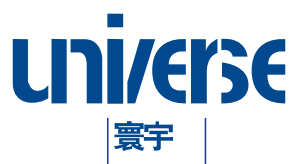


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UNIVERSE INTERNATIONAL HOLDINGS LIMITED

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 2014

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 2014, together with comparative figures for the year ended 30th June 2013 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 30th June	
		2014	2013
	Note	HK\$'000	HK\$'000
Revenue	3	205,211	79,106
Cost of revenue	4	(181,829)	(50,049)
Impairment losses of film rights	4	(1,211)	(7,381)
Selling expenses	4	(3,643)	(3,136)
Administrative expenses	4	(35,541)	(27,924)
Other income		4,584	175
Other losses – net		(655)	(115)
Gain on disposal of subsidiaries	5	43,744	–
Increase in fair value of investment properties		2,344	4,228
Unrealised fair value gain on investment securities		28,004	–
Fair value loss in issuance of unlisted warrants	6	(81,206)	–
Other operating income/(expenses)	4	1,411	(188)
Finance income		536	397
Finance cost		–	(1,090)
Share of (loss)/profit of a joint venture		(221)	1,087
Loss before income tax		(18,472)	(4,890)
Income tax (expense)/credit	7	(5,855)	213
Loss attributable to the equity holders of the Company		(24,327)	(4,677)

* for identification purposes only

	<i>Note</i>	Year ended 30th June	
		2014	2013
		<i>HK\$'000</i>	<i>HK\$'000</i>
Other comprehensive (loss)/income:			
Item that will not be reclassified subsequently to profit and loss:			
Change in value of available-for-sale financial assets		(35)	–
Fair value adjustment upon transfer from land and buildings to investment properties		–	10,980
Total comprehensive (loss)/income for the year attributable to the equity holders of the Company		<u>(24,362)</u>	<u>6,303</u>
Loss per share for loss attributable to the equity holders of the Company during the year (<i>expressed in HK cent</i>)			
– basic	8	<u>(1.42)</u>	<u>(0.27)</u>
– diluted	8	<u>(1.42)</u>	<u>(0.27)</u>

CONSOLIDATED BALANCE SHEET

		As at 30th June	
		2014	2013
	Note	HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Leasehold land		–	3,113
Property, plant and equipment		1,581	14,677
Investment properties		25,060	49,896
Other intangible assets		1,858	1,858
Film rights and films in progress		32,021	171,268
Interest in a joint venture		924	1,145
Loan receivable from a joint venture		7,922	7,710
Film deposits		39,045	37,650
Deferred income tax assets		368	741
Available-for-sale financial assets		54,965	–
		<u>163,744</u>	<u>288,058</u>
Current assets			
Inventories		2,968	3,284
Accounts receivable	10	25,466	24,758
Loans receivable	11	38,930	–
Deposits paid, prepayments and other receivables		19,163	28,273
Financial assets at fair value through profit or loss		60,315	–
Cash and cash equivalents		84,178	50,430
		<u>231,020</u>	<u>106,745</u>
Non-current assets held for sale		<u>–</u>	<u>1,654</u>
Total assets		<u>394,764</u>	<u>396,457</u>

		As at 30th June	
		2014	2013
<i>Note</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
		34,578	34,235
	Share capital		
	Share premium	136,842	135,293
	Other reserves	83,492	14,229
	Retained earnings	44,987	57,396
		<u>299,899</u>	<u>241,153</u>
LIABILITIES			
Non-current liabilities			
	Obligations under finance lease	52	—
	Deferred income tax liabilities	4,742	246
		<u>4,794</u>	<u>246</u>
Current liabilities			
	Accounts payable	12 4,193	4,164
	Other payables and accrued charges	51,289	15,981
	Deposits received	32,446	133,825
	Amount due to the ultimate holding company	1	1
	Obligations under finance lease	17	4
	Taxation payable	2,125	1,083
		<u>90,071</u>	<u>155,058</u>
Total liabilities			
		<u>94,865</u>	<u>155,304</u>
Total equity and liabilities			
		<u>394,764</u>	<u>396,457</u>
Net current assets/(liabilities)			
		<u>140,949</u>	<u>(46,659)</u>
Total assets less current liabilities			
		<u>304,693</u>	<u>241,399</u>

Notes:

1. General information

The Group is principally engaged in the business of production of films and television series, distribution of films in various videogram formats, film exhibition, licensing and sub-licensing of film rights, leasing of investment properties, securities investments and money lending.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The Company is listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The consolidated financial statements are presented in thousands of units of Hong Kong dollars (“HK\$’000”), unless otherwise stated.

2. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) 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, available-for-sale financial assets and financial assets at fair value through profit or loss, 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.

HKAS 19 (Revised 2011)	Employee Benefits
HKAS 27 (Revised 2011)	Separate Financial Statements
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures
HKFRS 1 (Amendment)	Government Loans
HKFRS 7 (Amendment)	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10, HKFRS 11, and HKFRS 12 (Amendment)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 13	Fair Value Measurement
Hong Kong (IFRIC) Interpretation (“HK(IFRIC)”) 20	Stripping Costs in the Production Phase of a Surface Mine
Annual Improvements Projects	Annual Improvements 2009-2011 Cycle

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 adopted any new and revised HKFRSs which have been issued but not yet effective from the accounting period beginning 1st July 2013.

