

universe

寰宇

UNIVERSE INTERNATIONAL HOLDINGS LIMITED

寰宇國際控股有限公司

Incorporated in Bermuda with limited liability

於百慕達註冊成立之有限公司

中 Interim 期報告 2009 - 2010

Stock Code 股份代號: 1046



CORPORATE INFORMATION

Executive Directors

Mr Lam Shiu Ming, Daneil (*Chairman*)
Ms Chiu Suet Ying
Mr Yeung Kim Piu

Independent Non-executive Directors

Mr Ng Kwok Tung
Dr Leung Shiu Ki, Albert
Mr Ma Chun Fung, Horace

Company Secretary

Mr Chan Hau Chuen

Authorized Representatives

Mr Lam Shiu Ming, Daneil
Mr Chan Hau Chuen

Principal Bankers

The Hongkong and Shanghai Banking
Corporation Limited
Wing Hang Bank, Limited
Chong Hing Bank Limited

Auditor

PricewaterhouseCoopers
Certified Public Accountants

Legal Advisers

So Keung Yip & Sin
2203-2205, 22nd Floor
Wheelock House
20 Pedder Street
Central
Hong Kong

Share Registrar

Tricor Abacus Limited
26th Floor, Tesbury Centre
28 Queen's Road East,
Hong Kong

Audit Committee

Mr Ng Kwok Tung (*Chairman*)
Dr Leung Shiu Ki, Albert
Mr Ma Chun Fung, Horace

Remuneration Committee

Mr Ma Chun Fung, Horace (*Chairman*)
Mr Ng Kwok Tung
Dr Leung Shiu Ki, Albert
Mr Lam Shiu Ming, Daneil
Ms Chiu Suet Ying

Nomination Committee

Dr Leung Shiu Ki, Albert (*Chairman*)
Mr Ng Kwok Tung
Mr Ma Chun Fung, Horace
Mr Lam Shiu Ming, Daneil
Ms Chiu Suet Ying

Registered Office

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Stock Code

1046

The board of directors (the “Director(s)”) (the “Board”) of Universe International Holdings Limited (the “Company”) announces the unaudited condensed consolidated balance sheet as at 31st December 2009 and the unaudited condensed consolidated statement of comprehensive income, the unaudited condensed consolidated statement of changes in equity and the unaudited condensed consolidated statement of cash flows of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 31st December 2009 as follows:

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

| | Note | Unaudited As at 31st December 2009 HK\$'000 | Audited As at 30th June 2009 HK\$'000 |
|------------------------------------|------|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| Leasehold land | 5 | 9,790 | 9,916 |
| Property, plant and equipment | 5 | 12,253 | 12,671 |
| Investment properties | 5 | 350 | 350 |
| Other intangible asset | 5 | 1,408 | 1,408 |
| Film rights and films in progress | 5 | 139,907 | 142,948 |
| Available-for-sale financial asset | 7 | 1,275 | — |
| Film deposits | | 19,953 | 19,812 |
| Deferred income tax assets | | 2,632 | 2,553 |
| | | 187,568 | 189,658 |
| Current assets | | | |
| Inventories | | 5,344 | 5,023 |
| Accounts receivable | 9 | 17,494 | 5,765 |
| Deposits paid and prepayments | | 13,496 | 10,643 |
| Other bank deposit | | — | 51,742 |
| Cash and cash equivalents | | 116,458 | 64,844 |
| Non-current assets held for sale | 6 | — | 23,345 |
| | | 152,792 | 161,362 |
| Total assets | | 340,360 | 351,020 |

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET *(Continued)*

| | Note | Unaudited As at 31st December 2009 HK\$'000 | Audited As at 30th June 2009 HK\$'000 |
|--|------|---|---|
| EQUITY | | | |
| Capital and reserves attributable to the Company's equity holders | | | |
| Share capital | 10 | 32,492 | 32,492 |
| Share premium | | 127,211 | 127,211 |
| Other reserves | | 821 | 1,279 |
| Retained earnings | | 133,198 | 134,617 |
| Total equity | | 293,722 | 295,599 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Other long-term liabilities | 12 | 118 | 151 |
| Deferred income tax liabilities | | 741 | 2,307 |
| | | 859 | 2,458 |
| Current liabilities | | | |
| Accounts payable | 14 | 8,583 | 3,826 |
| Other payables and accrued charges | | 7,782 | 13,346 |
| Deposits received | | 29,102 | 35,520 |
| Amount due to the ultimate holding company | | 1 | 1 |
| Obligations under finance leases | 12 | 80 | 80 |
| Taxation payable | | 231 | 190 |
| | | 45,779 | 52,963 |
| Total liabilities | | 46,638 | 55,421 |
| Total equity and liabilities | | 340,360 | 351,020 |
| Net current assets | | 107,013 | 108,399 |
| Total assets less current liabilities | | 294,581 | 298,057 |

The notes on pages 7 to 24 are an integral part of these unaudited condensed consolidated interim financial information.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Note | For the six months ended 31st December | |
|---|------|---|-------------------------------|
| | | 2009 HK\$'000 | 2008 HK\$'000 (Note 21) |
| Revenue | 4 | 78,276 | 34,009 |
| Cost of revenue | 15 | (71,511) | (22,986) |
| Selling expenses | 15 | (1,307) | (853) |
| Administrative expenses | 15 | (15,353) | (12,715) |
| Other income | | 721 | 293 |
| Other gains — net | | 1,190 | 245 |
| Gain on disposal of non-current assets held for sale | 6 | 4,355 | — |
| Other operating expenses | 15 | (9) | (23) |
| Finance income | | 157 | 1,845 |
| Loss before income tax | | (3,481) | (185) |
| Income tax credit | 16 | 1,513 | 96 |
| Loss attributable to the equity holders of the Company | | (1,968) | (89) |
| Other comprehensive income: | | | |
| Gain/(loss) recognized directly in equity | | — | — |
| Total comprehensive income for the period attributable to the equity holders of the Company | | (1,968) | (89) |
| Loss per share for loss attributable to the equity holders of the Company (expressed in HK cent) | | | |
| — basic | 17 | 0.12 | 0.01 |
| — diluted | 17 | N/A | 0.01 |

