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UNIVERSE INTERNATIONAL FINANCIAL HOLDINGS LIMITED
寰宇國際金融控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1046)

**ANNUAL RESULTS ANNOUNCEMENT FOR
THE YEAR ENDED 30TH JUNE 2018**

RESULTS

The board of directors (the “**Directors**”) of Universe International Financial Holdings Limited (the “**Company**”) (the “**Board**”) hereby announces the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 30th June 2018, together with comparative figures for the year ended 30th June 2017 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	2018 HK\$'000	2017 HK\$'000 (restated)
CONTINUING OPERATIONS:			
Revenue			
Sales of goods – video distribution, optical, watches and jewellery products		32,857	52,161
Income on film distribution and exhibition, licensing and sub-licensing of film rights		36,377	133,725
Income from other businesses		17,439	9,831
Total revenue	4	86,673	195,717

	<i>Note</i>	2018 HK\$'000	2017 HK\$'000 (restated)
Cost of revenue			
Cost of inventories sold		(21,703)	(32,500)
Related cost on film distribution and exhibition, licensing and sub-licensing of film rights		(15,913)	(55,052)
Cost from other businesses		(3,234)	(462)
Total cost of revenue		(40,850)	(88,014)
Selling expenses		(12,747)	(13,834)
Administrative expenses		(111,727)	(96,319)
Other operating (expenses)/income		(45)	60
Gain on disposal of film library		182,050	–
Impairment loss of goodwill		–	(22,980)
Impairment loss of interest in an associate		(16,045)	(3,227)
Impairment loss of available-for-sale financial assets		(23,849)	(89,643)
Impairment loss of other receivables		–	(1,532)
Impairment loss of film related deposits		(6,949)	–
Impairment loss of accounts receivable		(4,098)	(1,510)
Impairment loss of film rights		(4,903)	–
Amortisation of other intangible assets		(148)	(148)
Other losses – net		(8,999)	(5,462)
Other income		2,772	2,956
Gains/(losses):			
Fair value change of financial assets at fair value through profit or loss		(108,598)	12,679
Fair value change of contingent consideration receivable		(11,941)	4,807
Fair value change of contingent consideration payable		(832)	(8,638)
Fair value change on investment properties		3,800	–
Finance income		104	288
Finance costs		(3,078)	(6,061)
Share of losses of associates		(473)	(216)
Share of losses of a joint venture		(31)	(231)
Loss on deregistration of a joint venture		–	(24)
Gain on disposal of a subsidiary		249	–
Loss on deregistration of a subsidiary		(35)	–
Loss before tax		(79,700)	(121,332)
Income tax credit/(expense)	5	3,586	(6,154)
Loss for the year from continuing operations		(76,114)	(127,486)

	<i>Note</i>	2018 HK\$'000	2017 HK\$'000 (restated)
DISCONTINUED OPERATIONS:			
Profit for the year from discontinued operation classified as held for sale		–	4,075
(Loss)/profit for the year from discontinued operation	11	<u>(59,260)</u>	<u>8,890</u>
Loss for the year		<u>(135,374)</u>	<u>(114,521)</u>
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Net movement in available-for-sale investment reserve in respect of available-for-sale financial assets:			
Net changes in fair value of available-for-sale financial assets		(39,827)	(88,565)
Reclassification adjustments for amounts transferred to profit or loss:			
Impairment loss		23,849	89,643
Realised loss upon disposal/redemption of available-for-sale financial assets		18,986	6,571
		42,835	96,214
Release of translation reserve upon disposal of subsidiary		34	(29)
Currency translation differences		<u>182</u>	<u>41</u>
Other comprehensive income for the year, net of tax		<u>3,224</u>	<u>7,661</u>
Total comprehensive loss for the year		<u>(132,150)</u>	<u>(106,860)</u>
(Loss)/profit attributable to owners of the Company:			
– from continuing operations		(76,024)	(127,293)
– from discontinued operation		<u>(59,260)</u>	<u>12,965</u>
Loss for the year attributable to owners of the Company		<u>(135,284)</u>	<u>(114,328)</u>
Loss attributable to non-controlling interests:			
– from continuing operations		(90)	(193)
– from discontinued operation		<u>–</u>	<u>–</u>
Loss for the year attributable to non-controlling interests		<u>(90)</u>	<u>(193)</u>

	<i>Note</i>	2018 HK\$'000	2017 HK\$'000 (restated)
Total comprehensive loss for the year attributable to:			
Owners of the Company		(132,060)	(106,667)
Non-controlling interests		<u>(90)</u>	<u>(193)</u>
		<u>(132,150)</u>	<u>(106,860)</u>
Total comprehensive (loss)/income attributable to owners of the Company arises from:			
Continuing operations		(72,800)	(119,632)
Discontinued operation		<u>(59,260)</u>	<u>12,965</u>
		<u>(132,060)</u>	<u>(106,667)</u>
Loss per share attributable to owners of the Company for the year (<i>expressed in HK\$</i>):			(restated)
From continuing and discontinued operations			
– basic	6	<u>(0.152)</u>	<u>(0.211)</u>
– diluted	6	<u>(0.152)</u>	<u>(0.211)</u>
From continuing operations			
– basic	6	<u>(0.086)</u>	<u>(0.234)</u>
– diluted	6	<u>(0.086)</u>	<u>(0.234)</u>

CONSOLIDATED BALANCE SHEET

		As at 30th June 2018 HK\$'000	As at 30th June 2017 HK\$'000
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment		5,705	3,702
Investment properties		29,360	25,560
Goodwill		–	28,064
Other intangible assets		2,535	23,583
Film rights and films in progress		80,603	41,073
Interests in associates		2,875	19,393
Interests in joint ventures		–	251
Loans receivable		1,447	45,500
Loan to an associate		4,340	2,940
Loan receivable from a joint venture		–	8,595
Film related deposits		35,693	45,284
Deposits paid		1,396	191
Deferred tax assets		274	6,447
Available-for-sale financial assets		65,882	155,693
		<u>230,110</u>	<u>406,276</u>
Current assets			
Inventories		8,028	10,066
Accounts receivable	8	30,935	333,859
Loans receivable		56,598	30,400
Loan to an associate		2,500	5,000
Amount due from an associate		89	964
Deposits paid, prepayments and other receivables		170,589	100,674
Financial assets at fair value through profit or loss		49,356	232,629
Contingent consideration receivable		3,796	15,737
Tax recoverable		–	93
Bank balances and cash			
– trust accounts		7,157	93,014
Cash and cash equivalents		522,285	228,222
Total current assets		<u>851,333</u>	<u>1,050,658</u>
Total assets		<u>1,081,443</u>	<u>1,456,934</u>

		As at 30th June 2018 HK\$'000	As at 30th June 2017 HK\$'000
	<i>Note</i>		
EQUITY			
Equity attributable to the owners of the Company			
Share capital		9,066	8,533
Share premium		928,358	893,345
Other reserves		67,565	67,867
(Accumulated losses)/retained earnings		(88,094)	43,614
		<u>916,895</u>	<u>1,013,359</u>
Non-controlling interests		<u>78</u>	<u>168</u>
Total equity		<u>916,973</u>	<u>1,013,527</u>
LIABILITIES			
Non-current liabilities			
Borrowings		–	10,000
Obligations under a finance lease		7	28
Deferred tax liabilities		440	13,413
		<u>447</u>	<u>23,441</u>
Current liabilities			
Accounts payable	9	8,518	92,447
Other payables and accrued charges		112,388	234,560
Contingent consideration payable		20,400	19,568
Borrowings		–	43,063
Deposits received		14,528	22,645
Obligations under a finance lease		18	35
Taxation payable		8,171	7,648
Total current liabilities		<u>164,023</u>	<u>419,966</u>
Total liabilities		<u>164,470</u>	<u>443,407</u>
Total equity and liabilities		<u>1,081,443</u>	<u>1,456,934</u>
Net current assets		<u>687,310</u>	<u>630,692</u>
Total assets less current liabilities		<u>917,420</u>	<u>1,036,968</u>

NOTES:

1. GENERAL INFORMATION

The Group is principally engaged in video distribution, film distribution and exhibition, licensing and sub-licensing of film rights, money lending, leasing of investment properties and securities investment, trading, wholesaling and retailing of optical products, watches and jewellery products. The Group ceased the business of China Jianxin Financial Services Limited, an indirect wholly-owned subsidiary of the Company, which was principally engaged in the business of securities brokerage and margin financing (“**Securities Brokerage Business**”) with effect from 30th June 2018.

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 address of the principal place of business of the Company is 18th Floor, Wyler Centre Phase II, 192-200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong.

The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

These 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 all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes 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**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, contingent consideration receivable, financial assets at fair value through profit or loss, contingent consideration payable and investment properties, which are carried at fair value.

Disposal group held for sale are stated at the lower of carrying amount and fair value less costs to sell.

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.

3. ACCOUNTING POLICY

Application of new or revised HKFRSs

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Chairman of the Company, being the Group's chief operating decision maker ("CODM") for the purposes of resources allocation and performance assessment.

During the year ended 30th June 2018, the Group ceased the Securities Brokerage Business which is classified as discontinued operation for the year ended 30th June 2018.

The Group has presented the following reportable segments.

Continuing operations

- Video distribution, film distribution and exhibition, licensing and sub-licensing of film rights
- Trading, wholesaling and retailing of optical, watches and jewellery products
- Leasing of investment properties
- Securities investments
- Money lending
- Entertainment business

Discontinued operation

- Securities Brokerage Business

a) Segment revenue, results, assets and liabilities

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of profit/(loss) before tax from continuing operations. The profit/(loss) before tax from continuing operations is measured consistently with the Group's profit/(loss) before tax from continuing operations except that fair value change of contingent consideration receivable, fair value change of contingent consideration payable, impairment

loss of interest in an associate, impairment loss of available-for-sale financial assets, impairment loss of other receivable, finance income, finance costs, share of loss of associates, share of loss of and loss on deregistration of a joint venture, realised loss upon disposal/redemption of available-for-sale financial assets, gain on disposal of trading right in Chinese Gold & Silver Exchange Society, gain/(loss) on disposal or deregistration of subsidiaries and unallocated corporate expenses.

Segment assets exclude unallocated other intangible assets, interests in associates, interests in joint ventures, available-for-sale financial assets, unallocated cash and cash equivalents, deferred tax assets, loan receivable from a joint venture, loan to an associate, amount due from an associate, contingent consideration receivable, tax recoverable and other unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, unallocated borrowings, deferred tax liabilities, contingent consideration payable and other unallocated corporate liabilities as these liabilities are managed on a group basis.

