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UNIVERSAL HOLDINGS LIMITED

友利控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 419)

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTIONS RELATING TO PROPOSED ACQUISITION OF ANGLO ALLIANCE WHICH INVOLVES ISSUE OF NEW SHARES AND CONVERTIBLE NOTE AND APPLICATION FOR WHITEWASH WAIVER

<p>On 2 February 2005, Mr. Ko, the Chairman and the controlling shareholder of the Company, Orient Ventures, a company wholly-owned by Mr. Ko, and the Company entered into the Deed with the Vendor pursuant to which Orient Ventures has conditionally agreed to acquire from the Vendor the entire issued share capital of Anglo Alliance for a maximum consideration of HK\$550 million (subject to adjustment). On the same date, the Company entered into the UHL SP Agreement with Mr. Ko pursuant to which the Company has conditionally agreed to acquire from Mr. Ko the entire issued share capital of Orient Ventures for a maximum consideration of HK\$550 million (subject to adjustment).</p> <p>Members of the Anglo Alliance Group are engaged in various media-related business in the PRC, including the production of television drama, investment in movie production, advertising agency and advertisement production. The Anglo Alliance Group is also responsible for producing programmes (other than news) for a satellite television channel in Hainan province, the PRC.</p> <p>Upon completion of the UHL SP Agreement, the Company will acquire the entire issued share capital of Orient Ventures and the Company will pay the maximum consideration of HK\$550 million by way of (i) issuing 3,046,570,871 Consideration Shares (at an issue price HK\$0.049 per Share) to Mr. Ko (or his nominee); (ii) the issue of the Convertible Note with an aggregate principal amount of HK\$287,318,027 to Mr. Ko; and (iii) the balance of the consideration payable under the Deed of HK\$113,400,000 by issuing 2,700,000,000 Consideration Shares (at an issue price of HK\$0.042 per Share) to the Vendor. The actual effective consideration (after adjustment) shall be equivalent to the net profit of the Anglo Alliance Group for the 12 months after completion of the Deed times the agreed price-to-earnings ratio of approximately 9.17 times, subject to a minimum consideration of HK\$367 million and a maximum consideration of HK\$550 million. If the actual consideration (after adjustment) is less than the maximum consideration, the Vendor shall repay the difference to Orient Ventures in cash.</p> <p>The transactions under the UHL SP Agreement constitute a very substantial acquisition and connected transaction for the Company and therefore are subject to approval by Independent Shareholders at the EGM under Rules 14.49 and 14A.18 of the Listing Rules.</p> <p>As a result of the transactions under the UHL SP Agreement, the shareholding interest of Mr. Ko and his concert parties in the Company will increase from approximately 31.12% of the existing issued share capital of the Company as at the date of this announcement to (i) approximately 45.07% of the enlarged issued share capital of the Company before conversion of the Convertible Note in full; and (ii) approximately 66.71% of the further enlarged issued share capital of the Company after conversion of the Convertible Note in full. Mr. Ko will apply for the Whitewash Waiver. Completion of the transactions contemplated under the UHL SP Agreement is also subject to, among other things, the Whitewash Waiver being granted and approved by the Independent Shareholders in accordance with the Takeovers Code. In the absence of the Whitewash Waiver, the transaction contemplated under the UHL SP Agreement will not proceed.</p> <p>As a result of the transactions under the Deed and the UHL SP Agreement, the Vendor will hold approximately 29.93% of the issued share capital of the Company immediately upon completion of the UHL SP Agreement but before conversion of the Convertible Note and will become a substantial shareholder of the Company for the purposes of the Listing Rules.</p> <p>An independent board committee will be established to consider the transactions under the UHL SP Agreement and the Whitewash Waiver and to advise the Independent Shareholders in this regard. Somerley Limited has been appointed to advise the independent board committee and the Independent Shareholders in this regard.</p> <p>The Company will despatch to the Shareholders a circular containing further details of the Deed, the UHL SP Agreement, the Whitewash Waiver, the recommendation from the independent board committee to the Independent Shareholders, the recommendation from the independent financial adviser to the independent board committee of the Company, the accountants' reports on Orient Ventures, Anglo Alliance, Hao Ge, the Media Company and JiCheng, reports from the financial adviser and the consultant accountants on the Target Profit in accordance with Rule 10 of the Takeovers Code and Rule 14.62 of the Listing Rules and a notice convening the EGM on or before 31 March 2005.</p> <p>Shareholders should note that the Deed and the UHL SP Agreement, each of which is subject to a number of conditions precedent, may or may not be completed. Shareholders are reminded to exercise caution when dealing in the securities of the Company.</p> <p>Trading in the Shares was suspended from 9:30 a.m. on 20 December 2004 at the request of the Company pending the issue of this announcement and an application has been made to the Stock Exchange for the resumption of trading of the Shares from 9:30 a.m. on 3 February 2005.</p>

THE DEED

Date

2 February 2005

Parties

- Vendor : Mr. Dong Ping, an individual who is independent of the Company and its connected persons (as defined under the Listing Rules) and is not a concert party of Mr. Ko for the purposes of the Takeovers Code
- Purchaser : Orient Ventures, a company wholly-owned by Mr. Ko
- Guarantor : Mr. Ko, the Chairman of the board of directors of the Company and the ultimate controlling shareholder of the Company, who has agreed to guarantee the performance by Orient Ventures of its obligations under the Deed

The Company is a party to the Deed in order that it may enjoy the benefit of certain provisions in the Deed including being afforded the right to gain access to the books and records of the Anglo Alliance Group in order that the Company may carry out due diligence on the Anglo Alliance Group and to satisfy itself as to the results of such due diligence.

Assets to be acquired by Orient Ventures

Orient Ventures has conditionally agreed to purchase from the Vendor and the Vendor has conditionally agreed to sell to Orient Ventures the entire issued share capital of Anglo Alliance held by the Vendor.

The loan due from Anglo Alliance to the Vendor outstanding as at the completion date of the Deed will also be assigned by the Vendor to Orient Ventures. The Vendor has confirmed that currently save for certain accrued administrative expenses, Anglo Alliance does not have other liabilities. It has been agreed that the Vendor will make an advance of HK\$100 million to Anglo Alliance prior to the completion of the Deed as operational funding. The Company understands from the Vendor that he currently intends to finance the HK\$100 million by part of the consideration money to be received by him under the Deed.

