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 2012

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 2012, together with comparative figures for the year ended 30th June 2011 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 30th June	
	Note	**2012** *HK$'000*	2011 *HK$'000* *(Note 10)*
Revenue	*2*	**75,881**	131,256
Cost of revenue	*3*	**(59,079)**	(111,189)
Impairment losses of film rights and film deposits	*3*	**(1,470)**	(12,453)
Selling expenses	*3*	**(3,124)**	(2,818)
Administrative expenses	*3*	**(28,275)**	(26,893)
Other income		**958**	1,045
Other gains – net		**513**	5,406
Increase in fair value of investment properties		**500**	131
Other operating expenses	*3*	**(4,350)**	(5,162)
Finance income		**923**	559
Loss before income tax		**(17,523)**	(20,118)
Income tax credit/(expense)	*4*	**71**	(765)
Loss attributable to the equity holders of the Company		**(17,452)**	(20,883)
Other comprehensive income:			
Gain recognized directly in equity		**–**	–
Total comprehensive loss for the year attributable to the equity holders of the Company		**(17,452)**	(20,883)
Loss per share for loss attributable to the equity holders of the Company during the year *(expressed in HK cent)*			
– basic	*5*	**(1.03)**	(1.29)
– diluted	*5*	**(1.03)**	(1.29)
Dividend per share *(expressed in HK cent)*			
Special cash dividend	*6*	**Nil**	1.24

* *for identification purposes only*

CONSOLIDATED BALANCE SHEET

	Note	As at 30th June **2012** *HK$'000*	2011 *HK$'000*
ASSETS			
Non-current assets			
Leasehold land		**3,195**	3,277
Property, plant and equipment		**16,570**	17,845
Investment properties		**9,100**	6,100
Other intangible assets		**1,858**	1,858
Film rights and films in progress		**120,756**	66,467
Film deposits		**33,377**	32,502
Deferred income tax assets		**564**	625
Available-for-sale financial assets		**–**	1,275
Deposits paid		**–**	1,730
		185,420	131,679
Current assets			
Inventories		**3,384**	3,619
Accounts receivable	*7*	**16,702**	50,518
Deposits paid, prepayments and other receivables		**31,237**	6,810
Cash and cash equivalents		**71,076**	79,432
		122,399	140,379
Total assets		**307,819**	272,058

	Note	As at 30th June 2012 HK$'000	2011 HK$'000
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		**34,235**	32,492
Share premium		**135,293**	127,211
Other reserves		**3,094**	821
Retained earnings		**61,927**	79,379
Total equity		**234,549**	239,903
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**583**	640
Current liabilities			
Accounts payable	*8*	**4,302**	4,529
Other payables and accrued charges		**7,739**	8,511
Deposits received		**59,547**	17,400
Amount due to the ultimate holding company		**1**	1
Obligations under finance leases		**15**	71
Taxation payable		**1,083**	1,003
		72,687	31,515
Total liabilities		**73,270**	32,155
Total equity and liabilities		**307,819**	272,058
Net current assets		**49,712**	108,864
Total assets less current liabilities		**235,132**	240,543

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 and available-for-sale financial assets, 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
HKFRSs (Amendments)	Improvements to HKFRSs 2010	1st January 2011
HKAS 24 (Revised)	Related Party Disclosures	1st January 2011
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1st July 2011
HKFRS 7 (Amendment)	Disclosures – Transfers Financial Assets	1st July 2011
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement	1st January 2011

The adoption of above new and revised HKFRSs has not led to any significant changes in the accounting policies applied in these 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 these consolidated financial statements.

The Group has not early adopted any new and revised HKFRSs which have been issued but not yet effective for the accounting period beginning 1st July 2011.

The following new and revised HKFRSs have been published that are mandatory for the Group's financial year beginning on or after 1st July 2012 or later periods but which the Group has not early adopted.

