



Interim Report  
2012/2013  
中期報告



# 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

Stock Code 股份代號: 1046



## CORPORATE INFORMATION

### Executive Directors

Mr Lam Shiu Ming, Daneil (*Chairman*)  
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

### Legal Advisers

So Keung Yip & Sin  
1009-1012, 10th Floor  
Nan Fung Tower  
173 Des Voeux Road  
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

### Nomination Committee

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

### Registered Office

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

### Head Office and Principal Place of Business

18th Floor  
Wyler Centre Phase II  
192-200 Tai Lin Pai Road  
Kwai Chung  
New Territories  
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### Websites

[www.uih.com.hk](http://www.uih.com.hk)  
[www.u333.com](http://www.u333.com)

### 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 2012 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 2012 as follows:

## UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

	Note	<b>Unaudited As at 31st December 2012 HK\$'000</b>	Audited As at 30th June 2012 HK\$'000 (Restated) (Note 22)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Leasehold land	5	<b>3,154</b>	3,195
Property, plant and equipment	5	<b>16,189</b>	16,570
Investment properties	5	<b>34,627</b>	9,100
Other intangible assets	5	<b>1,858</b>	1,858
Film rights and films in progress	5	<b>157,228</b>	120,756
Film deposits		<b>36,614</b>	33,377
Deferred income tax assets		<b>674</b>	564
Available-for-sale financial assets	6	–	–
		<b>250,344</b>	185,420
<b>Current assets</b>			
Inventories		<b>2,576</b>	3,384
Accounts receivable	8	<b>23,249</b>	16,702
Deposits paid, prepayments and other receivables		<b>27,509</b>	31,237
Cash and cash equivalents		<b>62,137</b>	71,076
		<b>115,471</b>	122,399
<b>Total assets</b>		<b>365,815</b>	307,819

# UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET *(Continued)*

	Note	Unaudited As at 31st December 2012 HK\$'000	Audited As at 30th June 2012 HK\$'000 (Restated) (Note 22)
<b>EQUITY</b>			
<b>Capital and reserves attributable to the equity holders of the Company</b>			
Share capital	9	34,235	34,235
Share premium		135,293	135,293
Other reserves	11	3,249	3,249
Retained earnings		60,355	62,073
<b>Total equity</b>		<b>233,132</b>	234,850
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		364	282
<b>Current liabilities</b>			
Accounts payable	14	4,326	4,302
Other payables and accrued charges		9,383	7,739
Deposits received		117,756	59,547
Amount due to the ultimate holding company		1	1
Obligations under finance leases	12	9	15
Taxation payable		844	1,083
		<b>132,319</b>	72,687
<b>Total liabilities</b>		<b>132,683</b>	72,969
<b>Total equity and liabilities</b>		<b>365,815</b>	307,819
<b>Net current (liabilities)/assets</b>		<b>(16,848)</b>	49,712
<b>Total assets less current liabilities</b>		<b>233,496</b>	235,132

The notes on pages 8 to 29 form an integral part of these unaudited condensed consolidated interim financial information.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the six months ended 31st December	
	Note	2012 HK\$'000	2011 HK\$'000 (Restated) (Note 22)
Revenue	4	35,126	43,297
Cost of revenue	15	(22,248)	(33,451)
Selling expenses	15	(1,319)	(1,377)
Administrative expenses	15	(13,563)	(13,950)
Other income		213	95
Other gains – net		64	61
Other operating expenses	15	(566)	(1,081)
Finance income		308	528
<b>Loss before income tax</b>		<b>(1,985)</b>	<b>(5,878)</b>
Income tax credit/(expense)	16	267	(126)
<b>Loss attributable to the equity holders of the Company</b>		<b>(1,718)</b>	<b>(6,004)</b>
<b>Other comprehensive income:</b>			
Gain recognized directly in equity		–	175
<b>Total comprehensive loss for the period attributable to the equity holders of the Company</b>		<b>(1,718)</b>	<b>(5,829)</b>
<b>Loss per share for loss attributable to the equity holders of the Company during the period (expressed in HK cent)</b>			
– basic	17	(0.10)	(0.36)
– diluted	17	(0.10)	(0.36)

The notes on pages 8 to 29 form an integral part of these unaudited condensed consolidated interim financial information.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to the equity holders of the Company				Total equity HK\$'000
		Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	
Balance at 1st July 2012, as previously reported		34,235	135,293	3,094	61,927	234,549
Change in accounting policy – Adoption of HKAS 12 (Amendment)	3	-	-	155	146	301
Balance at 1st July 2012, as restated		34,235	135,293	3,249	62,073	234,850
<b>Comprehensive loss</b>						
Loss for the period		-	-	-	(1,718)	(1,718)
<b>Total comprehensive loss for the period</b>		-	-	-	(1,718)	(1,718)
<b>Balance at 31st December 2012</b>		34,235	135,293	3,249	60,355	233,132

