UNIVERSE ENTERTAINMENT AND CULTURE GROUP COMPANY LIMITED
寰宇娛樂文化集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1046)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30TH JUNE 2019

RESULTS

The board of directors (the "**Directors**") of Universe Entertainment and Culture Group Company 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 2019, together with comparative figures for the year ended 30th June 2018 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	**2019** ***HK$'000***	2018 *HK$'000*
CONTINUING OPERATIONS:			
Revenue			
Sales of goods – video distribution, optical products and watches products		**38,090**	32,857
Income on film distribution and exhibition, licensing and sub-licensing of film rights		**5,343**	36,377
Income from other businesses		**18,236**	17,439
Total revenue	*4*	**61,669**	86,673

	Note	2019 HK$'000	2018 HK$'000
Cost of revenue			
Cost of inventories sold		**(27,254)**	(21,703)
Related cost on film distribution and exhibition, licensing and sub-licensing of film rights		**(10,185)**	(15,913)
Cost from other businesses		**(8,850)**	(3,234)
Total cost of revenue		**(46,289)**	(40,850)
Selling expenses		**(12,572)**	(12,747)
Administrative expenses		**(73,989)**	(111,727)
Other operating expenses		**–**	(45)
Gain on disposal of film library		**–**	182,050
Impairment loss of interest in an associate		**(1,065)**	(16,045)
Impairment loss of available-for-sale financial assets		**–**	(23,849)
Impairment loss of film related deposits		**(67)**	(6,949)
Impairment loss of film rights		**(165)**	(4,903)
Impairment loss of accounts receivable		**–**	(4,098)
Change in expected credit loss		**(26,823)**	–
Amortisation of other intangible assets		**(148)**	(148)
Other income		**9,810**	2,772
Other losses – net		**(4,207)**	(8,999)
Gains/(losses):			
Fair value change of trading securities		**(5,288)**	(108,598)
Fair value change of other financial assets carried at fair value through profit or loss		**(19,437)**	–
Fair value change of contingent consideration receivable		**(3,796)**	(11,941)
Fair value change of contingent consideration payable		**–**	(832)
Fair value change on investment properties		**2,100**	3,800
Finance income		**2,392**	104
Finance costs		**–**	(3,078)
Share of losses of associates		**(725)**	(473)
Share of losses of a joint venture		**–**	(31)
Gain on disposal of a subsidiary		**–**	249
Loss on deregistration of a subsidiary		**–**	(35)
Loss before tax		**(118,600)**	(79,700)
Income tax credit	5	**123**	3,586
Loss for the year from continuing operations		**(118,477)**	(76,114)

	Note	**2019** HK$'000	2018 HK$'000
DISCONTINUED OPERATION:			
Loss for the year from discontinued operation	*11*	**(3,098)**	(59,260)
Loss for the year		**(121,575)**	(135,374)
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)
Reclassification adjustments for amounts transferred to profit or loss:			
Impairment loss		**–**	23,849
Realised loss upon disposal of available-for-sale financial assets		**–**	18,986
		–	42,835
Release of translation reserve upon disposal of subsidiary		**–**	34
Currency translation differences		**171**	182
Other comprehensive income for the year, net of tax		**171**	3,224
Total comprehensive loss for the year		**(121,404)**	(132,150)
Loss attributable to owners of the Company:			
– from continuing operations		**(118,102)**	(76,024)
– from discontinued operation		**(3,098)**	(59,260)
Loss for the year attributable to owners of the Company		**(121,200)**	(135,284)
Loss attributable to non-controlling interests:			
– from continuing operations		**(375)**	(90)
– from discontinued operation		**–**	–
Loss for the year attributable to non-controlling interests		**(375)**	(90)

	Note	**2019** *HK$'000*	2018 *HK$'000*
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(121,029)**	(132,060)
Non-controlling interests		**(375)**	(90)
		(121,404)	(132,150)
Total comprehensive loss attributable to owners of the Company arises from:			
Continuing operations		**(117,931)**	(72,800)
Discontinued operation		**(3,098)**	(59,260)
		(121,029)	(132,060)
Loss per share attributable to owners of the Company for the year (*expressed in HK$*):			
From continuing and discontinued operations			
– basic	*6*	**(0.134)**	(0.152)
– diluted	*6*	**(0.134)**	(0.152)
From continuing operations			
– basic	*6*	**(0.131)**	(0.086)
– diluted	*6*	**(0.131)**	(0.086)

CONSOLIDATED BALANCE SHEET

	Note	As at 30th June 2019 HK$'000	As at 30th June 2018 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**4,649**	5,705
Investment properties		**31,460**	29,360
Other intangible assets		**2,387**	2,535
Film rights and films in progress		**235,304**	80,603
Interests in associates		**1,085**	2,875
Loans receivable		**–**	1,447
Loan to an associate		**4,288**	4,340
Film related deposits		**74,426**	35,693
Deposits paid		**1,596**	1,396
Deferred tax assets		**341**	274
Other financial assets		**9,574**	65,882
		365,110	230,110
Current assets			
Inventories		**9,217**	8,028
Accounts receivable	*8*	**11,161**	30,935
Loans receivable		**61,630**	56,598
Loan to an associate		**–**	2,500
Amount due from an associate		**–**	89
Deposits paid, prepayments and other receivables		**87,501**	170,589
Trading securities		**8,691**	49,356
Contingent consideration receivable		**–**	3,796
Tax recoverable		**2,242**	–
Tax certificate		**45**	–
Bank balances and cash – trust accounts		**869**	7,157
Cash and cash equivalents		**178,228**	522,285
Total current assets		**359,584**	851,333
Total assets		**724,694**	1,081,443

	Note	As at 30th June 2019 HK$'000	As at 30th June 2018 HK$'000
EQUITY			
Equity attributable to the owners of the Company			
Share capital		**9,066**	9,066
Share premium		**35,013**	928,358
Other reserves		**546,467**	67,565
Accumulated losses		**(209,315)**	(88,094)
		381,231	916,895
Non-controlling interests		**(297)**	78
Total equity		**380,934**	916,973
LIABILITIES			
Non-current liabilities			
Obligations under a finance lease		**–**	7
Deferred tax liabilities		**90**	440
		90	447
Current liabilities			
Accounts payable	9	**10,821**	8,518
Amount due to an associate		**2,725**	–
Other payables and accrued charges		**74,610**	112,388
Contingent consideration payable		**20,400**	20,400
Contract liabilities		**193,454**	–
Deposits received		**34,923**	14,528
Obligations under a finance lease		**7**	18
Taxation payable		**6,730**	8,171
Total current liabilities		**343,670**	164,023
Total liabilities		**343,760**	164,470
Total equity and liabilities		**724,694**	1,081,443
Net current assets		**15,914**	687,310
Total assets less current liabilities		**381,024**	917,420

NOTES:

1. GENERAL INFORMATION

Universe Entertainment and Culture Group Company Limited (formerly known as Universe International Financial Holdings Limited) (the "**Company**") and its subsidiaries (together, the "**Group**") are principally engaged in video distribution, film distribution and exhibition, licensing and sub-licensing of film rights, money lending, leasing of investment properties, entertainment business, securities investment, trading, wholesaling and retailing of optical products and watches products, and provisions of type-setting, translation, printing, design, distribution of financial print products and other related services ("**financial printing services**"). 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. These consolidated financial statements have been approved for issue by the Board on 27th September 2019.