Information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resources allocation and assessment of segment performance for the years ended 30th June 2018 and 2017 is set out below:

	2018											
	Continuing operations							Discontinued operation				
	Video distribution, film distribution and exhibition, licensing and sub-licensing of film rights HK\$'000	Trading, wholesaling, and retailing of optical, watches and jewellery products HK\$'000	Leasing of investment properties HK\$'000	Securities investments HK\$'000	Money lending HK\$'000	Entertainment business HK\$'000	Elimination HK\$'000	Total for continuing operations HK\$'000	Securities brokerage and margin financing HK\$'000	Elimination HK\$'000	Total for discontinued operation HK\$'000	Total HK\$'000
Segment revenue												
External revenue	41,016	28,218	1,077	-	7,271	9,091	-	86,673	8,930	-	8,930	95,603
Inter-segment sales	-	-	-	-	-	-	-	-	622	(622)	-	-
	<u>41,016</u>	<u>28,218</u>	<u>1,077</u>	<u>-</u>	<u>7,271</u>	<u>9,091</u>	<u>-</u>	<u>86,673</u>	<u>9,552</u>	<u>(622)</u>	<u>8,930</u>	<u>95,603</u>
Segment results	128,972	(12,422)	4,694	(108,353)	6,040	2,923	622	22,476	(59,693)	-	(59,693)	(37,217)
Fair value change of contingent consideration receivable								(11,941)			-	(11,941)
Fair value change of contingent consideration payable								(832)			-	(832)
Gain on disposal of trading rights held in the Chinese Gold & Silver Exchange Society								6,790			-	6,790
Impairment loss of interest in an associate								(16,045)			-	(16,045)
Impairment loss of available-for-sale financial assets								(23,849)			-	(23,849)
Gain on disposal of subsidiaries								249			-	249
Finance income								104			-	104
Finance costs								(3,078)			-	(3,078)
Realised loss upon disposal of available-for-sale financial assets								(18,987)			-	(18,987)
Share of losses of associates								(473)			-	(473)
Share of losses of a joint venture								(31)			-	(31)
Loss on deregistration of a subsidiary								(35)			-	(35)
Unallocated corporate expenses								(34,048)			-	(34,048)
Loss before tax								<u>(79,700)</u>			<u>(59,693)</u>	<u>(139,393)</u>

	Continuing operations							Discontinued operation	
	Video distribution, film distribution and exhibition, licensing and sub-licensing of film rights HK\$'000	Trading, wholesaling, and retailing of optical, watches and jewellery products HK\$'000	Leasing of investment properties HK\$'000	Securities investments HK\$'000	Money lending HK\$'000	Entertainment business HK\$'000	Total for continuing operations HK\$'000	Securities brokerage and margin financing HK\$'000	Total HK\$'000
Assets									
Segment assets	292,428	18,297	29,439	49,356	60,009	12,150	461,679	73,380	535,059
Interests in associates							2,875	-	2,875
Available-for-sale financial assets							65,882	-	65,882
Contingent consideration receivable							3,796	-	3,796
Deferred tax assets							274	-	274
Loan to an associate							4,340	-	4,340
Amount due from an associate							89	-	89
Unallocated other intangible assets							1,858	-	1,858
Unallocated loan receivables							947	-	947
Unallocated cash and cash equivalents							460,083	-	460,083
Unallocated corporate assets							6,240	-	6,240
Total consolidated assets							<u>1,008,063</u>	<u>73,380</u>	<u>1,081,443</u>
Liabilities									
Segment liabilities	104,239	1,308	252	-	-	13,757	119,556	6,632	126,188
Taxation payable							7,188	983	8,171
Deferred tax liabilities							440	-	440
Contingent consideration payable							20,400	-	20,400
Unallocated corporate liabilities							9,271	-	9,271
Total consolidated liabilities							<u>156,855</u>	<u>7,615</u>	<u>164,470</u>
Other information									
Additions of property, plant and equipment	14	2,318	57	-	1,154	1	3,544	-	3,544
Additions of unallocated property, plant and equipment							2,225	-	2,225
Total additions of property, plant and equipment							<u>5,769</u>	<u>-</u>	<u>5,769</u>
Additions of film rights and films in progress	44,879	-	-	-	-	-	44,879	-	44,879
Additions of film related deposits	7,972	-	-	-	-	-	7,972	-	7,972
Depreciation	651	751	13	-	404	17	1,836	140	1,976
Unallocated depreciation							650	-	650
Amortisation of film rights	4,002	-	-	-	-	-	4,002	-	4,002
Amortisation of brand name	-	148	-	-	-	-	148	-	148
Total depreciation and amortisation							<u>6,636</u>	<u>140</u>	<u>6,776</u>
Written off of goodwill	-	-	-	-	-	-	-	28,064	28,064
Written off of other intangible assets	-	-	-	-	-	-	-	11,400	11,400
Impairment loss of accounts receivable (net)	-	3,863	-	-	-	-	3,863	9,040	12,903
Impairment loss of film rights	4,903	-	-	-	-	-	4,903	-	4,903
Impairment loss of film related deposits	6,949	-	-	-	-	-	6,949	-	6,949
Gain on disposal of film library	(182,050)	-	-	-	-	-	(182,050)	-	(182,050)
Increase in fair value of investment property	-	-	(3,800)	-	-	-	(3,800)	-	(3,800)
Fair value change of financial assets at fair value through profit of loss	-	-	-	108,598	-	-	108,598	-	108,598

	Continuing operations							Discontinued operation				
	Video distribution, film distribution and exhibition, licensing and sub-licensing of film rights HK\$'000	Trading, wholesaling, and retailing of optical, watches and jewellery products HK\$'000	Leasing of investment properties HK\$'000	Securities investments HK\$'000	Money lending HK\$'000	Entertainment business HK\$'000	Elimination HK\$'000	Total for continuing operations HK\$'000	Securities brokerage and margin financing HK\$'000	Elimination HK\$'000	Total for discontinued operation HK\$'000	Total HK\$'000
Segment revenue												
External revenue	138,805	46,607	1,058	–	5,859	3,388	–	195,717	35,927	–	35,927	231,644
Inter-segment sales	–	–	–	–	1,890	–	(1,890)	–	7	(7)	–	–
	<u>138,805</u>	<u>46,607</u>	<u>1,058</u>	<u>–</u>	<u>7,749</u>	<u>3,388</u>	<u>(1,890)</u>	<u>195,717</u>	<u>35,934</u>	<u>(7)</u>	<u>35,927</u>	<u>231,644</u>
Segment results	31,315	(27,768)	877	11,985	322	(1,984)	–	14,747	9,679		9,679	24,426
Fair value change of contingent consideration receivable								4,807			–	4,807
Fair value change of contingent consideration payable								(8,638)			–	(8,638)
Impairment loss of interest in an associate								(3,227)			–	(3,227)
Impairment loss of available- for-sale financial assets								(89,643)			–	(89,643)
Impairment loss of other receivables								(1,532)			–	(1,532)
Finance income								288			6	294
Finance costs								(6,061)			(30)	(6,091)
Realised loss upon redemption of available-for-sale financial assets								(6,571)			–	(6,571)
Share of losses of associates								(216)			–	(216)
Share of losses of a joint venture								(231)			–	(231)
Loss on deregistration of a joint venture								(24)			–	(24)
Unallocated corporate expenses								(25,031)			–	(25,031)
Loss before tax								<u>(121,332)</u>			<u>9,655</u>	<u>(111,677)</u>

2017 (restated)

	Continuing operations							Discontinued operation	
	Video distribution, film distribution and exhibition, licensing and sub-licensing of film rights HK\$'000	Trading, wholesaling, and retailing of optical, watches and jewellery products HK\$'000	Leasing of investment properties HK\$'000	Securities investments HK\$'000	Money lending HK\$'000	Entertainment business HK\$'000	Total for continuing operations HK\$'000	Securities brokerage and margin financing HK\$'000	Total HK\$'000
Assets									
Segment assets	235,633	24,276	25,595	233,064	81,832	14,263	614,663	482,685	1,097,348
Interests in associates							19,393	–	19,393
Interests in joint ventures							251	–	251
Available-for-sale financial assets							155,693	–	155,693
Contingent consideration receivable							15,737	–	15,737
Deferred tax assets							6,447	–	6,447
Tax recoverable							93	–	93
Loan receivable from a joint venture							8,595	–	8,595
Loan to an associate							2,940	–	2,940
Amount due from an associate							964	–	964
Unallocated other intangible assets							11,358	–	11,358
Unallocated cash and cash equivalents							129,574	–	129,574
Unallocated corporate assets							8,541	–	8,541
Total consolidated assets							974,249	482,685	1,456,934
Liabilities									
Segment liabilities	239,996	7,145	249	15,163	–	8,295	270,848	83,825	354,673
Taxation payable							6,885	763	7,648
Unallocated borrowings							37,900	–	37,900
Deferred tax liabilities							13,413	–	13,413
Contingent consideration payable							19,568	–	19,568
Unallocated corporate liabilities							10,205	–	10,205
Total consolidated liabilities							358,819	84,588	443,407
Other information									
Additions of property, plant and equipment	–	37	30	–	–	–	67	106	173
Additions of unallocated property, plant and equipment							1,185	–	1,185
Total additions of property, plant and equipment							1,252	106	1,358
Additions of film rights and films in progress	10,138	–	–	–	–	–	10,138	–	10,138
Additions of film related deposits	15,332	–	–	–	–	–	15,332	–	15,332
Depreciation	786	583	5	–	400	25	1,799	466	2,265
Unallocated depreciation							686	–	686
Amortisation of film rights	23,343	–	–	–	–	–	23,343	–	23,343
Amortisation of brand name	–	148	–	–	–	–	148	–	148
Total depreciation and amortisation							25,976	466	26,442
Impairment loss of goodwill	–	22,980	–	–	–	–	22,980	–	22,980
Impairment loss of accounts receivable	116	1,394	–	–	–	–	1,510	8,960	10,470
Fair value change of financial assets at fair value through profit of loss	–	–	–	(12,679)	–	–	(12,679)	–	(12,679)

b) Geographical information

The Company is domiciled in Hong Kong. The Group's operations are mainly located in Hong Kong and PRC.

The revenue information below is based on the location of the operations.

	2018	
	Revenue	Non-current assets (other than financial instruments and deferred tax assets)
	HK\$'000	HK\$'000
CONTINUING OPERATIONS		
Hong Kong (place of domicile)	29,519	154,428
PRC and other Asian countries (other than Hong Kong)	56,520	2,223
North America	335	–
Europe	250	–
Others	49	–
	86,673	156,651
DISCONTINUED OPERATION		
Hong Kong (place of domicile)	8,930	120
Total	95,603	156,771

	2017 (restated)	
	Revenue <i>HK\$'000</i>	Non-current assets (other than financial instruments and deferred tax assets) <i>HK\$'000</i>
CONTINUING OPERATIONS		
Hong Kong (place of domicile)	49,580	144,382
Macau	21	251
PRC and other Asian countries (other than Hong Kong and Macau)	144,191	2,744
North America	779	–
Europe	982	–
Others	164	–
	<u>195,717</u>	<u>147,377</u>
DISCONTINUED OPERATION		
Hong Kong (place of domicile)	<u>35,927</u>	<u>39,724</u>
Total	<u>231,644</u>	<u>187,101</u>

c) Information about major customers

For the years ended 30th June 2018 and 2017, there is no single customer contributed 10% or more of the Group's revenue.

5. INCOME TAX (CREDIT)/EXPENSES

	2018			2017 (Restated)		
	Continuing operations HK\$'000	Discontinued operation HK\$'000	Total HK\$'000	Continuing operations HK\$'000	Discontinued operation HK\$'000	Total HK\$'000
Current tax						
Hong Kong Profits Tax						
Charge for the year	963	–	963	618	763	1,381
Under provision in prior year	371	1,448	1,819	334	2	336
PRC Enterprise Income Tax	–	–	–	100	–	100
Deferred tax						
Origination and reversal of temporary differences	(4,920)	(1,881)	(6,801)	5,102	–	5,102
Income tax (credit)/expense	<u>(3,586)</u>	<u>(433)</u>	<u>(4,019)</u>	<u>6,154</u>	<u>765</u>	<u>6,919</u>

The provision of Hong Kong Profits Tax is calculated at 16.5% (2017: 16.5%) of the estimated assessable profits for the year.