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(Continued)*

	Attributable to the equity holders of the Company					Total equity HK\$'000
	Note	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	
Balance at 1st July 2011, as previously reported		32,492	127,211	821	79,379	239,903
Change in accounting policy – Adoption of HKAS 12 (Amendment)	3	–	–	–	63	63
Balance at 1st July 2011, as restated		32,492	127,211	821	79,442	239,966
Comprehensive loss						
Loss for the period		–	–	–	(6,004)	(6,004)
Other comprehensive income						
Fair value adjustment upon transfer from land and buildings to investment properties	5	–	–	175	–	175
Deferred tax effect on fair value adjustment upon transfer from land and buildings to investment properties, as previously reported		–	–	(29)	–	(29)
Effect of adoption of HKAS 12 (Amendment)	3	–	–	29	–	29
Total other comprehensive income for the period		–	–	175	–	175
Total comprehensive income/(loss) for the period		–	–	175	(6,004)	(5,829)
Transactions with owners						
Placement of shares		1,743	8,082	–	–	9,825
Total transactions with owners for the period		1,743	8,082	–	–	9,825
Balance at 31st December 2011		34,235	135,293	996	73,438	243,962

The notes on pages 8 to 29 form an integral part of these unaudited condensed consolidated interim financial information.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the six months ended 31st December	
		2012 HK\$'000	2011 HK\$'000
<b>Net cash generated from operating activities</b>		<b>71,291</b>	46,303
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment	5	(51)	(643)
Purchase of investment properties	5	(25,527)	-
Increase in film deposits		(3,237)	(1,686)
Purchase of film rights and investment in films in progress	5	(51,717)	(42,264)
Interest received		308	528
<b>Net cash used in investing activities</b>		<b>(80,224)</b>	(44,065)
<b>Cash flow from financing activities</b>			
Placement of shares		-	10,024
Issue expense of shares placement		-	(199)
Capital element of finance lease payments		(6)	(25)
<b>Net cash (used in)/generated from financing activities</b>		<b>(6)</b>	9,800
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(8,939)</b>	12,038
<b>Cash and cash equivalents at 30th June</b>		<b>71,076</b>	79,432
<b>Cash and cash equivalents at 31st December</b>		<b>62,137</b>	91,470

The notes on pages 8 to 29 form 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”).

This unaudited condensed consolidated interim financial information is presented in thousands of units of Hong Kong dollars (HK\$’000), unless otherwise stated. This unaudited condensed consolidated interim financial information was approved for issue by the board of directors of the Company (the “Board”) on 28th February 2013.

## 2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial information for the six months ended 31st December 2012 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 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) 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 2012, 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, amendments to standards and interpretations are mandatory for the financial year ending 30th June 2013.

		<b>Effective for accounting periods beginning on or after</b>
HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income	1st July 2012
HKAS 12 (Amendment)	Deferred tax: Recovery of Underlying Assets	1st July 2012

The adoption of above new standards, amendments to standards and interpretations have no significant impact on the unaudited condensed consolidated interim financial information except for the adoption of HKAS12 (Amendment).

In December 2010, the HKICPA amended HKAS 12, 'Income taxes', to introduce an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1st January 2012 with early adoption permitted.

### 3. ACCOUNTING POLICIES *(Continued)*

The Group has adopted this amendment retrospectively for the financial period ended 31st December 2012 and the effects of adoption are disclosed as follows.

As disclosed in Note 5, the Group has investment properties measured at their fair values totalling HK\$9,100,000 as of 1st July 2012 (1st July 2011: HK\$6,100,000). As required by the amendment, the Group has re-measured the deferred tax relating to all investment properties amounting to HK\$301,000 (1st July 2011: HK\$63,000) according to the tax consequence on the presumption that they are recovered entirely by sale retrospectively. The comparative figures have been restated to reflect the change in accounting policy, as summarized below.

#### Effect on consolidated balance sheet

	<b>As at 31st December 2012 HK\$'000</b>	As at 30th June 2012 HK\$'000	As at 1st July 2011 HK\$'000
Decrease in deferred tax liabilities	(301)	(301)	(63)
Increase in revaluation reserve	155	155	–
Increase in retained earnings	146	146	63

#### Effect on consolidated statement of comprehensive income

	<b>For the six months ended 31st December</b>	
	<b>2012 HK\$'000</b>	2011 HK\$'000
Increase in other comprehensive income		
– gain recognized directly in equity	–	29

### 3. ACCOUNTING POLICIES *(Continued)*

The following new and revised standards, amendments to standards and interpretations to existing standards have been published that are mandatory for the Group's financial year beginning on or after 1st July 2013 or later periods but which the Group has not early adopted.