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 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 contingent consideration receivable, other investments in equity securities, derivative financial instruments, 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 new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

– HKFRS 9, Financial instruments

– HKFRS 15, Revenue from contracts with customers

– HK(IFRIC) 22, Foreign currency transactions and advance consideration

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

The Group has been impacted by HKFRS 9 in relation to classification of financial assets and measurement of credit losses, and impacted by HKFRS 15 in relation to presentation of contract assets and contract liabilities.

(a) HKFRS 9 Financial Instruments

HKFRS 9 Financial Instruments replaces HKAS 39 Financial Instruments: Recognition and Measurement. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied HKFRS 9 retrospectively to item that existed at 1st July 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to opening equity at 1st July 2018. Therefore, comparative information continues to be reported under HKAS 39.

The following table summarises the impact of transition of HKFRS 9 on retained earnings and available-for-sale investment reserve attributable to equity shareholders of the Company at 1st July 2018.

	HK'000
Accumulated losses	
Transferred from Available-for-sale investment reserve (recycling) relating to financial assets now measured at fair value through profit or loss ("**FVTPL**")	6,629
Recognition of additional expected credit losses on financial assets measured at amortised cost	(6,650)
Net increase in accumulated losses at 1st July 2018	(21)
Available-for-sale investment reserve (recycling)	
Transferred to accumulated losses relating to financial assets now measured at FVTPL	(6,629)
Net decrease in Available-for-sale investment reserve (recycling) at 1st July 2018	(6,629)

Further details of the nature and effect of the changes to previous accounting policies resulting from its adoption of HKFRS 9 are set out below.

i) *Classification of financial assets and financial liabilities*

HKFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("**FVTOCI**") and at fair value through profit or loss ("**FVTPL**"). These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVTPL. Classification of a financial asset under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flows characteristics.

Non-equity investments held by the Group are classified into one of the following measurement categories:

– amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method;

– FVTOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or

– FVTPL, if the investment does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI (non-recycling), are recognised in profit or loss.

The Group decides not to elect this designation option (irrevocably designate as FVTOCI) for any of the investments held on 1st July 2018 and will recognise any fair value changes in respect of these investments in profit or loss as they arise.

The following table shows the original measurement categories for each class of the Group's financial assets under HKAS 39 and reconciles the carrying amounts of those financial assets determined in accordance with HKAS 39 to those determined in accordance with HKFRS 9.

	HKAS 39 carrying amount at 30th June 2018	**Reclassification**	**Remeasurement**	**HKFRS 9 carrying amount at 1st July 2018**
	$'000	*$'000*	*$'000*	*$'000*
Financial assets carried at amortised cost				
Accounts receivable	30,935	–	(788)	30,147
Loans receivable	58,045	–	(3,763)	54,282
Loans to an associate	6,840	–	(101)	6,739
Amount due from an associate	89	–	–	89
Deposits paid, prepayments and other receivables	164,937	–	(1,998)	162,939
Bank balances and cash – trust accounts	7,157	–	–	7,157
Cash and cash equivalents	522,285	–	–	522,285
	790,288	–	(6,650)	783,638
Financial assets carried at FVPL				
Trading securities	49,356	–	–	49,356
Contingent consideration receivable	3,796	–	–	3,796
Unlisted investment funds *(Note (i))*	–	1,049	–	1,049
Unlisted limited partnership *(Note (i))*	–	64,833	–	64,833
	53,152	65,882	–	119,034
Financial assets classified as available-for-sale under HKAS 39 *(Notes (i))*	65,882	(65,882)	–	–

Note:

(i) Under HKAS 39, investments in unlisted investment funds and unlisted limited partnership not held for trading purpose were classified as available-for-sale financial assets. These equity investments are classified as at FVTPL under HKFRS 9.

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities (including financial guarantee contracts) at 1st July 2018 have not been impacted by the initial application of HKFRS 9.

The Group did not designate or de-designate any financial asset or financial liability at FVTPL at 1st July 2018.

ii) Credit losses

HKFRS 9 replaces the 'incurred loss' model in HKAS 39 with an 'expected credit loss' ("**ECL**") model. The ECL model requires an ongoing measurement of credit risk associated with financial assets and therefore recognises ECL earlier than under the "incurred loss" accounting model in HKAS 39.

The Group applies the new ECL model to the following items:

– financial assets measured at amortised cost (including cash and cash equivalents, loans receivables, trade and other receivables and loans to associates);

– contract assets as defined in HKFRS 15;

– lease receivables; and

– loan commitments issued, which are not measured at FVTPL.

Financial assets measured at fair value, including equity securities measured at FVTPL, and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Group if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the Group expects to receive if the loan is drawn down.

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

– fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate;

– lease receivables: discount rate used in the measurement of the lease receivable;

– loan commitments: current risk-free rate adjusted for risks specific to the cash flows.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables, lease receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments (including loan commitments issued), the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

For margin client receivables, the Group considers there has been a significant increase in credit risk when clients cannot meet margin call requirement and uses the loan-to-collateral value ("**LTV**") to make its assessment. The Group considers a margin client receivable is in default when payments under the margin call requirement are 30 days past due. However, in certain cases, the Group may also consider a margin client receivable to be in default when there is a margin shortfall which indicates that the Group is unlikely to receive the outstanding contractual amounts in full, taking into account the pledged securities held by the Group. A margin client receivable is written off when there is no reasonable expectation of recovering the contractual cash flows.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

For loan commitments, the date of initial recognition for the purpose of assessing ECLs is considered to be the date that the Group becomes a party to the irrevocable commitment. In assessing whether there has been a significant increase in credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of default occurring on the loan to which the loan commitment relates.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognised is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

The following table reconciles the closing loss allowance determined in accordance with HKAS 39 as at 30th June 2018 with the opening loss allowance determined in accordance with HKFRS 9 as at 1st July 2018.

	30th June 2018 (HKAS 39)	**Additional credit loss recognised at 1st July 2018**	**1st July 2018 (HKFRS 9)**
	HK$'000	*HK$'000*	*HK$'000*
Accounts receivables	5,515	788	6,303
Loans receivable	–	3,763	3,763
Loans to an associate	–	101	101
Deposits paid, prepayment and other receivables	–	1,998	1,998
	5,515	6,650	12,165

iii) Transition

Changes in accounting policies resulting from the adoption of HKFRS 9 have been applied retrospectively, except as described below:

– Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in accumulated losses and reserves as at 1st July 2018. Accordingly, the information presented for the year ended 30th June 2018 continues to be reported under HKAS 39 and thus may not be comparable with the current period.

– The following assessments have been made on the basis of the facts and circumstances that existed at 1st July 2018 (the date of initial application of HKFRS 9 by the Group):

  – the determination of the business model within which a financial asset is held; and

  – the designation of certain investments in equity instruments not held for trading to be classified as at FVTOCI (non-recycling).

– If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

(b) HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, Revenue, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, Construction contracts, which specified the accounting for construction contracts.

The Group performed an assessment of the new standard and concluded that the current treatment of revenue from contracts with customers is consistent with the new principles. Except for the change in presentation of contract assets and liabilities, the adoption of HKFRS 15 does not have any material impact on the financial position and there is no transitional impact to accumulated losses. Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before receiving the consideration or being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. The contract asset is transferred to receivables when the right to consideration becomes unconditional. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognise the related revenue.