		Effective for annual periods beginning on or after
HKAS 32 (Amendment)	Financial Instruments: Offsetting Financial Assets and Financial Liabilities	1st January 2014
HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-Financial Assets	1st January 2014
HKAS 39 (Amendment)	Novation of Derivatives and Continuation of Hedge Accounting	1st January 2014
HK(IFRIC) – Int 21	Levies	1st January 2014
HKFRS 10, HKFRS 12 and HKAS 27 (Revised 2011) (Amendment)	Investment Entities	1st January 2014
Annual Improvements Project 2012	Annual Improvements 2010-2012 Cycle	1st July 2014
Annual Improvements Project 2013	Annual Improvements 2011-2013 Cycle	1st July 2014
HKAS 19 (Revised 2011) (Amendment)	Defined Benefit Plans: Employee Contributions	1st July 2014
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation	1st January 2016
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations	1st January 2016
HKFRS 14	Regulatory Deferral Accounts	1st January 2016
HKFRS 15	Revenue from Contracts with Customers	1st January 2017
HKFRS 9	Financial Instruments	To be determined

3. 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
- Securities investments
- Money lending

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 on disposal of non-current assets held for sales, gain on disposal of subsidiaries and fair value loss in issuance of unlisted warrants. Finance income and income tax (expense)/credit 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 investment properties, financial assets at fair value through profit or loss, loans receivable, inventories, accounts receivable, and other unallocated assets (included in leasehold land, property, plant and equipment, 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

	2014							
	Sales of goods HK\$'000	Film exhibition, licensing and sub-licensing of film rights HK\$'000	Leasing of investment properties HK\$'000	Securities investments HK\$'000	Money lending HK\$'000	Others HK\$'000	Elimination HK\$'000	Group HK\$'000
Revenue								
External sales	7,873	174,422	1,537	7,912	1,863	11,604	–	205,211
Inter-segment sales	–	3,386	–	–	–	12	(3,398)	–
	<u>7,873</u>	<u>177,808</u>	<u>1,537</u>	<u>7,912</u>	<u>1,863</u>	<u>11,616</u>	<u>(3,398)</u>	<u>205,211</u>
Results								
Segment results before impairment loss and changes in fair value of investment securities and investment properties	(4,114)	(11,426)	1,224	6,071	1,274	(3,491)	–	(10,462)
Unrealised fair value gain on investment securities	–	–	–	28,004	–	–	–	28,004
Increase in fair value of investment properties	–	–	2,344	–	–	–	–	2,344
Impairment losses of film rights	–	(1,211)	–	–	–	–	–	(1,211)
Segment results	(4,114)	(12,637)	3,568	34,075	1,274	(3,491)	–	18,675
Gain on disposal of subsidiaries								43,744
Fair value loss in issuance of unlisted warrants								(81,206)
Finance income								536
Share of loss of a joint venture								(221)
Loss before income tax								(18,472)
Income tax expense								(5,855)
Loss attributable to the equity holders of the Company								<u>(24,327)</u>
Assets								
Segment assets	7,494	53,552	25,070	60,315	38,930	8,602	–	193,963
Unallocated assets								200,801
Total assets								<u>394,764</u>
Liabilities								
Segment liabilities	1,826	59,675	187	–	–	4,343	–	66,031
Unallocated liabilities								28,834
Total liabilities								<u>94,865</u>
Other information								
Capital expenditures	2,288	10,902	8	–	–	10	–	13,208
Unallocated capital expenditures								11,355
Total capital expenditures								<u>24,563</u>
Depreciation and amortisation of leasehold land	190	75	1	–	–	51	–	317
Unallocated depreciation and amortisation of leasehold land								649
Total depreciation and amortisation of leasehold land								<u>966</u>
Amortisation of film rights	4,748	157,597	–	–	–	–	–	162,345

	Sale of goods HK\$'000	Film exhibition, licensing and sub-licensing of film rights HK\$'000	Leasing of investment properties HK\$'000	Securities investments HK\$'000	Money lending HK\$'000	Others HK\$'000	Elimination HK\$'000	Group HK\$'000
Revenue								
External sales	6,426	62,170	920	–	–	9,590	–	79,106
Inter-segment sales	–	2,771	–	–	–	45	(2,816)	–
	<u>6,426</u>	<u>64,941</u>	<u>920</u>	<u>–</u>	<u>–</u>	<u>9,635</u>	<u>(2,816)</u>	<u>79,106</u>
Results								
Segment results before impairment losses and changes in fair value of investment properties	(4,016)	2,417	458	–	–	(990)	–	(2,131)
Increase in fair value of investment properties	–	–	4,228	–	–	–	–	4,228
Impairment losses of film rights	–	(7,381)	–	–	–	–	–	(7,381)
Segment results	(4,016)	(4,964)	4,686	–	–	(990)	–	(5,284)
Finance income								397
Finance cost								(1,090)
Share of profit of a joint venture								1,087
Loss before income tax								(4,890)
Income tax credit								213
Loss attributable to the equity holders of the Company								<u>(4,677)</u>
Assets								
Segment assets	11,215	94,564	49,910	–	–	17,918	–	173,607
Unallocated assets								222,850
Total assets								<u>396,457</u>
Liabilities								
Segment liabilities	1,984	131,873	335	–	–	6,460	–	140,652
Unallocated liabilities								14,652
Total liabilities								<u>155,304</u>
Other information								
Capital expenditures	2,382	427	25,422	–	–	34	–	28,265
Unallocated capital expenditures								92,071
Total capital expenditures								<u>120,336</u>
Depreciation and amortisation of leasehold land	240	78	–	–	–	43	–	361
Unallocated depreciation and amortisation of leasehold land								641
Total depreciation and amortisation of leasehold land								<u>1,002</u>
Amortisation of film rights	2,981	33,186	–	–	–	–	–	<u>36,167</u>