For the year ended 30th June 2017, the provision for PRC Enterprise Income Tax (the “EIT”) was calculated at 10% of the capital gains regarding transfer in an indirect equity of a PRC subsidiary following the disposal of AP Group Investment Holdings Limited (“AP Group”) in accordance with the relevant tax rules and regulations of the PRC. Except for the EIT arising from the capital gains regarding the disposal of AP Group, no other provision for EIT has been made in the consolidated financial statements as the Group has no assessable profits under EIT for the year ended 30th June 2017.

No provision for profits tax in Bermuda and the British Virgin Islands has been made as the Group has no income or profit assessable for tax in these jurisdictions for the years ended 30th June 2018 and 2017, respectively.

6. LOSS PER SHARE

(a) Basic

Basic (loss)/profit per ordinary share is calculated by dividing the (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year, calculated as follows:

	2018	2017 (restated)
(Loss)/profit attributable to owners of the Company (HK\$'000)		
– from continuing operations	(76,024)	(127,293)
– from discontinued operation	<u>(59,260)</u>	<u>12,965</u>
– from continuing and discontinued operations	<u>(135,284)</u>	<u>(114,328)</u>
Weighted average number of ordinary shares in issue	<u>887,832,358</u>	<u>543,123,874</u>
Basic (loss)/profit per ordinary share (HK\$)		
– from continuing and discontinued operations	(0.152)	(0.211)
– from continuing operations	(0.086)	(0.234)
– from discontinued operation	<u>(0.066)</u>	<u>0.023</u>

Weighted average number of ordinary shares (Basic)

	2018	2017
Issued ordinary shares at 1st July	853,302,276	177,774,092
Effect of share options exercised	34,530,082	–
Effect of rights issue	–	268,333,015
Effect of shares issued for placements of new shares	<u>–</u>	<u>97,016,767</u>
Weighted average number of ordinary shares (Basic)	<u>887,832,358</u>	<u>543,123,874</u>

For the year ended 30th June 2017, the weighted average number of ordinary shares for the purpose of basic loss per ordinary share has been adjusted with the effect of bonus element of the rights issue in October 2016 on the basis of two rights shares for every one existing ordinary share.

(b) Diluted

The computation of diluted loss per share for the year ended 30th June 2018 does not assume the exercises of the Company's outstanding share options during the year ended 30th June 2018 since the exercises are anti-dilutive at loss from continuing operation level for the year ended 30th June 2018. The computation of diluted loss per ordinary share for the year ended 30th June 2017 does not assume the exercises of the Company's outstanding share options during the year ended 30th June 2017 since their exercise prices are higher than the average market prices of the shares during the year. Accordingly, diluted loss per ordinary share is the same as basic loss per ordinary share for the year.

7. DIVIDENDS

The Board did not recommend the payment of a final dividend for the year ended 30th June 2018 (2017: Nil).

8. ACCOUNTS RECEIVABLE

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Accounts receivable arising from securities brokerage and margin financing business:		
– Clearing house, brokers and cash clients	160	69,560
Less: Impairment loss	<u>–</u>	<u>(827)</u>
Net (<i>Note a</i>)	<u>160</u>	<u>68,733</u>
– Margin clients	18,000	197,284
Less: Impairment loss	<u>(18,000)</u>	<u>(8,133)</u>
Net (<i>Note b</i>)	<u>–</u>	<u>189,151</u>
	-----160	-----257,884
Accounts receivable arising from other businesses:		
Accounts receivable – others	36,290	77,627
Less: Impairment loss	<u>(5,515)</u>	<u>(1,652)</u>
Net (<i>Note c</i>)	-----30,775	-----75,975
Accounts receivable – net	<u><u>30,935</u></u>	<u><u>333,859</u></u>

The carrying amounts of accounts receivable approximate their fair values.

Note a: Accounts receivable arising from clearing house, brokers and cash clients

The ageing analysis of the accounts receivable from clearing house, brokers and cash clients which are past due but not impaired as of the end of the reporting period is as follows:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Neither past due nor impaired	147	59,500
Less than 1 month past due	1	411
More than 1 month past due	<u>12</u>	<u>8,822</u>
	<u><u>160</u></u>	<u><u>68,733</u></u>

The normal settlement terms of accounts receivable from clearing house, brokers and cash clients, which arise from the securities brokerage and margin financing business, are two days after trade date. Accounts receivable from cash clients are repayable on demand subsequent to the settlement date.

The Group offsets certain accounts receivable and accounts payable when the Group currently has a legally enforceable right to set off the balances and intends either to settle on a net basis, or to realise the balances simultaneously.

Note b: Accounts receivable arising from margin clients

Accounts receivable from margin clients, which arise from the securities brokerage and margin financing business, are repayable on demand subsequent to the settlement date.

No ageing analysis of the accounts receivable from margin clients is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of this business.

Note c: Accounts receivable arising from other businesses

The following is an ageing analysis of accounts receivable arising from other businesses, presented based on the invoice dates:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
1 to 90 days	3,331	65,682
91 days to 180 days	4,372	1,926
Over 180 days	<u>23,072</u>	<u>8,367</u>
	<u>30,775</u>	<u>75,975</u>

9. ACCOUNTS PAYABLE

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Accounts payable arising from securities brokerage and margin financing business:		
– cash clients	5,171	61,928
– margin clients	<u>694</u>	<u>19,692</u>
	<u>5,865</u>	<u>81,620</u>
Accounts payable arising from other businesses	<u>2,653</u>	<u>10,827</u>
	<u>8,518</u>	<u>92,447</u>

The settlement terms of accounts payable to cash clients, except for margin loans, arising from the securities brokerage and margin financing business are two days after trade date. Accounts payable to cash clients are repayable on demand subsequent to settlement date. Accounts payable to margin clients are repayable on demand. No ageing analysis is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of this business.

As at 30th June 2018 and 2017, the ageing analysis of the accounts payable arising from other businesses based on invoice date is as follows:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
1 to 90 days	712	513
91 days to 180 days	27	34
Over 180 days	1,914	10,280
	2,653	10,827

All of the accounts payable arising from other businesses are expected to be settled or recognised as income within one year or are repayable on demand.

10. PENDING LITIGATIONS

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

By the above action, Star alleges that a sum of US\$935,872 (equivalent to HK\$7,299,799) was payable by UEL to Star as its share of the revenue of the movie entitled “Shaolin Soccer” (the “**Movie**”).

Pursuant to an Order (the “**Order**”) made by the High Court on 21st February 2003, UEL was ordered and had paid to Star a sum of HK\$5,495,700, being part of the license 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 claimed 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, claimed 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 claim against UEL. The Board is of the opinion that the outcome of the said claim made against UEL will have no material financial impact to the Group for the year ended 30th June 2018.

- (b) On 1st September 2008, Koninklijke Philips Electronics N.V. (“**KPE**”) claimed 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 for the year ended 30th June 2018.

- (c) On 8th January 2010, KPE claimed 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 the alleged infringement of the patents regarding Digital Video Disc owned by KPE.

On 6th 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 settled by ULV and appropriate legal costs 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 2018. Based on the consultation with legal counsel, no further material outflow of economic benefits will be incurred for ULV.

- (d) Universe Artiste Management Limited (“**UAM**”), an indirect wholly-owned subsidiary of the Company, commenced Court of First Instance Action against Kwong Ling and Oriental Prosperous Int’l Entertainments Limited (collectively the “**Defendants**”) on 30th June 2014 claiming inter alia for a declaration that UAM is entitled to extend/renew the term of the Artist Management Contract of the Defendants with UAM (the “**Artist Management Contract**”) for 5 years as from 3rd May 2014 to 2nd May 2019.

The Defendants filed their defence and counterclaimed on 29th September 2014. By such counterclaim, the Defendants claiming against UAM inter alia for a declaration that the Artist Management Contract was void and unenforceable, the Artist Management Contract to be rescinded, damages for breach of the Artist Management Contract and for breach of fiduciary duties, a declaration that UAM is liable to account to the Defendants and an order for payment of all sums found to be due by UAM to the Defendants.

In the opinion of legal counsel, it is premature to predict the outcome of the said claim made against UAM. The Board considers that the amounts of counterclaim by the Defendants against UAM is insignificant to the Group as a whole.

- (e) On 16th July 2018, Lucky Famous Limited (“**Lucky Famous**”) commenced Court of First Instance Action claimed against Fragrant River Entertainment Culture (Holdings) Limited (“**Fragrant River**”), and indirect wholly-owned subsidiary of the Company, and the Company for inter alia the sum of HK\$20.4 million as the adjustment to the consideration (the “**Adjustment Amount**”) alleged to be payable under an agreement dated 13th June 2016 (the “**Disposal Agreement**”) pursuant to which Lucky Famous purchased from Fragrant River 51% of the issued share capital of AP Group Investment Holdings Limited.

In the opinion of legal counsel, it is premature to predict the outcome of the said claims made against Fragrant River and the Company. Without admitting any liability to Lucky Famous under the Disposal Agreement, the Adjustment Amount of HK\$20.4 million was recognised as at contingent consideration payable in the consolidated financial statements for the year ended 30th June 2018.

Save as disclosed above, as at 30th June 2018, no litigation or claim of material importance is known to the Directors to be pending against either the Company or any of its subsidiaries.

11. DISCONTINUED OPERATION

During the year ended 30th June 2018, the Group ceased its business in the Securities Brokerage Business due to deterioration of operating results and financial performance during the year. The analysis of the results of discontinued operation is as follows:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Revenue	8,930	35,927
Cost of revenue	<u>(331)</u>	<u>(3,273)</u>
Gross profit	8,599	32,654
Other income	333	1,569
Other net losses	(29)	(586)
Administrative expenses	(20,092)	(14,998)
Impairment loss of accounts receivable (net)	(9,040)	(8,960)
Finance income	–	6
Finance costs	–	(30)
Written off of goodwill	(28,064)	–
Written off of other intangible assets	<u>(11,400)</u>	<u>–</u>
(Loss)/profit before taxation from discontinued operation	(59,693)	9,655
Income tax credit/(expense)	<u>433</u>	<u>(765)</u>
(Loss)/profit for the year from discontinued operation	<u><u>(59,260)</u></u>	<u><u>8,890</u></u>
Attributable to:		
Owners of the Company	<u><u>(59,260)</u></u>	<u><u>8,890</u></u>

BUSINESS AND OPERATIONAL REVIEW

Overall Group results

The Group recorded a net loss of approximately HK\$135.4 million for the year ended 30th June 2018 (“**Year**”), representing an increase of approximately 18.3% as compared to the net loss of approximately HK\$114.5 million for the same period last year, which was mainly due to the net effect of (i) a fair value loss arising from financial assets at fair value through profit or loss of approximately HK\$108.6 million for the Year in the securities investment business segment as compared to a fair value gain arising from financial assets at fair value through profit or loss of approximately HK\$12.7 million for the same period last year; (ii) the loss from the discontinued operation of the Securities Brokerage Business of approximately HK\$59.3 million for the Year as compared to the profit of approximately HK\$8.9 million for the same period last year; (iii) the increase of the segmental profit from video distribution, film distribution and exhibition, licensing and sub-licensing of film rights from approximately HK\$31.3 million for the year ended 30th June 2017 to approximately HK\$129.0 million for the Year; and (iv) the decrease of impairment loss of available-for-sale financial assets from approximately HK\$89.6 million for the year ended 30th June 2017 to approximately HK\$23.8 million for the Year.