As a result of this change in accounting policy, as at 1st July 2018, deposit received from customers of approximately HK$5,988,000 were reclassified to contract liabilities.

(c) HK(IFRIC) 22, Foreign Currency Transactions and Advance Consideration

This interpretation provides guidance on determining "the date of the transaction" for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The interpretation clarifies that "the date of the transaction" is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. The adoption of HK(IFRIC) 22 does not have any material impact on the financial position and the financial result of the Group.

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 its business in securities brokerage and margin financing which are classified as discontinued operations for the year ended 30th June 2018 and 2019.

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 products and watches products

– Leasing of investment properties

– Securities investments

– Money lending

– Entertainment business

– Financial printing services (commenced during the year ended 30th June 2019)

Discontinued operation

– Securities brokerage and margin financing (ceased during the year ended 30th June 2018)

(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, fair value change of other financial assets, amortisation of deferred day one gain in respect of derivative instruments, impairment loss of available-for-sale financial assets, finance income, finance costs, share of loss of associates, share of loss of a joint venture, realised loss upon disposal 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, other financial assets, unallocated loan receivable, unallocated cash and cash equivalents, deferred tax assets, 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, 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 2019 and 2018 is set out below:

	2019											
	Continuing operations									Discontinued operation		
	Video distribution, film distribution and exhibition, licensing and sub-licensing of film rights	Trading, wholesaling, and retailing of optical products and watches products	Leasing of investment properties	Securities investments	Money lending	Entertainment business	Financial printing	Elimination	Total for continuing operations	Securities brokerage and margin financing	Total for discontinued operations	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue												
Disaggregate by timing of revenue recognition												
– Point in time	7,782	35,651	–	–	–	5,793	–	–	49,226	196	196	49,422
– Over time	–	–	–	–	–	–	3,649	–	3,649	–	–	3,649
– Revenue out of scope of HKFRS 15	–	–	1,107	–	7,687	–	–	–	8,794	–	–	8,794
External revenue	7,782	35,651	1,107	–	7,687	5,793	3,649	–	61,669	196	196	61,865
Inter-segment sales	–	–	–	–	–	–	625	(625)	–	–	–	–
	7,782	35,651	1,107	–	7,687	5,793	4,274	(625)	61,669	196	196	61,865
Segment results	(52,387)	(10,679)	2,904	(4,597)	(12,981)	(632)	(8,503)	–	(86,875)	(3,118)	(3,118)	(89,993)
Fair value change of contingent consideration receivable									(3,796)		–	(3,796)
Impairment loss of interest in an associate									(1,065)		–	(1,065)
Fair value change of other financial assets carried at fair value through profit or loss									(19,437)		–	(19,437)
Amortisation of deferred day one gain in respect of derivative financial instruments									1,636		–	1,636
Finance income									2,392		–	2,392
Share of losses of associates									(725)		–	(725)
Unallocated corporate expenses									(10,730)		–	(10,730)
Loss before tax									(118,600)		(3,118)	(121,718)

	2019									
	Continuing operations								Discontinued operation	
	Video distribution, film distribution and exhibition, licensing and sub-licensing of film rights *HK$'000*	Trading, wholesaling, and retailing of optical products and watches products *HK$'000*	Leasing of investment properties *HK$'000*	Securities investments *HK$'000*	Money lending *HK$'000*	Entertainment business *HK$'000*	Financial printing *HK$'000*	Total for continuing operations *HK$'000*	Securities brokerage and margin financing *HK$'000*	Total *HK$'000*
Assets										
Segment assets	385,615	23,412	31,488	8,691	59,922	5,497	4,846	519,471	13,736	533,207
Interests in associates								1,085	–	1,085
Other financial assets								9,574	–	9,574
Deferred tax assets								341	–	341
Loan to an associate								4,288	–	4,288
Tax recoverable								–	2,242	2,242
Tax certificate								45	–	45
Unallocated other intangible assets								1,858	–	1,858
Unallocated loan receivables								1,881	–	1,881
Unallocated cash and cash equivalents								169,055	–	169,055
Unallocated corporate assets								1,118	–	1,118
Total consolidated assets								708,716	15,978	724,694
Liabilities										
Segment liabilities	287,519	6,679	229	–	–	7,238	2,184	303,849	818	304,667
Taxation payable								6,730	–	6,730
Deferred tax liabilities								90	–	90
Contingent consideration payable								20,400	–	20,400
Unallocated corporate liabilities								11,873	–	11,873
Total consolidated liabilities								342,942	818	343,760
Other information										
Additions of property, plant and equipment	9	3,636	7	–	–	1	144	3,797	–	3,797
Additions of unallocated property, plant and equipment								24	–	24
Total additions of property, plant and equipment								3,821	–	3,821
Additions of films in progress	155,495	–	–	–	–	–	–	155,495	–	155,495
Additions of film related deposits	40,471	–	–	–	–	–	–	40,471	–	40,471
Depreciation	331	1,470	3	–	–	8	647	2,459	51	2,510
Unallocated depreciation								385	–	385
Amortisation of film rights	1,747	–	–	–	–	–	–	1,747	–	1,747
Amortisation of brand name	–	148	–	–	–	–	–	148	–	148
Total depreciation and amortisation								4,739	51	4,790
Write-off of property, plants and equipment	–	4	–	–	–	–	1,607	1,611	–	1,611
Impairment loss of film rights	165	–	–	–	–	–	–	165	–	165
Impairment loss of film related deposits	67	–	–	–	–	–	–	67	–	67
Change in ECLs										
– Account receivable	716	137	–	–	–	11	(84)	780	3,500	4,280
– Loans receivable	–	–	–	–	(18,710)	–	–	(18,710)	–	(18,710)
– Other receivables	(7,620)	(130)	–	–	(430)	185	–	(7,995)	–	(7,995)
Unallocated change in ECLs								(898)	–	(898)
Total change in ECLs								(26,823)	3,500	(23,323)
Increase in fair value of investment property	–	–	(2,100)	–	–	–	–	(2,100)	–	(2,100)
Fair value change of trading securities	–	–	–	5,288	–	–	–	5,288	–	5,288

	2018											
	Continuing operations								Discontinued operation			
	Video distribution, film distribution and exhibition, licensing and sub-licensing of film rights *HK$'000*	Trading, wholesaling, and retailing of optical products and watches products *HK$'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 operations *HK$'000*	Total *HK$'000*
Segment revenue												
Disaggregate by timing of revenue recognition:												
– Point in time	41,016	28,218	–	–	–	9,091	–	78,325	8,930	–	8,930	87,255
– Others	–	–	1,077	–	7,271	–	–	8,348	–	–	–	8,348
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)	–	–
	41,016	28,218	1,077	–	7,271	9,091	–	86,673	9,552	(622)	8,930	95,603
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								(79,700)			(59,693)	(139,393)

	2018								
	Continuing operations							Discontinued operation	
	Video distribution, film distribution and exhibition, licensing and sub-licensing of film rights *HK$'000*	Trading, wholesaling, and retailing of optical products and watches products *HK$'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
Other 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							1,008,063	73,380	1,081,443
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							156,855	7,615	164,470
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							5,769	–	5,769
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							6,636	140	6,776
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

(b) Geographical information

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

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

	2019	
	Revenue	**Non-current assets (other than financial instruments and deferred tax assets)**
	HK$'000	***HK$'000***
CONTINUING OPERATIONS		
Hong Kong (place of domicile)	**39,856**	**315,547**
PRC and other Asian countries (other than Hong Kong)	**21,766**	**33,764**
Others	**47**	**–**
	61,669	**349,311**
DISCONTINUED OPERATION		
Hong Kong (place of domicile)	**196**	**–**
Total	**61,865**	**349,311**

	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

(c) Information about major customers

For the years ended 30th June 2019 and 2018, there is no single customer contributed 10% or more of the Group's revenue.