		Effective for accounting periods beginning on or after
HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income	1st July 2012
HKAS 12 (Amendment)	Deferred tax: Recovery of Underlying Assets	1st January 2012
HKAS 19 (2011)	Employee Benefits	1st January 2013
HKAS 27 (2011)	Separate Financial Statements	1st January 2013
HKAS 28 (2011)	Investments in Associates and Joint Ventures	1st January 2013
HKAS 32 (Amendment)	Presentation – Offsetting Financial Assets and Financial Liabilities	1st January 2014
HKFRS 7 (Amendment)	Disclosures – Offsetting Financial Assets and Financial Liabilities	1st January 2013
HKFRS 9	Financial Instruments	1st January 2015
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date and Transition Disclosures	1st January 2015
HKFRS 10	Consolidated Financial Statements	1st January 2013
HKFRS 11	Joint Arrangements	1st January 2013
HKFRS 12	Disclosure of Interests in Other Entities	1st January 2013
HKFRS 13	Fair Value Measurement	1st January 2013
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine	1st January 2013

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 increase in fair value of investment properties and provision for impairment of available-for-sale financial assets. Finance income and income tax expense 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, excluding other intangible assets, available-for-sale financial assets, deferred income tax assets, 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), 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

	2012					
	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	10,560	56,443	248	8,630	–	75,881
Inter-segment sales	–	2,296	–	1,016	(3,312)	–
	10,560	58,739	248	9,646	(3,312)	75,881
Results						
Segment results before impairment losses	(4,959)	(8,463)	173	(1,222)	–	(14,471)
Impairment losses of film rights and film deposits	–	(1,470)	–	–	–	(1,470)
Segment results	(4,959)	(9,933)	173	(1,222)	–	(15,941)
Increase in fair value of investment properties	–	–	500	–	–	500
Provision for impairment of available-for-sale financial assets						(3,005)
Finance income						923
Loss before income tax						(17,523)
Income tax credit						71
Loss attributable to the equity holders of the Company						(17,452)
Assets						
Segment assets	10,891	63,668	9,103	12,278	–	95,940
Unallocated assets						211,879
Total assets						307,819
Liabilities						
Segment liabilities	1,968	46,346	147	2,809	–	51,270
Unallocated liabilities						22,000
Total liabilities						73,270
Other information						
Capital expenditures	1,528	172	–	59	–	1,759
Unallocated capital expenditures						96,793
Total capital expenditures						98,552
Depreciation and amortization of leasehold land	393	82	–	46	–	521
Unallocated depreciation and amortization of leasehold land						613
Total depreciation and amortization of leasehold land						1,134
Amortization of film rights	3,525	37,928	–	–	–	41,453

	2011					
	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	13,407	113,604	36	4,209	–	131,256
Inter-segment sales	–	5,600	–	150	(5,750)	–
	13,407	119,204	36	4,359	(5,750)	131,256
Results						
Segment results before impairment losses	(4,212)	585	23	(4,751)	–	(8,355)
Impairment losses of film rights and film deposits	(79)	(12,374)	–	–	–	(12,453)
Segment results	(4,291)	(11,789)	23	(4,751)	–	(20,808)
Increase in fair value of investment properties	–	–	131	–	–	131
Finance income						559
Loss before income tax						(20,118)
Income tax expense						(765)
Loss attributable to the equity holders of the Company						(20,883)
Assets						
Segment assets	14,042	67,420	6,101	4,331	–	91,894
Unallocated assets						180,164
Total assets						272,058
Liabilities						
Segment liabilities	3,810	18,144	149	2,663	–	24,766
Unallocated liabilities						7,389
Total liabilities						32,155
Other information						
Capital expenditures	3,369	387	5,569	10	–	9,335
Unallocated capital expenditures						43,474
Total capital expenditures						52,809
Depreciation and amortization of leasehold land	600	79	–	42	–	721
Unallocated depreciation and amortization of leasehold land						588
Total depreciation and amortization of leasehold land						1,309
Amortization of film rights	5,700	87,106	–	–	–	92,806

Secondary reporting format – geographical segments

	Revenue Year ended 30th June		Total assets As at 30th June		Capital expenditures Year ended 30th June	
	2012	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong and Macau	**28,790**	43,618	**268,054**	220,617	**98,552**	52,809
Asia (other than Hong Kong and Macau)	**46,546**	83,681	**39,694**	50,749	–	–
North America	**1**	1,706	**–**	538	–	–
Australia and New Zealand	**63**	303	**–**	68	–	–
Europe	**481**	1,585	**59**	74	–	–
Others	**–**	363	**12**	12	–	–
	75,881	131,256	**307,819**	272,058	**98,552**	52,809