The notes on pages 7 to 24 are an integral part of these unaudited condensed consolidated interim financial information.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Attributable to equity holders of the Company | | | | | |
|--|---|---------------------------|--|---------------------------------|-------------------------------|---------|
| | Reserve | | | | | Total |
| | Share capital HK\$'000 | Share premium HK\$'000 | Reserve arising on consolidation HK\$'000 | Revaluation reserve HK\$'000 | Retained earnings HK\$'000 | |
| Balance at 1st July 2009 | 32,492 | 127,211 | 821 | 458 | 134,617 | 295,599 |
| Loss for the period | — | — | — | — | (1,968) | (1,968) |
| Other comprehensive income | — | — | — | — | — | — |
| Total comprehensive income for the period | — | — | — | — | (1,968) | (1,968) |
| Revaluation reserve adjustment upon disposal of non-current assets held for sale | — | — | — | (458) | 458 | — |
| Deferred income tax adjustment upon disposal of non-current assets held for sale | — | — | — | — | 91 | 91 |
| Balance at 31st December 2009 | 32,492 | 127,211 | 821 | — | 133,198 | 293,722 |

| | Attributable to equity holders of the Company | | | | | | |
|--|---|---------------------------|--|---------------------------------|----------------------------------|-------------------|---------|
| | Reserve | | | Share-based | | Retained earnings | Total |
| | Share capital HK\$'000 | Share premium HK\$'000 | Reserve arising on consolidation HK\$'000 | Revaluation reserve HK\$'000 | compensation reserve HK\$'000 | | |
| Balance at 1st July 2008 | 32,492 | 127,211 | 821 | 458 | 18,554 | 125,768 | 305,304 |
| Loss for the period | — | — | — | — | — | (89) | (89) |
| Other comprehensive income | — | — | — | — | — | — | — |
| Total comprehensive income for the period | — | — | — | — | — | (89) | (89) |
| Share-based compensation reserve transfer upon cancellation of share options | — | — | — | — | (18,554) | 18,554 | — |
| Balance at 31st December 2008 | 32,492 | 127,211 | 821 | 458 | — | 144,233 | 305,215 |

The notes on pages 7 to 24 are an integral part of these unaudited condensed consolidated interim financial information.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | | For the six months ended 31st December | |
|---|------|---|-------------------------------|
| | Note | 2009 HK\$'000 | 2008 HK\$'000 (Note 21) |
| Net cash generated from operating activities | | 22,041 | 21,585 |
| Cash flow from investing activities | | | |
| Purchase of property, plant and equipment | 5 | (640) | (93) |
| Proceeds from disposal of property, plant and equipment | | — | 3 |
| Proceeds from disposal of non-current assets held for sale | 6 | 28,000 | — |
| Increase in film deposits | | (141) | (10,615) |
| Increase in available-for-sale financial asset | | (1,275) | — |
| Purchase of film rights and investment in films in progress | 5 | (48,237) | (20,581) |
| Interest received | | 157 | 1,845 |
| Decrease in other bank deposit | | 51,742 | — |
| Net cash generated from/(used in) investing activities | | 29,606 | (29,441) |
| Cash flow from financing activities | | | |
| Inception of finance leases | | — | 56 |
| Capital element of finance lease payments | | (33) | (41) |
| Net cash (used in)/generated from financing activities | | (33) | 15 |
| Net increase/(decrease) in cash and cash equivalents | | 51,614 | (7,841) |
| Cash and cash equivalents at 30th June | | 64,844 | 145,159 |
| Cash and cash equivalents at 31st December | | 116,458 | 137,318 |

The notes on pages 7 to 24 are an integral part of these unaudited condensed consolidated interim financial information.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1. GENERAL INFORMATION

Universe International Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) are principally engaged in the business of production of films and television series, distribution of films in various videogram formats, film exhibition, licensing and sub-licensing of film rights and leasing of investment properties.

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

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

The unaudited condensed consolidated interim financial information are presented in thousands of units of Hong Kong dollars (HK\$'000), unless otherwise stated. The unaudited condensed consolidated interim financial information have been approved for issue by the board of directors of the Company (the “Board”) on 19th March 2010.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended 31st December 2009 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 30th June 2009, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) issued by HKICPA.

The preparation of the unaudited condensed consolidated interim financial information in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

3. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 30th June 2009, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1st July 2009.

- HKAS 1 (Revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement.

Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

The Group has elected to present one performance statement. The interim financial statements have been prepared under the revised disclosure requirements.

- HKFRS 8, 'Operating segments'. HKFRS 8 replaces HKAS 14, 'Segment reporting'. It requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for making strategic decisions.

There are no material changes in the disclosure of reportable operating segments and the segment information have been prepared under HKFRS 8. Comparative figures for 2008 have been restated.