5. INCOME TAX CREDIT

Income tax in the consolidated statement of comprehensive income

	2019			2018		
	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
Under/(Over) provision in prior year	**294**	**(20)**	**274**	371	1,448	1,819
Deferred tax						
Origination and reversal of temporary differences	**(417)**	**–**	**(417)**	(4,920)	(1,881)	(6,801)
Income tax credit	**(123)**	**(20)**	**(143)**	(3,586)	(433)	(4,019)

The provision of Hong Kong Profits Tax is calculated at 16.5% (2018: 16.5%) of the estimated assessable profits for the year.

No provision for PRC Enterprise Income Tax (the "**EIT**") has been made in the consolidated financial statements for the year ended 30th June 2019 and 2018 as the Group has no assessable profits under EIT for both years.

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 2019, respectively.

6. LOSS PER SHARE

(a) Basic

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

	2019	2018
Loss attributable to owners of the Company *(HK$'000)*		
– from continuing operations	**(118,102)**	(76,024)
– from discontinued operation	**(3,098)**	(59,260)
– from continuing and discontinued operations	**(121,200)**	(135,284)
Weighted average number of ordinary shares in issue	**906,632,276**	887,832,358
Basic loss per ordinary share *(HK$)*		
– from continuing and discontinued operations	**(0.134)**	(0.152)
– from continuing operations	**(0.131)**	(0.086)
– from discontinued operation	**(0.003)**	(0.066)

Weighted average number of ordinary shares (Basic)

	2019	2018
Issued ordinary shares at 1st July	**906,632,276**	853,302,276
Effect of share options exercised	**–**	34,530,082
Weighted average number of ordinary shares (Basic)	**906,632,276**	887,832,358

(b) Diluted

The diluted loss per share is the same as the basic loss per share for the year ended 30th June 2019 as there is no potential dilutive share issued during the year.

The computation of diluted loss per share for the year ended 30th June 2018 does not assume the exercise of the Company's outstanding share options during the year ended 30th June 2018 since the exercise are anti-dilutive at loss from continuing operation level for the year ended 30th June 2018.

7. DIVIDENDS

(a) Dividends payable to equity shareholders of the Company attributable during the year

	2019 *HK$ per ordinary share*	2018 *HK$ per ordinary share*	**2019** *HK$'000*	2018 *HK$'000*
First Special Dividend declared and paid *(note (i))*	**0.3**	–	**271,990**	–
Second Special Dividend declared and paid *(note (ii))*	**0.15**	–	**135,995**	–
	0.45	–	**407,985**	–

Note:

i) On 17th September 2018, it was proposed by the Board and approved by the shareholders at the special general meeting 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; and (iii) the Board be authorised to make a distribution of a special dividend of HK$0.3 per share up to HK$271,989,682.80 ("**First Special Dividend**") of the amount standing to the credit of the contributed surplus account of the Company, pro rata to the shareholders of the Company ("**the Distribution**").

The Distribution has become unconditional on 4th October 2018 and was paid on 22nd October 2018.

ii) On 15th April 2019, it was further proposed by the Board and approved by the shareholders at the special general meeting that a special dividend of HK$0.15 per share ("**Second Special Dividend**") be paid out of the contributed surplus account of the Company. The dividend was paid on 24th April 2019.

(b) The Board did not recommend the payment of a final dividend for the year ended 30th June 2019 (2018: Nil).

8. ACCOUNTS RECEIVABLE

	2019	2018
	HK$'000	*HK$'000*
Accounts receivable arising from securities brokerage and margin financing business:		
– Clearing house, brokers and cash clients	**20**	160
Less: Impairment loss	**–**	–
Net *(Note a)*	**20**	160
– Margin clients	**1,500**	18,000
Less: Impairment loss	**(1,500)**	(18,000)
Net *(Note b)*	**–**	–
	20	160
Accounts receivable arising from other businesses:		
Accounts receivable – others	**16,313**	36,290
Less: Impairment loss	**(5,172)**	(5,515)
Net *(Note c)*	**11,141**	30,775
Accounts receivable – net	**11,161**	30,935

The carrying amounts of accounts receivable approximate their fair values.

Notes:

(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:

	2019	2018
	HK$'000	*HK$'000*
Neither past due nor impaired	**–**	147
Less than 1 month past due	**–**	1
More than 1 month past due	**20**	12
	20	160

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 within two days after trade date.

Accounts receivable from cash clients relate to a wide range of customers. These receivables are secured by their portfolio of securities. As at 30th June 2019, the total market value of their portfolios of securities was HK$4,000 (2018: HK$808,000). Included in the Group's accounts receivable are cash clients with a total carrying amount of HK$20,000 (2018: HK$13,000) which are past due at the end of the reporting period but for which the Group has not provided for impairment as there has not been a significant change in credit quality. The Group believes that the amounts are still considered recoverable. No accounts receivable due from past due cash clients which are not fully secured by the listed securities of the respective cash clients, are considered impaired as at 30th June 2018 and 30th June 2019. Accounts receivable due from cash clients bear interest at commercial rates when they become past due.

(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.

Margin clients are required to pledge securities as collateral to the Group in order to obtain credit facilities for securities trading. The amount of credit facilities granted to them is determined by the discounted value of securities accepted by the Group. Additional funds or collaterals are required if the outstanding amount exceeds the discounted value of securities deposited. The listed securities of the margin clients can be sold at the Group's discretion to settle any margin call requirements imposed by their respective securities transactions. As at 30th June 2019, no collateral was pledged for accounts receivable from margin clients. As at 30th June 2018, the total market value of their portfolios of securities was HK$56,000. The pledged securities are substantially listed securities in Hong Kong. Accounts receivable from margin clients bear interest at commercial rates.

Accounts receivable due from margin clients of approximately HK$1,500,000 (2018: HK$18,000,000) which are not fully secured by the listed securities of the respective margin clients are considered impaired as at 30th June 2019. Impairment loss of HK$3,500,000 (2018: Nil) and HK$13,000,000 (2018: Nil) was recovered and written off respectively during the year ended 30th June 2019.

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 the business in margin financing.

(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:

	2019	2018
	HK$'000	*HK$'000*
1 to 90 days	**8,693**	3,331
91 days to 180 days	**262**	4,372
Over 180 days	**2,186**	23,072
	11,141	30,775

Sales of videogram products are with credit terms of 7 days to 60 days. Sales from film exhibition, licensing and sub-licensing of film rights are on open account terms. Sales from trading and wholesaling of optical products and watches products, and provisions of financial printing and translation services are with credit terms of 0–90 days. Sales to retail customers are made in cash or via major credit cards. The Group has policies in place to ensure that sales of products on credit terms are made to customers with an appropriate credit history and the Group performs periodic credit evaluations of its customers.

