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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30TH JUNE 2010

RESULTS

The board of directors (the "Directors") of Universe International Holdings Limited (the "Company") (the "Board") hereby announces the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 30th June 2010, together with comparative figures for the year ended 30th June 2009 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	**Year ended 30th June 2010** *HK$'000*	2009 *HK$'000*
Revenue	*2*	**119,096**	89,733
Cost of revenue	*3*	**(105,282)**	(62,088)
Selling expenses	*3*	**(2,569)**	(2,345)
Administrative expenses	*3*	**(30,131)**	(27,167)
Other income		**1,025**	976
Other gains — net		**4,592**	155
Gain on disposal of non-current assets held for sale		**4,355**	—
Increase/(decrease) in fair value of investment properties		**50**	(5,820)
Other operating expenses	*3*	**(5,783)**	(4,517)
Finance income		**288**	2,575
Loss before income tax		**(14,359)**	(8,498)
Income tax expense	*4*	**(400)**	(1,207)
Loss attributable to the equity holders of the Company		**(14,759)**	(9,705)
Other comprehensive income:			
Gain recognized directly in equity		**91**	—
Total comprehensive loss for the year attributable to the equity holders of the Company		**(14,668)**	(9,705)
Loss per share for loss attributable to the equity holders of the Company during the year *(expressed in HK cent)*			
— basic	*5*	**(0.91)**	(0.60)
— diluted	*5*	**(0.91)**	(0.60)
Dividends	*6*	**—**	—

CONSOLIDATED BALANCE SHEET

		As at 30th June	
		2010	2009
		HK$'000	*HK$'000*
ASSETS			
Non-current assets			
Leasehold land		**9,664**	9,916
Property, plant and equipment		**11,636**	12,671
Investment properties		**400**	350
Other intangible asset		**1,408**	1,408
Film rights and films in progress		**125,999**	142,948
Film deposits		**20,810**	19,812
Deferred income tax assets		**940**	2,553
Available-for-sale financial asset		**1,275**	—
		172,132	189,658
Current assets			
Inventories		**3,364**	5,023
Accounts receivable	*7*	**12,314**	5,765
Deposits paid, prepayments and other receivables		**17,328**	10,643
Other bank deposit		**—**	51,742
Cash and cash equivalents		**120,328**	64,844
Non-current assets held for sale		**—**	23,345
		153,334	161,362
Total assets		**325,466**	351,020

	Note		
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**32,492**	32,492
Share premium		**127,211**	127,211
Other reserves		**821**	1,279
Retained earnings		**120,407**	134,617
Total equity		**280,931**	295,599
LIABILITIES			
Non-current liabilities			
Other long-term liabilities		**71**	151
Deferred income tax liabilities		**884**	2,307
		955	2,458
Current liabilities			
Accounts payable	*8*	**3,134**	3,826
Other payables and accrued charges		**6,871**	13,346
Deposits received		**33,185**	35,520
Amount due to the ultimate holding company		**1**	1
Obligations under finance leases		**80**	80
Taxation payable		**309**	190
		43,580	52,963
Total liabilities		**44,535**	55,421
Total equity and liabilities		**325,466**	351,020
Net current assets		**109,754**	108,399
Total assets less current liabilities		**281,886**	298,057

Notes:

1. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which is a collective term referred to all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations ("Ints") issued by The Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, which are carried at fair value.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The actual results may differ from these estimates.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. The Group has adopted the new and revised HKFRSs below, which are relevant to its operations, in the preparation of the consolidated financial statements.

