



# universe

| 寰宇 |

Interim Report  
中期報告  
2014/15

**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 Hung Cho Sing  
Mr Yeung Kim Piu  
Mr Lam Kit Sun

### Independent Non-executive Directors

Mr Lam Wing Tai  
Mr Lam Chi Keung  
Mr Choi Wing Koon

### Company Secretary

Mr Lam Kit Sun

### Authorized Representatives

Mr Lam Shiu Ming, Daneil  
Mr Lam Kit Sun

### Principal Bankers

The Hongkong and Shanghai Banking  
Corporation Limited  
OCBC Wing Hang Bank Limited

### Auditor

PricewaterhouseCoopers  
*Certified Public Accountants*

### Legal Advisers

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

Angela Ho & Associates  
1109, Tower 1  
Lippo Centre  
89 Queensway  
Hong Kong

### Share Registrar

Tricor Abacus Limited  
Level 22, Hopewell Centre  
183 Queen's Road East  
Hong Kong

### Audit Committee

Mr Lam Wing Tai (*Chairman*)  
Mr Lam Chi Keung  
Mr Choi Wing Koon

### Remuneration Committee

Mr Choi Wing Koon (*Chairman*)  
Mr Lam Shiu Ming, Daneil  
Mr Lam Wing Tai  
Mr Lam Chi Keung

### Nomination Committee

Mr Lam Chi Keung (*Chairman*)  
Mr Lam Shiu Ming, Daneil  
Mr Lam Wing Tai  
Mr Choi Wing Koon

### 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  
Hong Kong

### Website

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

### 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 2014 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 2014 (the “Period”) as follows:

## UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

	Note	Unaudited As at 31st December 2014 HK\$'000	Audited As at 30th June 2014 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	1,482	1,581
Investment properties	6	25,060	25,060
Other intangible assets	6	1,858	1,858
Film rights and films in progress	6	30,016	32,021
Investment in an associate	7	4,869	–
Investments in joint ventures	8	824	924
Loan receivable from a joint venture	8	8,032	7,922
Loans receivable	9	7,000	–
Film deposits		37,311	39,045
Deferred income tax assets		372	368
Available-for-sale financial assets	10	55,032	54,965
		<b>171,856</b>	163,744
<b>Current assets</b>			
Inventories		2,623	2,968
Accounts receivable	11	8,725	25,466
Loans receivable	9	61,930	38,930
Deposits paid, prepayments and other receivables		40,811	19,163
Financial assets at fair value through profit or loss	12	92,849	60,315
Cash and cash equivalents		50,944	84,178
		<b>257,882</b>	231,020
<b>Total assets</b>		<b>429,738</b>	394,764

**UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET** (Continued)

	Note	Unaudited As at 31st December 2014 HK\$'000	Audited As at 30th June 2014 HK\$'000
<b>EQUITY</b>			
<b>Capital and reserves attributable to the equity holders of the Company</b>			
Share capital	14	49,730	34,578
Share premium		194,669	136,842
Other reserves	16	92,957	83,492
Retained earnings		14,600	44,987
<b>Total shareholders' equity</b>		<b>351,956</b>	299,899
Non-controlling interest		1,000	–
<b>Total equity</b>		<b>352,956</b>	299,899
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Obligations under finance lease	17	45	52
Deferred income tax liabilities		1,645	4,742
		<b>1,690</b>	4,794
<b>Current liabilities</b>			
Accounts payable	19	3,608	4,193
Other payables and accrued charges		32,644	51,289
Deposits received		36,408	32,446
Amount due to the ultimate holding company		1	1
Obligations under finance lease	17	17	17
Taxation payable		2,414	2,125
		<b>75,092</b>	90,071
<b>Total liabilities</b>		<b>76,782</b>	94,865
<b>Total equity and liabilities</b>		<b>429,738</b>	394,764
<b>Net current assets</b>		<b>182,790</b>	140,949
<b>Total assets less current liabilities</b>		<b>354,646</b>	304,693

The notes on pages 9 to 48 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	2014 HK\$'000	2013 HK\$'000
Revenue	5	30,497	152,729
Cost of revenue	21	(16,665)	(146,813)
Selling expenses	21	(1,604)	(2,002)
Administrative expenses	21	(27,291)	(18,190)
Other income		300	4,149
Other gains/(losses) – net		151	(51)
Gain on disposal of non-current assets held for sale		–	126
Gain on disposal of a subsidiary		6	–
Increase in fair value of investment properties		–	2,180
Unrealised fair value (loss)/gain on investment securities		(19,007)	111,435
Fair value loss in issuance of unlisted warrants	20	–	(81,206)
Other operating income	21	535	1,549
Finance income		180	274
Share of loss of an associate	7	(191)	–
Share of loss of a joint venture	8	(110)	(106)
<b>(Loss)/profit before income tax</b>		<b>(33,199)</b>	24,074
Income tax credit/(expense)	22	2,812	(18,130)
<b>(Loss)/profit for the period attributable to the equity holders of the Company</b>		<b>(30,387)</b>	5,944
Other comprehensive income: Item that may be reclassified subsequently to profit and loss: Change in value of available-for-sale financial assets		67	–
<b>Total comprehensive (loss)/income for the period attributable to the equity holders of the Company</b>		<b>(30,320)</b>	5,944

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF  
COMPREHENSIVE INCOME** *(Continued)*

		For the six months ended	
		31st December	
	Note	2014 HK\$'000	2013 HK\$'000
<b>(Loss)/earnings per share attributable to the equity holders of the Company during the period (expressed in HK cent)</b>			
- basic	23	<b>(1.45)</b>	0.35
- diluted	23	<b>(1.45)</b>	0.34

