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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 30 JUNE 2022

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 30 June 2022, together with comparative figures for the year ended 30 June 2021 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2022

	Note	**2022** ***HK$'000***	2021 *HK$'000*
CONTINUING OPERATIONS:			
Revenue			
Sales of goods – video distribution, optical products and watches products		**36,896**	57,407
Income on film distribution and exhibition, licensing and sub-licensing of film rights		**68,220**	523,185
Income from other businesses		**22,522**	22,008
Total revenue	*4*	**127,638**	602,600

	Note	2022 HK$'000	2021 HK$'000
Cost of revenue			
Cost of inventories sold		**(25,050)**	(48,007)
Related cost on film distribution and exhibition, licensing and sub-licensing of film rights		**(63,218)**	(298,542)
Cost for other businesses		**(16,824)**	(16,140)
Total cost of revenue		**(105,092)**	(362,689)
Selling expenses		**(8,340)**	(15,639)
Administrative expenses		**(67,136)**	(61,400)
Impairment loss of film rights and films in progress		**(27,543)**	(3,000)
Impairment loss of property, plant and equipment		**(2,172)**	(120)
Impairment loss of right-of-use assets		**(6,874)**	(5,954)
Change in expected credit loss		**288**	(1,682)
Amortisation of other intangible assets		**(149)**	(147)
Other income		**3,603**	22,590
Other (losses)/gains – net		**(8,996)**	16,890
(Losses)/gains:			
Fair value change of trading securities		**(7,916)**	(12,460)
Fair value change of other financial assets carried at fair value through profit or loss		**–**	761
Finance income		**2,080**	2,291
Finance costs		**(515)**	(532)
Gain on deconsolidation of subsidiaries		**18,900**	–
(Loss)/profit before taxation		**(82,224)**	181,509
Income tax credit/(expense)	*5*	**3,635**	(28,745)
(Loss)/profit for the year from continuing operations		**(78,589)**	152,764

	Note	2022 HK$'000	2021 HK$'000
DISCONTINUED OPERATION:			
Loss for the year from discontinued operation	*11*	**(332)**	(294)
(Loss)/profit for the year		**(78,921)**	152,470
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences		**(123)**	(3,301)
Total other comprehensive loss for the year		**(123)**	(3,301)
Total comprehensive (loss)/income for the year		**(79,044)**	149,169
(Loss)/profit attributable to owners of the Company:			
– from continuing operations		**(76,220)**	154,639
– from discontinued operation		**(332)**	(294)
		(76,552)	154,345
Loss attributable to non-controlling interests:			
– from continuing operations		**(2,369)**	(1,875)
		(2,369)	(1,875)

	Notes	**2022** *HK$'000*	2021 *HK$'000*
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		**(76,675)**	151,044
Non-controlling interests		**(2,369)**	(1,875)
		(79,044)	149,169
Total comprehensive (loss)/income attributable to owners of the Company arises from:			
Continuing operations		**(76,343)**	151,338
Discontinued operation		**(332)**	(294)
		(76,675)	151,044
(Loss)/earnings per share attributable to owners of the Company for the year (presented in HK$):			
From continuing and discontinued operations			
– basic	*6(a)*	**(0.0844)**	0.1702
– diluted	*6(b)*	**(0.0844)**	0.1702
From continuing operations			
– basic	*6(a)*	**(0.0840)**	0.1706
– diluted	*6(b)*	**(0.0840)**	0.1706

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	2022 HK$'000	2021 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**35,678**	17,130
Investment properties		**31,460**	31,460
Other intangible assets		**1,954**	2,092
Film rights and films in progress		**653,122**	278,195
Loan receivable		**–**	183
Film related deposits		**74,900**	79,328
Deposits paid		**2,377**	29,690
Deferred tax assets		**502**	471
Other financial assets		**1,878**	16,723
		801,871	455,272
Current assets			
Inventories		**6,767**	9,843
Accounts receivable	*8*	**22,648**	108,865
Loans receivable		**1,235**	3,283
Deposits paid, prepayments and other receivables		**20,008**	20,458
Trading securities		**7,539**	76,871
Other financial assets		**–**	48
Contract assets		**948**	423
Bank balances and cash – trust accounts		**125**	785
Cash and cash equivalents		**211,846**	375,924
Total current assets		**271,116**	596,500
Total assets		**1,072,987**	1,051,772

	Note	2022 *HK$'000*	2021 *HK$'000*
EQUITY			
Equity attributable to the owners of the Company			
Share capital		**9,066**	9,066
Share premium		**35,013**	35,013
Other reserves		**546,141**	546,264
Accumulated losses		**(158,585)**	(82,033)
		431,635	508,310
Non-controlling interests		**(4,407)**	(2,843)
Total equity		**427,228**	505,467
LIABILITIES			
Non-current liabilities			
Lease liabilities		**5,458**	9,151
Deferred tax liabilities		**139**	102
		5,597	9,253
Current liabilities			
Accounts payable	*9*	**24,829**	50,197
Other payables and accrued charges		**92,437**	236,361
Contract liabilities		**491,617**	183,863
Deposits received		**11,154**	16,184
Lease liabilities		**7,800**	12,283
Taxation payable		**12,325**	38,164
Total current liabilities		**640,162**	537,052
Total liabilities		**645,759**	546,305
Total equity and liabilities		**1,072,987**	1,051,772
Net current (liabilities)/assets		**(369,046)**	59,448
Total assets less current liabilities		**432,825**	514,720

NOTES:

1. GENERAL INFORMATION

Universe Entertainment and Culture Group Company 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, leasing of investment properties, 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.