		<b>Effective for accounting periods beginning on or after</b>
HKAS 19 (2011)	Employee Benefits	1st January 2013
HKAS 27 (2011)	Separate Financial Statements	1st January 2013
HKAS 28 (2011)	Investments in Associates and Joint Ventures	1st January 2013
HKFRS 1 (Amendment)	First Time Adoption of Government Loans	1st January 2013
HKFRS 7 (Amendment)	Disclosures – Offsetting Financial Assets and Financial Liabilities	1st January 2013
HKFRS 10	Consolidated Financial Statements	1st January 2013
HKFRS 11	Joint Arrangements	1st January 2013
HKFRS 12	Disclosure of Interests in Other Entities	1st January 2013
HKFRS 13	Fair Value Measurement	1st January 2013
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance	1st January 2013
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine	1st January 2013
HKAS 32 (Amendment)	Presentation – Offsetting Financial Assets and Financial Liabilities	1st January 2014
HKFRS 9	Financial Instruments	1st January 2015
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date and Transition Disclosures	1st January 2015



## 4. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the "CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chairman of the Group that makes strategic decisions. The CODM has determined the operating segments based on these reports, as below:

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

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 increase in fair value of investment properties and provision for impairment of available-for-sale financial assets. Finance income and income tax expense are not included in the result for each operating segment that is reviewed by the CODM. Other information provided, except as noted below, to the CODM is measured in a manner consistent with that in the consolidated financial statements.

Total assets, excluding other intangible assets, available-for-sale financial assets, deferred income tax assets, 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, prepayments and other receivables), 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 unaudited condensed consolidated statement of comprehensive income.

There are no sales between geographical segments.

	Unaudited For the six months ended 31st December 2012					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	
<b>Revenue</b>						
External sales	3,474	27,258	280	4,114	-	35,126
Inter-segment sales	-	2,030	-	45	(2,075)	-
	3,474	29,288	280	4,159	(2,075)	35,126
<b>Results</b>						
Segment results	(2,859)	(8)	211	363	-	(2,293)
Finance income						308
Loss before income tax						(1,985)
Income tax credit						267
Loss attributable to the equity holders of the Company						(1,718)
<b>Other information</b>						
Capital expenditures	1,802	26	25,527	2	-	27,357
Unallocated capital expenditures						49,938
Total capital expenditures						77,295
Depreciation and amortization of leasehold land	122	36	-	18	-	176
Unallocated depreciation and amortization of leasehold land						290
Total depreciation and amortization of leasehold land						466
Amortization of film rights	2,092	13,153	-	-	-	15,245

#### 4. SEGMENT INFORMATION (Continued)

	Unaudited					Group HK\$'000 (Restated)
	For the six months ended 31st December 2011					
	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	6,328	34,986	111	1,872	-	43,297
Inter-segment sales	-	1,355	-	221	(1,576)	-
	6,328	36,341	111	2,093	(1,576)	43,297
Results						
Segment results	(1,488)	(2,098)	55	(2,875)	-	(6,406)
Finance income						528
Loss before income tax						(5,878)
Income tax expense						(126)
Loss attributable to the equity holders of the Company						(6,004)
Other information						
Capital expenditures	1,010	228	-	34	-	1,272
Unallocated capital expenditures						41,635
Total capital expenditures						42,907
Depreciation and amortization of leasehold land	202	40	-	23	-	265
Unallocated depreciation and amortization of leasehold land						301
Total depreciation and amortization of leasehold land						566
Amortization of film rights	2,650	22,454	-	-	-	25,104

#### 4. SEGMENT INFORMATION (Continued)

	Unaudited As at 31st December 2012					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	
<b>Assets</b>						
Segment assets	10,218	51,923	34,629	18,672	-	115,442
Other intangible assets						1,858
Deferred income tax assets						674
Cash and cash equivalents						62,137
Other unallocated assets						185,704
<b>Total assets</b>						<b>365,815</b>
	Audited As at 30th June 2012					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	
<b>Assets</b>						
Segment assets	10,891	63,668	9,103	12,278	-	95,940
Other intangible assets						1,858
Deferred income tax assets						564
Cash and cash equivalents						71,076
Other unallocated assets						138,381
<b>Total assets</b>						<b>307,819</b>