		Effective for accounting periods beginning on or after
HKFRS (Amendments)	Improvements to HKFRSs	1st January 2009
HKFRS (Amendments)	Improvements to HKFRSs 2009	1st July 2009
HKAS 1 (Revised)	Presentation of Financial Statements	1st January 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements	1st July 2009
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate — Vesting Conditions and Cancellations	1st January 2009
HKFRS 7 (Amendment)	Financial Instruments — Fair Value Measurements and Liquidity Risk of Financial Instruments	1st January 2009
HKFRS 8	Operating Segments	1st January 2009

The adoption of HKAS 1 (Revised), HKFRS 7 (Amendment) and HKFRS 8 did not have a material impact on the Group's financial statements other than on increase in disclosure. In summary:

- HKAS 1 (Revised) requires all owner changes in equity to be presented in a statement of changes in equity. All comprehensive income is presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). It requires presenting a statement of balance sheet as at the beginning of the earliest comparative period in a complete set of financial statements when there are retrospective adjustments or reclassification adjustments. However, it does not change the recognition, measurement or disclosure of specific transactions and other events required by other HKFRSs. Comparative information has been re-presented so that it is also in conformity with this revised standard. Since the change in accounting policy only results in additional disclosures, there is no impact on the Group's or Company's results and financial position.

- HKFRS 7 (Amendment) requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on the Group's or Company's results and financial position.

- HKFRS 8 replaces HKAS 14. The new standard requires a "management approach", under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of other new/revised HKFRS has no significant impact on the consolidated financial statements.

The adoption of these new and revised HKFRSs has not led to any significant changes in the accounting policies applied in the consolidated financial statements, and has no material effect on the Group's results and financial position for the current or prior accounting periods reflected in the consolidated financial statements.

The Group has not early adopted any new standards, amendments and interpretation of the HKFRS which have been issued but not yet effective for the financial year beginning 1st July 2009.

2. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the "CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chairman of the Group that makes strategic decisions. The CODM has determined the operating segments based on these reports, as below:

— Distribution of films in various videogram formats
— Film exhibition, licensing and sub-licensing of film rights
— Leasing of investment properties

The CODM assesses the performance of the operating segments based on a measure of segment results. This measurement basis excludes the effects of non-recurring expenditure from the operating segments, such as gain/loss on disposal of non-current assets held for sale. Finance income and income tax are not included in the result for each operating segment that is reviewed by the CODM. Other information provided, except as noted below, to the CODM is measured in a manner consistent with that in the consolidated financial statements.

Total assets exclude other intangible asset, available-for-sale financial asset, deferred income tax assets, other bank deposit, cash and cash equivalents and other unallocated assets (including leasehold land, property, plant and equipment, film rights and films in progress, film deposits, deposits paid, prepayments and other receivables and non-current assets held for sale), all of which are managed on a central basis. These are part of the reconciliation to total balance sheet assets.

The Group's inter-segment transactions mainly consist of licensing of film rights, which are transferred at cost. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the consolidated statement of comprehensive income.

There are no sales between geographical segments.

Primary reporting format-business segments

	2010					
	Sale of goods	Film exhibition, licensing and sub-licensing of film rights	Leasing of investment properties	Others	Elimination	Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue						
External sales	**20,150**	**94,501**	**—**	**4,445**	**—**	**119,096**
Inter-segment sales	**—**	**11,524**	**—**	**155**	**(11,679)**	**—**
	20,150	**106,025**	**—**	**4,600**	**(11,679)**	**119,096**
Results						
Segment results before impairment losses	**(3,556)**	**(11,658)**	**(1,204)**	**2,463**	**—**	**(13,955)**
Impairment losses of film rights and film deposits	**—**	**(5,097)**	**—**	**—**	**—**	**(5,097)**
Segment results	**(3,556)**	**(16,755)**	**(1,204)**	**2,463**	**—**	**(19,052)**
Gain on disposal of non-current assets held for sale	**—**	**—**	**4,355**	**—**	**—**	**4,355**
Increase in fair value of investment properties	**—**	**—**	**50**	**—**	**—**	**50**
Finance income						**288**
Loss before income tax						**(14,359)**
Income tax expense						**(400)**
Loss attributable to the equity holders of the Company						**(14,759)**
Assets						
Segment assets	**15,057**	**40,225**	**440**	**6,970**	**—**	**62,692**
Unallocated assets						**262,774**
Total assets						**325,466**
Liabilities						
Segment liabilities	**2,127**	**31,751**	**90**	**2,281**	**—**	**36,249**
Unallocated liabilities						**8,286**
Total liabilities						**44,535**
Other information						
Capital expenditures	**8,889**	**38**	**—**	**—**	**—**	**8,927**
Unallocated capital expenditures						**59,902**
Total capital expenditures						**68,829**
Depreciation and amortization of leasehold land	**633**	**78**	**—**	**8**	**—**	**719**
Unallocated depreciation and amortization of leasehold land						**975**
Total depreciation and amortization of leasehold land						**1,694**
Amortization charge of film rights	**12,118**	**67,824**	**—**	**—**	**—**	**79,942**