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 29 September 2022.

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 ("**HKFRS**"), Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of other investments in equity securities, derivative financial instruments and investment properties, which are carried at fair value.

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

3. ACCOUNTING POLICY

Changes in accounting policy and disclosures

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 July 2021. HKFRSs comprise HKFRS; HKAS; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

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 30 June 2018, the Group ceased its business in securities brokerage and margin financing which are classified as discontinued operations for the years ended 30 June 2022 and 2021.

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
- Financial printing services
- Other (i.e. Money lending and entertainment business)

Discontinued operation

- Securities brokerage and margin financing (ceased during the year ended 30 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 (loss)/profit, which is a measure of (loss)/profit before tax from continuing operations. The (loss)/profit before tax from continuing operations is measured consistently with the Group's loss before taxation from continuing operations except fair value change of other financial assets, amortisation of deferred day one gain in respect of derivative instruments, gain on settlement of litigation, gain on deconsolidation of subsidiaries, finance income, unallocated finance costs and unallocated corporate expenses.

Segment assets exclude unallocated other intangible assets, other financial assets, unallocated loan receivable, unallocated time deposits with maturity over 3 months at acquisition, unallocated cash and cash equivalents, deferred tax assets and other unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities 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 30 June 2022 and 2021 is set out below:

	For the year ended 30 June 2022										
	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*	Financial printing *HK$'000*	Others *HK$'000*	Elimination *HK$'000*	Total for continuing operations *HK$'000*	Securities brokerage and margin financing *HK$'000*	Total for discontinued operations *HK$'000*	Total *HK$'000*
Segment revenue											
Disaggregate by timing of revenue recognition											
– Point in time	69,030	36,076	–	–	11,562	304	–	116,972	–	–	116,972
– Over time	–	–	–	–	9,438	–	–	9,438	–	–	9,438
– Revenue out of scope of HKFRS 15	–	–	1,142	–	–	86	–	1,228	–	–	1,228
External revenue	69,030	36,076	1,142	–	21,000	390	–	127,638	–	–	127,638
Inter-segment sales	–	–	–	–	284	–	(284)	–	–	–	–
	69,030	36,076	1,142	–	21,284	390	(284)	127,638	–	–	127,638
Segment results	(61,655)	(9,757)	861	(6,375)	(11,170)	(3,050)	(284)	(91,430)	(332)	(332)	(91,762)
Amortisation of deferred day one gain in respect of derivative financial instruments								2,788		–	2,788
Gain on disposal of unlisted investment funds								163		–	163
Gain on deconsolidation of subsidiaries								18,900		–	18,900
Impairment loss on amounts due from deconsolidated subsidiaries								(10,649)		–	(10,649)
Finance income								2,077		–	2,077
Finance cost								(216)		–	(216)
Unallocated corporate expenses								(3,857)		–	(3,857)
Loss before taxation								(82,224)		(332)	(82,556)

	2022								
	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*	Financial printing *HK$'000*	Others *HK$'000*	Total for continuing operations *HK$'000*	Securities brokerage and margin financing *HK$'000*	Total *HK$'000*
Assets									
Segment assets	785,728	12,302	31,493	7,539	14,603	2,663	854,328	518	854,846
Other financial assets							1,878	–	1,878
Deferred tax assets							502	–	502
Unallocated other intangible assets							1,858	–	1,858
Unallocated cash and cash equivalents							211,607	–	211,607
Unallocated corporate assets							2,296	–	2,296
Total consolidated assets							1,072,469	518	1,072,987
Liabilities									
Segment liabilities	599,214	8,372	364	–	16,950	1,680	626,580	213	626,793
Taxation payables							12,325	–	12,325
Deferred tax liabilities							139	–	139
Unallocated corporate liabilities							6,502	–	6,502
Total consolidated liabilities							645,546	213	645,759
Other information									
Additions of property, plant and equipment	29,713	1,512	5	–	2,790	7	34,027	–	34,027
Additions of right-of-use assets	–	773	–	–	7,705	–	8,478	–	8,478
Total additions of property, plant and equipment							42,505	–	42,505
Additions of film rights and films in progress	432,469	–	–	–	–	–	432,469	–	432,469
Additions of film related deposits	25,288	–	–	–	–	–	25,288	–	25,288
Depreciation of property, plant and equipment	358	644	13	–	404	–	1,419	–	1,419
Unallocated depreciation of property, plant and equipment							7	–	7
Amortisation of film rights	29,999	–	–	–	–	–	29,999	–	29,999
Depreciation of right-of-use assets	3,575	2,833	–	–	2,316	2	8,726	–	8,726
Unallocated depreciation of right-of-use assets							542	–	542
Amortisation of other intangible assets	–	147	–	–	2	–	149	–	149
Total depreciation and amortisation							40,842	–	40,842
Reversal of write-down of inventories	(145)	–	–	–	–	–	(145)	–	(145)
Impairment loss of property, plant and equipment	–	286	–	–	1,886	–	2,172	–	2,172
Impairment loss of right-of-use assets	–	1,419	–	–	5,455	–	6,874	–	6,874
Impairment loss of film rights and films in progress	27,543	–	–	–	–	–	27,543	–	27,543
Change in ECLs									
– Accounts receivables	(695)	–	–	–	526	(18)	(187)	–	(187)
– Loans receivable	–	–	–	–	–	(77)	(77)	–	(77)
Unallocated change in ECLs							(24)	–	(24)
Total change in ECLs							(288)	–	(288)
Fair value change of trading securities	–	–	–	7,916	–	–	7,916	–	7,916