Anglo Alliance is an investment holding company. As advised by the PRC legal advisers to the Vendor, the Company, as a foreign investor, is restricted from holding a 100% interest in Hao Ge under the present PRC law. Upon completion of the Deed, Anglo Alliance will own an equity interest in Hao Ge of up to 98% but not less than 80%. The actual percentage of the equity interest will be subject to any restriction under the applicable PRC law and the necessary approval having been obtained from the relevant authorities in the PRC. The Company will issue an announcement setting out the actual percentage interest in Hao Ge held by Anglo Alliance after completion of the UHL SP Agreement. The remaining equity interest in Hao Ge will be held by Beijing Hua Yi Union, being an entity owned as to 50% by the Vendor and 50% by Mr. Liu Xiao Lin, an independent third party who is not a connected person of the Company and is not a concert party of Mr. Ko as at the date of this announcement. The articles of association to be adopted by Hao Ge (upon it being reorganised into a sino-foreign joint venture of Anglo Alliance and Beijing Hua Yi Union upon completion of the Reorganisation) will state that the rights and obligations of each of Anglo Alliance and Beijing Hua Yi Union shall be proportional to their equity interests in Hao Ge.

It is the intention of the Company to acquire a 100% interest in Hao Ge. In view of the PRC law restriction as described above, the Vendor has agreed as one of the conditions precedent to the completion of the Deed, that Beijing Hua Yi Union shall grant to Anglo Alliance the Option to acquire the remaining equity interest in Hao Ge at a nominal consideration of HK\$1. The right to exercise the Option shall be subject to the applicable PRC law.

In addition, the Vendor has undertaken to Orient Ventures that he will use his best endeavours to enable Anglo Alliance to enjoy the economic benefits arising from the remaining equity interest in Hao Ge after completion of the Deed and before exercise of the Option. The Company, Mr. Ko and the Vendor are discussing about the mechanics of transferring the economic benefits from Beijing Hua Yi Union in Hao Ge to Anglo Alliance, such as by way of assigning Beijing Hua Yi Union's right to receive dividend declared by Hao Ge to Anglo Alliance. Up to the date of this announcement, such mechanics have not been determined. The Company will issue an announcement after such mechanics have been determined.

The Company understands from the Vendor that Beijing Hua Yi Union has agreed to the above arrangements. Upon completion of the Deed, the issued shares of Anglo Alliance which will be transferred to Orient Ventures pursuant to the Deed, the entire equity capital of Hao Ge and Hao Ge's interest in the Media Company shall be free from any encumbrances, security and charges. Please refer to the paragraph headed "Information on the Anglo Alliance Group" for further details of its assets and business activities.

Consideration

The maximum consideration payable by Orient Ventures to the Vendor for the acquisition of the entire issued share capital of Anglo Alliance and the assignment of the shareholder's loan is HK\$550 million, (subject to adjustment as described in the paragraph headed "Adjustment to the consideration" below) of which Orient Ventures is required to pay HK\$110 million as deposit to the Vendor within 7 business days after the date of the Deed. The remaining consideration of HK\$440 million will be satisfied as to HK\$326.6 million upon completion of the Deed by the issue of promissory notes with an aggregate principal amount of HK\$326.6 million by Mr. Ko to the Vendor, and with the balance of HK\$113.4 million to be satisfied either (i) by Mr. Ko in cash on the long-stop-date of the UHL SP Agreement (being 30 April 2005 or such later date as the Vendor, Mr. Ko and the Company may agree), if the UHL SP Agreement does not proceed to completion; or (ii) by the issue of 2,700 million Consideration Shares at HK\$0.042 each by the Company to the Vendor upon completion of the UHL SP Agreement (as described below).

The promissory notes to be issued by Mr. Ko under the Deed will be unsecured, become due on the date falling on the end of 18 months immediately after the date of the issue of the promissory notes and bear interest at a rate equal to the prime rate quoted by The Hongkong and Shanghai Banking Corporation Limited.

Conditions precedent for completion of the Deed

Completion of the Deed is subject to the satisfaction of the following conditions precedent:

- the warranties given by the Vendor remaining true and accurate and not misleading in any material respect;
- the assignment of the Investment Agreement by the Media Company to Hao Ge and a PRC lawyer confirming that such assignment is valid and enforceable under PRC laws, rules and regulations;
- Beijing Hua Yi Union and Anglo Alliance duly executing an agreement granting the Option to Anglo Alliance on terms and conditions to the satisfaction of Orient Ventures and a PRC lawyer confirming that such agreement is legally valid, binding and enforceable under PRC laws and regulations;
- the delivery of a PRC legal opinion to the satisfaction of Orient Ventures and the Company confirming, among other things, (i) the legality and validity of (a) the establishment and continuation of all the members of the Anglo Alliance Group established in the PRC, (b) the conversion of Hao Ge into a sino-foreign joint venture and its increase in registered capital and (c) the ownership and shareholding structure of the Anglo Alliance Group upon completion of the Deed; (ii) Anglo Alliance's title in the equity interest in Hao Ge (being not less than 80% and not more than 98%); (iii) whether the PRC members of the Anglo Alliance Group have obtained all necessary approvals and licences for their existing operations and businesses; (iv) whether the relevant PRC members of the Anglo Alliance Group have valid and proper title to their owned and leased properties; (v) whether the PRC members of the Anglo Alliance Group have complied with all applicable laws, rules and regulations of the PRC; and (vi) the transactions contemplated under the Deed do not infringe any laws, rules and regulations of the PRC or result in any approvals or licences granted to any member of the Anglo Alliance Group becoming void or voidable;
- Orient Ventures and the Company being satisfied with the results of the due diligence in respect of the Anglo Alliance Group which shall include, among other things, due diligence on the financial conditions of the Anglo Alliance Group and the ownership titles of each member of the Anglo Alliance Group;
- the Vendor having complied with his obligations under the Deed;
- all necessary consents being granted by third parties (including governmental or official authorities) and there being no statute, regulation or decision which would prohibit, restrict or materially delay the sale and purchase of the entire issued share capital of Anglo Alliance and the assignment of the loan of approximately HK\$100,000,000 being the entire sum due from Anglo Alliance to the Vendor on completion of the Deed;
- completion of the Reorganisation to the reasonable satisfaction of Orient Ventures; and
- the amount due from Hao Ge to the Vendor outstanding as at the date of the Deed of not less than RMB 70 million being assigned by the Vendor to Anglo Alliance or being capitalised into equity of Hao Ge and a PRC lawyer confirming the legality and validity of such assignment or capitalisation (please refer to the section headed "Information on the Anglo Alliance Group" for details of the amount due from Hao Ge to the Vendor).

Completion of the Deed shall take place on the second business day (or such later date as the Vendor and Orient Ventures may agree in writing) after all the conditions precedent to the Deed have been satisfied or waived (as the case may be). If any of the conditions precedent have not been satisfied or waived on or before 30 April 2005 (or such later date as the Vendor and Orient Ventures may agree in writing), the Deed shall lapse and the deposit shall be repaid to Orient Ventures.