	2009					
	Sale of goods *HK$'000*	Film exhibition, licensing and sub-licensing of film rights *HK$'000*	Leasing of investment properties *HK$'000*	Others *HK$'000*	Elimination *HK$'000*	Group *HK$'000*
Revenue						
External sales	24,395	62,669	376	2,293	—	89,733
Inter-segment sales	—	4,700	—	700	(5,400)	—
	24,395	67,369	376	2,993	(5,400)	89,733
Results						
Segment results before impairment losses	(950)	(934)	38	205	—	(1,641)
Impairment losses of film rights and film deposits	(23)	(3,589)	—	—	—	(3,612)
Segment results	(973)	(4,523)	38	205	—	(5,253)
Decrease in fair value of investment properties	—	—	(5,820)	—	—	(5,820)
Finance income						2,575
Loss before income tax						(8,498)
Income tax expense						(1,207)
Loss attributable to the equity holders of the Company						(9,705)
Assets						
Segment assets	20,965	17,061	17,811	6,657	—	62,494
Unallocated assets						288,526
Total assets						351,020
Liabilities						
Segment liabilities	3,281	41,616	95	1,680	—	46,672
Unallocated liabilities						8,749
Total liabilities						55,421
Other information						
Capital expenditures	4,579	900	52	1	—	5,532
Unallocated capital expenditures						86,503
Total capital expenditures						92,035
Depreciation and amortization of leasehold land	757	74	116	8	—	955
Unallocated depreciation and amortization of leasehold land						922
Total depreciation and amortization of leasehold land						1,877
Amortization charge of film rights	7,657	36,494	—	—	—	44,151

Secondary reporting format-geographical segments

	Revenue Year ended 30th June		Total assets As at 30th June		Capital expenditures Year ended 30th June	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong and Macau	**55,492**	62,343	**307,347**	342,858	**68,829**	92,035
Asia (other than Hong Kong and Macau)	**56,983**	23,926	**15,537**	7,484	**—**	—
North America	**937**	758	**—**	640	**—**	—
Australia and New Zealand	**974**	34	**65**	3	**—**	—
Europe	**4,710**	2,068	**2,505**	23	**—**	—
Others	**—**	604	**12**	12	**—**	—
	119,096	89,733	**325,466**	351,020	**68,829**	92,035

3. Expenses by nature

	Year ended 30th June	
	2010	2009
	HK$'000	*HK$'000*
Amortization of film rights	**79,942**	44,151
Amortization of leasehold land	**252**	293
Depreciation of owned assets	**1,363**	1,500
Depreciation of leased assets	**79**	84
Impairment losses of film rights	**5,097**	3,552
Impairment losses of film deposits	**—**	60
Provision for impairment of accounts receivable	**1**	236
Cost of inventories sold	**6,170**	7,311
Employee benefits expenses	**19,898**	18,569

4. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profit of the Group for the year.

The amount of income tax expense charged to the consolidated statement of comprehensive income represents:

	Year ended 30th June	
	2010	2009
	HK$'000	*HK$'000*
Hong Kong profits tax	**(119)**	(68)
Deferred income tax	**(281)**	(1,139)
	(400)	(1,207)

5. Loss per share

Basic

Basic loss per share is calculated by dividing the loss attributable to the equity holders of the Company over the weighted average number of ordinary shares in issue during the year.