9. ACCOUNTS PAYABLE

	2019	2018
	HK$'000	*HK$'000*
Accounts payable arising from securities brokerage and margin financing business:		
– cash clients	**113**	5,171
– margin clients	**516**	694
	629	5,865
Accounts payable arising from other businesses	**10,192**	2,653
	10,821	8,518

The settlement terms of accounts payable to cash clients arising from the securities brokerage and margin financing business are within two days after the 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.

Accounts payable amounting to HK$869,000 as at 30th June 2019 (2018: HK$7,157,000) were payable to clients in respect of the trust and segregated bank balances received and held for clients in the ordinary course of conducting the regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

As at 30th June 2019 and 2018, the ageing analysis of the accounts payable arising from other businesses based on invoice date is as follows:

	2019	2018
	HK$'000	*HK$'000*
1 to 90 days	**8,080**	712
91 days to 180 days	**48**	27
Over 180 days	**2,064**	1,914
	10,192	2,653

All of the accounts payable arising from other business 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 2019.

(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 2019.

(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 2019. 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. The parties have finalized their pleadings and completed discovery and exchange of witness statements during the year.

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**"), a wholly-owned subsidiary of the Company, and the Company ("**Lucky Famous Action**") 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. Lucky Famous applied to amend the writ and statement of claim to join Chan Sze Long and Lim Wah Elsa as defendants in the Lucky Famous Actions for certain claims against them. The Court allowed the application of Lucky Famous on 24th September 2019.

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 2019.

Save as disclosed above, as at 30th June 2019, 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 securities brokerage and margin financing due to deterioration of operating results and financial performance during the year and wrote off the goodwill and trading rights held in the Stock Exchange in relation to this business of HK$28,064,000 and HK$11,400,000, respectively. The analysis of the results of discontinued operation is as follows:

	2019	2018
	HK$'000	*HK$'000*
Revenue	**196**	8,930
Cost of revenue	**–**	(331)
Gross profit	**196**	8,599
Other income	**16**	333
Other net losses	**(22)**	(29)
Administrative expenses	**(6,808)**	(20,092)
Change in expected credit loss	**3,500**	–
Impairment loss of accounts receivable (net)	**–**	(9,040)
Written off of goodwill	**–**	(28,064)
Written off of other intangible assets	**–**	(11,400)
Loss before taxation from discontinued operation	**(3,118)**	(59,693)
Income tax credit	**20**	433
Loss for the year from discontinued operation	**(3,098)**	(59,260)
Attributable to:		
Owners of the Company	**(3,098)**	(59,260)
	(3,098)	(59,260)

BUSINESS AND OPERATIONAL REVIEW

Overall Group results

The Group recorded a net loss of approximately HK$121.6 million for the year ended 30th June 2019 (the "**Year**"), representing a decrease of approximately 10.2% as compared to the net loss of approximately HK$135.4 million for the same period last year, which was mainly due to the net effect of (i) 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$5.3 million for the Year in the securities investments business segment while 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 ended 30th June 2018 in the securities investments business segment; (ii) the Group recorded a gain on disposal of the 202 feature films of approximately HK$182.1 million for the year ended 30th June 2018 (the "**Disposal of Film Library**") and also recorded directors and staff bonus of approximately HK$35.6 million in connection with the Disposal of Film Library for the year ended 30th June 2018. However, there were no such transactions and directors and staff bonus occurred during the Year; (iii) during the year ended 30th June 2018, the Group ceased its business in securities brokerage and margin financing due to deterioration of operating results and financial performance and wrote off the goodwill and trading rights held in the Stock Exchange in relation to this business of approximately HK$28.1 million and approximately HK$11.4 million, respectively. There were no such write off of the goodwill and trading rights occurred during the Year; and (iv) the change in expected credit loss of approximately HK$26.8 million (2018: Nil) which is mainly arising from the increase in expected credit loss of allowance for loans receivable in money lending business of approximately HK$18.7 million during the Year.

Films distribution and exhibition, licensing and sub-licensing of film rights

Revenue from this business segment during the Year was approximately HK$7.8 million, representing a decrease of approximately 81.0% as compared to approximately HK$41.0 million in the same period last year. It accounted for approximately 12.6% (2018: approximately 47.3%) of the Group's revenue during the Year. The significant decrease in revenue from this business segment was mainly due to the absence of release of new films produced by the Group and the decrease in the number of old films rights licensed to third parties during the Year.

Segmental loss from this business segment during the Year was approximately HK$52.4 million, while the Group recorded segmental profit of approximately HK$129.0 million in the same period last year. The increase in segmental loss is mainly due to (i) the Group recorded a gain on the Disposal of Film Library of approximately HK$182.1 million for the year ended 30th June 2018; and also recorded directors and staff bonus for the year ended 30th June 2018 of approximately HK$35.6 million in connection with the Disposal of Film Library. However, there were no such transactions and directors and staff bonus occurred during the Year; and (ii) the decrease of revenue during the Year.

The market of the People's Republic of China (which excludes Hong Kong for the purpose of this announcement (the "**PRC**")) is one of the largest film markets in the world. According to the information released by the Film Division of the State Administration of Press, Publication, Radio, Film and Television, the total box office of the PRC in 2017 reached RMB55.91 billion, representing a year-on-year increase of approximately 13%. In 2018, the total accumulated box office of the PRC hit record high and reached approximately RMB60.98 billion in 2018, up by approximately 9% year-on-year. As box office of the PRC continues to set new record in previous years and the Group is optimistic about the prospect of this segment.

In response to the growing demand for high-quality of entertainment experience in China, the Group will continue to invest in original production of quality films and will put more resources into large-scale film productions that enables broader and deeper market penetration. Subsequent to the balance sheet date of 30th June 2019, the Group released a new blockbuster film called "White Storm 2 – Drug Lords" ("掃毒2天地對決"), directed by Herman Yau (邱禮濤) and starring Andy Lau (劉德華), Louis Koo, (古天樂), Michael Miu (苗僑偉), Karena Lam (林嘉欣), Kent Cheng (鄭則士) and Cherrie Ying (應采兒) in July 2019 and recorded a remarkable box office of approximately RMB1.3 billion in the PRC.

The Group expects to release a new film called "Atonement" ("阿龍" wrote, directed and performed with breakthrough by Ronald Cheng (鄭中基) and starring Chrissie Chau (周秀娜) and Philip Keung (姜皓文) during the year ending 30th June 2020. During the Year, the Group started the shooting another blockbuster film called "Shock Wave 2" ("拆彈專家2") directed by Herman Yau (邱禮濤) and starring Andy Lau (劉德華), Sean Lau (劉青雲) and Ni Ni (倪妮) and expects to release it within 2020. In addition, the Group is investing and producing 8 on-line movies, 1 TV drama and 1 movie in the PRC. The Group also plans to invest and produce 5 on-line movies and 2 movies in coming year.

Trade, wholesale and retail of optical and watches products

Revenue from this business segment during the Year was approximately HK$35.6 million, representing an increase of approximately 26.2% as compared to approximately HK$28.2 million in the same period in last year. Revenue from this business segment included the revenue of approximately HK$16.9 million (2018: approximately HK$5.3 million) from trading, wholesaling and retailing of optical products in Hong Kong and the PRC ("**Optical Business**") and the revenue of approximately HK$18.7 million (2018: approximately HK$22.9 million) from trading, wholesaling and retailing of watches products ("**Watches Business**") in Hong Kong and the PRC. It accounted for approximately 57.8% (2018: approximately 32.6%) of the Group's revenue during the Year.