3. ACCOUNTING POLICIES *(Continued)*

- Amendment to HKFRS 7, 'Financial instruments: disclosures'. The amendment increases the disclosure requirements about fair value measurement and amends the disclosure about liquidity risk. The Group will make additional relevant disclosures in its financial statements ending 30th June 2010.

The Group has not early adopted any new standards, amendments and interpretation of the HKFRS which have been issued but not yet effective for the financial year beginning 1st July 2009.

4. SEGMENT INFORMATION

The chief operating decision-maker (the "CODM") reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports, as below:

- Distribution of films in various videogram formats
- Film exhibition, licensing and sub-licensing of film rights
- Leasing of investment properties

The CODM assesses the performance of the operating segments based on a measure of segment results. This measurement basis excludes the effects of non-recurring expenditure from the operating segments, such as gain/loss on disposal of non-current assets held for sale. Finance income and income tax are not included in the result for each operating segment that is reviewed by the CODM. Other information provided, except as noted below, to the CODM is measured in a manner consistent with that in the financial statements.

Total assets exclude other intangible asset, available-for-sale financial asset, deferred income tax assets, other bank deposit, cash and cash equivalents and other unallocated assets (including leasehold land, property, plant and equipment, film rights and films in progress, film deposits, deposits paid and prepayments and non-current assets held for sale), all of which are managed on a central basis. These are part of the reconciliation to total balance sheet assets.

4. SEGMENT INFORMATION (Continued)

The Group's inter-segment transactions mainly consist of licensing of film rights, which are transferred at cost. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the condensed consolidated statement of comprehensive income.

| | Unaudited | | | | | |
|---|---|---|----------------------------------|--------------|--------------|----------------|
| | For the six months ended 31st December 2009 | | | | | |
| | Sale of goods | Film exhibition, licensing and sub-licensing of film rights | Leasing of investment properties | Others | Elimination | Group |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Revenue | | | | | | |
| External sales | 6,143 | 70,344 | — | 1,789 | — | 78,276 |
| Inter-segment sales | — | 507 | — | 165 | (672) | — |
| | <u>6,143</u> | <u>70,851</u> | <u>—</u> | <u>1,954</u> | <u>(672)</u> | <u>78,276</u> |
| Segment results | (2,630) | (4,824) | (1,068) | 529 | — | (7,993) |
| Gain on disposal of non-current assets held for sale | — | — | 4,355 | — | — | 4,355 |
| Finance income | | | | | | 157 |
| Income tax credit | | | | | | <u>1,513</u> |
| Loss attributable to the equity holders of the Company | | | | | | <u>(1,968)</u> |
| Other information | | | | | | |
| Capital expenditures | 258 | 309 | — | — | — | 567 |
| Unallocated capital expenditures | | | | | | <u>48,310</u> |
| Total capital expenditures | | | | | | <u>48,877</u> |
| Depreciation and amortization of leasehold land | 320 | 39 | — | 4 | — | 363 |
| Unallocated depreciation and amortization of leasehold land | | | | | | <u>490</u> |
| Total depreciation and amortization of leasehold land | | | | | | <u>853</u> |
| Amortization of film rights | 1,806 | 49,472 | — | — | — | <u>51,278</u> |

4. SEGMENT INFORMATION (Continued)

| | Unaudited | | | | | Group HK\$'000 |
|--|---|--|--|--------------------|-------------------------|-------------------|
| | For the six months ended 31st December 2008 | | | | | |
| | Sale of goods HK\$'000 | Film exhibition, licensing and sub-licensing of film rights HK\$'000 | Leasing of investment properties HK\$'000 | Others HK\$'000 | Elimination HK\$'000 | |
| Revenue | | | | | | |
| External sales | 9,161 | 23,503 | 544 | 801 | — | 34,009 |
| Inter-segment sales | — | 4,001 | — | 22 | (4,023) | — |
| | <u>9,161</u> | <u>27,504</u> | <u>544</u> | <u>823</u> | <u>(4,023)</u> | <u>34,009</u> |
| Segment results | (563) | (1,857) | 391 | (1) | — | (2,030) |
| Finance income | | | | | | 1,845 |
| Income tax credit | | | | | | 96 |
| Loss attributable to the equity holders of the Company | | | | | | <u>(89)</u> |
| Other information | | | | | | |
| Capital expenditures | 4,104 | 278 | — | — | — | 4,382 |
| Unallocated capital expenditures | | | | | | 16,292 |
| Total capital expenditures | | | | | | <u>20,674</u> |
| Depreciation and amortization of leasehold land | 394 | 37 | 56 | 4 | — | 491 |
| Unallocated depreciation and amortization of leasehold land | | | | | | 465 |
| Total depreciation and amortization of leasehold land | | | | | | <u>956</u> |
| Amortization of film rights | 3,896 | 11,028 | — | — | — | <u>14,924</u> |