	2010	2009
Loss attributable to the equity holders of the Company *(HK$'000)*	**(14,759)**	(9,705)
Weighted average number of ordinary shares in issue	**1,624,605,370**	1,624,605,370
Basic loss per share *(HK cent per share)*	**(0.91)**	(0.60)

The basic and diluted loss per share for the year ended 30th June 2010 are the same as there was no dilutive potential ordinary share outstanding during the year.

The basic and fully diluted loss per share for the year ended 30th June 2009 are the same because the effect of the assumed conversion of all dilutive potential ordinary shares outstanding during the year was anti-dilutive.

6. Dividends

The Board does not recommend the payment of a final dividend for the year ended 30th June 2010 (2009: nil).

7. Accounts receivable

	As at 30th June	
	2010	2009
	HK$'000	*HK$'000*
Accounts receivable	**12,551**	6,001
Less: Provision for impairment of accounts receivable	**(237)**	(236)
Accounts receivable — net	**12,314**	5,765

The carrying amount of accounts receivable approximates to their fair values.

As at 30th June 2010, the ageing analysis of the accounts receivable was as follows:

	2010	2009
	HK$'000	*HK$'000*
Current to 90 days	**9,899**	4,451
91 days to 180 days	**1,977**	364
Over 180 days	**438**	950
	12,314	5,765

Sales of videogram products are with credit terms of 7 days to 60 days. Sales from film exhibition, licensing and sub-licensing of film rights are on open account terms.

8. Accounts payable

As at 30th June 2010, the ageing analysis of the accounts payable was as follows:

	As at 30th June	
	2010	2009
	HK$'000	*HK$'000*
Current to 90 days	**1,075**	251
91 days to 180 days	**45**	1,943
Over 180 days	**2,014**	1,632
	3,134	3,826

9. Pending litigations

(a) A court action was commenced in the Court of First Instance of the Hong Kong Special Administrative Region on 17th April 2002 by The Star Overseas Limited ("Star"), an independent third party, against Universe Entertainment Limited ("UEL"), an indirect wholly-owned subsidiary of the Company.

By the above action, Star alleges that a sum of US$935,871.65 (equivalent to HK$7,299,798.84) was payable by UEL to Star as its share of the revenue of the movie entitled "Shaolin Soccer" (the "Movie").

Pursuant to an Order (the "Order") made by the High Court on 21st February 2003, the Company was ordered and had paid to Star a sum of HK$5,495,699.80, being part of the licence fee of the Movie received by UEL from Miramax Films (being the licencee of the Movie) and which was also part of the sum claimed by Star. Pursuant to the Order, UEL is also liable to pay Star interest in the sum of HK$350,905.30 and some of the costs of the application leading to the making of the Order, all of which have been settled. As the Order has not disposed of all the claims of US$935,871.65 (equivalent to HK$7,299,798.84) by Star, UEL is entitled to continue to defend the claim by Star for recovering the remaining balance in the sum of approximately HK$1,804,099.04 (HK$7,299,798.84 less HK$5,495,699.80).

On 30th April 2002, UEL issued a Writ of Summons against Star for the latter's wrongful exploitation of certain rights in the Movie co-owned by both parties. UEL claimed to recover loss and damages suffered by UEL as a result of the wrongful exploitation.

On 9th September 2002, Universe Laser & Video Co. Limited ("ULV"), an indirect wholly-owned subsidiary of the Company, issued a Writ of Summons against Star for the latter's infringement of the licensed rights in the Movie held by ULV. ULV claimed to recover all loss and damages suffered by ULV as a result of the said infringement.

In the opinion of legal counsel, it is premature to predict the outcome of the claim against UEL. The Board is of the opinion that the outcome of the claim against UEL will have no material financial impact to the Group.

(b) On 1st September 2008, Koninklijke Philips Electronics N.V. ("KPE") issued a Writ of Summons against among other persons, the Company, ULV and Mr Lam Shiu Ming, Daneil (one of the Directors), being three of the defendants named therein, in respect of damages arising from alleged infringement of the patents regarding Video Compact Disc owned by KPE.