	For the year ended 30 June 2021										
	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	Financial printing	Others	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*
Segment revenue											
Disaggregate by timing of revenue recognition											
– Point in time	524,771	55,867	–	–	7,953	254	–	588,845	2	2	588,847
– Over time	–	–	–	–	11,621	–	–	11,621	–	–	11,621
– Revenue out of scope of HKFRS 15	–	–	1,167	–	–	967	–	2,134	–	–	2,134
External revenue	524,771	55,867	1,167	–	19,574	1,221	–	602,600	2	2	602,602
Inter-segment sales	31	–	–	–	340	–	(371)	–	–	–	–
	524,802	55,867	1,167	–	19,914	1,221	(371)	602,600	2	2	602,602
Segment results	193,473	(14,744)	870	(12,262)	(4,464)	(2,149)	(371)	160,353	(294)	(294)	160,059
Fair value change of other financial assets carried at fair value through profit or loss								713		–	713
Amortisation of deferred day one gain in respect of derivative financial instruments								5,531		–	5,531
Gain on settlement								18,549		–	18,549
Finance income								2,000		–	2,000
Finance cost								(167)			(167)
Unallocated corporate expenses								(5,470)		–	(5,470)
Profit before taxation								181,509		(294)	181,215

	2021								
	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*	Financial printing *HK$'000*	Others *HK$'000*	Total for continuing operations *HK$'000*	Securities brokerage and margin financing *HK$'000*	Total *HK$'000*
Assets									
Segment assets	501,267	23,556	31,564	76,919	12,614	4,393	650,313	4,806	655,119
Other financial assets							16,723	–	16,723
Deferred tax assets							471	–	471
Unallocated other intangible assets							1,858	–	1,858
Unallocated loans receivable							666	–	666
Unallocated cash and cash equivalents							372,101	–	372,101
Unallocated corporate assets							4,834	–	4,834
Total consolidated assets							1,046,966	4,806	1,051,772
Liabilities									
Segment liabilities	433,196	25,867	260	–	12,347	1,871	473,541	775	474,316
Taxation payable							38,164	–	38,164
Deferred tax liabilities							102	–	102
Unallocated corporate liabilities							33,723	–	33,723
Total consolidated liabilities							545,530	775	546,305
Other information									
Additions of property, plant and equipment	134	1,067	15	–	127	–	1,343	–	1,343
Additions of right-of-use assets	8,395	7,354	–	–	3,080	–	18,829	–	18,829
Additions of unallocated property, plant and equipment							5	–	5
Total additions of property, plant and equipment							20,177	–	20,177
Additions of film rights and films in progress	257,421	–	–	–	–	–	257,421	–	257,421
Additions of film related deposits	22,950	–	–	–	–	–	22,950	–	22,950
Depreciation of property, plant and equipment	102	1,720	15	–	7	–	1,844	–	1,844
Unallocated depreciation of property, plant and equipment							11	–	11
Amortisation of film rights	197,986	–	–	–	–	–	197,986	–	197,986
Depreciation of right-of-use assets	3,682	5,513	–	–	513	12	9,720	–	9,720
Unallocated depreciation of right-of-use assets							270	–	270
Amortisation of other intangible assets	–	147	–	–	–	–	147	–	147
Total depreciation and amortisation							209,978	–	209,978
Write-down of inventories	–	1,693	–	–	–	–	1,693	–	1,693
Reversal of write-down of inventories	(187)	(1,880)	–	–	–	–	(2,067)	–	(2,067)
Impairment loss of property, plant and equipment	–	–	–	–	120	–	120	–	120
Impairment loss of right-of-use assets	–	3,388	–	–	2,566	–	5,954	–	5,954
Impairment loss of film rights and films in progress	3,000	–	–	–	–	–	3,000	–	3,000
Change in ECLs									
– Accounts receivable	1,306	–	–	–	528	(18)	1,816	–	1,816
– Loans receivable	(111)	–	–	–	–	2	(109)	–	(109)
– Other receivables	(93)	–	–	–	–	2	(91)	–	(91)
Unallocated change in ECLs							66	–	66
Total change in ECLs							1,682	–	1,682
Fair value change of trading securities	–	–	–	12,460	–	–	12,460	–	12,460

(b) Geographical information

The Company is domiciled in Hong Kong. The Group's operations are mainly located in Hong Kong and the People's Republic of China (which excludes Hong Kong, Macau and Taiwan for the purpose of this announcement) (the "**PRC**").

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

	2022	
	Revenue *HK$'000*	**Non-current assets (other than financial instruments, deposits paid and deferred tax assets)** *HK$'000*
CONTINUING OPERATIONS		
Hong Kong (place of domicile)	**26,807**	**769,125**
PRC and other Asian countries (other than Hong Kong and Macau)	**100,707**	**27,989**
Others	**124**	**–**
	127,638	**797,114**
DISCONTINUED OPERATION		
Hong Kong (place of domicile)	**–**	**–**
Total	**127,638**	**797,114**

	2021	
	Revenue	Non-current assets (other than financial instruments, deposits paid and deferred tax assets)
	HK$'000	*HK$'000*
CONTINUING OPERATIONS		
Hong Kong (place of domicile)	74,327	385,814
Macau	71	–
PRC and other Asian countries (other than Hong Kong and Macau)	525,386	22,392
Others	2,816	–
	602,600	408,206
DISCONTINUED OPERATION		
Hong Kong (place of domicile)	2	–
Total	602,602	408,206

(c) Information about major customers

For the year ended 30 June 2022, one of the customers from video distribution, film distribution and exhibition, licensing and sub-licensing of film rights segment contributed 10% or more of the Group's revenue amounting to approximately HK$19,452,000 (2021: one of the customers contributed 10% or more of the Group's revenue amounting to approximately HK$60,260,000).

