Investments Limited Partnership I, a close-ended fund established as an exempted limited partnership in the Cayman Islands and registered as an exempted limited partnership, as Borrower.

The principal activity of the Borrower is investment holding.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Borrower and (where applicable) its ultimate beneficial owners are Independent Third Parties.

Principal amount: HK\$55,000,000

Maturity Date: the first anniversary of the Advance Date (or if that day is not a Business Day in Hong Kong, the immediately following Business Day in Hong Kong)

Interest: 9.75% per annum

Under the Loan Agreement, interest shall be chargeable on the Loan while the Loan remains outstanding at the rate of 9.75% per annum, commencing on the Advance Date until the earlier of (i) the Maturity Date; or (ii) the date of early prepayment of the Loan pursuant to the terms and conditions of the Loan Agreement; or (iii) as regards the portion of the Loan which has been applied towards the payment of the Option Exercise Moneys (as defined below), the date of completion of the purchase of the Option Shares concerned. Subject to the terms and conditions of the Loan Agreement, the Borrower shall repay and/or settle the full amount of the Loan on the Maturity Date and the interest accrued thereon shall be firstly repaid on the date falling the same calendar date on the sixth month from the Advance Date (or if that day is not a Business Day in Hong Kong, the immediately following Business Day in Hong Kong) and secondly on the Maturity Date.

As disclosed in the circular of the Company dated 24 June 2015 in relation to, among other things, the placing of new Shares of the Company (the “**Placing**”), the Company intends to apply the net proceeds of approximately HK\$60.0 million from the Placing for the possible acquisition of COH. In addition, if such potential acquisition does not proceed, the Company will seek for other investment opportunities in the same industry and, if such opportunities arise, apply the proceeds for such use. Accordingly, the Loan to be granted under the Loan Agreement to the Borrower will be funded by the aforementioned HK\$60.0 million from the net proceeds from the Placing. The Board has resolved to utilise the remaining HK\$5 million (being the difference between HK\$60.0 million and HK\$55 million) for general working capital of the Group or any other business opportunities in the business similar to that of COH Group.

The terms of the Loan Agreement (including the interest rate and the grant of the Option as detailed below) were determined after arm’s length negotiations between the parties, with reference to, among other things, (i) commercial practice and the amount of the Loan; (ii) the historical financial performance of COH Group; and (iii) the appraisal value of COH Group of approximately US\$45.87 million (equivalent to approximately HK\$355.49 million) as prepared by an independent valuer based on the market approach as at 31 August 2015.

OPTION TO PURCHASE OPTION SHARES OF COH HELD BY BORROWER

In consideration of the Lender agreeing to advance the Loan to the Borrower, the Borrower agrees to grant the Option to the Lender to confer it the right to purchase the Option Shares, being the existing issued shares of COH currently held by the Borrower, on the following terms and conditions:

- (1) the price at which each Option Share shall be purchased shall be fixed at HK\$177,993.5 (“**Option Exercise Price**”), subject to adjustments as detailed below;
- (2) the Option can be exercised by the Lender more than once during the period commencing from the Advance Date until the one-month-period prior to the Maturity Date (“**Option Exercise Period**”) in any amount of the Option Exercise Moneys as the Lender may consider appropriate;
- (3) the aggregate amount of Option Shares that can be purchased by the Lender pursuant to the exercise of the Option shall be capped at an aggregate value not exceeding HK\$55,000,000;
- (4) the aggregate shareholding percentage of the Option Shares shall not exceed 15.45% of the issued share capital of COH; and
- (5) any exercise of the Option shall be made in the manner set out below.

Exercise of the Option

The Lender may, by serving notice (“**Option Exercise Notice**”) in writing to the Borrower, at any time during the Option Exercise Period and at its sole discretion, exercise its right to purchase such number of Option Shares as may be determined as follows:

$$A = \frac{B}{C}$$

Where A = number of Option Shares;

B = subject to point (3) above, the aggregate purchase amount proposed to be settled by the Lender upon the exercise of the Option as specified in the Option Exercise Notice (such aggregate amount is referred to as “**Option Exercise Moneys**”);

C = the prevailing Option Exercise Price.