## 5. CAPITAL EXPENDITURES

	Leasehold land HK\$'000	Property, plant and equipment HK\$'000	Unaudited Investment properties HK\$'000	Other intangible assets HK\$'000	Film rights and films in progress HK\$'000
Six months ended 31st December 2012					
Opening net book amount at 1st July 2012	3,195	16,570	9,100	1,858	120,756
Additions	-	51	25,527	-	51,717
Disposals	-	(7)	-	-	-
Depreciation and amortization (Note 15)	(41)	(425)	-	-	(15,245)
Closing net book amount at 31st December 2012	3,154	16,189	34,627	1,858	157,228

	Leasehold land HK\$'000	Property, plant and equipment HK\$'000	Unaudited Investment properties HK\$'000	Other intangible assets HK\$'000	Film rights and films in progress HK\$'000
Six months ended 31st December 2011					
Opening net book amount at 1st July 2011	3,277	17,845	6,100	1,858	66,467
Additions	-	643	-	-	42,264
Disposals	-	(1)	-	-	-
Transfer	-	(400)	400	-	-
Change in fair value	-	175	-	-	-
Depreciation and amortization (Note 15)	(41)	(525)	-	-	(25,104)
Closing net book amount at 31st December 2011	3,236	17,737	6,500	1,858	83,627

## 6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Unaudited As at 31st December 2012 HK\$'000	Audited As at 30th June 2012 HK\$'000
Beginning of the period/year	3,005	1,275
Additions	-	1,730
Provision for impairment of available-for-sale financial assets	(3,005)	(3,005)
End of the period/year	-	-
Unlisted investment Equity securities in Hong Kong, at fair value	-	-

## 7. INTEREST IN JOINTLY CONTROLLED ASSETS

The Group has entered into certain jointly controlled asset arrangements to produce and distribute four television series (30th June 2012: four) and five films (30th June 2012: five) respectively. The Group has participating interests from 29% to 87% in these joint ventures. As at 31st December 2012, the aggregate amounts of assets, liabilities and profit 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:

	<b>Unaudited As at 31st December 2012 HK\$'000</b>	Audited As at 30th June 2012 HK\$'000
<b>Assets</b>		
Television series rights and television series in progress	<b>54,873</b>	54,746
Film rights and films in progress	<b>91,238</b>	47,471
Accounts receivable and other receivable	<b>20,262</b>	591
	<b>166,373</b>	102,808
<b>Liabilities</b>		
Accounts payable and other payable	<b>1,811</b>	788
Deposits received	<b>98,605</b>	33,169
	<b>100,416</b>	33,957

	<b>Unaudited For the six months ended 31st December 2012 HK\$'000</b>	2011 HK\$'000
<b>Revenue</b>	<b>9,670</b>	118
<b>Expenses</b>	<b>(9,149)</b>	(19)
<b>Profit after income tax</b>	<b>521</b>	99

## 8. ACCOUNTS RECEIVABLE

	<b>Unaudited As at 31st December 2012 HK\$'000</b>	Audited As at 30th June 2012 HK\$'000
Accounts receivable	<b>23,391</b>	16,844
Less: Provision for impairment of accounts receivable	<b>(142)</b>	(142)
Accounts receivable – net	<b>23,249</b>	16,702

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

As at 31st December 2012, the ageing analysis of the accounts receivable based on invoice date was as follows:

	<b>Unaudited As at 31st December 2012 HK\$'000</b>	Audited As at 30th June 2012 HK\$'000
Current to 90 days	<b>12,178</b>	10,051
91 days to 180 days	<b>9,303</b>	4,030
Over 180 days	<b>1,768</b>	2,621
	<b>23,249</b>	16,702

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

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

Save as a bank's guarantee of HK\$60,000 (As at 30th June 2012: HK\$90,000) provided to the Group by a customer, the Group does not hold any collateral as security (As at 30th June 2012: same).

The Group has recognized nil (2011: HK\$792,000) for the impairment of its accounts receivable during the period. During the period ended 31st December 2012, no provision was written off from the allowance account (2011: same).

## 9. SHARE CAPITAL

	<b>Number of ordinary shares</b>	<b>Ordinary shares</b> HK\$'000
<b>At 1st July 2012 and 31st December 2012</b>	<b>1,711,770,370</b>	<b>34,235</b>

The total authorized number of ordinary shares is 5,000 million shares (As at 30th June 2012: 5,000 million shares) with a par value of HK\$0.02 per share (As at 30th June 2012: HK\$0.02 per share). All shares issued are fully paid.

## 10. 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 "Scheme") in compliance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

Pursuant to an ordinary resolution passed in the annual general meeting held on 29th November 2011 (the "2011 AGM"), the Company approved the refreshment of the scheme mandate limit, which is 171,177,037 share options, representing 10% of the total number of the issued shares of the Company as at the date of the 2011 AGM, under the Scheme.