(d) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contracts for video distribution, film distribution and exhibition, licensing and sub-licensing of film rights, trading, wholesaling and retailing of optical products and watch products and provision of financial printing services, such that the Group does not disclose information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the sales contracts as their performance has an original expected duration of one year or less.

5. INCOME TAX (CREDIT)/EXPENSE

Income tax in the consolidated statement of comprehensive income

	2022	2021
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax		
Charge for the year	**–**	5,575
Over-provision for the year	**(3,648)**	(30)
PRC Enterprise Income Tax		
Charge for the year	**–**	2,578
Over-provision for the year	**(986)**	–
PRC withholding tax		
Charge for the year	**1,313**	22,373
Over-provision for the year	**(320)**	(1,569)
Deferred tax		
Origination and reversal of temporary differences	**6**	(182)
Income tax (credit)/expense	**(3,635)**	28,745

The provision of Hong Kong Profits Tax is calculated at 16.5% (2021: 16.5%) of the estimated assessable profits for the year.

The provision of PRC Enterprise Income Tax is calculated at 25% of the estimated taxable profits for the year (2021: 25%).

PRC withholding income tax of 10% shall be levied on the gross income for film distribution and exhibition, licensing and sub-licensing of film rights derived from the PRC.

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 30 June 2022 and 2021, respectively.

6. (LOSS)/EARNINGS PER SHARE

(a) Basic

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

	2022	2021
(Loss)/profit attributable to owners of the Company (HK$'000)		
– from continuing operations	**(76,220)**	154,639
– from discontinued operation	**(332)**	(294)
– from continuing and discontinued operations	**(76,552)**	154,345
Weighted average number of ordinary shares in issue	**906,632,276**	906,632,276
Basic (loss)/earnings per ordinary share (HK$)		
– from continuing and discontinued operations	**(0.0844)**	0.1702
– from continuing operations	**(0.0840)**	0.1706
– from discontinued operation	**(0.0004)**	(0.0004)

Weighted average number of ordinary shares (Basic)

	2022	2021
Issued ordinary shares at 1 July and 30 June	**906,632,276**	906,632,276

(b) Diluted

The diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share for the year ended 30 June 2022 (2021: same) as there is no potential dilutive share issued during the year.

7. DIVIDENDS

The Board did not recommend the payment of a final dividend for the year ended 30 June 2022 (2021: Nil).

8. ACCOUNTS RECEIVABLE

	2022	2021
	HK$'000	*HK$'000*
Accounts receivable arising from securities brokerage and margin financing business:		
– Brokers and cash clients *(Note a)*	**–**	17
	–	17
Accounts receivable arising from other businesses:		
Accounts receivable – others	**24,528**	110,915
Less: Impairment loss	**(1,880)**	(2,067)
Net *(Note b)*	**22,648**	108,848
Accounts receivable – net	**22,648**	108,865

The carrying amounts of accounts receivable approximate their fair values.

Notes:

(a) Accounts receivable arising from brokers and cash clients

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

	2022	2021
	HK$'000	*HK$'000*
Neither past due nor impaired	**–**	7
More than 1 year past due	**–**	10
	–	17

The normal settlement terms of accounts receivable from 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 30 June 2021, the total market value of their portfolios of securities was approximately HK$3,000. Included in the Group's accounts receivable are cash clients with a total carrying amount of approximately HK$10,000 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 30 June 2021. Accounts receivable due from cash clients bear interest at commercial rates when they become past due.

(b) 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 or date of revenue recognition:

	2022	2021
	HK$'000	*HK$'000*
1 to 90 days	**14,274**	32,725
91 days to 180 days	**2,546**	66,995
Over 180 days	**5,828**	9,128
	22,648	108,848

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 services are with credit terms of 0–180 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

	2022	2021
	HK$'000	*HK$'000*
Accounts payable arising from securities brokerage and margin financing business:		
– cash clients	**–**	29
– margin clients	**–**	506
	–	535
Accounts payable arising from other businesses	**24,829**	49,662
	24,829	50,197

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 and other payables amounting to approximately HK$125,000 as at 30 June 2022 (2021: HK$785,000) as included in account payable arising from other business stated above 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 30 June 2022 and 2021, the ageing analysis of the accounts payable arising from other businesses based on invoice date is as follows:

	2022	2021
	HK$'000	*HK$'000*
1 to 90 days	**5,723**	37,847
91 days to 180 days	**494**	2,653
Over 180 days	**18,612**	9,162
	24,829	49,662

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 17 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.

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

Pursuant to an Order (the "**Order**") made by the High Court on 21 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 30 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 9 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 30 June 2022.

(b) On 1 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 30 June 2022.

(c) On 8 January 2010, KPE claimed against among other persons, the Company, ULV and Mr. Lam Shiu Ming, Daneil (one of the directors of the Company), 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 6 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 30 June 2012.

No additional provision has been made in the consolidated financial statements for the year ended 30 June 2022. 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 (the "**Plaintiff**"), commenced Court of First Instance Action against Kwong Ling and Oriental Prosperous Int'l Entertainments Limited (collectively the "**Defendants**") on 30 June 2014 claiming, inter alia, a declaration that UAM was 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 3 May 2014 to 2 May 2019 (the "**Extension Option**").

The Defendants filed their defence and counterclaimed on 29 September 2014. By such counterclaim, the Defendants claimed 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 was liable to account to the Defendants and an order for payment of all sums found to be due by UAM to the Defendants.