4. SEGMENT INFORMATION (Continued)

| | Unaudited As at 31st December 2009 | | | | | Group HK\$'000 |
|---------------------------------------|---------------------------------------|--|--|--------------------|-------------------------|-----------------------|
| | Sale of goods HK\$'000 | Film exhibition, licensing and sub-licensing of film rights HK\$'000 | Leasing of investment properties HK\$'000 | Others HK\$'000 | Elimination HK\$'000 | |
| Assets | | | | | | |
| Segment assets | 13,211 | 71,072 | 424 | 8,769 | — | 93,476 |
| Other intangible asset | | | | | | 1,408 |
| Available-for-sale financial asset | | | | | | 1,275 |
| Deferred income tax assets | | | | | | 2,632 |
| Cash and cash equivalents | | | | | | 116,458 |
| Other unallocated assets | | | | | | 125,111 |
| Total assets | | | | | | <u><u>340,360</u></u> |
| | | | | | | |
| | Audited As at 30th June 2009 | | | | | Group HK\$'000 |
| | Sale of goods HK\$'000 | Film exhibition, licensing and sub-licensing of film rights HK\$'000 | Leasing of investment properties HK\$'000 | Others HK\$'000 | Elimination HK\$'000 | |
| Assets | | | | | | |
| Segment assets | 20,965 | 17,061 | 17,811 | 6,657 | — | 62,494 |
| Other intangible asset | | | | | | 1,408 |
| Deferred income tax assets | | | | | | 2,553 |
| Other bank deposit | | | | | | 51,742 |
| Cash and cash equivalents | | | | | | 64,844 |
| Other unallocated assets | | | | | | 167,979 |
| Total assets | | | | | | <u><u>351,020</u></u> |

5. CAPITAL EXPENDITURES

| | Unaudited | | | | |
|--|-------------------------------|---|--------------------------------------|--|---|
| | Leasehold land HK\$'000 | Property, plant and equipment HK\$'000 | Investment properties HK\$'000 | Other intangible asset HK\$'000 | Film rights and films in progress HK\$'000 |
| Opening net book amount at 1st July 2009 | 9,916 | 12,671 | 350 | 1,408 | 142,948 |
| Additions | — | 640 | — | — | 48,237 |
| Disposals | — | (331) | — | — | — |
| Amortization/depreciation (Note 15) | (126) | (727) | — | — | (51,278) |
| Closing net book amount at 31st December 2009 | 9,790 | 12,253 | 350 | 1,408 | 139,907 |

| | Unaudited | | | | |
|--|-------------------------------|---|--------------------------------------|--|---|
| | Leasehold land HK\$'000 | Property, plant and equipment HK\$'000 | Investment properties HK\$'000 | Other intangible asset HK\$'000 | Film rights and films in progress HK\$'000 |
| Opening net book amount at 1st July 2008 | 12,097 | 18,528 | 23,170 | 1,408 | 98,947 |
| Additions | — | 93 | — | — | 20,581 |
| Disposals | — | (1) | — | — | — |
| Amortization/depreciation (Note 15) | (151) | (805) | — | — | (14,924) |
| Closing net book amount at 31st December 2008 | 11,946 | 17,815 | 23,170 | 1,408 | 104,604 |

6. NON-CURRENT ASSETS HELD FOR SALE

On 30th April 2009, Universe Property Investment Limited (“UPI”), an indirect wholly-owned subsidiary of the Company entered into a provisional sales and purchase agreement with an independent third party whereby UPI agreed to sell the following investment property. The formal agreement was signed on 15th May 2009. In accordance with HKFRS 5, the investment property was presented as non-current assets held for sale in the consolidated balance sheet as at 30th June 2009.

| Property | Consideration | Completion date |
|--|----------------|---------------------|
| 17th Floor, Wyler Centre Phase II, 192-200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong | HK\$28,000,000 | 15th September 2009 |

On 15th September 2009, the transaction was completed and a net gain on disposal of approximately HK\$4,355,000 has been credited to the unaudited condensed consolidated statement of comprehensive income for the six months ended 31st December 2009.

7. AVAILABLE-FOR-SALE FINANCIAL ASSET

| | Unaudited | |
|------------------------------------|--|--|
| | 2009 HK\$'000 | 2008 HK\$'000 |
| Opening amount as at 1st July | — | — |
| Additions | 1,275 | — |
| Closing amount as at 31st December | 1,275 | — |
| | Unaudited As at 31st December 2009 HK\$'000 | Audited As at 30th June 2009 HK\$'000 |
| Unlisted investment | | |
| Equity securities | 1,275 | — |

8. INTEREST IN JOINTLY CONTROLLED ASSETS

The Group has participating interests ranging from 60% to 80% in three jointly controlled asset arrangements to produce television series (30th June 2009: three). At 31st December 2009, the aggregate amounts of assets, liabilities and profit/(loss) after income tax recognized in the unaudited condensed consolidated interim financial information relating to the Group's interests in these jointly controlled asset arrangements were as follows:

| | Unaudited As at 31st December 2009 HK\$'000 | Audited As at 30th June 2009 HK\$'000 |
|---------------------------------------|---|---|
| Assets | | |
| Television series rights | 176 | 843 |
| Liabilities | | |
| Accounts payable | 370 | 370 |
| Deposits received | 147 | 147 |
| | 517 | 517 |
| Revenue | 667 | 1,709 |
| Expenses | (667) | (1,709) |
| Profit/(loss) after income tax | — | — |

9. ACCOUNTS RECEIVABLE

| | Unaudited As at 31st December 2009 HK\$'000 | Audited As at 30th June 2009 HK\$'000 |
|--|---|---|
| Accounts receivable | 17,730 | 6,001 |
| Less: Provision for impairment of accounts receivable | (236) | (236) |
| Accounts receivable — net | 17,494 | 5,765 |

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

As at 31st December 2009, the ageing analysis of the accounts receivable was as follows:

| | Unaudited As at 31st December 2009 HK\$'000 | Audited As at 30th June 2009 HK\$'000 |
|---------------------|---|---|
| Current to 90 days | 14,585 | 4,451 |
| 91 days to 180 days | 2,243 | 364 |
| Over 180 days | 666 | 950 |
| | 17,494 | 5,765 |

Sales of video products is with credit terms of 7 days to 60 days. Sales from film exhibition, licensing and sub-licensing of film rights are on open account terms.