## 10. SHARE OPTIONS *(Continued)*

On 27th June 2012, the Company granted 34,235,403 share options to the certain Directors and employees of the Company at the subscription price of HK\$0.067 per share option which were vested immediately and exercisable for a three-year period between 27th June 2012 and 26th June 2015 (both days inclusive). Each share option gives the holder the right to subscribe for one ordinary share of the Company. None of the share options has been exercised or cancelled for the period from 27th June 2012 to 31st December 2012.

The fair value of the share options granted during the period at the measurement dated 27th June 2012 of HK\$1,489,685 was determined under the Black-Scholes Option Pricing Model and based on the following assumptions:

Risk-free interest rate	0.242%
Expected life of the share options	3 years
Expected volatility	116.31%

The Black-Scholes Option Pricing Model requires input of highly subjective assumptions, including the risk-free interest rate and the expected stock price volatility. Because changes in the subjective input assumptions can materially affect the fair value estimate, the Black-Scholes Option Pricing Model does not necessarily provide a reliable measure of the fair value of the share options.

After the refreshment of the scheme mandate limit in the 2011 AGM and granting of share options on 27th June 2012, the total number of share options available for issue under the Scheme as at 31st December 2012 was 136,941,634, the full exercise of which in subscribing for shares of the Company would represent 8% of the total number of the issued shares of the Company as at 31st December 2012.

## 11. OTHER RESERVES

	Reserve arising on consolidation HK\$'000	Revaluation reserve HK\$'000	Share-based compensation reserve HK\$'000	Total HK\$'000
At 1st July 2012, as previously reported	821	783	1,490	3,094
Change in accounting policy – Adoption of HKAS 12 (Amendment)	-	155	-	155
At 1st July 2012, as restated and 31st December 2012	821	938	1,490	3,249

	Reserve arising on consolidation HK\$'000	Revaluation reserve HK\$'000	Share-based compensation reserve HK\$'000	Total HK\$'000
At 1st July 2011	821	-	-	821
Grant of share options	-	-	1,490	1,490
Fair value adjustment upon transfer from land and buildings to investment properties	-	938	-	938
Deferred tax effect on fair value adjustment upon transfer from land and buildings to investment properties	-	(155)	-	(155)
Change in accounting policy – Adoption of HKAS 12 (Amendment)	-	155	-	155
At 30th June 2012, as restated	821	938	1,490	3,249

## 12. OBLIGATIONS UNDER FINANCE LEASES

As at 31st December 2012, the Group's obligations under finance leases were repayable as follows:

	<b>Unaudited As at 31st December 2012 HK\$'000</b>	Audited As at 30th June 2012 HK\$'000
Within one year	<b>9</b>	15
Future finance charges on obligations under finance leases	–	–
Present value of obligations under finance leases	<b>9</b>	15
The present value of obligations under finance leases was as follows:		
Within one year	<b>9</b>	15

### 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.

	<b>Unaudited</b>	
	<b>For the six months ended</b>	
	<b>31st December</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
Wages and salaries	<b>8,274</b>	8,989
Provision for unutilized annual leave	<b>73</b>	80
(Write-back of provision)/provision for long service payment	<b>(5)</b>	40
Staff welfare	<b>714</b>	685
Pension costs – defined contribution plan	<b>199</b>	186
Total including directors' emoluments	<b>9,255</b>	9,980



## 14. ACCOUNTS PAYABLE

As at 31st December 2012, the ageing analysis of the accounts payable based on invoice date was as follows:

	<b>Unaudited As at 31st December 2012 HK\$'000</b>	Audited As at 30th June 2012 HK\$'000
Current to 90 days	1,595	1,623
91 days to 180 days	67	139
Over 180 days	2,664	2,540
	<b>4,326</b>	4,302

## 15. EXPENSES BY NATURE

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

	<b>Unaudited For the six months ended 31st December 2012 HK\$'000</b>	2011 HK\$'000
Amortization of film rights (Note 5)	15,245	25,104
Amortization of leasehold land (Note 5)	41	41
Depreciation of owned assets (Note 5)	419	495
Depreciation of leased assets (Note 5)	6	30
Write-off of inventories	566	25
Impairment losses of accounts receivable (Note 8)	-	792
Employee benefits expenses (Note 13)	9,255	9,980
Cost of inventories sold	1,418	2,172

## 16. INCOME TAX (CREDIT)/EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the period (2011: 16.5%).

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

	<b>Unaudited</b>	
	<b>For the six months ended</b>	
	<b>31st December</b>	
	<b>2012</b>	2011
	<b>HK\$'000</b>	HK\$'000
Hong Kong profits tax	<b>(239)</b>	217
Deferred income tax relating to the origination and reversal of temporary differences	<b>(28)</b>	(91)
	<b>(267)</b>	126

## 17. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to the equity holders of the Company of HK\$1,718,000 (2011: HK\$6,004,000) and the weighted average number of ordinary shares in issue during the period of 1,711,770,370 shares (2011: 1,686,189,337 shares).