On 18 February 2022, the Court of First Instance of the High Court of Hong Kong ordered, among other things (i) except for the certain clauses therein, the Artist Management Contract is a valid and enforceable agreement; (ii) the Extension Option is not enforceable; and (iii) the damages as a result of the breach of Artist Management Contract and whether there should be repayment from one party to another party would be investigated/assessed in the next part of these proceedings.

As a result of breach of artist management contract, Plaintiff claimed against the Defendants for repayment in sum of approximately HK$1.7 million or alternatively, a repayment in sum of approximately HK$1.1 million giving credit for incomes and earnings of Defendants that Plaintiff has been continuously receiving since May 2014. Defendants made a counterclaim for approximately HK$0.6 million against the Plaintiff as a result of breach of artist management contract.

A hearing of direction is fixed on 7 December 2022. The Company is seeking legal advice in respect of the above order. Given the complexities of the factual and legal issues to be resolved, in the opinion of legal counsel, it is premature to assess the likely outcome of this case.

(e) On 11 March 2020, China Jianxin Credit Services Limited ("**China Jianxin**"), a wholly owned subsidiary of the Company commenced the Court of First Instance Action of the High Court of Hong Kong against China Wah Yan Healthcare Limited ("**China Wah Yan**") for, among other things, (a) the outstanding balance of HK$16,175,304.11, being the outstanding principal and the interest accrued up to 11 March 2020 thereon under a loan agreement entered into between China Jianxin and China Wah Yan on 30 April 2019; (b) interest on the said outstanding principal of HK$15,800,000.00 at the rate of 8.5% per annum from 12 March 2020 until full payment; (c) costs of the Action; and (d) further and other reliefs (the "**Original Action**").

China Wah Yan filed their defence and counterclaim on 15 September 2020. According to such defence and counterclaim, China Wah Yan and Sky Clear Bright Group Limited ("**Sky Bright**"), the wholly-owned subsidiary of China Wah Yan, counterclaimed against China Jianxin, Precise Reach Group Limited, a wholly-owned subsidiary of the Company, and Mr. Lam Shiu Ming, Daneil, one of the directors of the Company for damages to be assessed, interest, costs and further or other reliefs in relation to the alleged misrepresentation and the alleged set-off by China Wah Yan and Sky Bright in extinction or in diminution of the claim of the Original Action.

The argument hearing of the above applications will be held on 2 November 2022. The Company is seeking legal advice in respect of the above order. In the opinion of legal advisor, it is not practicable to assess the likely outcome of this Action.

(f) On 21 July 2021 a civil claim (the "**Claim**") lodged by Chengdu Global Bona Culture Media Co., Ltd.* (成都環球博納文化傳媒有限公司) (the "**Chengdu Global Bona**") against Universe Entertainment Limited (寰宇娛樂有限公司), a wholly-owned subsidiary of the Company and other six defendants, has been accepted by the Beijing Intellectual Property Court* (北京知識產權法院).

Under the Claim, Chengdu Global Bona alleged that a film called "White Strom 2－Drug Lords"(掃毒2天地對決) released by the Group in 2019 infringed the script copyright of a film called "Perfect Lover"* (完美情人) ("**Alleged Copyright Infringement**") and claimed against all the defendants jointly and severally for a damage of approximately RMB99,990,000 (approximately HK$120 million) arising from the Alleged Copyright Infringement. Chengdu Global Bona also requested all the defendants to (i) stop the Alleged Copyright Infringement; (ii) make apology for the Alleged Copyright Infringement; and (iii) bear the cost of RMB600,000 (approximately HK$720,000) and all other legal cost in relation to the Claim to Chengdu Global Bona. The other six defendants of the Claims are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

The Group is seeking legal advice in respect of the Claim and will deny the allegations of the Claim. Based on the information currently available, in the opinion of legal counsel, it is not probable that the Group will be liable to the Claim and the Board believes that the above litigation has no material impact on the business and operation of the Group.

Save as disclosed above, as at 30 June 2022, no other 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 30 June 2022, the Group ceased its business in securities brokerage and margin financing. The analysis of the results of discontinued operation is as follows:

	2022	2021
	HK$'000	*HK$'000*
Revenue	**–**	2
Other net (losses)/income	**(14)**	9
Administrative expenses	**(318)**	(305)
Loss before taxation from discontinued operation	**(332)**	(294)
Income tax credit	**–**	–
Loss for the year from discontinued operation	**(332)**	(294)
Attributable to:		
Owners of the Company	**(332)**	(294)

BUSINESS AND OPERATIONAL REVIEW

Overall Group results

The Group recorded a loss for the year ended 30 June 2022 (the "**Year**") of approximately HK$78.9 million against a profit of approximately HK$152.5 million for the year ended 30 June 2021 (the "**Last Year**"). The increase in loss of the Group for the Year as compared to the Last Year was mainly due to: (i) the decrease in revenue of the Group from approximately HK$602.6 million for the Last Year to approximately HK$127.6 million for the Year owing to the absence of blockbusters released by the Group during the Year. Due to the continued widespread outbreak of the Coronavirus Disease 2019 ("**COVID-19**") pandemic, the Group delayed the theatrical debut of several quality films during the Year in response to the intermittent lockdown and closure of the cinemas in the PRC and Hong Kong. On the other hand, the Group produced and distributed one blockbuster titled "Shock Wave 2" ("**拆彈專家2**") and recorded a remarkable box office of approximately RMB1.3 billion in the PRC for the Last Year; and (ii) the increase in impairment loss of approximately HK$24.5 million for the films rights of the Group due to the decrease in income/expected income from the films rights in accordance with the latest market development during the Year.