Films distribution and exhibition, licensing and sub-licensing of film rights, and change in the use of proceeds under the Disposal of the Film Library

Revenue from this business segment during the Year was approximately HK\$41.0 million, representing a decrease of approximately 70.5% as compared to approximately HK\$138.8 million in the same period last year. It accounted for approximately 47.3% (2017: approximately 70.9%) of the Group’s revenue during the Year. The decrease in revenue was mainly due to the absence of the large scale self-produced film during the Year, while one large scale self-produced film titled “Shock Wave” (拆彈專家) was released during the year ended 30th June 2017.

As disclosed in the Company’s announcement dated 9th January 2017 and the Company’s circular dated 24th February 2017, Universe Films Distribution Company Limited, an indirect wholly-owned subsidiary of the Company, and an independent third party purchaser entered into a sale and purchase agreement (the “**Film Library Disposal Agreement**”) to dispose of 202 feature films (the “**Film Library**”) conditionally at a consideration of approximately RMB178,895,000, subject to possible adjustment as set out in the Film Library Disposal Agreement (the “**Disposal of Film Library**”). The Film Library Disposal Agreement was completed on 21st September 2017 and prior to completion, the cost of the Film Library had almost been fully amortised in previous years. After deducting other related expenses, the Company recorded a gain on the Disposal of the Film Library of approximately HK\$182.1 million for the Year (2017: Nil). In addition, the Company also recorded directors and staff bonus of approximately HK\$35.6 million (2017: approximately HK\$22.0 million) for the gain on the Disposal of the Film Library for the Year.

The Group originally intended to utilise the net proceeds from the Disposal of the Film Library for further development of the margin financing business of the Group. However, due to the cessation of the Securities Brokerage Business on 30th June 2018 as further elaborated below, the usage of the net proceeds from the Disposal of the Film Library was changed to general working capital of the Group during the Year. The Board believes that the above change of the usage of the net proceeds from the Disposal of the Film Library enables the Group to increase the efficiency in the use of the Group's cash resources. On such basis, the Board considers that the above change is in the best interests of the Company and its shareholders as a whole.

Segmental profit from this business segment during the Year was approximately HK\$129.0 million, representing an increase of approximately 312.1% as compared to approximately HK\$31.3 million in the same period last year. The increase in segmental profit is mainly due to the net effect of (i) gain from the Disposal of the Film Library of approximately HK\$182.1 million (2017: Nil); and (ii) the payment of the directors and staff bonus of approximately HK\$35.6 million (2017: approximately HK\$22.0 million) for the gain on the Disposal of the Film Library for the Year.

The China's culture and entertainment industry is on track for speedy development, the Group will continue to adopt a cautious approach to produce and license new films in coming years.

Trade, wholesale and retail of optical products, watches and jewellery products

Revenue from this business segment during the Year was approximately HK\$28.2 million, representing a decrease of approximately 39.5% as compared to approximately HK\$46.6 million in the same period in last year. Revenue from this business segment included the revenue of approximately HK\$5.3 million (2017: approximately HK\$6.9 million) from trading, wholesaling and retailing of optical products from 2 (2017: 2) optical retail shops under the name of “茂昌眼鏡 Hong Kong Optical” in Hong Kong (“**Optical Business**”) and the revenue of approximately HK\$22.9 million (2017: approximately HK\$39.7 million) from trading, wholesaling and retailing of watches and jewellery products (“**Watches Business**”) from 10 (2017: 13) retail shops in the PRC. It accounted for approximately 32.6% (2017: approximately 23.8%) of the Group's revenue during the Year.

In response to the unfavorable retail market environment in prior years, the Group closed down the non-performing retail shops and decreased the wholesales operation scale during the Year. As a result, the revenue from this segment decreased.

Segmental loss from this business segment during the Year was approximately HK\$12.4 million, representing an decrease of approximately 55.4% as compared to approximately HK\$27.8 million in the same period last year. The decrease in segmental loss is mainly due to the net effect of the decrease of gross profit of approximately HK\$8.8 million as a result of the decrease in revenue and the absence of the impairment losses on the goodwill attributable to Watches Business and the Optical Business of approximately HK\$23.0 million for the year ended 30th June 2017.

The retail sentiment showed a sign of improving in 2018, the Group will take a cautious approach to open new retail shops with good prospects to increase the revenue and improve the profitability of this business segment.

Securities investments

Below is a table setting out the list of the financial assets at fair value through profit or loss which the Directors consider as material held by the Group as at 30th June 2018:

Name of investee company	Notes	Place of incorporation	Number of shares held by the Group	Percentage to total issued share capital of the investee company as at 30th June 2018 (approximately %)	Market value as at 30th June 2018 (approximately HK\$'000)	Percentage to the Group's total assets as at 30th June 2018 (approximately %)	Percentage to the Group's net assets as at 30th June 2018 (approximately %)	Percentage to the Group's total financial assets at fair value through profit or loss as at 30th June 2018 (approximately %)	Unrealised gain/(loss) on change in fair value for the Year (approximately HK\$'000)	Dividend income for the Year from such investment (approximately HK\$'000)
Hong Kong Exchanges and Clearing Limited	2	Hong Kong	100,000	Less than 1	23,600.0	2.2	2.6	47.8	443.3	141
China Construction Bank Corporation	3	PRC	2,000,000	Less than 1	14,500.0	1.3	1.6	29.4	184.4	–
First Credit Finance Group Limited	4	Bermuda	150,000,000	4.1	9,451.0	0.9	1.0	19.1	(79,050.0)	298
					<u>47,551.0</u>	<u>4.4</u>	<u>5.2</u>	<u>96.3</u>	<u>(78,422.3)</u>	<u>439</u>

Notes:

- The percentage is calculated with reference to the then latest monthly return as at 30th June 2018 of the investee company publicly available on the website of the Stock Exchange (where applicable).
- Hong Kong Exchanges and Clearing Limited (“**HKEX**”) is principally engaged in the operation of stock exchanges. The shares of HKEX (stock code: 388) are listed on the Main Board of the Stock Exchange. As disclosed in the latest annual report of HKEX, the revenue of the HKEX was approximately HK\$11,574 million for the year ended 31st December 2017 (2016: approximately HK\$10,398 million), representing an increase of approximately 11.3% compared to the same period in last year. HKEX recorded a profit for the year of approximately HK\$7,355 million for the year ended 31st December 2017 (2016: approximately HK\$5,741 million), representing an increase of approximately 28.1% compared to the same period in last year.

As disclosed in the latest interim report of HKEX for the six months period ended 30th June 2018, facing a rapidly changing financial landscape, HKEX continued its effort to ensure that its stock market stays relevant and competitive. In April 2018, HKEX implemented its largest listing reform in 25 years to facilitate listing of companies from emerging and innovative sectors while ensuring appropriate safeguards for investor protection. HKEX were glad to see the listing of the first company under the new regime in early July 2018. To further enhance overall market quality, HKEX announced amendments to the Listing Rules on capital raisings and

delisting in May 2018 and to the Corporate Governance Code in July 2018, following market consultations in 2017. HKEX also launched a market consultation in June 2018 to seek views on proposed Listing Rule amendments to address concerns about backdoor listings and shell activities. The expansion of Stock Connect's daily quota in May 2018, along with the inclusion of A shares in the MSCI indices in June 2018, provided a catalyst for raising international interest in Mainland China's financial markets. To capitalise on the growing opportunities ahead, HKEX continued to enhance its product portfolio during the first half of this year. Equity Index Options were included in the after-hours trading of our Derivatives Market in May 2018 to provide market users with more choice and greater flexibility for risk management and investment. HKEX also extended the contract months and strikes available for HSI and HSCEI Futures and Options, introduced new single stock futures and options contracts and MSCI Asia ex Japan Index Futures, and enhanced its USD/CNH Futures with new contract month and calendar spreads. In London, the London Metal Exchange (LME), introduced its updated financial OTC booking fee policy and enhanced trading regulations, following market consultation in November 2017. HKEX were then now looking to launch several new contracts, including LME precious options, while working to expand its precious metals, aluminium, ferrous metals and battery materials markets.

3. China Construction Bank Corporation (“CCB”) is a commercial bank. CCB operates its businesses through corporate banking businesses, including corporate deposit, corporate credit loan, asset custody, enterprise annuity, trade financing, international settlement, international financing and value-added services, among others, personal banking businesses, including personal deposit, loan, bank card services, private bank services, foreign exchange trading and gold trading services, among others, and capital business. CCB operates its businesses in domestic and overseas markets. The shares of CCB (stock code: 939) are listed on the Main Board of the Stock Exchange. As disclosed in the latest annual report of CCB, the operating income of the CCB was approximately RMB594,031 million for the year ended 31st December 2017 (2016: approximately RMB559,860 million), representing an increase of approximately 6.1% compared to the same period in last year. CCB recorded a profit for the year of approximately RMB243,615 million for the year ended 31st December 2017 (2016: approximately RMB232,389 million), representing an increase of approximately 4.8% compared to the same period in last year.

As disclosed in the latest interim announcement of CCB for the six months period ended 30th June 2018. CCB would actively cope with the complicated economic and financial situations, adhere to stable operation and innovative development, deepen the refined management and the application of the “New Generation” core system, so as to actively serve the real economy and people's livelihood, and help maintain China's financial stability as a large state-owned bank. CCB would focus on the following tasks: Firstly, it would strengthen overall management and coordination to maintain balanced growth of assets and liabilities. Secondly, it would further promote comprehensive proactive risk management, with focus on strengthening anticipatory risk management. Thirdly, it would actively promote the implementation of its strategies, with innovated business development models. CCB would promote the development of its housing leasing business, and provide CCB's solutions for “easy dwelling”. Meanwhile, it would fully carry out its inclusive finance service to provide support to “happy working”. Furthermore, it would leverage fintech to accelerate its development, and build an open platform for “sharing”. Fourthly, it would uphold the priority of its retail business development, and achieve advantages in transactional businesses, so as to enhance the competitiveness of its financial services. Fifthly, it would enhance its refined management mechanism, and raise the Bank's operating efficiency and quality.

4. First Credit Finance Group Limited (“**First Credit**”) and its subsidiaries are principally engaged in money lending business and securities trading business. The shares of First Credit (stock code: 8215) are listed on GEM. As disclosed in the latest annual report of First Credit, the revenue of the First Credit was approximately HK\$116.2 million for the year ended 31st December 2017 (2016: approximately HK\$81.6 million), representing an increase of approximately 42.4% compared to the same period in last year. First Credit recorded a profit for the year of approximately HK\$52.9 million for the year ended 31st December 2017 (2016: approximately HK\$33.6 million), representing an increase of approximately 57.4% compared to the same period in last year.

In connection with the re-focusing of the Group’s business operations as announced on 25th May 2016, the Company decided to change the purpose of holding First Credit from short-term trading to long term investments. For the purpose of complying with the applicable accounting standards, the securities investments of First Credit are included in financial assets at fair value through profit or loss as current assets in the consolidated balance sheet for the accounting purpose despite the purpose of holding is a long-term investment.

On 24th November 2017, First Credit announced that the Securities and Futures Commission of Hong Kong (“**SFC**”) had exercised its powers under Section 8(1) of the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) to direct the Stock Exchange to suspend all dealings in the shares of First Credit with effect from 9:00 a.m. on 24th November 2017. Based on the business valuation report issued by an independent professional valuer which is not connected with the Group, the fair value of the shares of First Credit was approximately HK\$0.063 per shares as at 30th June 2018.