Secondary reporting format – geographical segments

	Revenue		Total assets		Capital expenditures	
	Year ended 30th June		As at 30th June		Year ended 30th June	
	2014	2013	2014	2013	2014	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong and Macau	62,585	38,188	359,991	357,078	24,563	120,336
Asia (other than Hong Kong and Macau)	141,704	40,283	34,712	39,317	–	–
North America	256	328	3	3	–	–
Australia and New Zealand	18	–	–	–	–	–
Europe	478	297	35	35	–	–
Others	170	10	23	24	–	–
	205,211	79,106	394,764	396,457	24,563	120,336

4. Expenses by nature

	Year ended 30th June	
	2014	2013
	HK\$'000	HK\$'000
Amortisation of film rights	162,345	36,167
Amortisation of leasehold land	34	82
Depreciation of owned assets	920	909
Depreciation of leased assets	12	11
Impairment losses of film rights	1,211	7,381
Provision/(write-back of provision) for inventories	204	(8)
Write-off of inventories	20	2
Write-off of film deposits	–	77
Write-back of provision for film deposit	(1,630)	–
Employee benefits expenses including directors' emoluments	21,044	18,326
Cost of inventories sold	3,248	2,734
Advertising costs	1,794	881
Direct operating expenses arising from investment properties that generate rental income	288	287
Auditor's remuneration	1,497	890

5. Gain on disposal of subsidiaries

Pursuant to the Company's announcement dated 10th December 2013, the Universe Films (Holdings) Limited, a direct wholly-owned subsidiary of the Company ("UFH"), entered into an agreement (the "JT Agreement") with Mr. Lam Shiu Ming, Daneil, the Chairman and an executive Director of the Company (the "Purchaser") pursuant to which UFH agreed to sell, and Purchaser agreed to purchase, the entire issued share capital in Joy Talent Investment Limited, a then indirect wholly-owned subsidiary of the Company ("JT") for a consideration of HK\$6,277,000.

On the same date of 10th December 2013, UFH and Universe Laser & Video Co. Limited, an indirect wholly-owned subsidiary of the Company (collectively the "UPI Vendors") entered into an agreement (the "UPI Agreement") with the Purchaser pursuant to which the UPI Vendors agreed to sell, and the Purchaser agreed to purchase, the entire issued share capital in Universe Property Investment Limited, a then indirect wholly-owned subsidiary of the Company ("UPI") for a consideration of HK\$73,862,000.

The aggregate net assets of the disposed entities at the date of the disposal were as follows:

	2014 HK\$'000
Consideration	<u>80,139</u>
<i>Less: Net assets of JT and UPI:</i>	
Leasehold land	3,079
Property, plant and equipment	12,417
Investment properties	27,180
Deferred income tax assets	187
Other current assets	301
Deferred income tax liabilities	(132)
Other current liabilities	<u>(7,152)</u>
	<u>35,880</u>
<i>Less: Direct expenses incurred for the disposal</i>	<u>515</u>
Gain on disposal of subsidiaries	<u><u>43,744</u></u>
Net cash inflow arising from disposal of subsidiaries:	
Cash consideration received	80,139
<i>Less: Cash outflow for direct expenses incurred for the disposal</i>	<u>(515)</u>
Net cash inflow from disposal of subsidiaries	<u><u>79,624</u></u>

6. Fair value loss in issuance of unlisted warrants

On 16th September 2013, the Company entered into a conditional placing agreement (the “Warrant Placing Agreement”) to issue 342,000,000 unlisted warrants (the “Warrant(s)”) at an issue price of HK\$0.0025 per Warrant. The Warrants will entitle the holders thereof to subscribe in cash up to an aggregate amount of HK\$85.5 million for new shares of the Company at an initial subscription price of HK\$0.25 per new shares which may fall to be allotted and issued upon the exercise of the subscription rights attaching to the Warrants (the “Initial Subscription Price”), subject to adjustments, for a period of 2 years commencing from the date of issue of the Warrants. Such agreement constituted a derivative. The condition precedent of the Warrant Placing Agreement was fulfilled, and accordingly the Company issued the Warrants on 25th October 2013, resulting in a fair value loss of approximately HK\$81,206,000 being recognised in the consolidated statement of comprehensive income for the year ended 30th June 2014. The Warrants are recognised as equity instruments and have not been exercised as at 30th June 2014.

The Group has applied the binomial option pricing model to measure the fair value of the Warrants.

7. Income tax expense/(credit)

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 16.5%) on the estimated assessable profit of the Group for the year.

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

	Year ended 30th June	
	2014	2013
	HK\$'000	HK\$'000
Hong Kong profits tax	1,042	–
Deferred income tax	4,813	(213)
	5,855	(213)

8. Loss per share

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.

	2014	2013
Loss attributable to the equity holders of the Company (HK\$'000)	24,327	4,677
Weighted average number of ordinary shares in issue	1,715,589,398	1,711,770,370
Basic loss per share (HK cent per share)	1.42	0.27

The basic and diluted loss per share for the year ended 30th June 2014 are the same because the effect of the assumed conversion of all dilutive potential ordinary shares outstanding during the year was anti-dilutive (2013: same).