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

During the Year, the lingering COVID-19 pandemic continued to bring uncertainties and challenges to the film distribution and exhibition, licensing and sub-licensing of film rights business ("**Film Business**"). According to the information released by Maoyan Entertainment (貓眼娛樂), the PRC's gross box office reached approximately RMB47.2 billion in 2021, continuing to lead the global box-office market and recovered to 74% of its pre-pandemic level. However, in the first half of 2022, the total box office for the PRC's movie market decreased by approximately 37.7% to approximately RMB17.2 billion, compared with the same period last year, resulting from the widespread of COVID-19 variants in the first half of 2022.

The recovery of the film market in the PRC was turbulent during the Year. In order to fix a good release date of the new films in the PRC, the Group delayed the theatrical debut of several quality films during the Year in respond to the intermittent lockdown and closure of cinemas in the PRC. As a result, the Group recorded segmental revenue of approximately HK$69.0 million during the Year, representing a decrease of approximately 86.9% as compared to approximately HK$524.8 million during the Last Year. It accounted for approximately 54.1% (Last Year: approximately 87.1%) of the Group's revenue during the Year.

The Group recorded an impairment loss of films rights, films in progress and film related deposits of approximately HK$27.5 million during the Year (2021: approximately HK$3.0 million). The recoverable amount of film rights, films in progress and film related deposits as at 30 June 2022 was assessed with reference to a value-in-use calculation at the end of the reporting period, which was derived from discounting the projected cash flow using a discount rate of 11% (2021: 11%).

Due to the decrease in turnover and the increase in impairment loss of film rights, films in progress and film related deposits, the Group recorded a segmental loss of approximately HK$61.7 million during the Year against a segmental profit of approximately HK$193.5 million during the Last Year.

Nevertheless, in response to the growth of the film market in PRC in the long run, we continue to invest in original production of quality films in Hong Kong and PRC. Upcoming release includes "Flashover" ("**驚天救援**") directed by Oxide Pang (彭順) and starring Du Jiang (杜江), Wang Qianyuan (王千源) and Tong Liya (佟麗婭). We are also investing and producing a series of quality movies at various stages of development including "White Storm 3" ("掃毒3：天大地大") directed by Herman Yau (邱禮濤) and starring Louis Koo (古天樂), Aaron Kwok (郭富城) and Sean Lau (劉青雲), "Shock Wave 3" ("拆彈專家3") directed by Herman Yau (邱禮濤) and starring Andy Lau (劉德華), "High Forces" ("危機航線") directed by Oxide Pang (彭順) and starring Andy Lau (劉德華) and Wendy Zhang Zi-feng (張子楓) and "The Trading Floor" ("東方華爾街") directed by Herman Yau (邱禮濤) and starring Andy Lau (劉德華). In addition, we newly participated and invested in another blockbuster titled "I Did It My Way" ("**潛行**") directed by Jason Kwan (關智耀) and starring Andy Lau (劉德華), Gordon Lam (林家棟) and Eddie Peng (彭于晏) during the Year.

Since June 2022, the pandemic situation in the PRC has stabilized, and the anti-pandemic social distancing measures gradually has been relaxed in some regions. The operating rate of movie theatres has gradually recovered and the film market shown signs of recovery. The Group will continue to closely monitor the challenging operating environment and adjust its business plan and strategy from time to time.

Trade, wholesale and retail of optical and watches products

The Group engaged in trading, wholesaling and retailing of optical products and watches products in Hong Kong and the PRC. Since the outbreak of the COVID-19 in early 2020, it has evolved into the ferocious fifth wave of COVID-19 pandemic during the Year, significantly impacting the economy and denting the consumers' sentiment in Hong Kong and the PRC. Consequently, revenue from this business segment during the Year was approximately HK$36.1 million, representing a decrease of approximately 35.4% as compared to approximately HK$55.9 million during the Last Year. It accounted for approximately 28.3% (2021: approximately 9.3%) of the Group's revenue during the Year.

Segmental loss from this business during the Year was approximately HK$9.8 million, representing a decrease of approximately 33.3% as compared to approximately HK$14.7 million during the Last Year. The decrease in segmental loss during the Year as compared to that of the Last Year is mainly due to the decrease in deprecation and impairment of the rights-of-use assets of the Group's retails shops by approximately HK$2.7 million and approximately HK$2.0 million respectively.

To mitigate the negative financial impact under the unprecedented challenging operational environment, we have imposed cost saving measures during the Year including the reduction the number of retail shops, seeking rental reduction/relief from landlords and reduction of the shop's operation hours to cope with the decrease in business activities as a result of social distancing measures imposed by the government. Staff costs were reduced through reduction of headcount, no pay leave arrangement and the clearance of the annual leave of the staff. The Group will continue to adopt cost control measures, closely monitoring the market situation and timely adjusting the business strategies in view of the development of the COVID-19 pandemic.

Voluntary winding-up of Fine Ocean Limited

Fine Ocean Limited ("**Fine Ocean**"), a company incorporated in Hong Kong with limited liability and an indirect non-wholly owned subsidiary of the Company, was principally engaged in trade, wholesale and retail of optical products in Hong Kong. As at 30 June 2021, Fine Ocean had total assets of approximately HK$3.5 million, total liabilities of approximately HK$21.1 million, net liabilities of approximately HK$17.6 million and recorded a loss of approximately HK$9.6 million for the year ended 30 June 2021. As at 31 December 2021, Fine Ocean had total assets of approximately HK$1.8 million, total liabilities of approximately HK$21.5 million, net liabilities of approximately HK$19.7 million and recorded a loss of approximately HK$2.0 million for the six months ended 31 December 2021.