As disclosed in the latest interim report of First Credit for the six months period ended 30th June 2018, First Credit was proactively exploring further potential investment opportunities, including but not limited to investments in bonds, debt instruments, listed equity securities or project-based investments, subject to the prevailing market condition and taking into account the interest of First Credit and its shareholders as a whole. Looking forward, with the ultimate aim to maximise value for shareholders and enhance its position in the competitive industry, First Credit would continue to strive for maintaining revenue growth and credit quality on the basis of its experience in money lending business. In consideration of the potential development of the securities market, First Credit would consider exploring the possibility of other securities related business apart from the provision of securities brokerage services. Meanwhile, First Credit would closely monitor its capital base and ensure sufficient funding is maintained through various means to capture and support different potential opportunities.

The Group had recorded a fair value loss arising from the change in fair value of financial assets at fair value through profit or loss of approximately HK\$108.6 million for the Year while the Group recorded a fair value gain arising from the change in fair value of financial assets at fair value through profit or loss of approximately HK\$12.7 million for the same period in last year. Such loss was mainly attributable to the poor performance of certain investments during the Year. In particular, the investments in the shares of First Credit recorded the fair value loss of approximately HK\$79.1 million during the Year. In addition, the Group disposed 173.6 million shares of Leap Holdings Group Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1499) and recorded a realized loss of approximately HK\$15.6 million during the Year. As a result, the overall segment loss of the securities investment segment was approximately HK\$108.4 million (2017: segment gain of approximately HK\$12.0 million) during the Year.

Available-for-sale financial assets

Below is a table setting out the list of the material available-for-sale financial assets held by the Group as at 30th June 2018:

Name of investee company	Note	Place of incorporation	Number of shares held by the Group	Percentage of total issued share capital of the investee company as at 30th June 2018 (approximately %)	Fair value as at 30th June 2018 (approximately HK\$'000)	Percentage to the Group's total assets as at 30th June 2018 (approximately %)	Percentage to the Group's net assets as at 30th June 2018 (approximately %)	Percentage to the Group's total available-for-sale financial assets as at 30th June 2018 (approximately %)	Change in fair value for the Year (approximately HK\$'000)	Dividend income for the Year (approximately HK\$'000)
Cassia Investment Limited Partnership II	1	Cayman Islands	N/A	N/A	64,832.6	6.0	7.1	98.4	7,498.8	–
Promising Social Media Private Equity Fund	2	Cayman Islands	1,982	21.08	581.0	0.1	0.1	0.9	(17,339.8)	–
Hydra Capital SPC	3	Cayman Islands	5,500	24.55	468.0	0.1	0.1	0.7	(6,509.2)	–
					<u>65,881.6</u>	<u>6.2</u>	<u>7.3</u>	<u>100.0</u>	<u>(16,350.2)</u>	<u>–</u>

Notes:

1. Cassia Investment Limited Partnership II (“**Cassia II**”) is an exempted limited partnership established in accordance with the Exempted Limited Partnership Law of Cayman Islands offering limited partnership interests for the purpose of obtaining capital appreciation through making private equity investments mainly in the consumer sector across Greater China and South East Asia, as well as in non-Asian enterprises that have a strong exposure to Asian consumers market. Cassia II intends to target companies that it believes will benefit from the growing disposable income of the Asian middle class and can capture the behavioural consumer trends that follow such growing household wealth and structured equity transactions primarily in Greater China, Thailand, Indonesia, Vietnam and the Philippines. Cassia II will have a target size of US\$60,000,000 (approximately HK\$465.0 million) and the Group committed to subscribe the limited partnership interest of Cassia II of US\$9 million (approximately HK\$69.7 million) and transferred the subscription commitment of approximately US\$1.1 million to another investor (approximately HK\$8.5 million) during the Year. Up to 30th June 2018, the Group has subscribed for the limited partnership interest of Cassia II of approximately US\$7.9 million (approximately HK\$61.2 million).
2. Promising Social Media Private Equity Fund (the “**PSM Fund**”) is a close-ended investment fund incorporated in the Cayman Islands on 5th February 2014 under the laws of the Cayman Islands as an exempted company with limited liability. The Fund is not a regulated mutual fund for the purposes of the Mutual Funds Law (Revised) of the Cayman Islands. The principal investment objective of the PSM Fund is to maximize capital growth through investing businesses which are engaged in or derive a significant proportion of their income from the field of social media. The Fund commenced operation on 29th April 2015. Due to the uncertainty in the prospect of this investment, the carrying amount of the Group's investment in PSM Fund of approximately HK\$17.3 million was impaired during the Year.

3. Hydra Capital SPC – Class A#1 Share (“**Hydra Capital**”) is an exempted company incorporated with limited liability and registered as a segregated portfolio company under the laws of the Cayman Islands established for the purpose of making investments on behalf of its portfolios where its principal investments are internet related and mobile application in Asia. As at 30th June 2018, the Group held 5,500 shares (30th June 2017: same) in Hydra Capital, representing approximately 24.6% of the total issued shares of Hydra Capital of 22,400 shares. One of the significant investments of Hydra Capital is the holding of approximately 20.2% equity interest in a PRC-based mobile gaming company (“**Mobile Gaming Company**”) mainly engaging in development, distribution, operation and marketing of mobile online games and software and provision of technical and consulting services in PRC as well as overseas location including Hong Kong, Macau, Taiwan, Japan, Korea and Southeast Asia. According to the information provided by Hydra Capital, the revenue and loss of the Mobile Gaming Company for the year ended 31st December 2017 was approximately RMB16.5 million and approximately RMB16.8 million respectively, representing a decrease of 74.1% and an increase of 123% compared to those of last year. As a result, the carrying amount of the Group’s investment in Hydra Capital of approximately HK\$6.5 million was impaired during the Year.

Total impairment loss of approximately HK\$23.8 million was recognised during the Year (2017: approximately HK\$89.6 million), which was mainly due to the decrease in the fair value of the investment in PSM Fund of approximately HK\$17.3 million and the decrease in the fair value of the investment in Hydra Capital of approximately HK\$6.5 million during the Year.

Looking forward, the financial and investment markets are continually affected by the US-China trade war, rising interest rates, less-easy monetary policy and a strengthening U.S. dollar with ripple effects across the world. The Group will take a cautious approach in managing the investment portfolio with the aim to reduce the risk and achieve a better return to the Group.

Money lending business

The Group engaged in money lending business in Hong Kong during the Year. As at 30th June 2018, the Group had (i) loans receivable of approximately HK\$57.1 million (2017: approximately HK\$75.9 million), and (ii) loan to an associate of HK\$2.5 million (2017: approximately HK\$5 million) under the money lending business and recognized interest income (excluded inter-segment sales) of approximately HK\$7.3 million (2017: approximately HK\$5.9 million). The increase in interest income was mainly due to the increase in the average loan portfolio amount during the Year. It accounted for approximately 8.4% (2017: approximately 3.0%) of the Group’s revenue during the Year. Loans receivable are interest bearing at rates ranging from 3% to 20% per annum (2017: 7% to 20% per annum). The segment profit of this business segment was approximately HK\$6.0 million (2017: approximately HK\$322,000) during the Year. The increase in segmental profit was mainly due to the increase of interest income during the Year and the implementation of cost control and decrease in operating expenses during the Year.

The market competition of the money lending industry in Hong Kong is increasing during recent years, the Group will take a cautious approach and keep the current scale in running the money lending business in Hong Kong in coming year.

Leasing of investment properties

The rental income from leasing of investment properties remained stable during the Year. The Group recorded rental income of approximately HK\$1.0 million (2017: approximately HK\$1.0 million) during the Year from its properties at Woodland House 1-5, Woodlands Villa, 121 Tong Fuk Village, Tong Fuk, Lantau Island, New Territories, Hong Kong. It accounted for approximately 1.2% (2017: approximately 0.5%) of the Group's revenue during the Year.

The segment profit of this business segment was approximately HK\$4.7 million (2017: approximately HK\$877,000) during the Year. The increase in segment profit is due to the increase in fair value of investment properties of approximately HK\$3.8 million (2017: Nil) during the Year. There were no additions or disposals of the investment properties during the Year.

Entertainment business

This segment primarily relates to the artiste and model management and organisation of concerts. Revenue from this business segment during the Year was approximately HK\$9.1 million (2017: approximately HK\$3.4 million). It accounted for approximately 10.5% (2017: approximately 1.7%) of the Group's revenue during the Year. The increase in revenue was mainly due to the increase of the income from organization of concert by approximately HK\$2.6 million and the increase of income from artiste and model management by approximately HK\$1.7 million during the Year. Segmental profit of approximately of HK\$2.9 million was recorded during the Year (2017: segmental loss of approximately HK\$2.0 million). The increase in profit from this segment was due to the increase in turnover and decrease in operating expenses during the Year.

Discontinued operation – Securities Brokerage Business

The Company engaged in the Securities Brokerage Business through its wholly owned subsidiary China Jianxin Financial Services Limited (“**China Jianxin Financial**”). China Jianxin Financial is a company licensed under the Securities and Future Ordinance (the “**SFO**”) to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities, the principal activities of which were provision of securities brokerage services and securities margin financing to clients for the Year.

References are made to the Company's 2017 annual report dated 29th September 2017, the Company's 2017/2018 interim report dated 27th February 2018 and the Company's announcement dated 17th May 2018, in which it was mentioned that, among other things, in late June 2017, there was a sharp decline in the share price of certain stocks held by China Jianxin Financial as collateral securities for its margin clients, with the percentage decline in share price of such stocks ranging from 35% to approximately 89% (the “**June Incident**”). As a result of the June Incident, a number of China Jianxin Financial's accounts receivable arising from Securities Brokerage Business became under collateralized and its excess liquid capital also decreased. China Jianxin Financial thus made margin calls with its margin loan clients. Following the June Incident and

the deterioration of China Jianxin Financial's margin loans during and after the June Incident and the related significant drop in its liquid capital, China Jianxin Financial received a letter from the SFC, wherein the SFC, among other things, had identified certain deficiencies of China Jianxin Financial's margin loan operations and its failure to comply with certain requirements under the Code of Conduct. In this connection, the SFC had instructed China Jianxin Financial to refrain from providing further margin lending or other form of financial accommodation to clients until it had fully complied with the applicable Code of Conduct requirements. The SFC had also instructed China Jianxin Financial to prevent further deterioration of its financial position, including maintaining sufficient cash reserves to maintain its business operations for a reasonable amount of time, ceasing to apply imprudent margin lending practices, and tightening and formalising its margin lending policy. China Jianxin Financial undertook to the SFC to implement the measures required by the SFC to address the identified deficiencies and risk concerns satisfactorily within a reasonable period of time, failure of which would result in the SFC taking further action including the imposition of conditions on China Jianxin Financial's licence. The management of China Jianxin Financial has already commenced addressing some of the identified deficiencies and risk concerns of the SFC.

Consequently, the revenue (included the inter-segment sales) from the Securities Brokerage Business decreased by approximately 73.3% to HK\$9.6 million for the Year as compared to approximately HK\$35.9 million in the same period last year. Loss for the year of approximately of HK\$59.3 million of Securities Brokerage Business was recorded during the Year (includes written off of the goodwill of approximately HK\$28.1 million and intangible assets of approximately HK\$11.4 million in relation to the Securities Brokerage Business as a result of the cessation of the Securities Brokerage Business) as compared to profit for the year of approximately HK\$8.9 million in the same period last year.

Nevertheless, given the current restrictions imposed by the SFC on China Jianxin Financial, and the consequential loss of clientele, significant drop in its business and revenue and the continuing increase in the loss of the Securities Brokerage Business, the Securities Brokerage Business was ceased on 30th June 2018.

Geographical contribution

In terms of geographical contribution, overseas markets accounted for approximately 65.9% (2017: approximately 74.7%) of the Group's revenue during the Year.