9. Dividend per share

The Board did not recommend the payment of a final dividend (2013: Nil).

10. Accounts receivable

	As at 30th June	
	2014	2013
	HK\$'000	HK\$'000
Accounts receivable	25,608	24,900
Less: Provision for impairment of accounts receivable	<u>(142)</u>	<u>(142)</u>
Accounts receivable – net	<u>25,466</u>	<u>24,758</u>

The carrying amounts of accounts receivable approximate to their fair values.

As at 30th June 2014 and 2013, the ageing analysis of the accounts receivable by invoice date is as follows:

	As at 30th June	
	2014	2013
	HK\$'000	HK\$'000
1 to 90 days	2,114	10,175
91 days to 180 days	16,041	4,761
Over 180 days	<u>7,311</u>	<u>9,822</u>
	<u>25,466</u>	<u>24,758</u>

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.

There is no concentration of credit risk with respect to accounts receivable, as the Group has a large number of customers, and are internationally dispersed.

No provision was recognised by the Group for the impairment of its accounts receivable during the year ended 30th June 2014 (2013: Nil). During the year ended 30th June 2014, no provision was written off from the allowance account (2013: Nil).

As at 30th June 2014, the Group does not hold any collateral as security. As at 30th June 2013, a bank guarantee of HK\$60,000 was provided to the Group by a customer.

11. Loans receivable

	Group	
	2014	2013
	HK\$'000	HK\$'000
Loans to customers	38,930	—
Analysed as:		
– Non-current	—	—
– Current	38,930	—
	38,930	—

The Group seeks to maintain strict control over its outstanding loans receivable to minimise credit risk.

The credit quality analysis of the loans receivable is as follows:

	Group	
	2014	2013
	HK\$'000	HK\$'000
Neither past due nor impaired		
– Unsecured loans	29,930	—
– Secured loans	9,000	—
	38,930	—

The Group's loans receivable, which arise from the money lending business in Hong Kong, are denominated in Hong Kong dollars.

The loans receivable are neither impaired nor overdue as at 30th June 2014.

All the loans receivable are entered with contractual maturity within 1 year. The Group seeks to maintain tight control over its loans receivable in order to minimise credit risk by reviewing the borrowers' or guarantors' financial positions.

Loans receivable are interest-bearing at rates ranging from 8.5% to 24% per annum.

Interest income of HK\$1,863,000 has been recognised in "revenue" in the consolidated statement of comprehensive income.

12. Accounts payable

As at 30th June 2014 and 2013, the ageing analysis of the accounts payable by invoice date is as follows:

	As at 30th June	
	2014	2013
	HK\$'000	HK\$'000
1 to 90 days	1,521	1,511
91 days to 180 days	469	167
Over 180 days	2,203	2,486
	<u>4,193</u>	<u>4,164</u>

13. 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 licensee 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 for the year ended 30th June 2014.

- (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 June 2012, the action was discontinued against the Company and Mr. Lam Shiu Ming, Daneil. The claim made against ULV has been agreed with KPE and appropriate provision was recognised accordingly in the consolidated financial statements for the year ended 30th June 2012.

No additional provision has been made in the consolidated financial statements for the year ended 30th June 2014. Based on the consultation with legal counsel, no further material outflow of economic benefits will be incurred for ULV.

Save as disclosed above, as at 30th June 2014, no litigation or claim of material importance is known to the Directors to be pending against either the Company or any of its subsidiaries.

14. Events after the balance sheet date

- (a) As announced on 23rd June 2014, the Company entered into a placing agreement (the “Placing Agreement”) pursuant to which the Company has appointed a placing agent to procure, on a best effort basis, not less than six placees to subscribe for up to 343,200,000 new ordinary shares of the Company (“Placing Shares”) at the price of HK\$0.1 per Placing Share. The Placing Agreement was completed on 9th July 2014 and an aggregated of 343,200,000 Placing Shares have been successfully placed to not less than six placees. The net proceeds from the issuance of the 343,200,000 Placing Shares are approximately HK\$33.0 million.
- (b) As announced on 21st July 2014, the Company granted 171,604,000 share options to certain Directors and employees of the Group at a subscription price of HK\$0.1738 per share option which were vested immediately and exercisable for a two-year period between 21st July 2014 and 20th July 2016 (both days inclusive). Each share option gives the holder the right to subscribe for one ordinary share of the Company.

BUSINESS AND OPERATIONAL REVIEW

Overall Group results

The Group's consolidated revenue for the year ended 30th June 2014 (the "Year") increased by approximately 159.4% over the same period last year to approximately HK\$205.2 million which was mainly due to the income from the two new large scale films "Out of Inferno 3D" (「逃出生天3D」) and "The White Storm" (「掃毒」) released during the Year under review.

The Group recorded a net loss of approximately HK\$24.3 million for the Year, representing an increase of 420.1% over the same period last year. The significantly increase in net loss of the Group was mainly due to the Group (i) incurred the fair value loss in issuance of the unlisted warrants of approximately HK\$81.2 million during the Year and (ii) recorded an increase of segmental loss of approximately HK\$7.7 million from film exhibition, licensing and sub-licensing of film rights as compared to the same period last year as a result of lower gross profit contribution from licensing of newly released films due to the increase in advertising expenses and production costs, while higher gross profit was recorded for the same period last year from licensing of more non-newly released films and television series which had been fully amortised in the previous years, notwithstanding the Group also (iii) recorded the gains arising from the disposal and changes in the fair value of the investment securities of approximately HK\$35.9 million (which is subject to the applicable tax rate of 16.5%) and (iv) recorded the gains from the disposal of the entire issued capital in Universe Property Investment Limited and Joy Talent Investment Limited of approximately HK\$43.7 million during the Year.