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

Save as a bank's guarantee of HK\$90,000 provided to the Group by a customer, the Group does not hold any collateral as security (As at 30th June 2009: same).

10. SHARE CAPITAL

| | Number of ordinary shares | Ordinary shares HK\$'000 |
|--|------------------------------|--------------------------------|
| At 1st July 2009 and 31st December 2009 | 1,624,605,370 | 32,492 |

The total authorized number of ordinary shares is 5,000 million shares (As at 30th June 2009: 5,000 million shares) with a par value of HK\$0.02 per share (As at 30th June 2009: HK\$0.02 per share). All shares issued are fully paid.

11. SHARE OPTIONS

Pursuant to an ordinary resolution passed in the annual general meeting held on 26th November 2003, the Company conditionally approved and adopted a share option scheme (the "Share Option Scheme") in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Pursuant to an ordinary resolution passed in the annual general meeting held on 23rd November 2007 (the "2007 AGM"), the Company approved the refreshment of the scheme mandate limit, which is 10% of the total number of issue shares of the Company as at the date of the 2007 AGM, under the Share Option Scheme. After the refreshment of the scheme mandate limit, the total number of share options available for issue under the Share Option Scheme as at 31st December 2009 was 162,460,537, the full exercise of which in subscribing for shares of the Company would represented 10% of the issued share capital of the Company as at 31st December 2009.

There was no share options outstanding and granted throughout the six months ended 31st December 2009.

12. OBLIGATIONS UNDER FINANCE LEASES AND OTHER LONG-TERM LIABILITIES

| | Unaudited As at 31st December 2009 HK\$'000 | Audited As at 30th June 2009 HK\$'000 |
|--|---|---|
| Obligations under finance leases | 198 | 231 |
| Current portion of long-term liabilities | (80) | (80) |
| | 118 | 151 |

12. OBLIGATIONS UNDER FINANCE LEASES AND OTHER LONG-TERM LIABILITIES *(Continued)*

As at 31st December 2009, the Group's obligations under finance leases were repayable as follows:

| | Unaudited As at 31st December 2009 HK\$'000 | Audited As at 30th June 2009 HK\$'000 |
|---|---|---|
| Within one year | 80 | 80 |
| In the second year | 72 | 80 |
| In the third to fifth year | 46 | 71 |
| | 198 | 231 |
| Future finance charges on obligations under finance leases | — | — |
| Present value of obligations under finance leases | 198 | 231 |
| The present value of obligations under finance leases was as follows: | | |
| Within one year | 80 | 80 |
| In the second year | 72 | 80 |
| In the third to fifth year | 46 | 71 |
| | 118 | 151 |
| | 198 | 231 |

13. EMPLOYEE BENEFITS EXPENSES

On 1st December 2000, a mandatory provident fund scheme (the “MPF Scheme”) was set up for employees, including executive directors. Under the MPF Scheme, the Group’s contributions are at 5% of employees’ relevant income as defined in the Hong Kong Mandatory Provident Fund Schemes Ordinance up to a maximum of HK\$1,000 per employee per month. The employees also contribute a corresponding amount to the MPF Scheme if their relevant income is more than HK\$4,000 per month before 1st February 2003 and HK\$5,000 after 1st February 2003. The mandatory provident fund contributions are fully and immediately vested in the employees as accrued benefits once they are paid.

| | Unaudited | |
|--|---------------------------------|--------------|
| | For the six months ended | |
| | 31st December | |
| | 2009 | 2008 |
| | HK\$’000 | HK\$’000 |
| Wages and salaries | 8,015 | 7,508 |
| Provision for unutilized annual leave | 98 | 21 |
| Provision for long service payment | 103 | 66 |
| Staff welfare | 1,361 | 1,420 |
| Pension costs — defined contribution plan | 208 | 190 |
| Total including directors’ emoluments | 9,785 | 9,205 |

14. ACCOUNTS PAYABLE

As at 31st December 2009, the ageing analysis of the accounts payable was as follows:

| | Unaudited | Audited |
|---------------------|----------------------|--------------|
| | As at | As at |
| | 31st December | 30th June |
| | 2009 | 2009 |
| | HK\$’000 | HK\$’000 |
| Current to 90 days | 5,602 | 251 |
| 91 days to 180 days | 1,945 | 1,943 |
| Over 180 days | 1,036 | 1,632 |
| | 8,583 | 3,826 |

15. EXPENSES BY NATURE

Expenses included in cost of revenue, selling expenses, administrative expenses and other operating expenses are analyzed as follows:

| | Unaudited | |
|---|---------------------------------|----------|
| | For the six months ended | |
| | 31st December | |
| | 2009 | 2008 |
| | HK\$'000 | HK\$'000 |
| Amortization of film rights (Note 5) | 51,278 | 14,924 |
| Amortization of leasehold land (Note 5) | 126 | 151 |
| Depreciation of owned assets (Note 5) | 538 | 769 |
| Depreciation of leased assets (Note 5) | 189 | 36 |
| Write-off of inventories | 9 | 14 |
| Employee benefits expenses (Note 13) | 9,785 | 9,205 |
| Cost of inventories sold | 2,525 | 3,133 |

16. INCOME TAX CREDIT

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the period (2008: 16.5%).

The amount of income tax credit credited to the unaudited condensed consolidated statement of comprehensive income represents:

| | Unaudited | |
|---|---------------------------------|----------|
| | For the six months ended | |
| | 31st December | |
| | 2009 | 2008 |
| | HK\$'000 | HK\$'000 |
| Hong Kong profits tax | 41 | — |
| Deferred income tax relating to the origination and reversal of temporary differences | (1,554) | (96) |
| | (1,513) | (96) |

17. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the period attributable to the equity holders of the Company of HK\$1,968,000 (2008: HK\$89,000) and the weighted average of 1,624,605,370 (2008: 1,624,605,370) ordinary shares in issue during the period.