In the opinion of legal counsel, it is premature to predict the outcome of the said claim made against the Company, ULV and Mr Lam Shiu Ming, Daneil. The Board is of the opinion that the outflow of economic benefits cannot be reliably estimated and accordingly no provision for any liability that may result has been made in the consolidated financial statements.

(c) On 8th January 2010, KPE issued a Writ of Summons against among other persons, the Company, ULV and Mr Lam Shiu Ming, Daneil (one of the Directors), being three of the defendants named therein, in respect of damages arising from alleged infringement of the patents regarding Digital Video Disc owned by KPE.

In the opinion of legal counsel, it is premature to predict the outcome of the said claim made against the Company, ULV and Mr Lam Shiu Ming, Daneil. The Board is of the opinion that the outflow of economic benefits cannot be reliably estimated and accordingly no provision for any liability that may result has been made in the consolidated financial statements.

Save as disclosed above, as at 30th June 2010, no litigation or claim of material importance is known to the Directors to be pending against either the Company or any of its subsidiaries.

OPERATING RESULTS

During the year under review, the Group continued to operate under the unfavourable market environment. For the year ended 30th June 2010, although the revenue of the Group increased by 32.7% over the same period last year to HK$119.1 million, the loss attributable to the equity holders of the Company widened by 52.1% from HK$9.7 million to HK$14.8 million. Gross profit margin decreased to 11.6% from 30.8% in the same period last year. Loss per share for the year was HK0.91 cent compared to HK0.6 cent in 2009.

Despite recording a gain on disposal of an investment property of HK$4.4 million, this gain was fully offset by the decrease in the gross profit of the Group during the year. The main reasons behind the gross profit margin decline were the rising film production and promotional costs in the midst of intense market competition within the film industry. Notwithstanding that the global economy continued to recover, it has been observed that customers are still very cautious in their acquisition of film rights and large spending on promotional activities by the Group has been necessary. This caused the gross profit margin to decline and the gross profit from the film exhibition, licensing and sub-licensing of film rights was lowered by 47.4% over the previous year.

During the year, the video distribution segment also experienced decline in the revenue and gross profit as the local video markets continued to be hindered by adverse operating environment.

Notwithstanding the less than satisfactory results, we saw encouraging growth in the Mainland China market during the year under review. Sales to Mainland China rose by HK$18.3 million to HK$35.3 million, representing 29.6% of the Group's consolidated revenue for the year. This was attributable to the strong economy and huge demand for the Chinese-language films and television series in the Mainland China, which is expected to maintain its growth momentum in the coming years.

BUSINESS REVIEW

Video Distribution

During the year under review, revenue from the video distribution segment recorded a decline in revenue of 18.5% from last year's HK$24.3 million to the current year's HK$19.8 million. This business segment contributed 16.6% (2009: 27.1%) of the Group's consolidated revenue. Such decrease was mainly due to the continued sluggish video distribution market in Hong Kong.

The year under review was full of challenges for the video distribution business. The Group has been facing with a stagnant local video distribution market aggravated by weak consumer sentiment and spending as a result of illegal distribution of copyrighted film on the internet through peer-to-peer file sharing activities. In addition, the operating environment was adversely affected by severe price competition persisted in the market. Consequently, the gross profit of this segment declined by HK$7.7 million to HK$1.7 million, compared with HK$9.4 million recorded in the same period last year.

In view of such difficult operating environment, the Group has continued with the strategies of streamlining its cost structure and adopting a prudent approach in respect of acquisitions of new titles for local video distribution.

Film Exhibition, Licensing and Sub-licensing of Film Rights

During the year under review, revenue from this business segment was HK$94.5 million, representing a significant increase of 50.8% over the same period last year. It contributed to 79.3% (2009: 69.8%) of the Group's total revenue. The substantial increase in revenue was mainly driven by more self-produced films being completed and released during the year, in particular, "The Storm Warriors" (「風雲II」). Notwithstanding higher revenue, the gross profit for this business segment has however dropped by 47.4% to HK$8.2 million due to the increased film production and promotional costs.