In terms of geographical contribution, overseas markets accounted for 69.5% (2013: 51.7%) of the Group's total revenue during the Year under review due to higher licensing income of newly released films generated from the overseas market especially from the People's Republic of China (the "PRC") market. Revenue from the PRC market increased by 311.3% to HK\$121.9 million, accounting for 59.4% of the Group's consolidated revenue (2013: 37.5%).

Video distribution

During the Year under review, the local video distribution business accounted for approximately 3.8% (2013: approximately 8.1%) of the Group's consolidated revenue. Turnover from this business segment posted an increment of approximately 22.5% to approximately HK\$7.9 million compared to the same period last year as more number of new titles being released during the Year under review. Nevertheless, due to the adverse operating environment, the performance of this business segment was same as last year. During the Year under review, the Group recorded a segmental loss of approximately HK\$4.1 million (2013: HK\$4.0 million).

Film exhibition, licensing and sub-licensing of film rights

Revenue from this business segment during the Year was approximately HK\$174.4 million, representing an increase of approximately 180.6% as compared to approximately HK\$62.2 million in the same period last year. It accounted for approximately 85.0% (2013: approximately 78.6%) of the Group's total turnover during the Year.

The significant increase in revenue from this business segment was mainly due to the income from the two new large scale films "Out of Inferno 3D" (「逃出生天3D」) and "The White Storm" (「掃毒」) released during the Year under review. There was no such new large scale film released in the same period last year.

However, the segmental loss from this segment was approximately HK\$12.6 million during the Year as compared to segmental loss of approximately HK\$5.0 million in the same period last year. The increase in segmental loss was due to decrease in gross profit contribution as a result of the increase in advertising expenses and production costs of the newly released films during the Year. Higher gross profit was recorded for the same period last year from licensing of more non-newly released films and television series which their cost had been fully amortised in the previous years.

Leasing of investment properties

During the Year under review, this business segment recorded a growth of approximately 67.1% in revenue to approximately HK\$1.5 million from approximately HK\$0.9 million due to an increase of lease period of investment properties during the Year as compared to the same period last year.

Securities Investment

The Group has started investing in the stock market that mainly consists of Hong Kong listed companies since October 2013. As at 30th June 2014, the Group had financial assets at fair value through profit or loss of approximately HK\$60.3 million. The Group recorded the gains arising from the disposal and changes in the fair value of the investment securities of approximately HK\$7.9 million and HK\$28.0 million respectively during the Year.

Money lending business

With the aim of using the cash resources effectively, Universe Asia Finance Limited (“UAF”), an indirect wholly-owned subsidiary of the Company, obtained the money lending licence in Hong Kong on 26th November 2013 and started its money lending business in December 2013. During the Year under review, the Group’s loan portfolio comprised of secured and unsecured loans. Revenue from interest income was approximately HK\$1.9 million (2013: Nil). The average interest rate charged by the Group during the Year under review was approximately 8.5%-24.0% per annum.

Other income

Other income for the Year increased by approximately 26.2 times to approximately HK\$4.6 million as compared to approximately HK\$0.2 million in the same period last year. The increase was mainly due to the receipt of sponsorship income and other income for the Company’s films of approximately HK\$4.0 million (2013: HK\$0.2 million) during the Year.

Selling expenses

Selling expenses for the Year increased by approximately 16.2% to approximately HK\$3.6 million as compared to approximately HK\$3.1 million in the same period last year. The increase in selling expenses was mainly due to the increase in the number of the newly released films during the Year.

Administrative expenses

Administrative expenses for the Year increased by approximately 27.3% to approximately HK\$35.5 million as compared to approximately HK\$27.9 million in the same period last year. The increase in administrative expenses was mainly due to the increase in the employee benefits expenses and overhead expenses in developing the new business during the Year.

Gain on disposal of subsidiaries

Pursuant to the Company's announcement dated 10th December 2013, the Universe Films (Holdings) Limited, a direct wholly-owned subsidiary of the Company (the "JT Vendor"), entered into an agreement (the "JT Agreement") with Mr. Lam Shiu Ming, Daneil, the Chairman and an executive Director of the Company (the "Purchaser") pursuant to which the JT Vendor agreed to sell, and the Purchaser agreed to purchase, the entire issued share capital in Joy Talent Investment Limited, a then indirect wholly-owned subsidiary of the Company ("JT") for a consideration of HK\$6,277,000.

The principal assets of JT consist of an office unit at No. 1501, 15th Floor, Block 24, Jianwai SOHO, No. 39 Dongsanhuan Zhonglu Road Chaoyang District, Beijing, the PRC with a gross floor area of 3,029 square foot in a large scale residential/office/commercial composite development, known as Jianwai SOHO in Beijing, the PRC.

On the same date of 10th December 2013, Universe Films (Holdings) Limited, a direct wholly-owned subsidiary of the Company and Universe Laser & Video Co. Limited, an indirect wholly-owned subsidiary of the Company (collectively the "UPI Vendors") entered into an agreement (the "UPI Agreement") with the Purchaser pursuant to which the UPI Vendors agreed to sell, and the Purchaser agreed to purchase, the entire issued share capital in the Universe Property Investment Limited, a then indirect wholly-owned subsidiary of the Company (the "UPI") for a consideration of HK\$73,862,000.