The basic and fully diluted loss per share for the period ended 31st December 2008 are the same because the effect of the assumed conversion of all dilutive potential ordinary shares outstanding during the period was anti-dilutive.

The diluted loss per share is not presented for the period ended 31st December 2009 as there was no dilutive potential ordinary shares outstanding during the period.

18. 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\$935,871.65 (equivalent to HK\$7,299,798.84) 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, the Company was ordered and had paid to Star a sum of HK\$5,495,699.80, being part of the licence fee of the Movie received by UEL from Miramax Films (being the licensee of the Movie) and which was also part of the sum claimed by Star. Pursuant to the Order, UEL is also liable to pay Star interest in the sum of HK\$350,905.30 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\$935,871.65 (equivalent to HK\$7,299,798.84) by Star, UEL is entitled to continue to defend the claim by Star for recovering the remaining balance in the sum of approximately HK\$1,804,099.04 (HK\$7,299,798.84 less HK\$5,495,699.80).

On 30th April 2002, UEL issued a Writ of Summons against the Star above for the latter’s wrongful exploitation of certain rights in the Movie co-owned by both parties. UEL claimed to recover loss and damages suffered by UEL as a result of the wrongful exploitation.

18. PENDING LITIGATIONS *(Continued)*

(a) *(Continued)*

On 9th September 2002, Universe Laser & Video Co. Limited (“ULV”), an indirect wholly-owned subsidiary of the Company issued a Writ of Summons against Star for the latter’s infringement of the licensed rights in the Movie held by ULV. ULV claimed to recover all loss 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 claim against UEL will have no material financial impact to the Group.

(b) On 1st September 2008, Koninklijke Philips Electronics N.V. (“KPE”) issued a Writ of Summons against among other persons, the Company, ULV and Mr Lam Shiu Ming, Daneil (a director of the Company), being three of the defendants named therein, in respect of damages arising from infringement of the patents in respect of 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 unaudited condensed consolidated interim financial information.

(c) On 14th October 2009, Mr Ko Sik Ka (“Mr Ko”) issued a Writ of Summons against, among other persons, Universe Films Distribution Company Limited (“UFD”, an indirect wholly-owned subsidiary of the Company), Mr Lam Shiu Ming, Daneil, Ms Chiu Suet Ying (a director of the Company) and Mr Lam Siu Keung, Alvin (the Chief Operation Officer of the Company), being four of the defendants named therein, in respect of inter alia damages arising from alleged libel on Mr Ko in a film.

In the opinion of legal counsel, it is premature to predict the outcome of the said claims made against UFD, Mr Lam Shiu Ming, Daneil, Ms Chiu Suet Ying and Mr Lam Siu Keung, Alvin. 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 unaudited condensed consolidated interim financial information.

18. PENDING LITIGATIONS *(Continued)*

- (d) On 8th January 2010, KPE issued a Writ of Summons against among other persons, the Company, ULV and Mr Lam Shiu Ming, Daneil, being three of the defendants named therein, in respect of damages arising from infringement of the patents in respect of Digital Video 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 unaudited condensed consolidated interim financial information.

Save as disclosed above, as at 31st December 2009, no litigation or claim of material importance is known to the directors to be pending against either the Company or any of its subsidiaries.

19. COMMITMENTS

- (a) **Operating leases**

As at 31st December 2009, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

| | Unaudited As at 31st December 2009 HK\$'000 | Audited As at 30th June 2009 HK\$'000 |
|-------------------------|--|---|
| Land and buildings | | |
| Not later than one year | 2,171 | 672 |

19. COMMITMENTS *(Continued)***(b) Others**

As at 31st December 2009, the Group had commitments contracted but not provided for in these unaudited condensed consolidated interim financial information as follows:

| | Unaudited | Audited |
|--|----------------------|-----------|
| | As at | As at |
| | 31st December | 30th June |
| | 2009 | 2009 |
| | HK\$'000 | HK\$'000 |
| Purchase of film rights and production of films | 33,276 | 50,361 |

Note: As at 31st December 2009, the Group had no any commitment in respect of jointly controlled assets (As at 30th June 2009: nil).

20. RELATED PARTY TRANSACTIONS

- (a) On 19th December 2006, ULV entered into a tenancy agreement with Rainbow Nice Limited (“RNL”) whereby ULV agreed to lease a premises (the “Premises”) from RNL for a term of 3 years commencing from 1st January 2007 for the use of Mr Lam Shiu Ming, Daneil and Ms Chiu Suet Ying, the directors of the Company for residential purpose. The monthly rental payable by ULV is HK\$200,000 which is inclusive of furniture, fixtures and home electronic appliances but excluding government rent, rates, taxes and all other outgoings. The entire issued share capital of RNL, the landlord of the Premises, is wholly owned by Ms Chiu Suet Ying.

On 26th August 2008, ULV entered into a supplement agreement with RNL whereby both parties mutually agreed to reduce the monthly rental of the Premises from HK\$200,000 to HK\$100,000 for the remaining term commencing from 1st September 2008 to 31st December 2009. The Premises was solely leased for Ms Chiu Suet Ying for residential purpose with effect from 1st September 2008.

During the six months ended 31st December 2009, ULV paid rental of HK\$600,000 (2008: HK\$800,000) to RNL.