Adjustment to the consideration

Under the Deed, the consideration in respect of the acquisition of the Anglo Alliance Group will be adjusted if the audited net profit of the Anglo Alliance Group for the 12-month period commencing from the completion date of the Deed is less than HK\$60 million (being the Target Profit), by way of the Vendor paying Orient Ventures an amount equal to the following in cash:

Y

x

Total consideration payable under Deed

Target Profit

Y =

the lesser of (i) the Target Profit minus the audited net profit of the Anglo Alliance Group for the 12-month period commencing from the completion date of the Deed or (ii) HK\$20,000,000 (all figures denominated in RMB shall for these purposes be converted into HK\$ based on an exchange rate of RMB1.06=HK\$1)

The maximum adjustment to the consideration is approximately HK\$183.4 million.

As security for the payment which may be due from the Vendor pursuant to such adjustment mechanism, the Vendor has agreed to create a charge over HK\$183 million of the promissory notes to be issued by Mr. Ko to the Vendor under the Deed in favour of Orient Ventures upon completion of the UHL SP Agreement.

The consideration adjustment arrangement (including the amount of Target Profit) was determined after arm’s length negotiations among the Company, Mr. Ko and the Vendor in order to protect the interests of the Company by adjusting to an extent the consideration based upon the actual profits to be achieved by the Anglo Alliance Group.

The Target Profit is regarded as a profit forecast for the purposes of the Takeovers Code and the Listing Rules therefore has to be reported on by the financial adviser and consultant accountants of the Company in accordance with Rule 10 of the Takeovers Code and Rule 14.62 of the Listing Rules. As the Target Profit was not determined based on any profit projections of the Anglo Alliance Group, it will take time for (a) the Vendor to finalise its financial projections and (b) the Company, and its financial adviser and consultant accountants to review the financial projections prepared by the Vendor. Accordingly, the financial adviser and the consultant accountants are not in a position to report on the Target Profit as required under Rule 10 of the Takeovers Code and Rule 14.62 of the Listing Rules at the stage of this announcement. The Company has undertaken that reports from the financial adviser and the consultant accountants on the Target Profit will be included in the circular to be sent to the Shareholders in respect of the transactions under the UHL SP Agreement and the Whitewash Waiver application. If the financial adviser and the consultant accountants are not able to issue an unqualified report on the Target Profit, detailed information on the reasons for such will also be included in the abovementioned circular. **Attention is drawn to the fact that the Target Profit has not been reported on in accordance with the Takeovers Code and the Listing Rules and therefore should not be taken as a forecast of any future profitability of the Anglo Alliance Group.**

THE UHL SP AGREEMENT

Date

2 February 2005

Parties

Vendor : Mr. Ko

Purchaser : the Company

Assets to be acquired by the Company

The Company has conditionally agreed to purchase from Mr. Ko and Mr. Ko has conditionally agreed to sell to the Company the entire issued share capital of Orient Ventures.

Any amount due from Orient Ventures to Mr. Ko outstanding as at the completion date of the UHL SP Agreement will be assigned by Mr. Ko to the Company. As at the date of this announcement, Orient Ventures does not owe any money to Mr. Ko. It is anticipated that Orient Ventures will be indebted to Mr. Ko in the amount of approximately HK\$436,600,000 as at the completion date of the UHL SP Agreement in connection with the payment of part of the consideration under the Deed.

Consideration

Upon completion of the UHL SP Agreement, the Company will pay the maximum consideration of HK\$550 million, subject to the adjustment mechanism which shall be applicable to Orient Ventures (Orient Ventures will become a wholly-owned subsidiary of the Company upon completion of the UHL SP Agreement) as described above, as to (i) HK\$149,281,973 by way of issuing 3,046,570,871 Consideration Shares (at an issue price HK\$0.049 per Share) to Mr. Ko (or his nominee); (ii) HK\$287,318,027 by way of the issue of the Convertible Note to Mr. Ko; and (iii) the balance of the consideration payable under the Deed of HK\$113,400,000 by issuing 2,700,000,000 Consideration Shares (at an issue price of HK\$0.042 per Share) to the Vendor.

The maximum consideration of HK\$550 million under the UHL SP Agreement is equal to the maximum consideration under the Deed together with the adjustment mechanism which shall be applicable to Orient Ventures (Orient Ventures will become a wholly-owned subsidiary of the Company upon completion of the UHL SP Agreement) which values the Anglo Alliance Group at a price-to-earnings ratio of approximately 9.17 times were determined after arm’s length negotiations amongst the Company, Mr. Ko and the Vendor with reference, in particular, to the established market position of the Anglo Alliance Group (including the existing coverage of the Hainan Satellite Television Travel Channel in the PRC), the possible growth of the businesses carried out by the Anglo Alliance Group and the relevant industry, the development trend of the businesses and the quality of the management of the Anglo Alliance Group, the terms of the Deed (including the agreed assignment and/or capitalization of loans due from the Anglo Alliance Group to the Vendor of approximately HK\$166 million), and the business potential of the integrated media businesses carried out by the Anglo Alliance Group in the PRC.

The 5,746,570,871 Consideration Shares in aggregate to be issued by the Company upon completion of the UHL SP Agreement represent approximately 175.5% of the existing issued share capital of the Company, approximately 63.7% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares but before conversion of the Convertible Note and approximately 38.6% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares and the conversion of the Convertible Note in full at the initial conversion price.

Of the total Consideration Shares, the 2,700,000,000 Consideration Shares to be issued to the Vendor represent approximately 82.5% of the existing issued share capital of the Company, approximately 29.9% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares but before conversion of the Convertible Note and approximately 18.1% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares and the conversion of the Convertibles Note in full at the initial conversion price.

Of the total Consideration Shares, the 3,046,570,871 Consideration Shares to be issued to Mr. Ko, together with the 5,863,633,211 new Shares which may fall to be issued upon conversion of the Convertible Note at the initial conversion price, represent approximately 272.1% of the existing issued share capital of the Company and approximately 59.9% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares and the conversion of the Convertibles Note in full.

The existing shareholding structure of the Company and that upon completion of the UHL SP Agreement are set out below in the section headed “Shareholding structure of the Company”.

The issue price of the Consideration Shares to the Vendor of HK\$0.042 per Share was determined after arm’s length negotiations between the Company and the Vendor with reference to the recent market prices of the Shares and represents a discount of approximately 10.6% to the closing price of the Shares of HK\$0.047 each on 17 December 2004 (being the last trading day prior to the issue of this announcement), and a discount of approximately 14.3% to the average closing price of the Shares of HK\$0.049 each for the five consecutive trading days on and prior to 17 December 2004.