Revenue from film exhibition business was HK$12.8 million, representing an increase of HK$5.6 million over the same period last year. Notwithstanding the increase in revenue from film exhibition, gross profit margin was impacted by higher promotional cost incidental to films released and the continual contraction of local Chinese language film exhibition market. Consequently, the operating loss of film exhibition slightly widened from HK$2.1 million to HK$2.7 million compared to the same period last year.

Revenue from licensing and sub-licensing of film rights rose by 47.5% to HK$81.7 million over the same period last year, representing 68.6% of the Group's total revenue. Gross profit has however declined by 38.2% to HK$10.9 million from HK$17.7 million as the uncertain film market environment affected licensees' confidence and appetite. Compared with this year, the gross profit margin last year was higher as there was higher proportion of licensing and sub-licensing of non-newly released films which had been fully amortized in the previous years.

In terms of geographical distribution, contribution of overseas markets accounted for 51.4% (2009: 29.7%) of the Group's total revenue during the year under review. In particular, there has been satisfactory development in the sales performance of the Mainland China market. It is the Group's strategy to continue to develop this market where demand for both television series and films is growing rapidly. Revenue from the Mainland China market rose by HK$16.7 million to HK$33.0 million, accounting 27.7% of the Group's total revenue.

Leasing of Investment Properties

On 15th September 2009, the Group completed the disposal of an investment property at a consideration of HK$28.0 million. This property has been vacant since the expiry of its relevant tenancy agreement in November 2008 until the date of the disposal. Following the above disposal, the remaining investment property of the Group is a car parking space which is currently vacant. In respect of property investment, the management will continue to review and evaluate potential investment opportunities in the property market that would offer stable and satisfactory returns.

OUTLOOK

The Group expects the outlook for the coming fiscal year to remain uncertain, pressure on revenue and gross profit margin will persist. In view of such challenging circumstances, the management will closely evaluate the overall business environment and will adjust its pace of development accordingly. Besides, the Group will prudently continue to enhance its film production in different varieties to cope with the future challenges and uncertainties. In view of the increased popularity of three dimensional films ("3D Film(s)"), the management will consider to allocate more resources in the investment in the production of 3D Films in order to capture such business opportunity. In this respect, the Group will be releasing its debut 3D Film, namely "The Child's Eye" (「童眼」) starring Rainie Yang and Elanne Kwong, in October 2010.

The management continues to hold an optimistic but cautious outlook toward the growth of the Mainland China market, which is one of the fastest growing emerging economies in the world. To take advantage of this positive trend, the Group will continue to devote more resources and efforts on development of the Mainland China market. Meanwhile, the Group will continue to control stringently its cost at all levels and streamline its operation to enhance efficiency. The management is confident that the Group can overcome the challenges ahead.

FINANCIAL RESOURCES/LIQUIDITY AND CAPITAL STRUCTURE

The Group's financial position remained strong. As at 30th June 2010, the Group had cash balances (including all bank deposits) of HK$120.3 million (2009: HK$116.6 million).

As at 30th June 2010, the Group had total assets of approximately HK$325.5 million, representing a decrease of HK$25.5 million over that of 30th June 2009.

The Group's gearing ratio as at 30th June 2010 was approximately 0.1% (2009: 0.1%), which was calculated on the basis of the Group's long term borrowings of approximately HK$151,000 (of which HK$80,000 and HK$71,000 are repayable within one year and in the second year respectively) and on the total equity of the Company of approximately HK$280.9 million.

There was no finance costs incurred for the year ended 30th June 2010 (2009: nil).

In light of the fact that most of the Group's transactions are denominated in Hong Kong dollars and United States dollars, the management considers the Group's exposure to fluctuations in exchange rates to be limited and thus no financial instruments for hedging purposes are used by the Group.