20. RELATED PARTY TRANSACTIONS *(Continued)*

(a) *(Continued)*

On 10th December 2009, Universe Digital Entertainment Limited (“UDE”), an indirect wholly-owned subsidiary of the Company, and RNL entered into a renewed tenancy agreement whereby UDE agreed to continue to lease the Premises from RNL at the monthly rental of HK\$100,000 for a term of 3 years commencing from 1st January 2010.

(b) **Details of key management compensation**

| | Unaudited | |
|--|---------------------------------|----------|
| | For the six months ended | |
| | 31st December | |
| | 2009 | 2008 |
| | HK\$'000 | HK\$'000 |
| Salaries and other short-term employee benefits | 4,209 | 4,100 |
| Employer's contribution to retirement scheme | 30 | 30 |
| | 4,239 | 4,130 |

Save as disclosed above and elsewhere in these unaudited condensed consolidated interim financial information, no other material related party transactions have been entered into by the Group. The Directors are of the opinion that the above transactions were carried out after negotiations between the Group and the related parties in the ordinary course of business.

21. COMPARATIVE FIGURES

Comparative figures have been reclassified to conform with the current period's presentation. This reclassification had no impact on the Group's loss for the period ended 31st December 2008 or the total equity as at 31st December 2008.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 31st December 2009 (2008: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Group results

The Group's unaudited consolidated revenue for the six months ended 31st December 2009 significantly increased by approximately 1.3 times over the same period last year to HK\$78.3 million. Meanwhile the loss attributable to equity holders of the Company widened by HK\$1.9 million to HK\$2.0 million compared to the same period last year. Loss per share for the period under review was HK0.12 cent (2008: HK0.01 cent).

The period under review has remained challenging for the Group. Notwithstanding the significant increase in the Group's total revenue, gross profit was adversely impacted as a result of higher film production and promotion costs. This is mitigated by the effect of net gain on disposal of an investment property amounting to HK\$4.4 million and a reversal of taxable temporary differences of HK\$2.0 million arising from this investment property upon its disposal during the period.

Video distribution

Revenue from the video distribution business segment has been on a declining trend over the past few years as the market remained to be sluggish and difficult.

During the period under review, revenue from the video distribution business decreased by 32.9% to HK\$6.1 million from HK\$9.2 million over the same period last year. It accounted for 7.8% (2008: 26.9%) of the Group's total revenue.

The Group has been faced with a stagnant local video distribution market aggravated by weak consumer sentiment and spending as a result of the illegal distribution of copyrighted film on the internet through peer to peer file sharing activities. In addition, severe price competition persisted in the market also affected the revenue and gross profit of this business segment.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Video distribution *(Continued)*

In view of such difficult operating environment, the Group has continued with the strategies of streamlining its cost structure and adopting a prudent approach in respect of acquisitions of new titles for local video distribution.

Film exhibition, licensing and sub-licensing of film rights

During the period under review, revenue from this business was HK\$70.3 million, representing almost 2 times the revenue of the same period last year. While contributing 89.9% (2008: 69.1%) of the Group's total revenue, the gross profit has however dropped by 58.5% to HK\$3.2 million. The substantial increase in revenue of this business segment was mainly driven by more self-produced films being completed and released during the period, in particular, "The Storm Warriors" (「風雲II」). Despite the dramatic increase in revenue, the profit margin was lower due to the increased film production and promotion costs.

Revenue from film exhibition business was HK\$12.6 million, representing an increase of HK\$8.3 million over same period last year. Notwithstanding the increase in revenue from film exhibition, gross profit margin was impacted by higher promotion cost incidental to films released and the continual contraction of local Chinese language film exhibition market. Consequently, the operating loss of film exhibition widened to HK\$2.3 million from HK\$340,000 compared to the same period last year.

Revenue from licensing and sub-licensing of film rights rose by almost 2 times to HK\$57.8 million over the same period last year, representing 73.8% of the Group's total revenue. Gross profit has however declined by 32.5% to HK\$5.4 million from HK\$8.0 million as the global economic downturn affected the licensees' confidence which had inevitably impacted the gross profit margin of this business segment. Compared with this period, the gross profit margin last year was higher as there was higher proportion of licensing and sub-licensing of non-newly released films which had been fully amortized in previous years.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Film exhibition, licensing and sub-licensing of film rights *(Continued)*

In terms of geographical distribution, contribution from overseas markets accounted for 56.6% (2008: 29.7%) of the Group's total revenue during the period under review. In particular, there has been satisfactory development in the sales performance of the Mainland China market as the Group continued with its pre-set strategy of focusing on further development of this market where demand for both television series and films is growing rapidly. Revenue from the Mainland China market rose by HK\$18.8 million to HK\$24.9 million, accounting 31.8% of the Group's total revenue.

Leasing of investment properties

On 15th September 2009, the Group completed a disposal of an investment property at a consideration of HK\$28.0 million, its relevant tenancy agreement had expired in November 2008, and thereafter such property remained vacant until the date of the disposal. Following the above disposal, the remaining investment property of the Group is a car parking space which is currently vacant. Although the Group did not generate any revenue from this business segment as the above car parking space was vacant throughout the period under review, the Group will continue to review and consider investment opportunity in property that would offer stable and satisfactory returns.

OUTLOOK

The outlook for the second half of the fiscal year remains uncertain and the Group expects continued pressure on revenue and gross profit margin for its businesses. In view of such unfavorable circumstance, the management will closely evaluate the overall business environment and will adjust its pace of development accordingly.