The issue price of the Consideration Shares to the Vendor represents a discount to the market price per Share prior to the issue of this announcement and was determined following arm’s length negotiations amongst the Vendor, the Company and Mr. Ko. In facilitating the acquisition of the Anglo Alliance Group, Mr. Ko has

agreed to subscribe for new Shares at the average closing price of the Shares of HK\$0.049 per Share for the five consecutive trading days on and prior to 17 December 2004, which is a higher price per Share than the issue price of the Consideration Share to be issued to the Vendor. Mr. Ko felt that it would be more appropriate and fair for him, as a connected person, to subscribe for Shares at the market price rather than at a discount even though the issue of Shares to an independent third party had agreed to be made at a discount. The issue price of the Consideration Shares to Mr. Ko of HK\$0.049 per Share and conversion price of the Convertible Note of HK\$0.049 per Share was determined after arm’s length negotiations between the Company and Mr. Ko with reference to the recent market prices of the Shares and represents a premium of approximately 4.3% over the closing price of the Shares of HK\$0.047 each on 17 December 2004 (being the last trading day prior to the issue of this announcement), and is equivalent to the average closing price of the Shares of HK\$0.049 each for the five consecutive trading days on and prior to 17 December 2004.

The Directors, excluding the independent non-executive Directors who will opine on the transactions after taking into account the advice to be received from an independent financial adviser, are of the view that the terms of the UHL SP Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Conditions precedent for completion of the UHL SP Agreement

Completion of the UHL SP Agreement is subject to the satisfaction of the following conditions precedent:

1.

the passing of a resolution by the Shareholders approving the increase in authorised share capital of the Company to an amount sufficient for the issue and allotment of the Consideration Shares and new Shares which may fall to be issued upon conversion of the Convertible Note;
2.

the passing of a resolution by the Independent Shareholders pursuant to the requirements of the Listing Rules approving the transactions contemplated under the UHL SP Agreement in particular, the purchase of Orient Ventures, the issue of the Consideration Shares and the Convertible Note and the exercise of the Option;
3.

the Stock Exchange granting its approval for the listing of, and permission to deal in, the Consideration Shares and the new Shares which would fall to be issued upon conversion of the Convertible Note;
4.

the warranties given by Mr. Ko remaining true and accurate and not misleading;
5.

all other necessary consents from third parties (including governmental or official or regulatory authorities) and all other necessary consents and approvals required pursuant to any legal or regulatory requirement in respect of the sale and purchase of the entire issued share capital of Orient Ventures and the assignment from Mr. Ko to the Company of his rights in respect of any amount due from Orient Ventures to Mr. Ko as at the completion date of the UHL SP Agreement being obtained;
6.

no statute, regulation or decision which would prohibit, restrict or materially delay the sale and purchase of Orient Ventures;
7.

the completion of the Deed;
8.

the passing of a resolution by the Independent Shareholders by poll approving the Whitewash Waiver pursuant to the requirements of the Takeovers Code; and
9.

the Executive granting the Whitewash Waiver to Mr. Ko and the parties acting in consent with him.

Apart from conditions 1, 2, 3, 7, 8 and 9 which may not be waived, all the conditions precedent may be waived by the Company. Completion of the UHL SP Agreement shall take place on the second business day (or such later date as Mr. Ko and the Company may agree in writing) after all the conditions precedent to the UHL SP Agreement have been satisfied or waived. If any of the conditions precedent have not been satisfied or waived on or before 30 April 2005 (or such later date as Mr. Ko and the Company may agree in writing), the UHL SP Agreement shall lapse.

STATUS OF THE SHARES TO BE ISSUED

The Consideration Shares to be issued upon completion of the UHL SP Agreement and any new Shares which may be issued upon conversion of the Convertible Note shall rank pari passu with all the Shares then in issue.

THE CONVERTIBLE NOTE

The principal terms of the Convertible Note are summarized below

Aggregate principal HK\$287,318,027 amount:	
Maturity date:	The date falling on the fifth anniversary of the issue of the Convertible Note provided that the accumulated net profit after tax and extraordinary items of the Anglo Alliance Group from the issue date of the Convertible Note up to the financial year ending immediately before the fifth anniversary of the issue of the Convertible Note shall be more than or equal to HK\$550 million.
	In the event that the above proviso is not fulfilled, the maturity date shall be the date falling on the fifth business day after the issue of the financial statements for a financial year in which the accumulated net profit after tax and extraordinary items of the Anglo Alliance Group from the issue date of the Convertible Note up to that financial year shall be more than or equal to HK\$550 million.
	Upon maturity, any outstanding portion of the Convertible Note should be redeemed in cash.
Interest:	Interest free up to the fifth anniversary of the issue of the Convertible Note and thereafter bears interest at a rate equal to the prime rate quoted by The Hongkong and Shanghai Banking Corporation.
Transferability:	Will not be listed on any stock exchange but will be freely transferable in whole or in part.
Conversion:	May be converted into new Shares at the conversion price of HK\$0.049, subject to usual adjustment in respect of the occurrence of various adjusting events, like share consolidation, share sub-division, capitalisation issue, capital distribution, rights issue or other similar events, and issue of new securities, in whole or in part at any time after issue of the Convertible Note up to the fifth anniversary of the issue of the Convertible Note. Based on the initial conversion price of HK\$0.049 per Share, 5,863,633,211 new Shares may fall to be issued upon conversion of the Convertible Note in full, representing approximately 179% of the existing issued share capital of the Company.

The maturity date and conversion period of the Convertible Note depend on the completion date of the UHL SP Agreement. The Company will issue an announcement after completion of the UHL SP Agreement setting out the relevant dates of the maturity date and conversion period of the Convertible Notes.

LISTING APPLICATION

The Company will make an application to the Stock Exchange seeking approval from the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares and any new Shares which may fall to be issued upon conversion of the Convertible Note.

THE WHITEWASH WAIVER

Mr. Ko and his concert parties currently hold approximately 31.12% of the issued share capital of the Company.

Upon completion of the UHL SP Agreement, the percentage voting rights held by Mr. Ko and his concert parties in Company will increase from approximately 31.12% to (i) approximately 45.07% of the enlarged issue share capital of the Company before conversion of the Convertible Note; and (ii) approximately 66.71% of the further enlarged issued share capital of the Company assuming immediate conversion of the Convertible Note in full. Mr. Ko and his concert parties will apply to the Executive for the Whitewash Waiver in respect of the obligation which would otherwise arise under Rule 26.1 of the Takeovers Code for Mr. Ko and his concert parties to make a mandatory general offer for all the issued Shares not already owned by Mr. Ko or the parties acting in concert with him. The Whitewash Waiver will, if granted, be subject to approval by the Independent Shareholders by poll at the EGM in accordance with Note 1 of the Note on dispensation from Rule 26 of the Takeovers Code or as may otherwise be required by the Executive. Mr. Ko and his concert parties will have to abstain from voting in respect of the resolution for approving the Whitewash Waiver.

SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out for illustrative purposes the shareholding structure of the Company as at the date of this announcement and that immediately after completion of the UHL SP Agreement before and after conversion of the Convertible Note in full.

	As at the date of this announcement		Immediately after completion of the UHL SP Agreement but before conversion of the Convertible Note		Immediately after completion of the UHL SP Agreement and assuming immediate conversion of the Convertible Note in full	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Mr. Ko and his concert parties	1,019,077,150	31.12%	4,065,648,021	45.07%	9,929,281,232	66.71%
The Vendor	—	—	2,700,000,000	29.93%	2,700,000,000	18.14%
Public	2,255,216,007	68.88%	2,255,216,007	25.00%	2,255,216,007	15.15%
Total	3,274,293,157	100.00%	9,020,864,028	100.00%	14,884,497,239	100.00%

Based on the shareholding structure of the Company as at the date of this announcement and the terms of the Deed, the UHL SP Agreement and the Convertible Note, the shareholding percentage held by public Shareholders would fall to approximately 15.15% of the enlarged share capital of the Company immediately upon conversion of the Convertible Note in full, which is less than the minimum 25% public float required under the Listing Rules. Mr. Ko has undertaken to the Company and the Stock Exchange that he will not exercise any of the Convertible Note so as to cause the public float of the Company to fall below the required minimum level under the Listing Rules at any time.

The Stock Exchange has indicated that should the UHL SP Agreement be completed, it will closely monitor trading in the Shares if less than 25% of the issued Shares are held by the public. If the Stock Exchange believes that a false market exists or may exist in the Shares; or there are too few Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend trading in the Shares.

As a result of the transactions under the Deed and the UHL SP Agreement, the Vendor will hold approximately 29.93% of the issued share capital of the Company immediately upon completion of the UHL SP Agreement but before conversion of the Convertible Note and will become a substantial shareholder of the Company for the purposes of the Listing Rules.

INFORMATION ON THE GROUP

The Group is principally engaged in the retail and distribution of home audio and video equipment, and IP telephony and related services. As of 30 June 2004 the unaudited net asset value of the Group was approximately HK\$63.5 million. The audited net losses of the Group for each of the two years ended 31 December 2003 and the unaudited net losses of the Group for the six months ended 30 June 2004 were as follows:

	Six months ended 30 June 2004 <i>HK\$ million</i>	Financial year ended 31 December 2003 <i>HK\$ million</i>	2002 <i>HK\$ million</i>
Loss before taxation and extraordinary items	(0.3)	(69.9)	(171.4)
Loss after taxation and extraordinary items	(0.3)	(70.0)	(171.4)
Loss after taxation, extraordinary items and minority interests	(0.3)	(70.0)	(95.1)

The Group did not record any extraordinary items for each of the two years ended 31 December 2003 and the six months ended 30 June 2004.

INFORMATION ON THE ANGLO ALLIANCE GROUP

Anglo Alliance is an investment holding company. Members of the Anglo Alliance Group are engaged in various media related businesses in the PRC, including production of television drama, investment in movie production, advertising agency and advertisement production. The Anglo Alliance Group is also responsible for producing programmes (other than news) for a satellite television channel in Hainan province, the PRC.

Businesses carried out by the Anglo Alliance Group upon completion of the Reorganisation

As a condition precedent to the completion of the Deed, the Reorganisation has to be completed. Pursuant to the Reorganisation, (a) certain assets held by the Anglo Alliance Group as at the date of this announcement, including certain investments held by the Media Company which are restricted from foreign investment, will be disposed of and the remaining investment held by Anglo Alliance upon completion of the Reorganisation will be those set out in the table below; (b) Hao Ge will be reorganised as a sino foreign joint venture whereby Anglo Alliance will own at least 80% (but not more than 98%) of the registered capital of Hao Ge subject to the approval of the relevant PRC authority; and (c) Hao Ge will in turn own 50% of the registered capital in the Media Company. After completion of the Reorganisation, the principal assets of Anglo Alliance will be its investments in Hao Ge and Hao Ge's sole asset will be its 50% equity interest in the Media Company. The direct and indirect investments which will be held by Anglo Alliance upon completion of the Reorganisation are as follows:

Name	Direct interest	Indirect interest	Principal activities	Remaining shareholder(s)
Hao Ge (<i>Note</i>)	80% to 98%	N/A	Investment holding	2% to 20% to be held by Beijing Hua Yi Union
Media Company	N/A	50% (held by Hao Ge)	Investment in movie production, advertisement production and artiste training services	50% held by 保利文化藝術有限公司 (Poly Culture & Arts Co., Ltd.)
海南海視旅遊衛視傳媒有限責任公司 (Hai Nan Haishi Tourist Satellite TV Media Co., Ltd.)	N/A	49% (held by the Media Company)	Production and editing of television programmes for Hainan Satellite Television Travel Channel	50% held by 海南廣播電視臺 (Hainan Broadcast Television Station) 1% held by 海南廣播電視廣告有限公司 (Hainan Broadcast Television Advertising Company Limited)
北京英氏影視藝術有限責任公司 (Beijing Ying Shi Film & Television Art Limited Liability Company)	N/A	60% (held by the Media Company)	Production of television dramas	16% held by 英達 (Ying Da) 8% held by 英若誠 (Ying Ruo Cheng) 8% held by 英壯 (Ying Zhuang) 4% held by 英寧 (Ying Ning) 4% held by 王小京 (Wang Xiao Jing)
北京鑫寶源影視投資有限責任公司 (Beijing Xin Bao Yuan Film & Television Investment Limited Liability Company)	N/A	50% (held by the Media Company)	Production and sale of television dramas	25% held by 丁芯 (Ding Xin) 25% held by 趙寶剛 (Zhao Bao Gang)
北京華億千思廣告有限公司 (Beijing Hua Yi Qian Si Advertising Company Limited)	N/A	55% (held by the Media Company)	Advertising agent	25% held by 袁海波 (Yuan Hai Bo) 20% held by 鈕鈺 (Niu Zheng)

Name	Direct interest	Indirect interest	Principal activities	Remaining shareholder(s)
北京華億山和水廣告有限公司 (Beijing Hua Yi Shan He Shui Advertising Company Limited)	N/A	51% (held by the Media Company)	Advertising agent and advertisement production	22.05% held by 呂新利 (Lu Xin Li) 22.05% held by 丁晟 (Ding Cheng) 4.9% held by 藍瑞海 (Lan Rui Hai)

The names of the above companies in English are for identification purposes only

Note: Under the Deed, the Vendor has undertaken to Orient Ventures that he will use his best endeavours to enable Anglo Alliance to enjoy the economic benefits arising from the remaining equity interest in Hao Ge after completion of the Deed and before exercise of the Option.