The revenue of the Optical Business was improving during the Year. The number of optical retail shops operated by the Group under a management and license agreement with the right to use the trade name of "茂昌眼鏡 Hong Kong Optical" increased from 2 as at 30th June 2018 to 9 as at 30th June 2019 in Hong Kong. In addition, we opened our first optical retail shop under our own trade name of "寰宇茂昌" in Shenzhen, China in May 2019 which is an important milestone to start our Optical Business in the PRC. We also opened another new "寰宇茂昌" optical retails shop in Beijing, China in September 2019.

The Watches Business was continuously affected by the keen competition from online sales of watches products and the persistent slowdown in economic growth in the PRC. As at 30th June 2019, the Group operated 6 (30th June 2018: 10) watches retails shops in the PRC. The Group will continue to adjust the locations and products branding of the watches retails shops and close down non-performing watches retail shops to improve the shop productivity and cost efficiencies of the Watches Business.

Segmental loss from this business segment during the Year was approximately HK$10.7 million, representing a decrease of approximately 14.0% as compared to approximately HK$12.4 million in the same period last year. The decrease in segmental loss is mainly due to the effective cost control measures and the improvement of the profitability of retail shops.

Apart from the Optical Business, the Group also owned a 34.5% (2018: 28%) equity interest of Hong Kong Optical Company Limited ("**HK Optical**") which is principally engaged in trading, wholesaling and retailing of optical products and owns the trade name of "茂昌眼鏡 Hong Kong Optical" in Hong Kong. According to the unaudited management account of HK Optical for the twelve months ended 30th June 2019, the unaudited revenue of HK Optical during the Year was approximately HK$49.3 million, representing an increase of approximately 5.6% as compared to approximately HK$46.7 million in the same period last year. HK Optical recorded an unaudited profit of approximately HK$2.1 million for the Year (2018: loss of approximately HK$3.0 million).

However, due to the mass protests and civil unrest in Hong Kong since June 2019, we expect there will be a marked deterioration in the retail sector in Hong Kong and our Optical Business in Hong Kong will be impacted negatively in the coming year. On the other hand, the year-long US-China trade war continues to weaken the growth of gross domestic product in both Hong Kong and the PRC and will eventually dampen the people's consumption and retails sales. We will closely monitor the operating results of the optical retail shops and will close down the non-performing retail shops in the coming year. By operating our new optical retail shops in Shenzhen and Beijing, we note that there is a demand of high quality optical products in the PRC. We are cautiously optimistic about the Optical Business in the PRC in the long run and will seek opportunities to open new optical retail shops in good locations in the PRC next year.

Trading Securities

Below is a table setting out the list of the trading securities which the Directors consider as material held by the Group as at 30th June 2019:

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 2019 *(Note 1)* *(approximately %)*	Market value as at 30th June 2019 *(approximately HK$'000)*	Percentage to the Group's total assets as at 30th June 2019 *(approximately %)*	Percentage to the Group's net assets as at 30th June 2019 *(approximately %)*	Percentage to the Group's total trading securities as at 30th June 2019 *(approximately %)*	Unrealised gain/(loss) on change in fair value for the Year *(approximately HK$'000)*	Dividend income for the Year from such investment *(approximately HK$'000)*
First Credit Finance Group Limited	2	Bermuda	150,000,000	4.1	6,900	1.0	1.8	79.4	(2,551)	–

Notes:

1. The percentage is calculated with reference to the then latest monthly return as at 30th June 2019 of the investee company publicly available on the website of the Stock Exchange (where applicable).

2. 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$92.8 million for the year ended 31st December 2018 (2017: approximately HK$116.2 million), representing a decrease of approximately 20.2% compared to the same period in last year. First Credit recorded a profit for the year of approximately HK$25.9 million for the year ended 31st December 2018 (2017: approximately HK$52.9 million), representing a decrease of approximately 51.0% 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 were included in trading securities 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 best estimate of the Directors, the fair value of the shares of First Credit was approximately HK$0.046 per share (2018: approximately HK$0.063 per share) as at 30th June 2019.

As disclosed in the latest interim report of First Credit for the six-month period ended 30th June 2019, after considering the prevailing market situation and the business performance of Asia Wealth Securities Limited, First Credit decided to cease the securities brokerage business. First Credit is 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 the First Credit and its shareholders as a whole. Looking forward, with the ultimate aim to maximise value for its shareholders and enhance its position in the competitive industry, First Credit will continue to strive for maintaining revenue growth and credit quality on the basis of its experience in money lending business. Meanwhile, First Credit will closely monitor its capital base from time to time and ensure sufficient funding is maintained through various means to capture and support different potential opportunities.

The Group recorded a fair value loss arising from the change in fair value of trading securities of approximately HK$5.3 million (2018: approximately HK$108.6 million) for the 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$2.6 million during the Year. As a result, the overall segment loss of the securities investment segment was approximately HK$4.6 million (2018: segment loss of approximately HK$108.4 million) during the Year.

Other financial assets

Below is a table setting out the list of the material other financial assets held by the Group as at 30th June 2019:

Name of investee company	*Notes*	Place of incorporation	Number of shares held by the Group	Percentage of total issued share capital of the investee company as at 30th June 2019 *(approximately %)*	Fair value as at 30th June 2019 *(approximately HK$'000)*	Percentage to the Group's total assets as at 30th June 2019 *(approximately %)*	Percentage to the Group's net assets as at 30th June 2019 *(approximately %)*	Percentage to the Group's total other financial assets as at 30th June 2019 *(approximately %)*	Change in fair value for the Year *(approximately HK$'000)*	Return of invested capital *(approximately HK$'000)*	Dividend income for the Year *(approximately HK$'000)*
Cassia Investment Limited Partnership II	*1*	Cayman Islands	N/A	N/A	7,198.7	1.0	1.9	75.2	(19,127.2)	38,506.6	–
Promising Social Media Private Equity Fund	2	Cayman Islands	1,982.215	21.08	317.0	less than 0.1	0.1	3.3	(264.0)	–	–
Derivative financial instruments	2	N/A	N/A	N/A	2,058.4	0.3	0.5	21.5	422.3	–	–
					9,574.1	1.3	2.5	100.0	(18,968.9)	38,506.6	–

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. Up to 30th June 2019, the Group has subscribed for the limited partnership interest of Cassia II of approximately US$7.9 million (approximately HK$61.2 million) (2018: same).

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 PSM 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 PSM Fund commenced operation on 29th April 2015. Weluck Development Limited ("**Weluck**"), a wholly owned subsidiary of the Company first invested in the PSM Fund in April 2015 and subscribed a total of 1,982.215 class A shares of the PSM Fund (the "**PSM Shares**") with a total investment cost of approximately HK$19.5 million. The manager of the Fund (the "**Fund Manager**") had been delegated authority to manage the Fund.

   Since the subscription of the PSM Shares by Weluck, the fair value of the PSM Fund significantly decreased because of the under performance of the PSM Fund. As informed by the Fund Manager in December 2018, in view of the real litigation risks and regulatory risks surrounding the Fund Manager's holding company and the fact that the underlying investment was loss making, the Fund Manager decided to divest the underlying investment held by the PSM Fund at a price significantly below the its investment cost. In addition, a fellow subsidiary of the Fund Manager (the "**Purchaser**" and is an independent third party of the Group) agreed to provide conditional offer ("**Offer**") to buy-back the PSM Shares held by Weluck at a consideration of approximately HK$17.8 million by reference to Weluck's sharing of latest available audited net asset of the PSM Fund as at 31st December 2017.