Selling expenses

Selling expenses for the Year decreased by approximately 8.0% to approximately HK\$12.7 million as compared to approximately HK\$13.8 million in the same period last year. The decrease in selling expenses was mainly due to the decrease of the selling activities and expenses of (a) film distribution and exhibition, licensing and sub-licensing of film rights; and (b) the trade, wholesale and retails of watches products during the Year.

Administrative expenses

Administrative expenses for the Year increased by approximately 16.0% to approximately HK\$111.7 million as compared to approximately HK\$96.3 million in the same period last year. The increase in administrative expenses was mainly due to the (i) the payment of the directors and staff bonus of approximately HK\$35.6 million (2017: approximately HK\$22.0 million) to the management of the films distribution and exhibition for the gain on the Disposal of the Film Library for the Year; and (ii) the share-based compensation expenses of approximately HK\$10.5 million (2017: Nil) in relation to the grant of share option under the Company's share option scheme during the Year.

Update on the adjustment to the consideration of AP Group Investment Holdings Limited

On 12th October 2015, Fragrant River Entertainment Culture (Holdings) Limited ("**Fragrant River**"), a wholly owned subsidiary of the Company entered into a sale and purchase agreement ("**AP Acquisition Agreement**") with two independent third party vendors, namely Very Easy Limited ("**Very Easy**") and City Link Consultancy Limited ("**City Link**"), and their respective ultimate beneficial owners, namely Chan Sze Long ("**Chan**") and Lim Wah Elsa ("**Lim**"), as guarantors to acquire 51% equity interest of AP Group Investment Holdings Limited ("**AP Group**") at a consideration of HK\$20,400,000 (subject to downward adjustment in respect of the guaranteed profit as described in the AP Acquisition Agreement) (the "**AP Acquisition**"). AP Group and its subsidiaries were principally engaged in the provision of education and training programs in relation to self-improvement and self-enhancement in Hong Kong and the PRC. The AP Acquisition was completed on 14th December 2015.

On 13th June 2016, (i) Fragrant River as the vendor and the Company as the guarantor of Fragrant River; and (ii) Lucky Famous, an independent third party entered into a disposal agreement (the "**AP Disposal Agreement**") pursuant to which Fragrant River sold to Lucky Famous the 51% of the equity interest of AP Group at the consideration of HK\$20,400,000 (the "**Consideration**") subject to downward adjustments as described below (the "**AP Disposal**"). The amount of the Consideration was the same as the consideration for the AP Acquisition. Completion of the AP Disposal took place on 1st July 2016.

Under the AP Disposal Agreement, in the event that the audited consolidated profit after tax of the AP Group attributable to owners of the AP Group for the period from 1st January 2016 to 31st December 2017 ("**FY 2016 & 2017**") (which would only include income or gain generated by activities in the ordinary and usual course of business of AP Group and its subsidiaries) (the "**FY 2016 & 2017 Net Profit**") is less than HK\$16,000,000, the Group should pay to Lucky Famous (or to its order) the Adjustment Amount (as defined below) in cash within fourteen (14) days after the audited consolidated financial statements of AP Group for the period of FY 2016 & 2017 ("**FY 2016 & 2017 Audited Accounts**") are available.

The adjustment amount under the AP Disposal Agreement (the “**Adjustment Amount**”) will be determined in accordance with the formula set out below:

$$A = \text{HK\$}20,400,000.00 - (\text{NP}/2) \times 5 \times 51\%$$

Where:

“A” means the amount of Adjustment Amount in HK\$; and “NP” means the FY 2016 & 2017 Net Profit. Where the FY 2016 & 2017 Net Profit is a negative figure, “NP” shall be deemed to be zero.

The FY 2016 & 2017 Audited Accounts will be prepared in accordance with the Hong Kong Financial Reporting Standards and audited, at the cost of AP Group, by an accounting firm as approved by Lucky Famous, adjusted for any non-recurring items.

Such downward adjustment mechanism for the Consideration under the AP Disposal Agreement depending on the actual performance of the AP Group for the FY 2016 & 2017 is virtually of the same terms as the downward adjustment mechanism of the consideration in respect of the AP Acquisition from Very Easy and City Link under the AP Acquisition Agreement. Details of such acquisition are set out in the Company’s announcement dated 12th October 2015.

In the event there is a shortfall between the FY 2016 & 2017 Net Profit and the target profit of the AP Group for FY 2016 & 2017 of HK\$16,000,000 under the AP Acquisition Agreement, an adjustment amount under such agreement (the “**Contingent Consideration Receivable**”) is payable by Very Easy and City Link, being the vendors under the AP Acquisition, to the Group within seven (7) days after the FY 2016 & 2017 Audited Accounts for the purpose of the AP Acquisition Agreement are available. The obligations of Very Easy and City Link to pay such adjustment amount to the Group are guaranteed by their respective beneficial owners.

As mentioned above, in the event there is a shortfall between the FY 2016 & 2017 Net Profit and the target profit of the AP Group for FY 2016 & 2017 of HK\$16,000,000 under the AP Disposal Agreement, an adjustment amount under such agreement (the “**Contingent Consideration Payable**”) is payable by the Group to Lucky Famous within 14 days after the FY 2016 & 2017 Audited Accounts for the purpose of the AP Disposal Agreement are available.

On 12th June 2018, the Group received a demand letter (the “**Demand Letter**”) from Lucky Famous whereby it was alleged that the AP Group recorded a net loss of HK\$189,799 based on the alleged FY2016 & FY2017 Audited Accounts dated 11th June 2018. As set out in the Demand Letter, Lucky Famous demanded Fragrant River or the Company to fully pay the amount of HK\$20,400,000 (the “**Alleged Claim**”), being the alleged Adjustment Amount pursuant to the terms and conditions of the AP Disposal Agreement, to Lucky Famous on or before 26th June 2018, and upon default, steps would be taken by Lucky Famous to enforce its rights under the AP Disposal Agreement without further notice.

In response to the Lucky Famous Demand Letter, Fragrant River and the Company have through the letter from their legal advisers dated 22nd June 2018 stated that they would defend the purported claim of Lucky Famous for the payment of the Adjustment Amount under the AP Disposal Agreement as alleged by it.

In light of the Lucky Famous Demand Letter and the alleged net loss of the AP Group for FY 2016 & 2017, and in order to protect the interest of the Group, but without admitting any liability to Lucky Famous under the AP Disposal Agreement, Fragrant River issued corresponding demand letters all dated 22nd June 2018 (collectively, the “**Fragrant River Demand Letters**”) to Very Easy, City Link, Chan and Lim, respectively demanding the payment of an amount of HK\$20,400,000 (the “**Fragrant River Claim**”) to Fragrant River within seven (7) days from the date of the Fragrant River Demand Letters pursuant to the terms and conditions of the AP Acquisition Agreement, and if default, Fragrant River would take further action to protect its interest without further notice.

On 16th July 2018, Lucky Famous as the plaintiff commenced court action (HCA No. 1646 of 2018) at the Court of First Instance of the High Court of Hong Kong against Fragrant River as the 1st defendant and the Company as the 2nd defendant (the “**Lucky Famous Action**”). Lucky Famous claimed against Fragrant River and the Company for (a) the Adjustment Amount of HK\$20,400,000; (b) interests; (c) costs; and (d) further and/or other relief.

Notwithstanding the Fragrant River Demand Letters, no payment under the AP Acquisition Agreement is received from any of Very Easy, City Link, Chan or Lim up to the date of this announcement.

The Company is in the course of seeking legal advice in respect of the Lucky Famous Action and any possible action that may be taken against Very Easy, City Link, Chan and/or Lim in respect of the Fragrant River Claim. The Company will keep the shareholders and potential investors of the Company informed of any further significant developments as and when appropriate.

Without admitting any liability to Lucky Famous under the AP Disposal Agreement and also without prejudice to any right against Very Easy, City Link, Chan and/or Lim under the AP Acquisition Agreement, the Group has recorded the fair value of the Contingent Consideration Receivable and Contingent Consideration Payable, at approximately HK\$3.8 million (2017: approximately HK\$15.7 million) and approximately HK\$20.4 million (2017: approximately HK\$19.6 million) respectively as at 30th June 2018 in accordance with the Hong Kong Financial Reporting Standards, which is based on the best estimation of the Directors taking into account the financial statements of AP Group in 2016 and 2017 and the discount rate factors in estimating the fair value.

Outlook

The Group's results for the Year were affected by the unfavourable market conditions in the financial markets in Hong Kong and the unsatisfactory performance of certain investments of the Group. Looking forward, the financial and investment markets are continually affected by the US-China trade war, rising interest rates, less-easy monetary policy and a strengthening U.S. dollar with ripple effects across the world. In view of the above, the Group will focus on its current business to maximize the return of the shareholders.

FINANCIAL RESOURCES, LIQUIDITY AND CAPITAL STRUCTURE

The Group's financial position remained healthy. As at 30th June 2018, the Group had cash balances of approximately HK\$522.3 million (2017: approximately HK\$228.2 million). As at 30th June 2018, the Group had total assets of approximately HK\$1,081.4 million (2017: approximately HK\$1,456.9 million).

The Group's gearing ratio as at 30th June 2018 was approximately 0.003% (2017: approximately 5.2%), which was calculated on the basis of the total debt (including borrowings and obligations under finance lease) divided by total equity of the Group.

Finance cost for the Year was approximately HK\$3.1 million (2017: approximately HK\$6.1 million). The significant decrease of finance cost was mainly due to the decrease of the Group's borrowing outstanding during the Year.

In light of the fact that most of the Group's transactions are denominated in Hong Kong dollars, Renminbi and United States dollars, the Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Renminbi. The Group will continue to take proactive measures and monitor its exposure to the movements of these currencies closely.

As at 30th June 2018, the Group had shareholders' capital of approximately HK\$9.1 million (30th June 2017: approximately HK\$8.5 million). The shareholders' capital of the Company is constituted of 906,632,276 shares (30th June 2017: 853,302,276 shares).

The Company did not carry out any fund raising activities by issuing new shares of the Company during the Year.

The Company conducted a placing of new shares under general mandate and a placing of new shares under specific mandate to increase the shareholders' base and capital during the year ended 30th June 2017, the details of which are as follows:

As announced on 18th January 2017, the Company entered into a placing agreement (the “**GM Placing Agreement**”) pursuant to which the Company appointed a placing agent to procure, on a best effort basis, not less than six placees to subscribe for up to 106,660,000 new shares of the Company (the “**GM Placing Shares**”) at a price of HK\$0.519 per GM Placing Share (the “**GM Placing**”) under the general mandate of the Company.

GM Placing price of HK\$0.519 per GM Placing Share represented (the “**GM Placing Price**”):

- (i) a discount of approximately 13.5% to the closing price of HK\$0.6 per share of the Company as quoted on the Stock Exchange on 18th January 2017, being the date of the GM Placing Agreement; and
- (ii) a discount of approximately 17.9% to the average closing price of HK\$0.632 per share of the Company as quoted on the Stock Exchange for the five consecutive trading days of the shares immediately prior to 18th January 2017.

The GM Placing Price was determined after arm's length negotiation between the Company and the placing agent with reference to, among other matters, the then prevailing market prices of the shares. The Directors were of the view that the GM Placing could strengthen the financial position of the Group and provide working capital to the Group to meet any future development and obligations. The GM Placing also represented a good opportunity to broaden the shareholders' base and the capital base of the Company. The Directors considered that the GM Placing was in the interests of the Company and its shareholders as a whole.

The GM Placing Agreement was completed on 7th February 2017 and an aggregate of 106,660,000 GM Placing Shares were successfully placed to not less than six placees. The net proceeds from the issuance of the GM Placing Shares were approximately HK\$53.2 million.