The basic and diluted loss per share for the six months ended 31st December 2012 are the same because the effect of the assumed conversion of all dilutive potential ordinary shares outstanding during the period was anti-dilutive.

The basic and diluted loss per share for the six months ended 31st December 2011 are the same as there was no dilutive potential ordinary share 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\$935,872 (equivalent to HK\$7,299,799) was payable by UEL to Star as its share of the revenue of the movie entitled “Shaolin Soccer” (the “Movie”).

Pursuant to an Order (the “Order”) made by the High Court on 21st February 2003, UEL was ordered and had paid to Star a sum of HK\$5,495,700, being part of the licence fee of the Movie received by UEL from Miramax Films (being the licensee of the Movie) and which was also part of the sum claimed by Star. Pursuant to the Order, UEL is also liable to pay Star interest in the sum of HK\$350,905 and some of the costs of the application leading to the making of the Order, all of which have been settled. As the Order has not disposed of all the claims of US\$935,872 (equivalent to HK\$7,299,799) by Star, UEL is entitled to continue to defend the claim by Star for recovering the remaining balance in the sum of approximately HK\$1,804,099 (HK\$7,299,799 less HK\$5,495,700).

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

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



## 18. PENDING LITIGATIONS *(Continued)*

- (b) On 1st September 2008, Koninklijke Philips Electronics N.V. ("KPE") issued a Writ of Summons against among other persons, the Company, ULV and Mr Lam Shiu Ming, Daneil (one of the Directors), being three of the defendants named therein, in respect of damages arising from alleged infringement of the patents regarding Video Compact Disc owned by KPE.

In the opinion of legal counsel, it is premature to predict the outcome of the said claim made against the Company, ULV and Mr Lam Shiu Ming, Daneil. The Board is of the opinion that the outflow of economic benefits cannot be reliably estimated and accordingly no provision for any liability that may result has been made in the unaudited condensed consolidated interim financial information.

- (c) On 8th January 2010, KPE issued a Writ of Summons against among other persons, the Company, ULV and Mr Lam Shiu Ming, Daneil (one of the Directors), being three of the defendants named therein, in respect of damages arising from alleged infringement of the patents regarding Digital Video Disc owned by KPE.

The claim made against ULV has been agreed with KPE and appropriate provision was recognized accordingly in the unaudited condensed consolidated interim financial information. Based on the consultation with legal counsel, no further material outflow of economic benefits will be incurred for ULV.

In June 2012, the action was discontinued against the Company and Mr Lam Shiu Ming, Daneil.

Save as disclosed above, as at 31st December 2012, 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 2012, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	<b>Unaudited As at 31st December 2012 HK\$'000</b>	Audited As at 30th June 2012 HK\$'000
Land and buildings		
Not later than one year	960	960
Later than one year and not later than five years	880	1,360
	<b>1,840</b>	2,320

### (b) Others

As at 31st December 2012, the Group had commitments contracted but not provided for in the unaudited condensed consolidated interim financial information as follows:

	<b>Unaudited As at 31st December 2012 HK\$'000</b>	Audited As at 30th June 2012 HK\$'000
Purchase of film rights and production of films	<b>59,850</b>	58,712

*Note:* As at 31st December 2012, the Group had commitment of HK\$5,987,000 in respect of jointly controlled assets (As at 30th June 2012: HK\$18,051,000).

## 20. FUTURE OPERATING LEASES

As at 31st December 2012, the Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

	<b>Unaudited As at 31st December 2012 HK\$'000</b>	Audited As at 30th June 2012 HK\$'000
Not later than one year	<b>1,102</b>	289
Later than one year and not later than five years	<b>519</b>	80
	<b>1,621</b>	369

## 21. RELATED PARTY TRANSACTIONS

Details of key management compensation

	<b>Unaudited For the six months ended 31st December 2012 HK\$'000</b>	2011 HK\$'000
Salaries and other short-term employee benefits	<b>5,231</b>	5,198
Employer's contribution to retirement scheme	<b>30</b>	24
	<b>5,261</b>	5,222

Save as disclosed above and elsewhere in the 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.

## 22. COMPARATIVE FIGURES

Comparative figures have been reclassified to conform with the current period's presentation. This reclassification had no material impact on the Group's loss for the period ended 31st December 2011 or the total equity as at 30th June 2012.



## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 31st December 2012 (2011: same).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overall Group results

The Group's unaudited consolidated revenue for the six months ended 31st December 2012 decreased by 18.9% over the same period last year to HK\$35.1 million. Meanwhile, the loss attributable to the equity holders of the Company narrowed by 71.4% to HK\$1.7 million. Loss per share for the period under review was HK0.10 cent compared with HK0.36 cent during the corresponding period in 2011. The improvement in the Group's results was mainly due to higher gross profit contribution from licensing of non-newly released films and television series which had been fully amortized in the previous years and encouraging performance of film exhibition business.

### Video distribution

During the period under review, the local video distribution business accounted for 9.9% (2011: 14.6%) of the Group's consolidated revenue. Turnover from this business segment posted a decline of 45.1% to HK\$3.5 million compared to the previous year as this business remained sluggish and affected by fewer number of new titles being released during the period under review.

As a result of the above, the performance of this business segment was severely impacted. During the period under review, the Group recorded a segmental loss of HK\$36,000 (2011: gross profit of HK\$1.5 million).

In response to such difficult business environment, the Group will continue to improve the cost structure of this business segment and exercise prudence when acquiring new titles for video distribution.



## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

### Film exhibition, licensing and sub-licensing of film rights

Revenue from this business segment during the period was HK\$27.3 million, representing a decrease of 22.1% over the same period last year. It accounted for 77.6% (2011: 80.8%) of the Group's total turnover during the period.

Revenue from licensing and sub-licensing of film rights recorded a decline to HK\$22.5 million from HK\$31.3 million, representing a decrease of 28.3%. Notwithstanding the decrease in revenue, gross profit margin rose from 26.0% to 35.2% as there was higher contribution from non-newly released films and television series. The gross profit margin for such non-newly films and television series are typically higher because their costs had been fully amortized in previous years.

During the period under review, the revenue and gross profit generated from film exhibition are encouraging. Revenue from film exhibition recorded a growth of 31.0% to HK\$4.8 million while we are also delighted to record a gross profit of HK\$619,000 (2011: gross loss of HK\$1.8 million) in film exhibition business as the box office of the film released during the review has been satisfactory.

In terms of geographical contribution, overseas markets accounted for 38.0% (2011: 64.2%) of the Group's total revenue during the period under review. Revenue from the Mainland China decreased by HK\$11.1 million to HK\$10.3 million, accounting for 29.2% (2011: 49.3%) of the Group's total revenue. The decrease in revenue from overseas markets was mainly due to the fact that only one new film was released during the period under review, which consequently affected licensing revenue from overseas markets.

### Leasing of investment properties

During the period under review, this business segment recorded a growth of 1.5 times in revenue to HK\$280,000 from HK\$111,000. As stated in the announcement dated 15th October 2012, the Group entered into a sale and purchase agreement to acquire certain investment properties for a consideration of HK\$24.0 million and the agreement was completed on 15th November 2012. The growth in revenue was the result of acquisition of the above investment properties. The management believes that the aforesaid acquisition is a good investment and the Group will benefit from the anticipated growth in value of the investment properties while providing a steady income stream. It also expanded the Group's investment property portfolio in Hong Kong.





## OUTLOOK

We expect overall operating environment for the industry to remain challenging in the coming year. In view of this, the Group will continue to closely monitor the rapidly changing business environment and adopt a pragmatic and prudent approach towards the Group's business development accordingly.

## FINANCIAL RESOURCES/LIQUIDITY AND CAPITAL STRUCTURE

As at 31st December 2012, the Group had cash balances of HK\$62.1 million (As at 30th June 2012: HK\$71.1 million). The decrease in cash balances was mainly due to the fact that the consideration of HK\$24.0 million for the acquisition of the investment properties together with the relevant transaction expenses of HK\$1.5 million was wholly funded by the Group's internal resources.

As at 31st December 2012, the Group had total assets of approximately HK\$365.8 million, representing an increase of HK\$58.0 million over that of 30th June 2012.

The Group's gearing ratio as at 31st December 2012 fell to almost zero (As at 30th June 2012: same), which was calculated on the basis of the Group's long term borrowings including obligations under finance leases of approximately HK\$9,000 (fully repayable within one year) and on the total equity of the Company of approximately HK\$233.1 million.

There was no financial cost incurred for the period ended 31st December 2012 (2011: same).

In light of the fact that most of the Group's transactions were denominated in Hong Kong dollars, Renminbi 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 2012, the Group did not have any pledged assets (As at 30th June 2012: same).