After due and careful consideration, the shareholders of Fine Ocean, resolved that Fine Ocean could not by reason of its liabilities, continue its business, and that it should be wound up. Accordingly, on 4 January 2022, a special resolution was duly passed by the shareholders of Fine Ocean to wind up Fine Ocean by way of creditors' voluntary liquidation pursuant to section 228(1)(b) of the Companies (Winding Up & Miscellaneous Provisions) Ordinance (Cap 32).

Fine Ocean was placed into creditors' voluntary liquidation because of its insolvency. The Board believes that the winding-up of Fine Ocean is in the best interests of the Company and its shareholders as a whole because the Group may be able to reduce its losses in connection with Fine Ocean as well as the Group should be able to reallocate management resources to develop its existing business.

Following the commencement of the winding-up on 4 January 2022, the financial results of Fine Ocean was deconsolidated from those of the Group. The Group recorded a gain upon the deconsolidation of Fine Ocean of approximately HK$18.9 million during the Year. On the other hand, the Group also recorded an impairment loss on amounts due from Fine Ocean of approximately HK$10.6 million. The voluntary winding-up of Fine Ocean shall have no material adverse impact to the Group and the business and operations of the Group remain normal.

Trading Securities

As at 30 June 2022, the Group's trading securities amounted to approximately HK$7.5 million (30 June 2021: approximately HK$76.9 million) which accounted for approximately 0.7% (30 June 2021: approximately 7.3%) of the Group's unaudited consolidated total assets as at 30 June 2022.

The Group's portfolio of trading securities comprised 6 (30 June 2021: 12) equity securities listed in Hong Kong and engaged in operation of content banking, exploration, development, production and sale of crude oil and natural gas, money lending, insurance, solar energy, distribution and trading of pharmaceutical products and manufacturing and sale of household products.

During the Year, the wide spread of COVID pandemic and the global political instabilities pose uncertainties to the global economy and financial market. The Hang Seng Index was one of the world's worst-performing major markets during the Year. Although the Group strategically decreased the portfolio size of its investment in equity securities listed in Hong Kong during the Year, the Group still recorded a fair value loss arising from the change in fair value of trading securities of approximately HK$7.9 million (2021: approximately HK$12.4 million) for the Year. After taking into account of the dividend income recognised during the Year, the overall segment loss of the securities investment segment was approximately HK$6.4 million (2021: approximately HK$12.3 million) during the Year.

Looking forward, it is expected that market volatility will continue to persist amid the Russia-Ukraine war and the on-going COVID-19 pandemic. The Group will take a cautious approach in managing the investment portfolio with the aim to reduce the risk and achieve a stable return to the Group.

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 (2021: approximately HK$1.2 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 0.9% (2021: approximately 0.2%) of the Group's revenue during the Year.

The segment profit of this business segment was approximately HK$0.9 million (2021: approximately HK$0.9 million) during the Year. There were no additions or disposals of the investment properties during the Year.

Financial Printing

The Group engaged in the business of financial printing services 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 ("**Formex**"), a subsidiary of the Company.

Continuing the position as a quality and cost effective financial printing service provider, Formex continued to grow in revenue during the Year. Revenue from this business segment during the Year was approximately HK$21.0 million (2021: approximately HK$19.6 million), representing an increase of approximately 7.1% as compared to that of the Last Year. It accounts for approximately 16.5% (2021: approximately 3.2%) of the Group's revenue during the Year. Segmental loss from the financial printing segment was approximately HK$11.2 million during the Year (2021: approximately HK$4.5 million). The increase in segmental loss during the Year as compared to that of the Last Year is mainly due to (i) the increase of the impairment loss of approximately HK$4.7 million on right of use asset and property, plant and equipment; and (ii) the increased expenses of approximately HK$2.0 million on business development and expansion of teams in preparation of further client acquisition.

Looking forward, with the normalization of prevention measures of COVID-19 and continuous resumption of business activities, a gradual warm up is expected in the capital market. We expect the growing activity of Hong Kong's initial public offering ("**IPO**") market and the increased number of listed companies in Hong Kong will bring sustainable growth to the demand on financial printing services in the coming years. Having leased the additional office spaces at the World Wide House in the core area of Central, Hong Kong with the lower rent due to COVID-19 pandemic, Formex demonstrated an increasing presence in the market of premium clientele with its convenient location and top notch facilities. Together with the experienced team, efficient operations and professional services, the Group is ready to capture the growing market demands of financial printing services in Hong Kong in the coming years.

Discontinued operation – Securities Brokerage Business

The Company engaged in securities brokerage and margin financing business through its wholly-owned subsidiary China Jianxin Financial Services Limited ("**China Jianxin**"). China Jianxin is a company licensed under the SFO to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities, the principal activities of which are provision of brokerage services and securities margin financing to clients (the "**Securities Brokerage Business**") during the years ended 30 June 2016, 30 June 2017 and 30 June 2018. The Group ceased the Securities Brokerage Business on 30 June 2018 and the details of the cessation are set out in the Company's announcement dated 17 May 2018.

The Group recorded the loss before tax from the discontinued Securities and Brokerage Business of approximately HK$0.3 million (2021: approximately HK$0.3 million) during the Year.

Geographical contribution

In terms of geographical contribution, overseas markets accounted for approximately 79.0% (2021: approximately 87.7%) of the Group's revenue during the Year.

Selling expenses

Selling expenses for the Year is approximately HK$8.3 million (2021: approximately HK$15.6 million). The decrease in selling expenses was due to the decrease in turnover and selling activities of the Group during the Year.