No fraction of an Option Share will be transferred upon purchase and the amount in lieu thereof shall be refunded to the Lender.

Adjustment to the Option Exercise Price

If and whenever there shall be an alteration to the nominal value of the shares of COH as a result of consolidation or subdivision (“**Capital Reorganisation**”) and the effective date of a Capital Reorganisation falls on a day which is after the date of the Loan Agreement, the Option Exercise Price shall be adjusted by multiplying the following fraction:

$$\frac{X}{Y}$$

Where X = the nominal value of each ordinary share of COH immediately after such alteration; and

Y = the nominal value of each ordinary share immediately before such alteration.

Such adjustment shall automatically become effective on the date the alteration takes effect.

Completion of exercise of the Option

The Option Exercise Moneys shall be settled by off-setting an equivalent amount of such outstanding Loan so that upon the completion of the purchase of the Option Shares by the Lender from the Borrower as specified in the Option Exercise Notice (“**Purchase Completion Date**”):

- (1) the amount of the Loan then due to the Lender by the Borrower shall be reduced by an amount equal to the Option Exercise Moneys;
- (2) the right of the Lender to repayment of the principal amount of the Loan (to the extent relates to the Option Exercise Moneys) shall be extinguished; and
- (3) the Option Exercise Moneys is considered as settled in full by the Lender.

The accrued but unpaid interest on the Option Exercise Moneys shall be paid by the Borrower on the Purchase Completion Date.

Termination of MOU II

The Lender and the Borrower confirmed and acknowledged in the Loan Agreement that MOU II is terminated and none of the parties to MOU II shall have any liabilities towards each other in connection such termination.

INFORMATION ON THE BORROWER AND COH GROUP

As at the date of this announcement, the Borrower owned 2,000 shares of COH, representing 100% of the issued share capital of COH, a company incorporated in Cayman Islands with limited liability. COH owns 2,000 class A ordinary shares of twenty20 Limited (“**twenty20**”) (representing approximately 85% equity interest of twenty20), which in turn owns 100% of the equity interests of various companies, which are principally engaged in the production, supply and distribution of frames for eyeglasses and other optical products.

On 8 January 2015, 352.95 Class B Shares (as defined below) were issued to the management of the twenty20, who are Independent Third Parties. Accordingly, as at the date of this announcement, the total number of 2,352.95 issued shares of twenty20 consist of two classes of shares as follows:

- (i) 2,000 class A ordinary shares of par value US\$1.00 each (each a “**Class A Share**”), all of which are held by COH; and
- (ii) 352.95 class B ordinary shares of par value US\$1.00 each (each a “**Class B Share**”), all of which are held by the management of twenty20, who are Independent Third Parties.

Class A Share and Class B Share are identical save as follows:

- (i) a Class A Share shall confer upon the holder thereof the right to receive dividends and distributions, while a holder of a Class B Share shall not have any right to receive dividends or distributions and shall not have any other right to participate in the profits or assets of twenty20 except upon the dissolution or liquidation of twenty20; and
- (ii) each Class B Share shall be convertible into a Class A Share following a conversion event, i.e. completion of the earlier of one of the following events:
 - (a) twenty20 having declared and paid at least US\$20,000,000 of dividends to its members; and
 - (b) an exit from COH Group by way of, among others, an initial public offering of the shares of a member of COH Group on a stock exchange.

Financial information

Set out below is the summary of the key financial information extracted from the unaudited combined financial statements of COH Group for the year ended 31 December 2013 and 31 December 2014 respectively:

	For the year ended 31 December 2014	For the year ended 31 December 2013
	<i>US\$'000</i>	<i>US\$'000</i>
Turnover	27,333	26,603
Profit before taxation	5,369	5,194
Profit after taxation	5,065	5,126

The unaudited consolidated total asset value and unaudited consolidated net asset value of COH as at 31 August 2015 were approximately US\$33.0 million and US\$17.5 million respectively.