The Group continues to hold a positive view on the Mainland China market, which is one of the fastest growing emerging economies in the world. Riding on this positive trend, the Group will continue its efforts on development of the Mainland China market. Meanwhile, the Group will continue to implement cost-control measures to reduce costs at all level. The management is confident that the Group can overcome the challenges ahead.

FINANCIAL RESOURCES/LIQUIDITY AND CAPITAL STRUCTURE

As at 31st December 2009, the Group had cash balances of HK\$116.5 million (As at 30th June 2009: HK\$116.6 million).

As at 31st December 2009, the Group had total assets of approximately HK\$340.4 million, representing a slight decrease of HK\$10.6 million over that of 30th June 2009.

The Group's gearing ratio as at 31st December 2009 was approximately 0.1% (As at 30th June 2009: 0.1%), which was calculated on the basis of the Group's long term borrowings of approximately HK\$198,000 (of which HK\$80,000, HK\$72,000 and HK\$46,000 are repayable within one year, in the second year and in the third to fifth year respectively) and on the total equity of the Company of approximately HK\$293.7 million.

In light of the fact that most of the Group's transactions were denominated in Hong Kong dollars and United States dollars, the management considered that the exposure to fluctuation of currency exchange rates is limited and no financial instruments for hedging purposes was used by the Group.

THE PLEDGE OF GROUP ASSETS

As at 31st December 2009, the Group did not have any pledged assets (As at 30th June 2009: same).

EMPLOYEES AND REMUNERATION POLICIES

As at 31st December 2009, the Group had 51 employees (As at 30th June 2009: 55). Remuneration is reviewed annually and certain employees are entitled to commission. In addition to basic salaries, staff benefits including discretionary bonus, medical insurance scheme and mandatory provident fund.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31st December 2009, the interests which are all long positions of each of the Directors in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") (the "Model Code") were as follows:

INTERESTS IN ISSUED SHARES

| Name of Director | Nature of interest | Number of the Company's share held | Percentage of shareholding |
|--------------------------|---|------------------------------------|----------------------------|
| Mr Lam Shiu Ming, Daneil | Founder of a discretionary trust (Note) | 872,406,705 | 53.70% |

Note: The trustee of the discretionary trust is Central Core Resources Limited which owns the entire issued share capital of Globalcrest Enterprises Limited which in turn is interested in 872,406,705 shares of the Company.

All the interests in the shares of the Company were long positions.

Save as disclosed above, as at 31st December 2009, none of the Directors or chief executives of the Company had any interests or short position in the share, underlying shares and debentures or any of its associated corporations which were required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests which they were deemed or taken to have under such provisions of the SFO) or (b) notified to the Company and the Stock Exchange pursuant to the Model Code or (c) entered in the register kept by the Company pursuant to Section 352 of the SFO.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(Continued)*

INTERESTS IN ISSUED SHARES *(Continued)*

Save as disclosed above, at no time during the period, the Directors and chief executives of the Company (including their spouse and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for shares of the Company and its associated corporations required to be disclosed pursuant to the SFO.

In addition, at no time during the period was the Company, its holding company, its subsidiaries, its associated company or its fellow subsidiaries a party to any arrangement to enable the Directors and chief executives of the Company (including their spouse and children under 18 years of age) to hold any interests or short position in the shares or underlying shares in or debentures of, the Company or its associated corporation.

SUBSTANTIAL SHAREHOLDERS

So far as is known to any Director or chief executive of the Company, as at 31st December 2009, shareholders (other than Directors or chief executive of the Company) who had interests or short positions in shares or underlying shares of the Company which would fall to be disclosed to the Company under the provision of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company under Section 336 of the SFO were as follows:

| Name of shareholders | Number of the Company's share held | Percentage of shareholding |
|--|---|---------------------------------------|
| Globalcrest Enterprises Limited (Note) | 872,406,705 | 53.70% |
| Central Core Resources Limited (Note) | 872,406,705 | 53.70% |

Note: The entire issued share capital of Globalcrest Enterprises Limited is held by Central Core Resources Limited, the trustee of a discretionary trust under which certain immediate family members of Mr Lam Shiu Ming, Daneil and Ms Chiu Suet Ying are discretionary objects.

All the interests disclosed above represent long positions in the shares of the Company.

Save as disclosed above, as at 31st December 2009, no other person has any interests or short position in the shares, underlying shares and debentures of the Company as recorded in the register required to be kept by Company under section 336 of the SFO.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the period.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has, throughout the six months ended 31st December 2009, complied with the code provisions contained in the Code on Corporate Governance Practices (the “Code”) set out in Appendix 14 to the Listing Rules except for the code provision A.2.1 of the Code for the separation of the roles of chairman and chief executive officer (“CEO”) as described in the following.

Code provision A.2.1 sets out that the roles of the chairman and CEO should be separate 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 Company because it can promote the efficient formulation and implementation of the Group’s strategies.

AUDIT COMMITTEE

The Audit Committee was established on 11th October 1999. Its current members include three Independent Non-executive Directors, namely Mr Ng Kwok Tung (as Chairman), Dr Leung Shiu Ki, Albert and Mr Ma Chun Fung, Horace.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including a review of the unaudited condensed consolidated interim financial information for the six months ended 31st December 2009 with the management.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 31st December 2009, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 31st December 2009, the Company has adopted the Model Code as the code for dealing in securities of the Company by Directors. Having made specific enquiry, all Directors confirmed that they had complied with the required standard set out in the Model Code throughout the period.

By Order of the Board
Lam Shiu Ming, Daneil
Chairman

Hong Kong, 19th March 2010



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