## EMPLOYEES AND REMUNERATION POLICIES

As at 31st December 2012, the Group had 46 staff (As at 30th June 2012: 45). Remuneration is reviewed annually and certain staffs are entitled to commission. In addition to basic salaries, staff benefits including discretionary bonus, medical insurance scheme and mandatory provident fund.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31st December 2012, the interests of each of the Directors and chief executives of the Company in the shares of the Company (within the meaning of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("SFO")) which were required to be (a) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interest which any such Director was taken or deemed to have under such provisions of the SFO) or; (b) entered in the register required to be kept by the Company pursuant to Section 352 of Part XV of the SFO or; (c) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules were as follows:

### (1) Interests in issued shares

Name of Director	Nature of interest	Number of the Company's shares held	Percentage of shareholding
Mr Lam Shiu Ming, Daneil	Founder of a discretionary trust ( <i>Note</i> )	859,131,705	50.19%

*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 859,131,705 shares of the Company.*



## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

*(Continued)*

### **(2) Interests in underlying shares**

Certain Directors have been granted share options under the Scheme, details of which are set in the section "SHARE OPTION SCHEME" below.

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

Save as disclosed above, as at 31st December 2012, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and 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) entered in the register kept by the Company pursuant to Section 352 of Part XV of the SFO or; (c) notified to the Company and the Stock Exchange pursuant to the Model Code.

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 (or warrants or debentures, if applicable) 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.

## SHARE OPTION SCHEME

Pursuant to a resolution passed in the annual general meeting held on 26th November 2003, the Company adopted the Share Option Scheme in compliance with the Listing Rules.

The Company may grant share options to the participants, including Directors and employees, to subscribe for shares of the Company as incentives and/or rewards for their contributions and support to the Group and any entity in which the Group holds any equity interests. On 27th June 2012, the Company granted 34,235,403 share options, which represented 2% of the issued share capital of the Company as at 31st December 2012, to certain Directors and employees at the subscription price of HK\$0.067 per share option which were vested immediately and exercisable for a three-year period commencing from 27th June 2012 to 26th June 2015 (both days inclusive). Each share option gives the holder the right to subscribe for one ordinary share of the Company. Particulars of the share options outstanding during the period and as at 31st December 2012 were as follows:

Participants	Date of grant	Period during which share options are exercisable	Price per share on exercise of share options HK\$	Number of share options outstanding at the beginning of the period	Number of share options granted during the period	Number of share options exercised during the period	Number of share options outstanding at the end of the period	Market value per share on grant of share options HK\$
<b>Executive Directors</b>								
Mr Lam Shiu Ming, Daniel	27/6/2012	27/6/2012–26/6/2015	0.067	17,117,703	-	-	17,117,703	0.064
Mr Yeung Kim Piu	27/6/2012	27/6/2012–26/6/2015	0.067	4,279,425	-	-	4,279,425	0.064
<b>Chief Operation Officer</b>								
Mr Lam Siu Keung, Alvin	27/6/2012	27/6/2012–26/6/2015	0.067	8,558,850	-	-	8,558,850	0.064
<b>Eligible employee working under employment contracts</b>								
	27/6/2012	27/6/2012–26/6/2015	0.067	4,279,425	-	-	4,279,425	0.064
				34,235,403	-	-	34,235,403	

None of the share options has been granted, exercised or cancelled for the period from 1st July 2012 to 31st December 2012.

## SUBSTANTIAL SHAREHOLDERS

So far as is known to any Director or chief executive of the Company, as at 31st December 2012, shareholders (other than Directors or chief executive of the Company disclosed above) 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 provisions 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 Part XV of the SFO were as follows:

<b>Name of shareholders</b>	<b>Number of the Company's shares held</b>	<b>Percentage of shareholding</b>
Globalcrest Enterprises Limited ( <i>Note</i> )	859,131,705	50.19%
Central Core Resources Limited ( <i>Note</i> )	859,131,705	50.19%

*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 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 2012, no other person has any interests or short positions in the shares, underlying shares and debentures of the Company in the register required to be kept by Company under section 336 of Part XV 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.



## **CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT**

The Company has, throughout the six months ended 31st December 2012, complied with the code provisions contained in Corporate Governance Code and Corporate Governance Report (the “Code”) set out in Appendix 14 to the Listing Rules except for the code provision A.2.1 of the Code for the separation of the roles of Chairman and Chief Executive Officer (“CEO”) as described in the following.

Code provision A.2.1 of the Code sets out that the roles of the Chairman and CEO should be 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 2012 with the management.



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

The Company has not redeemed any of its shares during the six months ended 31st December 2012. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the period.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

During the six months ended 31st December 2012, the Company has adopted the Model Code as its code for dealing in securities of the Company by Directors. Having made specific enquiries, all Directors confirmed that they have complied with the Model Code throughout the period.

By Order of the Board  
**Lam Shiu Ming, Daneil**  
*Chairman*

Hong Kong, 28th February 2013



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