The principal assets of UPI consist of the following properties:

- (1) an industrial unit on the 18th Floor of a 28-storey industrial building over a 2-storey lorry/car parking podium plus a 2-level basement (with a saleable area of approximately 13,983 square foot) (the "Wyler Centre Properties");
- (2) 5 carparking spaces on the 2nd Floor of a 28-storey industrial building over a 2-storey lorry/car parking podium plus a 2-level basement (the "Wyler Centre Carpark");
- (3) an industrial unit on the 18th Floor of a 28-storey industrial building over a 2-storey lorry/car parking podium plus a 2-level basement (with a saleable area of approximately 5,087 square foot);
- (4) a detached house situated in a large-scale low-rise residential development known as Fairview Park. The property has a gross floor area of about 1,297 square foot; and
- (5) a unit on the 16th Floor of a 26-storey industrial building including 2-storey car park podium known as Golden Dragon Industrial Centre. The property has a saleable floor area of about 1,000 square foot.

Prior to the UPI Agreement, the Group had been using the Wyler Centre Properties and Wyler Centre Carpark for warehouse, ancillary office and carparking uses. Since the completion of the UPI Agreement which took place on 25th February 2014, the Group has been continuing to use the Wyler Centre Properties and Wyler Centre Carpark for the same purposes and has through Universe Digital Entertainment Limited, an indirect wholly-owned subsidiary of the Company, entered into a tenancy agreement with UPI with a monthly rental of HK\$244,000.

The JT Agreement and the UPI Agreement were both completed on 25th February 2014. The total gains from the disposal of the entire issued share capital of JT and UPI of approximately HK\$43.7 million were recorded during the Year.

Income tax (expense)/credit

The Group recorded income tax expense of approximately HK\$5.9 million during the Year, which were mainly attributable to the deferred income tax of approximately HK\$4.6 million relating to the unrealised fair value gain on investment securities during the Year. For the same period last year, the Group recorded an income tax credit of approximately HK\$0.2 million as the Group recorded a loss before tax of approximately HK\$4.9 million.

NEW/POTENTIAL INVESTMENTS

Pursuant to the Company's announcement dated 30th October 2013 and 30th June 2014, the Group entered into a cooperative framework agreement (the "Framework Agreement") with 貴州多彩貴州城建設經營有限公司 ("Guizhou Colorful") (in English, for identification purpose only, Guizhou Colorful Guizhou Town Construction Management Co., Ltd.), a limited liability company established in the PRC, on 30th October 2013, in relation to the proposed cooperation in a development project ("Colorful Guizhou Town Project") of Colorful Guizhou Town (多彩貴州城), a commercial, leisure and tourism site to be constructed in Guiyang City, the PRC. During the construction and operation phase of Colorful Guizhou Town, the Group will provide design, planning and management and personnel training services to Guizhou Colorful, and will consider investment in and construction of high-end theatres in Colorful Guizhou Town. If the parties to the Framework Agreement shall not have entered into a formal cooperative agreement regarding their proposed cooperation by 31st December 2014, the Framework Agreement shall lapse.

Pursuant to the Company's announcement dated 17th June 2014, the Group entered into the cooperation framework agreement (the "Cooperation Framework Agreement") with 優品汽車服務(上海)有限公司 (in English, for identification purpose only, Bestcar Services (Shanghai) Limited or Bestcar Services Shanghai), a limited liability company incorporated in the PRC and Mr. Li Jia ("Mr. Li") on 17th June 2014. Pursuant to the Cooperation Framework Agreement, the Group, Bestcar Services Shanghai and Mr. Li intended to cooperate in the following manner:

1. Bestcar Services Shanghai shall assist the Group to form a wholly foreign-owned enterprise ("WFOE") with a registered capital of RMB170 million in the PRC and assist the WFOE in obtaining the necessary approvals from relevant authorities in relation to the provision of finance leasing services;

2. Bestcar Services Shanghai shall provide marketing and management resources to the WFOE and assist the WFOE in developing and operating its automobile finance leasing business in areas including but not limited to:
 - (a) the referral of automobile finance leasing clients to the WFOE subject to the WFOE having final authority in approving the relevant finance leases;
 - (b) the provision of risk management and finance leasing approval resources and systems;
 - (c) the provision of assistance in relation to financial settlement of finance leases;
 - (d) acting on behalf of the WFOE in handling payment collection and asset preservation; and
 - (e) the provision of training services for employees of the WFOE.
3. The Group shall grant Bestcar Services International Limited, a company controlled by Mr. Li, the option to purchase 20%-30% interest of the WFOE or its direct holding company in the manner as ascribed in the Cooperation Framework Agreement. The option is capable of being exercised within a period of three years after the WFOE has obtained all necessary licences for operating its automobile finance leasing business in the PRC.

The Cooperation Framework Agreement also sets out the intended provisions regulating how Bestcar Services Shanghai shall be remunerated for its services to be provided to the Group.

The Group, Bestcar Services Shanghai and Mr. Li will enter into a formal cooperative agreement to set out definitive terms of cooperation subject to the Group and Bestcar Services Shanghai being satisfied of the due diligence results on the subject matters of the Cooperation Framework Agreement.

If the above conditions are not satisfied prior to 31st December 2014, the Cooperation Framework Agreement will lapse.