REASONS FOR AND BENEFITS OF THE PROVISION OF THE LOAN

The Group is principally engaged in distribution of films in various videogram formats, film exhibition, licensing and sub-licensing of film rights, leasing of investment properties, securities investment, money lending, trading and wholesale of optical products and trading, wholesale and retail of watch and jewellery products.

The Board has taken into account the following factors in assessing the Loan Agreement:

- (1) The financial performance of COH Group was stable in the past few years;
- (2) The Loan will provide stable interest income to the Group;
- (3) COH Group has well-established business in production, supply and distribution of frames for eyeglasses and other optical products. The exercise of Option will enable the Group to acquire equity interest in COH Group, which will have a synergetic effect with the Company's existing business of retail sale of optical products in Hong Kong (as disclosed in the Company's announcement dated 7 May 2015); and
- (4) The appraisal value of COH Group of approximately US\$45.87 million (equivalent to approximately HK\$355.49 million) as prepared by an independent valuer based on the market approach as at 31 August 2015. Taking into account that the Option entitling the Group to acquire approximately 15.45% equity interest of COH Group, the value of the Option would be approximately HK\$55.0 million (equivalent to approximately US\$7.10 million), which is about the same as the principal amount of the Loan.

Based on the above, the Board considers that the terms of the Loan Agreement (including the terms of the Option) are on normal commercial terms and are fair and reasonable so far as the Company and the Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As certain of the applicable percentage ratios under the Listing Rules in respect of the grant of the Loan are more than 5% and all applicable percentage ratios are less than 25%, the grant of the Loan constitutes a discloseable transaction of the Company and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

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|----------------|--|
| “Advance Date” | 6 October 2015, being the next Business Day after the date of the Loan Agreement |
| “associate” | has the meaning ascribed to it under the Listing Rules |

“Board”	the board of Directors of the Company
“Borrower”	Cassia Investments Limited Partnership I, a close-ended fund established as an exempted limited partnership in the Cayman Islands and registered as an exempted limited partnership
“Business Day”	any day (excluding Saturday, Sunday and public holidays) on which licensed banks in Hong Kong are generally open for business
“COH”	Cassia Optical Holdings Limited, a company incorporated in the Cayman Islands with limited liability
“COH Group”	COH and its subsidiaries
“Company”	Universe International Holdings Limited, a company incorporated in the Bermuda, the issued shares of which are listed on the Stock Exchange (stock code: 1046)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third party(ies) who is independent of and not connected with the Company and its connected persons
“Lender”	Fragrant River Entertainment Investment Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	a loan of HK\$55,000,000 granted by the Lender to the Borrower pursuant to the Loan Agreement
“Loan Agreement”	the agreement dated 5 October 2015 entered into between the Lender and the Borrower in relation to the provision of the Loan and grant of Option
“Maturity Date”	first anniversary of the Advance Date (or if that day is not a Business Day in Hong Kong, the immediately following Business Day in Hong Kong)

“MOU I”	the memorandum of understanding dated 13 October 2014 entered into between Fragrant River Entertainment Culture (Holdings) Limited and COH
“MOU II”	the memorandum of understanding dated 20 April 2015 entered into between the Lender and the Borrower
“Option”	the option granted by the Borrower to the Lender pursuant to the Loan Agreement
“Option Share(s)”	such number of existing issued shares of COH of US\$1.00 each currently held by the Borrower to be purchased by the Lender upon exercise of the Options in accordance with the terms and conditions thereof, each an “Option Share”
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	the United States dollars, the lawful currency of the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“%”	means per cent

In this announcement, save as otherwise provided, amounts in US\$ are converted into HK\$ on the basis of US\$1.00 = HK\$7.75. The conversion rate is for illustration purpose only and should not be taken as a representation that US\$ could actually be converted into HK\$ at that rate.

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

Hong Kong, 5 October 2015

As at the date of this announcement, the executive Directors are Mr. Lam Shiu Ming, Daneil, Mr. Hung Cho Sing, Mr. Yeung Kim Piu 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.