To the best knowledge, information and belief of the Directors having made all reasonable enquiry, the remaining shareholders of the above companies upon completion of the Reorganisation, save for holder of the remaining interests in Hao Ge, being Beijing Hua Yi Union which is owned as to 50% by the Vendor as at the date of this announcement, are parties independent of the Company, its subsidiaries and their connected persons, Mr. Ko and his concert parties and the Vendor.

After completion of the UHL SP Agreement, Hao Ge will become a subsidiary of the Company and the Media Company will become an associated company of the Company.

As advised by the Vendor, an aggregate amount of approximately RMB70 million (equivalent to approximately HK\$66 million) in the form of shareholder's loan had been provided by the Vendor to Hao Ge as operational funding. An additional amount of HK\$100 million (in the form of shareholder's loan) will be advanced by the Vendor to Anglo Alliance as operational funding. Under the Deed, the Vendor will assign to Anglo Alliance all his rights under the loan (of not less than RMB70 million) (equivalent to approximately HK\$66 million) to Hao Ge or capitalise such loan into equity of Hao Ge prior to the completion of the Deed and will upon completion of the Deed, deliver a duly executed release to Orient Ventures releasing each member of the Anglo Alliance Group from any liability owed to the Vendor or if appropriate executing a deed assigning all rights in any such amount which may be owing to the Vendor by any member of the Anglo Alliance Group to the other appropriate member of the Anglo Alliance Group. Upon completion of the Deed, no members of the Anglo Alliance Group will be indebted to the Vendor (save for a sum of RMB30 million (equivalent to approximately HK\$28.3 million) which the Vendor may advance to Hao Ge for the proposed investment under the Investment Agreement as described below). If the Vendor advances RMB30 million (equivalent to approximately HK\$28.3 million) to Hao Ge, Hao Ge will have to repay the RMB30 million (equivalent to approximately HK\$28.3 million) to the Vendor. Up to the date of this announcement, no agreement has been entered into in respect of such possible advance. The Company will comply with the relevant applicable requirements of the Listing Rules if the Vendor makes such advance to Hao Ge.

Businesses which may be carried out by the Anglo Alliance Group

(a) Investment Agreement — JiCheng

The Media Company entered into the Investment Agreement on 16 December 2004 with the shareholders of JiCheng, namely 北京北廣傳媒移動電視有限公司 (Beijing Bei Guang Media Mobile Phone Television Co., Ltd.) and 北京瑞特影音貿易公司 (Beijing RuiTe Audio Vision Trading Company) (as amended by a supplemental agreement entered into by the same parties on 1 February 2005). To the best knowledge, information and belief of the Directors having made all reasonable enquiry, the parties to the Investment Agreement are parties independent of the Company, its subsidiaries and their connected persons and are not concert parties of Mr. Ko for the purposes of the Takeovers Code.

The Media Company can assign all or part of its shareholding in JiCheng under the Investment Agreement to Hao Ge without consent of the other parties and such assignment being effected is a condition precedent to the Deed. Upon such assignment having become effective, Hao Ge will be entitled to the rights to invest in JiCheng under the Investment Agreement (if the Investment Agreement has not been completed) or the 30% interest in JiCheng (if the Investment Agreement has been completed prior to the assignment becoming effective).

JiCheng is a company established on 14 December 2004 in the PRC. Under its business licence, JiCheng is allowed to engage in, among other things, production of television programmes, development of cinematography, management and operation of television networks and sale of audio and video equipment. Under the Investment Agreement, the Media Company will subscribe for a 30% equity interest in JiCheng at a total consideration of RMB30 million (equivalent to approximately HK\$28.3 million) in cash, which is payable within 80 days from the date of the Investment Agreement, and within 60 days of receiving the RMB30 million (equivalent to approximately HK\$28.3 million) from the Media Company under the Investment Agreement, the shareholders of JiCheng will be responsible for obtaining the approvals of the relevant PRC authorities and provide the Media Company with receipt of payment of capital. Failing which, the Media Company will have the right to terminate the Investment Agreement and request the return of the RMB30 million (equivalent to approximately HK\$28.3 million). Upon the assignment of rights thereunder from the Media Company having become effective, Hao Ge will be entitled to such 30% equity interest in JiCheng. JiCheng will become an associated company of Hao Ge after completion of the investment.

(b) letter of intent — Mobile Phone TV JV

The Media Company entered into a non-legally binding letter of intent on 16 December 2004 to establish the Mobile Phone TV JV in the PRC with 北京北廣傳媒集團有限公司 (Beijing Bei Guang Media Group Co., Ltd.), which is an independent third party who, to the best knowledge, information and belief of the Directors having made all reasonable enquiry, is not a connected person of the Company and is not a concert party of Mr. Ko. It is expected that the registered capital of the Mobile Phone TV JV will not be less than RMB50 million (equivalent to approximately HK\$47.2 million). The terms of the proposed investment have yet to be determined. Further announcement will be made by the Company as and when necessary in compliance with the Listing Rules.

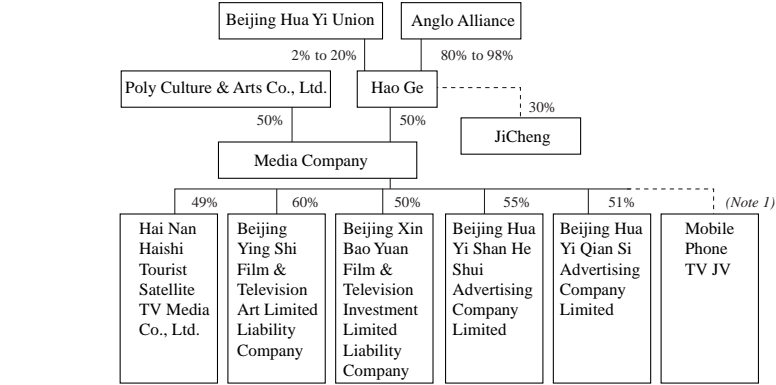
(c) general information about the above possible investments

The above investment proposals (referred to in paragraphs (a) and (b) above) are subject to approvals by the relevant PRC authorities and/or formal agreement having been entered into in relation thereto. The letter of intent does not provide a deadline for the obtaining of approvals from the relevant PRC authorities. The Investment Agreement and the letter of intent also do not provide a long stop date for the completion of the relevant possible investment proposals. The possible investment in JiCheng and the possible establishment of the Mobile Phone TV JV are all subject to approvals of certain PRC authorities which may or may not be obtained. To the extent any such approvals may be obtained, it is uncertain when such approvals may be obtained. Accordingly, the possible investments may or may not proceed. Completion of the UHL SP Agreement is not subject to the obtaining of the relevant approvals in respect of the investment proposals under the Investment Agreement and the said letter of intent.