Pursuant to the Company's announcement dated 16th July 2014, the Group entered into a non-legally binding letter of intent (the "LOI") with Jade Sparkle Holdings Limited (耀琦控股有限公司) ("Jade Sparkle") and Wong Chun Loong (黃振隆) ("Mr. Wong") (Jade Sparkle and Mr. Wong are collectively referred to as "Vendors") in respect of the proposed acquisition of all or part of the Vendors' shareholding in Jade Dynasty Multi-Media Limited (玉皇朝多媒體有限公司) ("Target Company" and together with its subsidiaries, the "Target Group"). The Vendors collectively hold 78.64% of the issued share capital of the Target Company as at 16th July 2014. The number of shares in the Target Company and the consideration therefor are subject to negotiation by the parties. The Target Company is a limited liability company incorporated in Samoa and is principally engaged in (i) the production and distribution of cartoon and animation; and (ii) research and development of various multi-media technologies.

The other principal terms of the LOI include:

- (1) The Group is entitled to conduct a due diligence exercise ("Due Diligence") on the businesses and operations of the Target Group during the period from the date of the LOI until 30th November 2014 (the "Relevant Period"). The Vendors shall use their reasonable endeavours to provide the relevant information in order to assist the Group to complete the Due Diligence.
- (2) Upon the completion of the Due Diligence and subject to the Group being satisfied with the result of the Due Diligence exercise on the Target Group, a formal sale and purchase agreement (a "Definitive Agreement") shall be entered into between the parties.

- (3) The Vendors agree with the Group that during the Relevant Period, among other matters, the Vendors shall not, initiate, discuss, negotiate, encourage or enter into any agreements or arrangements with any third party (other than contemplated in the LOI) relating to the proposed acquisition or initiate, discuss, negotiate or take part in any matters that may hinder the performance of the transaction contemplated under the LOI (the “Exclusivity Obligation”).
- (4) The LOI does not constitute any legally-binding commitment of either party in respect of the proposed acquisition, except for the provisions governing the Exclusivity Obligation, the confidentiality obligations and other miscellaneous provisions.

The LOI shall be terminated upon the occurrence of the following circumstances:

- (1) the entering into of a Definitive Agreement between the Vendors and the Group; or
- (2) each of the Vendors and the Group has agreed to such termination by giving prior written notice to each other; or
- (3) the Group and the Vendors do not enter into the Definitive Agreement during the period from the date of the LOI until 30th November 2014 (or such other date as may be agreed between the parties).

The Framework Agreement, the Cooperation Framework Agreement and the LOI only set out the preliminary cooperation intentions and are subject to the entering into formal cooperative agreements by the respective parties setting out definitive terms of cooperation. Further announcement(s) in relation to the Framework Agreement, the Cooperation Framework Agreement and the LOI will be made by the Company as and when appropriate in compliance with the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

OUTLOOK

Following the improvement of economic environment in China, its film exhibition industry flourished in 2013 and recorded the total box office revenue of approximately RMB21.77 billion in 2013 as reported by the State Administration of Press, Publication, Radio, Film and Television of the PRC. During the first half of 2014, the PRC total box office revenue has grown continuously from approximately RMB10.99 billion for the six months ended 30 June 2013 to approximately RMB13.74 billion for the six months ended 30 June 2014, representing an increase of approximately 25.0% as compared to the corresponding period of 2013.

The film exhibition industry in China continue to grow at a robust pace and the Group will continue to explore new opportunities in this sector.

Not only film exhibition market in the PRC continues to grow, but the whole entertainment industry in China especially online game market in the PRC also see huge growth potential. With the increasing penetration of smart mobile devices and advances technologies, the Group expects that money spent on mobile games by users of smart mobile devices will grow rapidly in the future. During the Year, the Group has invested HK\$55 million in an investment portfolio of Hydra Capital SPC, an exempted company incorporated with limited liability and registered as a segregated portfolio company under the laws of the Cayman Islands focused on making investments in internet related and mobile-application-related industries, by way of subscription for shares. As at 30th June 2014, this investment was classified as available-for-sale investment and a decrease of fair value of this investment of approximately HK\$35,000 was recorded in the Group’s other comprehensive income.

In addition, pursuant to the Company's announcement dated 5th December 2013, the Group and China Mobile Games and Cultural Investment Limited (formerly known as Computech Holdings Limited) ("CMGC"), a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Growth Enterprise Market operated by the Stock Exchange (Stock Code: 8081) entered into a joint venture agreement (the "JV Agreement"), in relation to the establishment of a joint venture (the "JV Company") on 5th December 2013. The JV Company with an issued capital of HK\$20,000 was set up in July 2014 in Hong Kong and the shares of which are owned as to 50% by CMGC and 50% by the Group. The JV Company is principally engaged in the development and sale of computer and mobile phone games.

The Group will continue to identify different investment opportunities include but not limited to the aforesaid "NEW/POTENTIAL INVESTMENTS" and in entertainment, gaming, culture-related business and other business sectors with enormous potentials to further diversify its business and broaden the income sources to maximise the return to its shareholders.

FINANCIAL RESOURCES/LIQUIDITY AND CAPITAL STRUCTURE

The Group's financial position remained healthy. As at 30th June 2014, the Group had cash balances of HK\$84.2 million (2013: HK\$50.4 million).