3. Expenses by nature

	Year ended 30th June	
	2012	2011
	HK$'000	*HK$'000*
Amortization of film rights	**41,453**	92,806
Amortization of leasehold land	**82**	82
Depreciation of owned assets	**995**	1,149
Depreciation of leased assets	**57**	78
Impairment losses of film rights	**1,470**	12,031
Impairment losses of film deposits	**–**	422
Provision for impairment of available-for-sale financial assets	**3,005**	–
Provision for impairment of accounts receivable	**142**	–
Write-off of accounts receivable	**650**	–
Cost of inventories sold	**4,390**	4,709
Employee benefits expenses *(Note)*	**20,232**	20,549

Note: For the year ended 30th June 2012, employee benefits expenses included share-based compensation of HK$1,490,000 (2011: nil), which is recognized in the consolidated statement of comprehensive income within "administrative expenses".

4. Income tax credit/(expense)

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 16.5%) on the estimated assessable profit of the Group for the year.

The amount of income tax credit/(expense) credited/(charged) to the consolidated statement of comprehensive income represents:

	Year ended 30th June	
	2012	2011
	HK$'000	*HK$'000*
Hong Kong profits tax	**(80)**	(694)
Deferred income tax	**151**	(71)
	71	(765)

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.

	2012	2011
Loss attributable to the equity holders of the Company *(HK$'000)*	**(17,452)**	(20,883)
Weighted average number of ordinary shares in issue	**1,698,909,960**	1,624,605,370
Basic loss per share *(HK cent per share)*	**(1.03)**	(1.29)

The basic and diluted loss per share for the year ended 30th June 2012 are the same because the effect of the assumed conversion of all dilutive potential ordinary shares outstanding during the year was anti-dilutive.

The basic and diluted loss per share for the year ended 30th June 2011 are the same as there was no dilutive potential ordinary share outstanding during the year.

6. Dividend per share

The Board did not recommend the payment of a final dividend (2011: same) and any special cash dividend (2011: 1.24 Hong Kong cents per ordinary share) for the year ended 30th June 2012.

7. Accounts receivable

	As at 30th June	
	2012	2011
	HK$'000	*HK$'000*
Accounts receivable	**16,844**	50,518
Less: Provision for impairment of accounts receivable	**(142)**	–
Accounts receivable – net	**16,702**	50,518

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

As at 30th June 2012, the ageing analysis of the accounts receivable was as follows:

	As at 30th June	
	2012	2011
	HK$'000	*HK$'000*
Current to 90 days	**10,051**	7,475
91 days to 180 days	**4,030**	7,810
Over 180 days	**2,621**	35,233
	16,702	50,518

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 2012, the ageing analysis of the accounts payable was as follows:

	As at 30th June	
	2012	2011
	HK$'000	*HK$'000*
Current to 90 days	**1,623**	1,923
91 days to 180 days	**139**	493
Over 180 days	**2,540**	2,113
	4,302	4,529

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 alleged that a sum of US$935,872 (equivalent to HK$7,299,799) was payable by UEL to Star as its share of the licence fee of the movie entitled "Shaolin Soccer" (the "Movie").

Pursuant to an Order (the "Order") made by the High Court on 21st February 2003, UEL was ordered and had paid to Star a sum of HK$5,495,700, 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 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$935,872 (equivalent to HK$7,299,799) 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 (HK$7,299,799 less HK$5,495,700).

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 all losses 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 losses 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 said claim made 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.

The claim made against ULV has been agreed with KPE and appropriate provision was recognized accordingly in the consolidated financial statements. Based on the consultation with legal counsel, no further material outflow of economic benefits will be incurred for ULV.

In June 2012, the action was discontinued against the Company and Mr Lam Shiu Ming, Daneil.

Save as disclosed above, as at 30th June 2012, no litigation or claim of material importance is known to the Directors to be pending against either the Company or any of its subsidiaries.

10. Comparative figures

Comparative figures have been reclassified to conform with the current year's presentation. This reclassification had no impact on the Group's loss for the year ended 30th June 2011 and the total equity as at 30th June 2011.