The Vendor has undertaken to use his best endeavours to obtain the necessary approvals and to give effect to the above investment proposals. In the event that the requisite consents from the regulatory authorities are not obtained, the Vendor has agreed to use his best endeavours to explore other business opportunities with Orient Ventures in the areas of business contemplated under the above investment proposals. Should any of the necessary approvals prove ultimately not to be obtainable in respect of the investment proposal under the Investment Agreement, the Company would issue an announcement at the relevant time. Should there arise any new business opportunities which may be undertaken by the enlarged Group, the Company will comply with the relevant requirements under the Listing Rules and (if applicable) the Takeovers Code if and when necessary, including any announcement requirements. Whilst the necessary approvals for the investment proposals under the Investment Agreement and the letter of intent may or may not be obtained and such investment proposals may or may not proceed, completion of the transactions under the Deed and the UHL SP Agreement is not subject to the obtaining of the necessary approvals for the said investment proposals or the completion of the investment proposals. Accordingly, the timing of the grant of the necessary approvals for the said investment proposals should not affect the timetable of the transactions under the Deed and the UHL SP Agreement.

Structure of the Anglo Alliance Group

The diagram below shows the structure of the Anglo Alliance Group after the Reorganisation and immediately before completion of the Deed.



----- Investments to be made which are subject to PRC regulatory approvals and/or formal agreement to be entered into and therefore may or may not be completed.

Note 1: Terms of the proposed establishment of the Mobile Phone TV JV are yet to be determined.

Financial information on the Anglo Alliance Group

Most of the members of the Anglo Alliance Group (including but not limited to Anglo Alliance and Hao Ge) and JiCheng do not have audited financial statements. Disclosing the unaudited profits of the Anglo Alliance Group and JiCheng for the past two years (or for the period commencing from the date of establishment should the relevant entity have been established less than two years ago) would be regarded as profit forecast for the purposes of the Takeovers Code. According to Rule 10 of the Takeovers Code, any profit forecast has to be reported on by the financial adviser and the reporting accountants. The reporting accountants engaged by the Company are currently carrying out the audit work on the financial statements of the Anglo Alliance Group and JiCheng with a view to preparing accountants' reports on (1) Orient Ventures which will be the holding company of the Anglo Alliance Group; (2) Anglo Alliance; (3) Hao Ge; (4) the Media Company; and (5) JiCheng. At present, the reporting accountants are not in a position to give any report on the unaudited profit figures in respect of the Anglo Alliance Group and JiCheng for the past two financial years (or for the period commencing from the date of establishment should the relevant entity have been established less than two years ago). The Directors consider that disclosing such unverified financial information on the Anglo Alliance Group and JiCheng may not be meaningful and may even be potentially misleading to the Shareholders and the market generally. Accordingly, the Directors have decided not to disclose such unaudited information in this announcement. Accountants' reports setting out the audited financial statements of Orient Ventures which will be the holding company of the Anglo Alliance Group, Anglo Alliance, Hao Ge, the Media Company and JiCheng will be included in the circular to be issued by the Company in respect of the acquisition of the Anglo Alliance Group.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Company originally proposed to acquire the Anglo Alliance Group directly from the Vendor and negotiated with the Vendor with this aim. However, the Vendor stated that he was not prepared to agree to sell the Anglo Alliance Group on the basis that such sale would be subject to the uncertainty of Shareholders' approval. In order to overcome this impasse, Mr. Ko, through his wholly-owned company — Orient Ventures, entered into the Deed with the Vendor to acquire the Anglo Alliance Group from the Vendor on the basis that he would simultaneously agree, subject to Independent Shareholders' approval, to sell the Anglo Alliance Group to the Company at the same consideration.

Further, the facilitation afforded by Mr. Ko, means that the acquisition of the Anglo Alliance Group can be completed with no immediate cash payment by the Group.

The Group has been loss-making for a number of years. The acquisition of the Anglo Alliance Group will diversify the income stream of the Company. The Directors believe that the investment in the Anglo Alliance Group would offer the Company and its shareholders a good opportunity to invest in the media industry in the PRC, in particular the business related to a PRC satellite television channel.

GENERAL

The transactions contemplated under the UHL SP Agreement including the acquisition of the Anglo Alliance Group, the exercise of the Option and the proposed investment in JiCheng under the Investment Agreement, together constitute a very substantial acquisition and connected transaction for the Company under the Listing Rules and therefore are subject to approval by Independent Shareholders at the EGM under Rules 14.49 and 14A.18 of the Listing Rules. Completion of the transactions contemplated under the UHL SP Agreement is subject to, among other things, the Whitewash Waiver being granted and approved by the Independent Shareholders in accordance with the Takeovers Code.

At the EGM, Mr. Ko and his associates and concert parties are required to abstain from voting for the approval of the transactions under the UHL SP Agreement and the Whitewash Waiver. An independent board committee will be established to consider the transactions under the UHL SP Agreement and the Whitewash Waiver and to advise the Independent Shareholders. Somerley Limited has been appointed to advise the independent board committee and the Independent Shareholders in this regard.

The Company will despatch to the Shareholders a circular containing further details of the Deed, the UHL SP Agreement, the Whitewash Waiver, the recommendation from the independent board committee to the Independent Shareholders, the recommendation from the independent financial adviser to the independent board committee of the Company, the accountants' reports on Orient Ventures, Anglo Alliance, Hao Ge, the Media Company and JiCheng, reports from the financial adviser and the consultant accountants on the Target Profit in accordance with Rule 10 of the Takeovers Code and Rule 14.62 of the Listing Rules and a notice convening the EGM. As the transactions contemplated under the UHL SP Agreement, together, constitute a very substantial acquisition and connected transaction for the Company and involve the application for the Whitewash Waiver, the Company is required to despatch the circular to the Shareholders on or before 23 February 2005, being the date 21 days from the date of this announcement according to Rules 14.38 and 14A.49 of the Listing Rules, and Rule 8.2 of the Takeovers Code.