THE PLEDGE OF GROUP'S ASSETS

As at 30th June 2010, the Group did not have any pledged assets (2009: same).

EMPLOYEES AND REMUNERATION POLICIES

As at 30th June 2010, the Group employed 59 staff (2009: 55). Remuneration is reviewed annually and certain staff are entitled to commission. In addition to basic salaries, staff benefits included discretionary bonus, medical insurance scheme and mandatory provident fund.

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed in the annual general meeting held on 26th November 2003, the Company conditionally approved and adopted a share option scheme (the "Scheme") in compliance with Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

Pursuant to an ordinary resolution passed in the annual general meeting held on 23rd November 2007 (the "2007 AGM"), the Company approved the refreshment of the scheme mandate limit, which is 10% of the total number of issue shares of the Company as at the date of the 2007 AGM, under the Scheme. After the refreshment of the scheme mandate limit, the total number of share options available for issue under the Scheme as at 30th June 2010 was 162,460,537, the full exercise of which in subscribing for shares of the Company would represent 10% of the issued share capital of the Company as at 30th June 2010.

There was no share options outstanding and granted throughout the year ended 30th June 2010.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has, throughout the year ended 30th June 2010, complied with the Code Provisions on the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 to the Listing Rules except for the code provision A.2.1 of the Code for the separation of the roles of Chairman and Chief Executive Officer ("CEO") as described in the following.

The Company does not at present have any officer holding the position of CEO. Mr Lam Shiu Ming, Daneil is the founder and Chairman of the Company and has also carried out the responsibilities of CEO. Mr Lam possesses the essential leadership skills to manage the Board and extensive knowledge in the business of the Group. The Board considers the present structure to be more suitable to the Group because it can promote the efficient formulation and implementation of the Group's strategies.

INTERNAL CONTROL

The Directors have the overall responsibility for internal control and sets appropriate policies. The Board, through the Audit Committee, has reviewed the effectiveness of the Group's system of internal control.

The Company is committed to establishing of a good standard of internal control. In compliance with code provision C.2.1 of the Code and to further improve the effectiveness of its internal control, the Company engaged an independent accounting firm (the "Consultant") to conduct a review of the effectiveness of the internal control of the Group for the year ended 30th June 2010. All findings for improvement and recommendations made by the Consultant, which require management's attention, have been properly addressed and implemented by the Company during the year.

The system of internal control aims to help achieving the Group's business objectives, effective and efficient operations, safeguarding assets and maintaining proper accounting records for provision of reliable financial information. The design of the system is to provide reasonable, but not absolute, assurance against material misstatement in the financial statements or loss of assets and to manage rather than eliminate all risks of failure in the Group's operational systems and in the achievement of the Group's business objectives. No material suspected frauds and irregularities, internal control deficiencies or infringement of relevant regulations and rules have come to the attention of Board to cause the Board to believe that the system of internal control is inadequate.

AUDIT COMMITTEE

The Audit Committee provides an important link between the Board and the Group's auditors in matters coming within the scope of the Group's audit. It also reviews the effectiveness of the external audit, internal controls and risk evaluation. The Audit Committee comprises three independent non-executive Directors, namely Mr Ng Kwok Tung (as Chairman), Dr Leung Shiu Ki, Albert and Mr Ma Chun Fung, Horace. Three meetings were held during the year.

The annual results for the year ended 30th June 2010 and the continuing connected transactions of the Company have been reviewed by the Audit Committee.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.uih.com.hk). The annual report for 2010 of the Company will be dispatched to the shareholders and will be available on the above websites in due course.

By Order of the Board
Lam Shiu Ming, Daneil
Chairman

Hong Kong, 19th October 2010

As at the date of this announcement, the Board comprises Mr Lam Shiu Ming, Daneil and Mr Yeung Kim Piu as Executive Directors and Mr Ng Kwok Tung, Dr Leung Shiu Ki, Albert and Mr Ma Chun Fung, Horace as Independent Non-executive Directors.

** For identification purposes only*