The net issue price of each GM Placing Share was HK\$0.499. The net proceeds from the issuance of the GM Placing Shares were approximately HK\$53.2 million. The Group intended to utilize the net proceeds from issuance of the GM Placing Shares (“**GM Proceeds Allocated for the Margin Financing Business**”) for developing the margin financing business of the Group.

As intended, the Group applied and lent out all the GM Proceeds Allocated for the Margin Financing Business during the period from May 2017 to June 2017 to its margin clients. However, due to the June Incident, the GM Proceeds Allocated for the Margin Financing Business which were previously advanced to margin clients were repaid by such margin clients to the Group from July 2017 to September 2017 and the demand for the Group's margin financing facilities

subsequently decreased. The sum repaid to the Group was deposited in the Group's bank accounts on 29th September 2017. Having considered the expected decrease in demand for the funding requirement in connection with the Group's margin financing business for the Year, the Group re-allocated the GM Proceeds Allocated for the Margin Financing Business which have been repaid to the Group as its general working capital during the Year as a measure in response to the recent sudden change in market conditions. The Board believed that such re-allocation enables the Group to increase the efficiency in the use of the Group's cash resources. On such basis, the Board considers that such re-allocation is in the best interests of the Company and its shareholders as a whole.

Placing of new shares under specific mandate and re-allocation of the use of proceeds

As announced on 18th January 2017, the Company entered into a placing agreement (the “**SM Placing Agreement**”) pursuant to which the Company appointed a placing agent to procure, on a best effort basis, not less than six placees to subscribe for up to 213,320,000 new shares of the Company (the “**SM Placing Shares**”) at a price of HK\$0.519 per SM Placing Share (the “**SM Placing**”) under the special mandate of the Company. SM Placing price of HK\$0.519 per SM Placing Share represented (the “**SM Placing Price**”):

- (i) a discount of approximately 13.5% to the closing price of HK\$0.6 per share of the Company as quoted on the Stock Exchange on 18th January 2017, being the date of the SM Placing Agreement; and
- (ii) a discount of approximately 17.9% to the average closing price of HK\$0.632 per share of the Company as quoted on the Stock Exchange for the five consecutive trading days of the shares immediately prior to 18th January 2017.

The SM Placing Price was determined after arm's length negotiation between the Company and the placing agent with reference to, among other matters, the then prevailing market prices of the shares. The Directors were of the view that the SM Placing could strengthen the financial position of the Group and provide working capital to the Group to meet any future development and obligations. The SM Placing also represented a good opportunity to broaden the shareholders' base and the capital base of the Company. The Directors considered that the SM Placing was in the interests of the Company and its shareholders as a whole.

The SM Placing Agreement was completed on 29th March 2017 and an aggregate of 213,320,000 SM Placing Shares were successfully placed to not less than six placees. The net proceeds from the issuance of the SM Placing Shares were approximately HK\$106.1 million. The net issue price of each SM Placing Share was HK\$0.497.

The net proceeds from the issuance of the SM Placing Shares were approximately HK\$106.1 million and the Group intended to utilize HK\$86.1 million for developing the margin financing business of the Group (“**SM Proceeds Allocated for the Margin Financing Business**”) and HK\$20.0 million for the acquisition of the membership (“**CGSES Membership**”) that confer eligibility of the Group to trade on The Chinese Gold & Silver Exchange Society (the “**CGSES**”) and the development of the related business following the acquisition of the CGSES Membership (“**Proceeds Allocated for the CGSES**”).

As intended, the Group applied and lent out all the SM Proceeds Allocated for the Margin Financing Business during the period from May 2017 to June 2017 to its margin clients. However, due to the June Incident, the SM Proceeds Allocated for the Margin Financing Business which were previously advanced to margin clients were repaid by such margin clients to the Group from July 2017 to December 2017. The sum repaid to the Group was deposited in the Group’s bank accounts. Having considered (i) the accounts receivable from securities brokerage and margin financing business significantly decreased from approximately HK\$257.9 million as at 30th June 2017 to approximately HK\$37.0 million as at 31st December 2017; and (ii) the expected decrease in demand for the funding requirement in connection with the Group’s margin financing business for the Year, the Group re-allocated the SM Proceeds Allocated for the Margin Financing Business which have been repaid to the Group as general working capital during the Year, as a measure in response to the above changes.

In addition, the Group has applied approximately HK\$9.5 million for the acquisition of the CGSES Membership in June 2017. In view of the substantial increase of the price of the CGSES Membership in the second half of 2017, the Group disposed of the CGSES Membership at HK\$16.3 million to an independent third party on 8th January 2018 to take a gain of approximately HK\$6.8 million and not continued to develop the related business following the disposal of the CGSES Membership. Therefore, the Group re-allocated the Proceeds Allocated for the CGSES as its general working capital during the Year.

The Board believes that above re-allocations enable the Group to increase the efficiency in the use of the Group’s cash resources. On such basis, the Board considers that the above re-allocations are in the best interests of the Company and its shareholders as a whole.

THE PLEDGE OF GROUP’S ASSETS

As at 30th June 2018, none of the Group’s assets was pledged to secure any liabilities.

As at 30th June 2017 the margin loans payable are secured by the Group’s listed equity investments recognised in available-for sale investment and financial assets at fair value through profit or loss in the fair value of approximately HK\$73.5 million and HK\$59.6 million respectively.

MATERIAL ACQUISITION OR DISPOSAL

During the Year, the Group had the following material disposals:

1. Disposal of the shares of Interactive Entertainment China Cultural Technology Investments Limited (“IE China”)

Pursuant to the Company’s announcement dated 14th November 2017, the Group disposed of an aggregate of 144,580,000 shares of IE China on the open market of the Stock Exchange from 6th November 2017 to 14th November 2017 for an aggregate consideration of approximately HK\$5.23 million (before deducting stamp duty and related expenses) at an average price of HK\$0.036 per the share of IE China. IE China is a company incorporated in the Cayman Islands and continued in Bermuda with limited liability, the issued shares of which are listed on GEM (stock code: 8081). The Group recognised a gain (before deducting stamp duty and related expenses) of approximately HK\$2.05 million from such disposal of the shares of IE China for the Year. Please refer to the Company’s announcement dated 14th November 2017 for the details.

2. Further disposal of the shares of IE China

Pursuant to the Company’s announcement dated 11th January 2018, the Group further disposed of an aggregate of 158,420,000 shares of IE China on the open market of the Stock Exchange from 15th November 2017 to 11th January 2018 for an aggregate consideration of approximately HK\$5.29 million (before deducting stamp duty and related expenses) at an average price of HK\$0.033 per the share of IE China. The Group recognised a gain (before deducting stamp duty and related expenses) of approximately HK\$1.81 million from such disposal of the shares of IE China for the Year. Upon settlement of such disposal, the Group ceased to hold any share of IE China. Please refer to the Company’s announcement dated 11th January 2018 for the details.

3. Disposal of the shares of China New Economy Fund Limited (“CNEF”)

Pursuant to the Company’s announcement dated 11th January 2018, the Group disposed of an aggregate of 132,400,000 shares of CNEF on the open market of the Stock Exchange on 11th January 2018 for an aggregate consideration of approximately HK\$17.08 million (before deducting stamp duty and related expenses) at an average price of HK\$0.129 per share of CNEF. CNEF is a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 80). The Group recognised a loss (before deducting stamp duty and related expenses) of approximately HK\$6.75 million from such disposal of the shares of CNEF for the Year. Upon settlement of such disposal, the Group ceased to hold any share of CNEF. Please refer to the Company’s announcement dated 11th January 2018 for the details.

4. Disposal of the shares of GET Holdings Limited (“GET”)

Pursuant to the Company’s announcement dated 14th May 2018, the Group disposed of an aggregate of 74,074,500 shares of GET on the open market of the Stock Exchange from 27th March 2018 to 14th May 2018 for an aggregate consideration of approximately HK\$22.56 million at an average price of HK\$0.305 per share of GET. GET is a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on GEM (Stock code: 8100). The Group recognised a loss (before deducting stamp duty and related expenses) of approximately HK\$15.91 million from such disposal of the shares of GET for the Year. Upon settlement of such disposal, the Group ceased to hold any share of GET. Please refer to the Company’s announcement dated 14th May 2018 for the details.

Save as disclosed in this announcement, the Group did not have any material acquisition or disposal of assets during the Year.

POSSIBLE UNCONDITIONAL MANDATORY CASH OFFER AND SPECIAL DIVIDEND

The Company was informed by the Mr. Chan Wai Sing, Vincent (the “**Vendor**”) that on 26th July 2018 (after trading hours), the Vendor, Pioneer Entertainment Group Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Lam Shiu Ming, Daneil, (“**Mr. Lam**”) the chairman and executive director of the Company, (the “**Offeror**”) and Mr. Lam as guarantor of the Offeror entered into the sale and purchase agreement (the “**Sale and Purchase Agreement**”), pursuant to which the Vendor has conditionally agreed to sell and the Offeror has conditionally agreed to purchase the 251,745,000 shares of the Company (the “**Sale Share(s)**”), representing approximately 27.77% of the entire issued share capital of the Company as at the date of the Sale and Purchase Agreement at a consideration of HK\$128,389,950 (equivalent to HK\$0.51 per Sale Share). Completion is conditional upon the fulfilment of certain conditions as set out under the sub-section headed “Conditions” under the section headed “The Sale and Purchase Agreement” of the joint announcement of the Company dated 31st July 2018 (the “**Joint Announcement**”).

Subject to the approval by the shareholders of the Company by way of poll at the special general meeting (“**SGM**”) and the Sale and Purchase Agreement becoming unconditional, the Company proposed to declare and distribute, in accordance with its Bye-laws, the special dividend of HK\$0.30 per share of the Company (the “**Share**”) to the shareholders of the Company whose names appear on the Company’s share register or branch share register on the record date (the “**Distribution**”) as provided for in one of the conditions. To give effect to the Distribution, the Board also proposed to put forward for approval by the shareholders of the Company at the SGM a proposal to reduce the credit standing to the share premium account of the Company. As at 30th June 2017, based on the audited financial statements of the Company, the audited amount

of the share premium account of the Company was HK\$893,345,000. It was proposed that: (i) the amount standing to the credit of the share premium account of the Company be reduced by HK\$893,345,000; (ii) the credit arising from the share premium reduction be transferred to the contributed surplus account of the Company (the “**Share Premium Reduction and Transfer**”); and (iii) the Board be authorised to make the Distribution of up to HK\$271,989,682.80 of the amount standing to the credit of the contributed surplus account of the Company, pro rata to the Shareholders, being the special dividend of HK\$0.3 per share of the Company.

As at the date of the Joint Announcement, the Offeror and parties acting in concert with it hold 242,936,853 Shares, representing approximately 26.79% of the issued share capital of the Company. Immediately following completion of the Sale and Purchase Agreement (the “**Completion**”), the Offeror and parties acting in concert with it will be interested in 494,681,853 Shares, representing approximately 54.56% of the issued share capital of the Company as at the date of the Joint Announcement.

In accordance with Rule 26.1 of the Takeovers Code, immediately following Completion, the Offeror will be required to make the possible mandatory unconditional cash offer (the “**Offer**”), subject to Completion, to be made by Kingston Securities Limited, on behalf of the Offeror, to acquire all the issued Shares of the Company not already owned or agreed to be acquired by the Offeror and parties acting in concert with it (the “**Offer Shares**”) subject to the terms to be set out in the composite offer and response document to be jointly issued by the Offeror and the Company to the shareholders of the Company in connection with the Offer in compliance with the Takeovers Code (the “**Composite Document**”) to acquire all the Offer Shares. The Offer, if and when made will be unconditional in all respects.