OPERATING RESULTS

The operating environment of the Group remained difficult and challenging in the past year. For the year ended 30th June 2012, the revenue of the Group decreased by 42.2% over the same period last year to HK$75.9 million. Notwithstanding, the loss attributable to the equity holders of the Company narrowed by 16.4% from HK$20.9 million to HK$17.5 million. Loss per share for the year was HK1.03 cents compared to HK1.29 cents in 2011. The improvement in the Group's results was mainly due to a decline in impairment losses of film rights and film deposits from last year's approximately HK$12.5 million to HK$ 1.5 million. The provision for impairment losses of film rights and film deposits was made with reference to the cast or scale of each film, current market conditions and each film deposit recipient's reputation, trade history and current financial position. However, such decline was partly offset by a provision for impairment of available-for-sale financial assets of HK$3.0 million and share-based compensation of HK$1.5 million during the year. In view of the adverse trend of financial health and business outlook for the investee, including factors such as industry and sector performance as well as operational and financing cash flow, various operating metrics fell short of management's previous expectation, therefore management determined the investment in available-for-sale financial assets is impaired.

In response to the above, the Group continued to adopt a cautious approach towards investment in the production of films and television series. Consequently, the number of new blockbuster films and television series released reduced, which in turn resulted in a decrease in the Group's consolidated revenue during the year under review.

During the year under review, the local video distribution market remained stagnant resulting in a decline in the revenue of 21.2% from last year's HK$13.4 million to HK$10.6 million. Despite the lowered revenue, the Group experienced a higher gross profit, which was in line with our strategies of appropriate pricing and prudent acquisition of new titles for the local video distribution business.

As announced in August 2011, the Group raised net proceeds (after expenses) of approximately HK$9.8 million by placing of 87,165,000 ordinary shares of the Company. The Board believed that such placing has further enhanced the working capital and cash flow position of the Group.

Looking ahead, we expect the overall operating environment will remain challenging in the coming year. In light of this, the Group will continue to develop its business operations in a prudent and pragmatic manner.

BUSINESS REVIEW

Video distribution

During the year under review, the local video distribution business continued to shrink where revenue from this business segment recorded a decline of 21.2% from HK$13.4 million to HK$10.6 million. It contributed 13.9% (2011: 10.2%) of the Group's consolidated revenue. The decrease in revenue from this business segment was mainly due to fewer new titles being released during the year under review, as the management continued to adopt a cautious and prudent approach towards film acquisition.

Gross profit of this business segment decreased by 10.6% to approximately HK$2.6 million, compared with HK$2.9 million recorded in the same period last year. Despite the foregoing, the gross profit margin of video distribution, before impairment losses of film rights and film deposits made for this business segment, improved from 21.6% to 24.6% owing to the Group's strategies of appropriate pricing and prudent acquisition of new titles for this business segment.

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 acquisition of new titles for the local video distribution business.

Film exhibition, licensing and sub-licensing of film rights

A decline in the number of new blockbuster films and television series completed and released in the financial year 2011/2012 affected the revenue of film exhibition, licensing and sub-licensing of film rights. During the year under review, the revenue generated from this business segment was HK$56.4 million, representing a decrease of 50.3% over the same period last year. The revenue from this business segment accounted for 74.4% (2011: 86.6%) of the Group's consolidated revenue.

Revenue from film exhibition was HK$3.6 million, representing a decrease of 64.7% compared with the same period last year. This reduction in revenue from film exhibition was mainly due to fewer blockbuster films released during the year under review. Its operating loss rose from HK$0.8 million to HK$5.4 million as the box office of the films released during the year under review has not been satisfactory and promotional cost incidental to the film released increased.

For the above reason, revenue from licensing and sub-licensing of film rights also declined by 48.9% to HK$52.8 million compared to the previous year. Notwithstanding the decrease in revenue, gross profit margin of licensing and sub-licensing of film rights, before impairment losses of film rights and film deposits made for this business segment, rose from 13.3% to 25.9% as there was higher contribution from non-newly released films. The gross profit margin for such non-newly released films is typically higher because their cost had been fully amortized in previous years.

In terms of geographical contribution, overseas markets accounted for 57.0% (2011: 65.5%) of the Group's total revenue during the year under review. Revenue from the Mainland China market decreased by HK$27.8 million to HK$35.1 million, accounting for 46.2% (2011: 47.7%) of the Group's consolidated revenue.

Leasing of investment properties

During the year under review, this business segment recorded a growth of 5.9 times in revenue to HK$248,000 from HK$36,000. The growth was the result of acquisition of a residential property in Hong Kong for leasing purpose in April 2011 and the leasing out of two properties during the year under review. These two properties were previously held for own-use by the Group. The management will continue to explore and consider investment opportunities in properties that would offer stable and satisfactory returns.