On 1st March 2019, Weluck accepted the Offer to dispose the PSM Shares at a consideration of approximately HK$17.8 million (the "**Disposal**"). The Purchaser shall settle the consideration of the Disposal to Weluck in cash by 34 monthly instalments, whereby (i) approximately HK$1,483,000 shall be paid on or before 29th March 2019 and (ii) approximately HK$494,000 on or before the last business day of each consecutive month from April 2019 to December 2021. Completion of the Disposal is conditional upon the Purchaser having paid the consideration of the Disposal to Weluck in full in accordance with the schedule described above. The PSM Shares will be transferred to the Purchaser on receipt of the consideration of the Disposal in full by Weluck. In the opinion of the Directors, the arrangement constitute a derivatives contract to dispose the PSM Shares at a fixed consideration in the future and should be recognized as a derivative financial instrument ("**DFI**"). Based on the business valuation report issued by an independent professional valuer which was not connected with the Group, the fair value of the DFI was approximately HK$15.5 million in March 2019. The fair value of the DFI would be recognised as a gain in the consolidated statement of comprehensive income of the Group and recognized as the other financial assets on the consolidated balance sheet of the Group over the time proportionally from March 2019 to December 2021.

Taking into account (i) the fair value of the DFI of approximately HK$15.5 million would be recognised as a gain of the Group over the time proportionally from March 2019 to December 2021; (ii) the unsatisfactory performance of the investment of the PSM Fund; and (iii) the constant cash inflow that will be brought by the Disposal, the Directors consider it is appropriate and in the interests of the Company and its shareholders as a whole to accept the Offer made by the Purchaser to effect the Disposal.

Looking forward, the financial and investment markets are continually affected by the year-long US-China trade war. 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 2019, the Group had loans receivable of approximately HK$65.0 million (2018: approximately HK$57.1 million), under the money lending business and recognized interest income (excluded inter-segment sales) of approximately HK$7.7 million (2018: approximately HK$7.3 million). It accounted for approximately 12.5% (2018: approximately 8.4%) of the Group's revenue during the Year. Loans receivable are interest bearing at rates ranging from 3% to 18% per annum (2018: 3% to 20% per annum). The segment loss of this business segment was approximately HK$13.0 million during the Year while the Group recorded a segment profit of approximately HK$6.0 million for the same period last year.

The increase in segmental loss was mainly attributable to an increase in expected credit loss allowance for loans receivable of approximately HK$18.7 million for the Year. The significantly increase in expected credit loss allowance for loans receivable is principally due to an increase in loans receivable which have past due during the Year.

Due to the unstable financial and investment market and the highly competitive business environment, the Group will take a cautions approach to grant new loans in the 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$1.1 million (2018: 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 1.8% (2018: approximately 1.2%) of the Group's revenue during the Year.

The segment profit of this business segment was approximately HK$2.9 million (2018: approximately HK$4.7 million) during the Year. The decrease in segment profit is due to the decrease in fair value gain of investment properties by approximately HK$1.7 million during the Year. There were no additions or disposals of the investment properties during the Year.

Entertainment business

This segment primarily relates to artiste and model management and organisation of concerts. Revenue from this business segment during the Year was approximately HK$5.8 million (2018: approximately HK$9.1 million). It accounted for approximately 9.4% (2018: approximately 10.5%) of the Group's revenue during the Year. The decrease in revenue was mainly due to the decrease of revenue from artiste commission income by approximately HK$2.3 million during the Year. Segmental loss of approximately of HK$0.6 million was recorded during the Year (2018: segmental gain of approximately HK$2.9 million). The increase in loss from this segment was due to the decrease in revenue during the Year.

Financial Printing

During the Year, the Group commenced the business of financial printing services ("**Financial Printing Business**") to provide the services of type-setting, translation, printing, design, distribution of financial print products and other related services to the financial sectors in Hong Kong through Formex Financial Press Limited, a wholly-owned subsidiary of the Company. Taking into account the increase in number for the listed companies and the increase in demand of financial printing services in Hong Kong, the Directors are of the view that the commencement of the Financial Printing Business will be a good opportunity for the Group to diversify its income streams. During the Year, the Group recorded turnover and segmental loss of approximately HK$3.6 million and approximately HK$8.5 million respectively in this segment. It account for approximately 5.9% of the Group's revenue during the Year.

Discontinued operation – Securities Brokerage Business

The Company engaged in the provision of securities brokerage services and securities margin financing to clients ("**Securities Brokerage Business**") during the year ended 30th June 2018 through its wholly owned subsidiary China Jianxin Financial Services Limited ("**China Jianxin Financial**"). China Jianxin Financial is a company licensed under the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "**SFO**") to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities.

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 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 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. 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 Group ceased the Securities Brokerage Business on 30th June 2018.

The Group recorded the loss before tax from the discontinued Securities and Brokerage Business of approximately HK$3.1 million (2018: approximately HK$59.3 million) during the Year. The decrease in loss from the Securities and Brokerage Business during the Year is due to the write off of the goodwill and trading rights held in the Stock Exchange in relation to this business of approximately HK$28.1 million and approximately HK$11.4 million, respectively during the year ended 30th June 2018 and there were no such write off of the goodwill and trading rights occurred during the Year.

Geographical contribution

In terms of geographical contribution, overseas markets accounted for approximately 35.4% (2018: approximately 65.9%) of the Group's revenue during the Year.

Selling expenses

Selling expenses for the Year is approximately HK$12.6 million (2018: approximately HK$12.7 million). There is no material fluctuation during the Year.

Administrative expenses

Administrative expenses for the Year decreased by approximately 33.8% to approximately HK$74.0 million as compared to approximately HK$111.7 million in the same period last year. The decrease in administrative expenses was mainly due to the absence of the payment of the directors and staff bonus of approximately HK$35.6 million in connection with the Disposal of the Film Library and the absence of the share based compensation expenses of approximately HK$10.5 million in relation to the grant of share options under the Share Option Scheme (as defined below) recorded in the same period last 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 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:

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

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 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 FY 2016 & 2017 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 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.

Lucky Famous applied to amend the writ and statement of claim to join Chan and Lim as defendants in the Lucky Famous Actions for certain claims against them. The Court allowed the application of Lucky Famous on 24th September 2019.

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 Nil (2018: approximately HK$3.8 million) and approximately HK$20.4 million (2018: approximately HK$20.4 million) respectively as at 30th June 2019 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, the discount rate and other factors in estimating the fair value.

Outlook

Looking forward, the Group will continue to produce and invest in quality films and movies to capture the opportunities of China entertainment market and we will continue to explore cooperation and investment opportunities in artiste and model management and organisation of concert with an aim to enrich our portfolio and broaden our income stream in the film distribution and exhibition, licensing and sub-licensing of film rights business segment and entertainment business segment.

The year-long US-China trade war and social unrest in Hong Kong continues to weaken the retail sector in Hong Kong and the PRC. We will closely monitor the operating results of the retail shops and will adjust shops locations and products mix, and close down the non-performing retail shops in the coming year. Nevertheless, we are still cautiously optimistic about the Optical Business in the PRC in the long run and will seek opportunities to open new optical retail shops in good locations in the PRC next year.