Administrative expenses

Administrative expenses for the Year increased by approximately 9.3% to approximately HK$67.1 million as compared to approximately HK$61.4 million in the same period last year. The administrative expenses was stable during the Year.

OUTLOOK

Looking ahead, the global economy is expected to be clouded by uncertainties arising from the prolonged COVID-19 pandemic with the latest widespread outbreak of the COVID-19 variants. The Group will continue to invest in production of quality films and expand the financial printing services to cope with the increase in the market demand. For the trade, wholesales and retail of optical and watch products and securities investment business, we will take a prudent approach to control the cost and enhance the operational efficiency.

The Group will also closely monitor the changing business environment, adjust our operation strategies and seek out opportunities for long-term sustainable and steady growth. We will carefully pursue all potential viable investment and business opportunities to create long term value for our shareholders.

FINANCIAL RESOURCES, LIQUIDITY AND CAPITAL STRUCTURE

As at 30 June 2022, the Group had cash and cash equivalents of approximately HK$211.8 million (2021: approximately HK$375.9 million). As at 30 June 2022, the Group had total assets of approximately HK$1,073.0 million (2021: approximately HK$1,051.8 million).

The Group's gearing ratio as at 30 June 2022 was approximately 3.1% (as at 30 June 2021: approximately 4.2%), which was calculated on the basis of the Group's total debt (including borrowings, lease liabilities and bank overdraft) divided by total equity of the Group.

As at 30 June 2022, the Group's current ratio (defined as total current assets divided by total current liabilities) was approximately 0.42 (as at 30 June 2021: approximately 1.11).

Management has closely monitored the development of the COVID-19 pandemic and its impact on the current and anticipated liquidity of the Group in the future. Having considered the Group's financial position as at 30 June 2022, and the coming operation's plan, the Directors believe that the Group will have sufficient financial resources to satisfy its future working capital and other financing requirements for the foreseeable future.

The Group incurred financial cost of approximately HK$515,000, which is attributable to the interest on lease liabilities during the Year (2021: approximately HK$532,000).

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 30 June 2022, the Group had Shareholders' capital of approximately HK$9.1 million (30 June 2021: approximately HK$9.1 million). The Shareholders' capital of the Company is constituted of 906,632,276 shares (30 June 2021: 906,632,276 shares).

The Company did not carry out any fund raising activities by issuing new shares of the Company during the Year (2021: Nil).

MATERIAL ACQUISITION AND DISPOSAL OF ASSETS

The Group did not have any material acquisition or disposal of assets during the Year (2021: Nil).

THE PLEDGE OF GROUP'S ASSETS

As at 30 June 2022, none of the Group's assets was pledged to secure any liabilities (2021: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2022, the Group employed 121 staff (2021: 143). Remuneration is reviewed annually and certain staff are entitled to commission. In addition to basic salaries, staff benefits included discretionary bonus, medical insurance scheme and mandatory provident fund.

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed in the annual general meeting held on 2 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 (2021: Nil).

DIVIDEND POLICY

The Board has adopted a dividend policy on 27 September 2019 ("**Dividend Policy**") which shall take effect on 27 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 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 is committed to attain and maintain high standards of corporate governance best suited to the needs and interests of the Group as it believes that effective corporate governance practices are fundamental to safeguarding interests of Shareholders and other stakeholders and enhancing shareholder value. Accordingly, the Company has adopted and applied corporate governance principles that emphasise a quality Board, effective risk management and internal control systems, stringent disclosure practices, transparency and accountability save as specifically disclosed below.

The Board has adopted the code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**"). Continuous efforts are made to review and enhance the Group's internal controls and procedures in light of changes in regulations and developments in best practices.

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 establishing, maintaining and reviewing 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 the top-down approach to monitor the principal risks affecting the business. The Board reviews and approves the effectiveness and adequacy of the Group's risk management and internal control systems on an annual 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 had been engaged by the Group to facilitate the Board and the Audit Committee for the evaluation of the Group's risk management and internal control systems. Through conducting an annual risk assessment with the assistance of the external consultant, the Group had identified and assessed the impact of the strategic risks, operational risks, financial risks and compliance risks of its major businesses. A three-year rolling internal audit plan was devised by the Group under a risk based approach with reference to the results of the annual risk assessment. An annual internal control review was performed by the external consultant according to the approved internal audit plan with a view to making recommendations for improving and strengthening the internal control systems. 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 control system and reports the relevant results to the Board. 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 11 October 1999. The written terms of reference (amended on 29 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 CG 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 ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, and the related notes thereto for the year ended 30 June 2022 as set out in the preliminary announcement have been agreed by the Group's auditors, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 30 June 2022. The work performed by ZHONGHUI ANDA 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 ZHONGHUI ANDA CPA Limited on the preliminary announcement.

CHANGE OF AUDITOR

On 20 December 2021, CROWE (HK) CPA Limited retired as the auditor of the Company and ZHONGHUI ANDA CPA Limited was appointed as the auditor of the Company to fill the vacancy occasioned by the retirement of CROWE (HK) CPA Limited and to hold office until the conclusion of the forthcoming annual general meeting of the Company. The Board and the audit committee of the Company have confirmed that there is no disagreement between the Company and CROWE (HK) CPA Limited, and that there are no other matters in respect of the retirement of auditor of the Company which need to be brought to the attention of the holders of securities or creditors of the Company. For details, please refer to the Company's announcements of retirement of auditor and appointment of auditor published on 4 November 2021 and 20 December 2021, respectively.

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 2022 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, 29 September 2022

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.