OUTLOOK

We expect operating environment for the Group to remain challenging in the coming year. In response to this factor, the Group will closely monitor the market environment and evaluate its pace of business development accordingly.

The management continues to be encouraged by the Group's development in the Mainland China market and has identified it as the key market for the Group's future development. To take advantage of this positive trend, the Group will continue to devote more efforts on development of the Mainland China market. Meanwhile, the Group will continue to control stringently its cost and streamline its operations to enhance efficiency.

FINANCIAL RESOURCES/LIQUIDITY AND CAPITAL STRUCTURE

The Group's financial position remained healthy. As at 30th June 2012, the Group had cash balances of HK$71.1 million (2011: HK$79.4 million). As stated in the announcement dated 24th August 2011, the Group raised net proceeds (after expenses) of approximately HK$9.8 million by placing of 87,165,000 ordinary shares of the Company on 22nd August 2011. The Directors considered that such placing could strengthen the financial position of the Group and the net proceeds would be applied as general working capital.

As at 30th June 2012, the Group had total assets of approximately HK$307.8 million, representing an increase of HK$35.8 million over that as at 30th June 2011.

The Group's gearing ratio as at 30th June 2012 fell to almost zero (2011: 0.03%), which was calculated on the basis of the Group's long term borrowings including obligations under finance leases of approximately HK$15,000 (fully repayable within one year) and on the total equity of the Company of approximately HK$234.5 million.

There was no finance cost incurred for the year ended 30th June 2012 (2011: same).

In light of the fact that most of the Group's transactions are denominated in Hong Kong dollars, Renminbi 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 2012, the Group did not have any pledged assets (2011: same).

EMPLOYEES AND REMUNERATION POLICIES

As at 30th June 2012, the Group employed 45 staff (2011: 49). Remuneration is reviewed annually and certain staffs 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 "Stock Exchange") (the "Listing Rules").

Pursuant to an ordinary resolution passed in the annual general meeting held on 29th November 2011 (the "2011 AGM"), the Company approved the refreshment of the scheme mandate limit, which is 10% of the total number of the issued shares of the Company as at the date of the 2011 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 the date of 2011 AGM was 171,177,037, which represented 10% of the total number of the issued shares of the Company as at the date of 2011 AGM.

On 27th June 2012, the Company granted 34,235,403 share options, which represented 2% of the total number of the issued shares of the Company as at 30th June 2012, to certain Directors and employees of the Group at the subscription price of HK$0.067 per share option which were vested immediately and exercisable for a three-year period between 27th June 2012 to 26th June 2015 (both days inclusive). Each share option gives the holder the right to subscribe for one ordinary share of the Company. None of the share options has been exercised or cancelled for the period from 27th June 2012 to 30th June 2012. There was no share option outstanding prior to 27th June 2012 under the Scheme.

The total number of share options available for issue under the Scheme as at 30th June 2012 was 136,941,634, which represented 8% of the total number of the issued shares of the Company as at 30th June 2012.

CODE ON CORPORATE GOVERNANCE PRACTICES AND CORPORATE GOVERNANCE CODE

On 1st April 2012, the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules (the "Former Code") was amended and renamed as Corporate Governance Code and Corporate Governance Report (the "New Code"). The Company has adopted the code provisions as stated in the New Code in substitution for and to the exclusion of the Former Code with effect from 1st April 2012. The Company has, throughout the year ended 30th June 2012, complied with the code provisions contained in both the Former Code and the New Code except for the code provision A.2.1 of the Former Code and the New Code for the separation of the roles of Chairman and Chief Executive Officer ("CEO") as described in the following.

Code provision A.2.1 of both the Former Code and the New Code sets out that the roles of the chairman and CEO should be separated and should not be performed by the same individual. 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 set appropriate policies. The Board, through the Audit Committee, has reviewed the effectiveness of the Group's system of internal control.

In compliance with the code provision C.2.1 of both the Former Code and the New 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 system control of the Group for the year ended 30th June 2012. 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 statement 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 auditor in matters coming within the scope of the Group's audit. It also reviews the effectiveness of the external audit, internal control 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 2012 of the Group 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 2012 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, 28th September 2012

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.