FINANCIAL RESOURCES, LIQUIDITY AND CAPITAL STRUCTURE

As at 30th June 2019, the Group had cash balances of approximately HK$178.2 million (2018: approximately HK$522.3 million). As at 30th June 2019, the Group had total assets of approximately HK$724.7 million (2018: approximately HK$1,081.4 million).

The decrease in cash balance and total asset of the Group during the Year was mainly to the payment of special dividend of totally approximately HK$272.0 million on 22nd October 2018 and the payment of special interim dividend of totally approximately HK$136.0 million on 10th May 2019 to the Shareholders.

The Group's gearing ratio as at 30th June 2019 was approximately 0.002% (2018: approximately 0.003%), 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 Nil (2018: approximately HK$3.1 million). The significant decrease of finance cost was mainly due to the absence 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 2019, the Group had Shareholders' capital of approximately HK$9.1 million (30th June 2018: approximately HK$9.1 million). The Shareholders' capital of the Company is constituted of 906,632,276 shares (30th June 2018: 906,632,276 shares).

The Company did not carry out any fund raising activities by issuing new shares of the Company during the Year (2018: Nil).

Material acquisition and disposal of assets

The Group did not have any material acquisition or disposal of assets during the Year.

THE PLEDGE OF GROUP'S ASSETS

As at 30th June 2019, none of the Group's assets was pledged to secure any liabilities.

EMPLOYEES AND REMUNERATION POLICIES

As at 30th June 2019, the Group employed 116 staff (2018: 110). Remuneration is reviewed annually and certain staff are entitled to commission. In addition to basic salaries, staff benefits included discretionary bonus, medical insurance scheme and mandatory provident fund.

CHANGE OF COMPANY NAME

As announced on 31st July 2018, the Board proposed 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 Shareholders at a special general meeting of the Company held on 17th September 2018.

As announced on 16th October 2018, the Certificate of Incorporation on Change of Name and the Certificate of Secondary Name were issued by the Registrar of Companies in Bermuda on 26th September 2018 certifying the change of English name of the Company from "Universe International Financial Holdings Limited" to "Universe Entertainment and Culture Group Company Limited", and the adoption of "寰宇娛樂文化集團有限公司" as the secondary name in Chinese of the Company to replace its secondary name in Chinese "寰宇國際金融控股有限公司". The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 11th October 2018 confirming the registration of the new English name "Universe Entertainment and Culture Group Company Limited" and the new Chinese name "寰宇娛樂文化集團有限公司" in Hong Kong under Part 16 of the Companies Ordinance, Chapter 622 of the Laws of Hong Kong.

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 in compliance with the Listing Rules (the "**Share Option Scheme**"). Details of the Share Option Scheme are as follows:

(1) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to enable the Company to grant share options to selected Participants (as defined below) as incentive and/or rewards for their contributions and support to the Group and any invested entity.

(2) Participants of the Share Option Scheme

The Board may, at its discretion, invite any person belonging to any of the following classes of participants for their contributions and support to the Group and any invested entity (the "Participants" and individually, a "**Participant**") to take up share options to subscribe for shares.

(a) any full-time employee of the Company, any of its subsidiary or any invested entity, including (without limitation) any executive director of the Company, any of its subsidiary or invested entity;

(b) any non-executive director (including independent non-executive directors) of the Company, any of its subsidiary or any invested entity;

(c) any supplier of goods or services to any member of the Group or any invested entity;

(d) any customer of the Group or any invested entity;

(e) any person or entity that provides research, development or other technical support to the Group or any invested entity;

(f) any shareholder of any member of the Group or any invested entity or any holder of any securities issued by any member of the Group or any invested entity;

(g) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any invested entity; and

(h) any joint venture partner or counter-party to business operation or business arrangements of the Group.

(3) Maximum number of share options available for issue under the Share Option Scheme

(a) The maximum number of shares of the Company which may be issued upon exercise of all outstanding share option granted and yet to be exercised under the Share Option Scheme and any other schemes for the time being of the Company shall not exceed 30% of the shares in issue from time to time. Share options of the Company which are lapsed or cancelled for the time being shall not be counted for the purpose of calculating the said 30% limit; and

(b) The maximum number of shares of the Company which may be issued upon exercise of all options granted and to be granted under the Share Option Scheme is an amount equivalent to 10% of the shares of the Company in issue as at the dates of approval of the Share Option Scheme unless approval for refreshing the 10% limit from the Shareholders has been obtained.

(4) Maximum entitlement of each participant

The total number of shares of the Company issued upon exercise of the share options granted and to be granted to each grantee under the Share Option Scheme and any other schemes for the time being of the Company (including both exercised and outstanding share options) in any 12-month period up to the date of grant to each grantee must not exceed 1% of the aggregate number of shares for the time being in issue.

(5) Remaining life and exercisable period of the share options

There is no general requirement that a share option must be held for any minimum period before it can be exercised but the Board is empowered to impose at its discretion any such minimum period at the time of grant of any particular share option. A share option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period of 10 years commencing on the date of grant and expiring on the last day of the said 10 year period.

(6) Payment on acceptance of the share options offer

A sum of HK$1 is payable by the Participant on acceptance of the share option offer.

(7) **Basis of determining the subscription price**

The subscription price for shares under the Share Option Scheme should be a price notified by the Board to a Participant to whom any offer of the grant of a share option is made and shall be at least the higher of (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant which must be a business day; and (b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant, provided that the subscription price should not be lower than the nominal value of a share.

No share options under the Share Option Scheme was issued and outstanding during the Year.

DIVIDEND POLICY

The Board has adopted a dividend policy on 27th September 2019 ("**Dividend Policy**") which shall take effect on 27th September 2019. The Dividend Policy allows the Shareholders to participate in the Company's profits by provision of dividends whilst preserving the Company's liquidity to capture future growth opportunities.

According to the Dividend Policy, the Board shall consider the following factors, among others, before proposing and declaring dividends:

(i) the Company's operation and financial performance;

(ii) the Company's liquidity conditions;

(iii) the Company's capital requirements and future funding needs;

(iv) the Company's contractual restrictions;

(v) the Company's availability of reserves; and

(vi) the prevailing economic climate.

The declaration of dividends by the Company is also subject to any restrictions under the Bermuda Companies Act 1981, the Listing Rules, bye-laws of the Company and any applicable laws, rules and regulations.

The Dividend Policy will be reviewed from time to time by the Board and may adopt changes as appropriate at the relevant time. There can be no assurance that dividends will be paid in any particular amount for any given period.

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 CG Code for the separation of the roles of Chairman and Chief Executive Officer ("**CEO**") and (ii) code provision A2.7 of the CG Code requiring the Chairman to meet with the non-executive Directors as described below.

Code provision A.2.1 of the CG 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 opposes 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 trading, wholesaling and retailing of optical products and watches products, and makes recommendations for improving and strengthening the internal control systems. In addition, reviews on the Corporate Governance Practice according to Appendix 14 to the Listing Rules 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, 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 2019 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 Entertainment and
Culture Group Company Limited
Lam Shiu Ming, Daneil
Chairman and Executive Director

Hong Kong, 27th September 2019

As at the date of this announcement, the executive directors of the Company are Mr. Lam Shiu Ming, Daneil and Mr. Lam Kit Sun and the independent non-executive directors of the Company are Mr. Choi Wing Koon, Mr. Lam Chi Keung and Mr. Tang Yiu Wing.