Subject to and upon Completion, Kingston Securities Limited, will make the Offer for and on behalf of the Offeror in compliance with the Takeovers Code on the terms to be set out in the Composite Document to be issued in accordance with the Takeovers Code on the following basis:

For each Offer Share HK\$0.51 in cash
(the “**Offer Price**”)

The Offer Price of HK\$0.51 per Offer Share under the Offer is the same as the purchase price per Sale Share payable by the Offeror under the Sale and Purchase Agreement. The Offeror intends to maintain the listing of the Shares on the Main Board of the Stock Exchange after the close of the Offer.

In light of the expected time required by the Company for (a) convening the SGM for the purpose of considering and approving the share premium reduction and transfer, the Distribution and the transactions contemplated thereunder; (b)(i) obtaining the relevant approval from the SFC; or (ii) obtaining the evidence to the satisfaction of the Vendor that such approval is unnecessary; or (iii) effecting the revocation of license of China Jianxin Financial to carry on Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO) (as the case may be); and (c) making all necessary arrangement for the payment of the Distribution, an application has been made to seek the consent from the executive director of the corporate finance division of the SFC (the “**Executive**”) under Note 2 to Rule 8.2 of the Takeovers Code to extend the deadline for the despatch of the Composite Document to 11th October 2018 or within seven (7) days from the date of fulfillment of the pre-conditions to the Offer (including the Completion which shall take place contemporaneously with the payment of the Distribution), whichever is earlier, and the Executive has granted its consent for such extension.

Further announcement(s) will be jointly made by the Company and the Offeror when the Composite Document and the accompanying form of acceptance and transfer are despatched.

The Distribution and the Share Premium Reduction and Transfer was approved by the Company’s shareholders at the SGM held on 17th September 2018. However, the Distribution is conditional upon the satisfaction that the Sale and Purchase Agreement becoming unconditional in all respects in accordance with its terms. In view of the additional time required for fulfilling certain conditions to the Sale and Purchase Agreement, the expected timetable for the Distribution has been revised accordingly and set out in the Company’s announcement dated 17th September 2018.

WARNING

Shareholders and potential investors of the Company should note that Completion is conditional upon the fulfillment of conditions mentioned in the Joint Announcement and the Offer will only be made if Completion takes place. Accordingly, Completion may or may not take place and the Offer may or may not proceed.

Shareholders and potential investors of the Company should also note that the Distribution is conditional upon the applicable conditions mentioned in the Company’s circular dated 24th August 2018, which may or may not be satisfied.

Shareholders and potential investors of the Company are advised to exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

Please refer to (a) the Company's announcement dated 31st July 2018 and jointly issued by the Offeror in relation to, among other things, (i) the Sale and Purchase Agreement; (ii) the Offer; and (iii) the Share Premium Reduction and Transfer, and the Distribution; (b) the announcement of the Company dated 21st August 2018 in relation to, among others, the delay in dispatch of the Composite Document; (c) the announcement of the Company dated 23rd August 2018 in relation to, among others, the revised expected timetable in relation to the share premium reduction and transfer and the Distribution and closure of register of members; (d) the circular of the Company dated 24th August 2018 in relation to, among others, the share premium reduction and transfer, the Distribution and the change of Company name; (e) the announcement of the Company dated 17th September 2018 in relation to the result of the SGM held on 17th September 2018 in relation to proposed Share Premium Reduction and Transfer, the proposed Distribution and the proposed change of Company name; and (f) the announcement of the Company dated 17th September 2018 in relation to, among others, the further update on the expected timetable in relation to the share premium reduction and transfer and the Distribution and closure of register of members for more details.

EMPLOYEES AND REMUNERATION POLICIES

As at 30th June 2018, the Group employed 110 staff (2017: 117). 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.

CHANGE OF COMPANY NAME

As announced on 31st July 2018, the Board proposes to change the existing name of the Company from "Universe International Financial Holdings Limited" to "Universe Entertainment and Culture Group Company Limited" and to adopt "寰宇娛樂文化集團有限公司" as the secondary name in Chinese of the Company to replace its existing secondary name in Chinese "寰宇國際金融控股有限公司" (the "**Change of Company Name**"). The Change of Company Name provides the Company with a better identification and strengthen the Company's corporate image, which will benefit the Company's future business development. The Change of Company Name was approved by the Company's shareholders at the SGM held on 17th September 2018 and the Group's will further announced the effective date of the Change of Company Name.

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed in the annual general meeting held on 2nd December 2013, the Company conditionally approved and adopted a share option scheme (the "**Share Option Scheme**") in compliance with the Listing Rules.

Particulars of the share options under the Share Option Scheme which remained outstanding/had been exercised/had lapsed during the Year and as at 30th June 2018 were set out below:

Participants	Date of grant	Period during which share options are exercisable	Price per share on exercise of options HK\$	Number of share options outstanding at the beginning of the Year	Number of share options granted during the Year	Number of share options exercised during the Year	Number of share options lapsed during the Year	Number of share options outstanding at the end of the Year	Market value per share on grant of share option HK\$
Executive Directors									
Mr. Lam Shiu Ming, Daneil	3rd October 2017	9th October 2017 to 8th October 2020	0.470	–	8,530,000	(8,530,000)	–	–	0.470
Mr. Hung Cho Sing	4th March 2016	4th March 2016 to 3rd March 2018	0.811	1,680,503	–	–	(1,680,503)	–	0.68*
Mr. Lam Kit Sun	4th March 2016	4th March 2016 to 3rd March 2018	0.811*	1,680,503	–	–	(1,680,503)	–	0.68*
	3rd October 2017	9th October 2017 to 8th October 2020	0.470	–	8,530,000	(8,530,000)	–	–	0.470
Other eligible participants	30th September 2015	30th September 2015 to 29th September 2017	1.489*	2,351,799	–	–	(2,351,799)	–	1.42*
	4th March 2016	4th March 2016 to 3rd March 2018	0.811*	7,732,651	–	–	(7,732,651)	–	0.68*
	3rd October 2017	9th October 2017 to 8th October 2020	0.470	–	36,270,000	(36,270,000)	–	–	0.470
				<u>13,445,456</u>	<u>53,330,000</u>	<u>(53,330,000)</u>	<u>(13,445,456)</u>	<u>–</u>	

* The price per share on exercise of options and market value per share on grant of options have been adjusted after taking into account of the effect of the rights issue completed on 5th October 2016.

CORPORATE GOVERNANCE CODE (“CG CODE”) AND CORPORATE GOVERNANCE REPORT

The Company has, throughout the Year, complied with the code provisions contained in the CG Code except for (i) the code provision A.2.1 of the Code for the separation of the roles of Chairman and Chief Executive Officer (“CEO”) and (ii) code provision A2.7 of the Code requiring the Chairman to meet with the non-executive Directors as described below.

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.

Code provision of A.2.7 of the CG Code requires the Chairman to hold meetings at least annually with the non-executive Directors (including independent non-executive Directors) without the executive Directors present. As Mr. Lam Shiu Ming, Daneil, the Chairman, is also an executive Director, the Company has therefore deviated from this code provision.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the establishment, maintenance and review of the Group's risk management and internal control systems. The Board must ensure that the Company establishes and maintains effective risk management and internal control systems to meet the objectives and safeguard the interests of the shareholders and assets of the Company. The internal control systems are designed to manage rather than eliminate the risk of failures to achieve business objectives, and can only provide reasonable but not absolute assurance.

The Board oversees the Group's overall risk management and internal control systems on an ongoing basis through identifying and grading risk components, perceiving control impact and facilitating remediation plan. The development of our risk management and internal control systems are largely based on the framework as set down by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The risk management framework, coupled with our internal controls, ensures the risks associated with our different business units are effectively monitored, and are in line with the Group's risk appetite.

The Group adopts both the top-down and bottom-up approach to monitor the principal risks affecting the business as follows:

1. Each division is responsible for identifying and assessing principal risks within its division on a quarterly basis and establishing mitigation plans to manage the risks identified.
2. The management is responsible for overseeing the Group's risk management and internal control activities, attending quarterly meetings with each division to ensure principal risks are properly managed, and new or changing risks are identified and documented.
3. The Board reviews and approves the effectiveness and adequacy of the Group's risk management and internal control systems on a regular basis.

In respect to the absence of a separate internal audit department in the Group, the Group reviews annually on whether there is a need for such functional department. Given the possibility to engage external professional assistance, the board opposed to divert resources to establish a separate internal audit department.

During the Year, an external consultant was engaged to conduct a review on the internal control systems, which covers certain procedures on the (i) distribution of films in various videogram formats; (ii) licensing and sub-licensing of film rights; (iii) investment of films production; and (iv) model agency, and makes recommendations for improving and strengthening the internal control systems. In addition, reviews on the human resources function (including staff qualifications, experience and training programs) and accounting and financial reporting mechanism were conducted. The Board will continue to work with the external consultant to discuss and follow-up on the status of remediation of the internal control weaknesses and to monitor the risks of the Group in the coming years.

With respect to the monitoring and disclosure of inside information, the Group has adopted a policy on disclosure of inside information with the aim to ensure the insiders are abiding by the confidentiality requirement and are fulfilling the disclosure obligation of the inside information.

Taking the above into consideration, the Audit Committee reviews the effectiveness of the Group's internal controls and reports to the Board on such reviews. For the Year, the Board considered that a review of the effectiveness of the risk management and internal control systems had been conducted and considered that the risk management and internal control systems were effective and adequate.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the Year, the Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as the code for dealing in securities of the Company by the Directors. Having made specific enquiries, all the Directors confirmed that they have complied with the Model Code throughout the Year.

AUDIT COMMITTEE

The Company established an Audit Committee on 11th October 1999. The written terms of reference (amended on 29th February 2012), which describe the authority and duties of the Audit Committee, were prepared and adopted with reference to “A Guide for Effective Audit Committee” published by the Hong Kong Institute of Certified Public Accountants and in accordance with the Code. The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Choi Wing Koon (as chairman), Mr. Lam Chi Keung and Mr. Tang Yiu Wing. The terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company respectively.

The Audit Committee meets, at least twice a year, with the external auditor to discuss any area of concern during the audit or review. The Audit Committee is mainly responsible for the appointment, reappointment and removal of the external auditor, review of the Group's financial information and oversight of the Group's financial and accounting practices, internal control and risk management. It is also responsible for reviewing the interim and final results of the Group.

The audited consolidated financial statements 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 CROWE (HK) CPA LIMITED

The figures in respect of the Group's consolidated balance sheet, consolidated statement of comprehensive income, and the related notes thereto for the Year as set out in this announcement have been agreed by the Group's auditor, Crowe (HK) CPA Limited (formerly known as "**Crowe Horwath (HK) CPA Limited**"), to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Crowe (HK) CPA Limited 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 Crowe (HK) CPA Limited on this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This 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 2018 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
Universe International Financial Holdings Limited
Lam Shiu Ming, Daneil
Chairman and Executive Director

Hong Kong, 28th September 2018

As at the date of this announcement, the Executive Directors are Mr. Lam Shiu Ming, Daneil, Mr. Hung Cho Sing and Mr. Lam Kit Sun, and the independent non-executive Directors are Mr. Choi Wing Koon, Mr. Lam Chi Keung, Mr. Tang Yiu Wing, Mr. Chong Ki Ming and Mr. Wong Cheuk Wai Jason.