As announced on 16th September 2013, the Company entered into a conditional placing agreement (the "Warrant Placing Agreement") whereby the Company appointed a placing agent to procure placees to subscribe for the warrants (the "Warrant(s)"), on a best efforts basis, at an issue price of HK\$0.0025 per Warrant. The Warrants will entitle the holders thereof to subscribe in cash up to an aggregate amount of HK\$85.5 million for the new shares of the Company at an initial subscription price of HK\$0.25 per Warrant (the "Initial Subscription Price"), subject to adjustments, for a period of 2 years commencing from the date of issue of the Warrants. Based on the Initial Subscription Price of HK\$0.25 per new shares to be allotted and issued upon exercise of the subscription right attaching to the Warrants, a maximum of 342,000,000 new shares (the "Warrant Shares") will be allotted and issued by the Company. Assuming the maximum aggregate amount of HK\$85.5 million of the Warrants are placed with the placee(s), the maximum net proceeds from the placing of the Warrant is approximately HK\$0.6 million. The placing of the Warrants was completed on 25th October 2013 and none of the Warrants was exercised as at 30th June 2014. The Group incurred a fair value loss of approximately HK\$81.2 million in issuance of the Warrants by the Group during the Year and it did not have any negative cashflow impact to the Group.

As announced on 23rd June 2014, the Company entered into a placing agreement (the "Placing Agreement") pursuant to which the Company has appointed a placing agent to procure, on a best effort basis, not less than six placees to subscribe for up to 343,200,000 new ordinary shares of the Company ("Placing Shares") at a price of HK\$0.1 per Placing Share. The Placing Agreement was completed on 9th July 2014 and an aggregated of 343,200,000 Placing Shares have been successfully placed to not less than six placees. The net proceeds from the issuance of the Placing Shares are approximately HK\$33.0 million.

As at 30th June 2014, the Group had total assets of approximately HK\$394.8 million, which was similar to the total assets of the Group of HK\$396.5 million as at 30th June 2013.

The Group's gearing ratio as at 30th June 2014 is zero (2013: zero), which was calculated on the basis of the Group's long term borrowings and on the total equity of the Company.

There was no finance cost arising from borrowings for the year ended 30th June 2014.

Finance cost of HK\$1,090,000 for the year ended 30th June 2013 represents the difference between a loan of HK\$8.8 million advanced to a joint venture on 26th April 2013 and its present value measured at amortised cost using the effective interest method, which will be recognised as accretion income through the passage of time over the contractual loan period.

In light of the fact that most of the Group's transactions are denominated in Hong Kong dollars, Renminbi and United States dollars, 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 2014, the Group did not have any pledged assets (2013: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30th June 2014, the Group employed 48 staff (2013: 45). 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 "Old Scheme") in compliance with 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 Old Scheme. After the refreshment of the scheme mandate limit, the total number of share options available for issue under the Old Scheme as at the date of the 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 the 2011 AGM.

There was no share option outstanding prior to 27th June 2012 under the Old Scheme. On 27th June 2012, the Company granted 34,235,403 share options to certain Directors and employees of the Group under the Old Scheme 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 and 26th June 2015 (both dates inclusive). Each share option gives the holder the right to subscribe for one ordinary share of the Company. 17,117,700 share options have been exercised for the Year and the total number of share options outstanding under the Old Scheme as at 30th June 2014 was 17,117,703.

The Old Scheme expired on 26th November 2013. According to the provisions of the Old Scheme, share options granted during the term of the Old Scheme and remain unexercised immediately prior to the end thereof shall continue to be exercisable in accordance with their terms of grant notwithstanding the expiry of the Old Scheme.

Pursuant to an ordinary resolution passed in the annual general meeting held on 2nd December 2013 (the “2013 AGM”), the Company conditionally approved and adopted a new share option scheme (the “New Scheme”) in compliance with the Listing Rules. The total number of share options available for issue under the New Scheme as at the date of the 2013 AGM was 171,604,979, which represented 10% of the total number of the issued shares of the Company as at the date of the 2013 AGM. There was no share option outstanding prior to 30th June 2014 under the New Scheme.

Subsequent to the balance sheet date, on 21st July 2014, the Company granted 171,604,000 share options to certain Directors and employees of the Group under the New Scheme at the subscription price of HK\$0.1738 per share option which were vested immediately and exercisable for a two-year period between 21st July 2014 and 20th July 2016 (both dates inclusive). Each share option gives the holder the right to subscribe for one ordinary share of the Company. Please refer to the Company’s announcement dated 21st July 2014 for details.

CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

The Company has, throughout the Year, complied with the code provisions contained in Corporate Governance Code and Corporate Governance Report (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.

Code provision A.2.1 of the 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 Board has the overall responsibility for the internal control of the Group, including risk management, and sets appropriate policies having regard to the objectives of the Group. The Board, through the Audit Committee, conducted a review on the effectiveness of the Group’s system of financial and non-financial controls. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. Controls are monitored by management review.

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. Lam Wing Tai (as Chairman), Mr. Lam Chi Keung and Mr. Choi Wing Koon. Three meetings were held during the Year.

The annual results of the Group for the Year 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.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated balance sheet, consolidated statement of comprehensive income, and the related notes thereto for the year ended 30th June 2014 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

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), respectively. The annual report for 2014 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, 29th September 2014

As at the date of this announcement, the Board comprises Mr. Lam Shiu Ming, Daneil, Mr. Hung Cho Sing, Mr. Yeung Kim Piu and Mr. Lam Kit Sun as executive Directors and Mr. Lam Wing Tai, Mr. Choi Wing Koon and Mr. Lam Chi Keung as independent non-executive Directors.