With a view to giving the Shareholders the most up-to-date financial information on the Anglo Alliance Group, the accountants' reports on Orient Ventures, Anglo Alliance, Hao Ge, the Media Company and JiCheng will include financial information up to 31 December 2004. The reporting accountants have indicated that the audit work in connection with the preparation of the accountants' reports cannot be completed in time for inclusion in the Company's circular if such circular were to be despatched within 21 days of the date of this announcement. After considering the tentative audit timetable, applications have been made by the Company to the Stock Exchange and the SFC to extend the deadline for the despatch of the circular to 31 March 2005.

Shareholders should note that each of the Deed and the UHL SP Agreement, each of which is subject to a number of conditions precedent, may or may not be completed. Shareholders are reminded to exercise caution when dealing in the securities of the Company.

As at the date of this announcement, the board of directors of the Company comprises Mr. Ko (Chairman and executive Director), Mr. Tsoi Tong Hoo Tony (executive Director), Mr. Cheong Chow Yin (non-executive Director), Mr. Yuen Kin, Mr. Wilton Timothy Carr Ingram and Dr. Wong Yau Kar, David (each of whom is an independent non-executive Director). It is proposed that Mr. Dong Ping will be appointed as an executive Director of the Company after completion of the UHL SP Agreement.

Trading in the Shares was suspended from 9:30 a.m. on 20 December 2004 at the request of the Company pending the issue of this announcement and an application has been made to the Stock Exchange for the resumption of trading of the Shares from 9:30 a.m. on 3 February 2005.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms have the meanings as set out below:

“Anglo Alliance”	: Anglo Alliance Co., Ltd., a company incorporated in the British Virgin Islands with limited liability
“Anglo Alliance Group”	: the group of companies comprising Anglo Alliance and its subsidiary and associated companies upon completion of the Deed
“associates”	: has the meaning ascribed thereto under the Listing Rules
“Beijing Hua Yi Union”	: 北京華億聯盟文化傳媒投資有限公司 (Beijing Hua Yi Union Cultural Media Investment Company Limited*), being an entity owned as to 50% by the Vendor and 50% by an independent third party who is not a connected person of the Company and is not a concert party of Mr. Ko as at the date of this announcement
“Company”	: Universal Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the ordinary shares of which are listed on the main board of the Stock Exchange
“Companies Law”	: the Companies Law, Chapter 22 (Laws of 1961, as consolidated and revised) of the Cayman Islands
“connected person(s)”	: has the meaning ascribed thereto under the Listing Rules
“Consideration Shares”	: new Shares to be issued by the Company in settlement of part of the consideration payable under the UHL SP Agreement and the Deed
“Convertible Note”	: the loan note to be issued by the Company with an aggregate principal amount of HK\$287,318,027 to settle part of the consideration under the UHL SP Agreement
“Deed”	: the deed dated 2 February 2005 for the conditional sale and purchase of the entire issued share capital of Anglo Alliance and assignment of shareholder's loan entered into between the Vendor, Orient Ventures, Mr. Ko and the Company
“Directors”	: the directors of the Company
“EGM”	: the extraordinary general meeting to be convened and held by the Company for seeking approvals from the Shareholders and the Independent Shareholders (as the case may be) for the various transactions contemplated under the UHL SP Agreement and the Whitewash Waiver
“Executive”	: the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Group”	: the Company and its subsidiaries
“Hao Ge”	: 北京浩歌盛世影視文化有限公司 (Beijing Hao Ge Sheng Shi Film & TV Culture Co., Ltd.*), a company incorporated in the PRC (as at the date of this announcement) and will be reorganised into a sino foreign joint venture
“Independent Shareholders”	: Shareholders, other than Mr. Ko and his associates and concert parties, who are not involved or interested in the transactions contemplated under the Deed and the UHL SP Agreement
“Investment Agreement”	: the agreement entered into on 16 December 2004 by the Media Company with third parties, who are independent of the Company and any of its connected persons, and the Vendor and his associates and are not concert parties of Mr. Ko, in respect of the proposed investment in JiCheng (as amended by a supplemental agreement entered into on 1 February 2005)
“JiCheng”	: 北京北廣傳媒集成電視有限公司 (Beijing BeiGuang Media JiCheng Television Co., Ltd.*), a company incorporated in the PRC
“Listing Rules”	: the Rules Governing the Listing of Securities on the Stock Exchange
“Media Company”	: 北京保利華億傳媒文化有限公司 (Asian Union Film and Media*), a company incorporated in the PRC
“Mobile Phone TV JV”	: a joint venture proposed to be established in the PRC to engage in mobile phone television business
“Mr. Ko”	: Mr. Ko Chun Shun, Johnson, being the Chairman of the board of Directors and the controlling Shareholder, who together with his concert parties holds a total of approximately 31.12% direct and indirect interests in the Company
“Orient Ventures”	: Orient Ventures Limited, a company wholly-owned by Mr. Ko
“Option”	: an option to be granted by Beijing Hua Yi Union to Anglo Alliance to acquire the remaining interests of no less than 2% to no more than 20% in Hao Ge
“PRC”	: The People's Republic of China, excluding Hong Kong for the purpose of this announcement
“Reorganisation”	: the proposed reorganisation of the Anglo Alliance Group pursuant to the Deed as summarized in the paragraph headed “Information on the Anglo Alliance Group” above in this announcement
“SFC”	: Securities and Futures Commission
“Share(s)”	: ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	: holders of Shares
“Stock Exchange”	: The Stock Exchange of Hong Kong Limited
“Takeovers Code”	: the Code on Takeovers and Mergers
“Target Profit”	: HK\$60 million net profit of the Anglo Alliance Group for the 12-month period commencing from the completion date of the Deed in accordance with the accounting policies of the Company and the generally accepted accounting principles in Hong Kong
“UHL SP Agreement”	: the conditional sale and purchase agreement dated 2 February 2005 entered into between the Company and Mr. Ko, in relation to the acquisition of the entire issued share capital of Orient Ventures and assignment of shareholder's loan
“Vendor”	: Mr. Dong Ping
“Whitewash Waiver”	: the waiver from the Executive pursuant to Note 1 of the Note on Dispensations from Rule 26 of the Takeovers Code in respect of any obligation of Mr. Ko and any parties acting in concert with him to make a general offer for all the issued shares in the capital of the Company not already owned by Mr. Ko and his parties acting in concert which might otherwise arise as a result of Mr. Ko subscribing for the new Shares and/or exercising his conversion rights under the Convertible Note under the terms of the UHL SP Agreement
“HK\$”	: Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	: Renminbi, the lawful currency of the PRC (for the purpose of this announcement HK\$1.0 = RMB1.06)

* For identification purposes only

By Order of the Board
UNIVERSAL HOLDINGS LIMITED
Johnson Ko Chun Shun
Chairman

Hong Kong, 2 February 2005

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable inquiries that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.