The notes on pages 9 to 48 form an integral part of these unaudited condensed consolidated interim financial information.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to the equity holders of the Company						
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Total shareholders fund HK\$'000	Non-controlling interest HK\$'000	Total equity HK\$'000
Balance at 1st July 2014	34,578	136,842	83,492	44,987	299,899	-	299,899
<b>Comprehensive loss</b>							
Loss for the Period	-	-	-	(30,387)	(30,387)	-	(30,387)
Other comprehensive income							
Change in value of available-for-sale financial assets	-	-	67	-	67	-	67
Total comprehensive loss for the Period	-	-	67	(30,387)	(30,320)	-	(30,320)
<b>Transactions with owners</b>							
Employee share option scheme – grant of share options	-	-	9,398	-	9,398	-	9,398
Placement of shares	15,152	57,827	-	-	72,979	-	72,979
Acquisition of a subsidiary	-	-	-	-	-	1,000	1,000
<b>Total contributions by and distribution to owners of the Company, recognised directly in equity</b>	15,152	57,827	9,398	-	82,377	1,000	83,377
Balance at 31st December 2014	49,730	194,669	92,957	14,600	351,956	1,000	352,956



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

	Attributable to the equity holders of the Company				Total shareholders' fund HK\$'000	Non-controlling interest HK\$'000	Total equity HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000			
Balance at 1st July 2013	34,235	135,293	14,229	57,396	241,153	-	241,153
Comprehensive income							
Profit for the period	-	-	-	5,944	5,944	-	5,944
Total comprehensive income for the period	-	-	-	5,944	5,944	-	5,944
Transactions with owners							
Employee share option scheme							
– exercise of share options	86	387	(186)	-	287	-	287
Issue of unlisted warrants	-	-	81,961	-	81,961	-	81,961
Total contributions by and distribution to owners of the Company, recognised directly in equity	86	387	81,775	-	82,248	-	82,248
Balance at 31st December 2013	34,321	135,680	96,004	63,340	329,345	-	329,345

The notes on pages 9 to 48 form 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	2014 HK\$'000	2013 HK\$'000
<b>Net cash (used in)/generated from operating activities</b>		<b>(91,991)</b>	37,364
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(207)	(79)
Decrease in film deposits		1,734	357
Purchase of film rights and investment in films in progress	6	(10,742)	(3,398)
Investment in an associate		(5,060)	-
Investment in a joint venture		(10)	-
Proceeds from disposal of non-current assets held for sale		-	1,780
Interest received		70	325
<b>Net cash used in investing activities</b>		<b>(14,215)</b>	(1,015)
<b>Cash flows from financing activities</b>			
Proceeds from placement of shares		72,979	-
Proceeds from issuance of unlisted warrants		-	755
Proceeds from shares issued under share options scheme		-	287
Capital element of finance lease payments		(7)	(11)
<b>Net cash generated from financing activities</b>		<b>72,972</b>	1,031
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(33,234)</b>	37,380
<b>Cash and cash equivalents at 30th June</b>		<b>84,178</b>	50,430
<b>Cash and cash equivalents at 31st December</b>		<b>50,944</b>	87,810

The notes on pages 9 to 48 form an integral part of these unaudited condensed consolidated interim financial information.

## NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 1. GENERAL INFORMATION

The Group is 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, leasing of investment properties, securities investment and money lending.

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 27th February 2015.

### 2. BASIS OF PREPARATION

These unaudited condensed consolidated interim financial information for the Period have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules of Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and with the 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 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the 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.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30th June 2014.

### 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 2014 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 and relevant to the Group for the financial year beginning on 1st July 2014.

		<b>Effective for accounting periods beginning on or after</b>
HKAS 32 Amendment	Offsetting Financial Assets and Financial Liabilities	1st July 2014
HKAS 36 Amendment	Recoverable Amount Disclosures for Non-Financial Assets	1st July 2014
HKAS 39 Amendment	Novation of Derivatives and Continuation of Hedge Accounting	1st July 2014
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendment	Investment Entities	1st July 2014
Hong Kong (IFRIC) Interpretation ("HK(IFRIC)") 21	Levies	1st July 2014

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

The following new standards, amendments to standards and interpretations to existing standards have been issued but are not yet effective for the financial year beginning 1st July 2014 and have not been early adopted.

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

		<b>Effective for accounting periods beginning on or after</b>
HKAS 19 (2011) Amendment	Defined Benefit Plans: Employee Contributions	1st July 2015
Annual Improvements Project	Annual Improvements 2010-2012 Cycle	1st July 2015
Annual Improvements Project	Annual Improvements 2011-2013 Cycle	1st July 2015
Annual Improvements Project	Annual Improvements 2012-2014 Cycle	1st July 2016
HKFRS 14	Regulatory Deferral Accounts	1st July 2016
HKFRS 10 and HKAS 28 Amendment	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1st July 2016
HKFRS 11 Amendment	Accounting for Acquisitions of Interests in Joint Operations	1st July 2016
HKAS 16 and HKAS 38 Amendment	Clarification of Acceptable Methods of Depreciation and Amortisation	1st July 2016
HKAS 16 and HKAS 41 Amendment	Agriculture: Bearer Plants	1st July 2016
HKAS 27 Amendment	Equity Method in Separate Financial Statements	1st July 2016
HKFRS 15	Revenue from Contracts with Customers	1st July 2017
HKFRS 9	Financial Instruments	1st July 2018

## 4. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### 4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 30th June 2014.

There have been no changes in the risk management policies of the Group since year end or in any risk management policies since the year end.

#### *Liquidity risk*

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

### 4.2 Fair value estimation

The table below analyses financial instruments carried at fair value as at 31st December 2014 by levels of inputs to valuation techniques used to measure fair value. Such techniques are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

## 4. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

(Continued)

### 4.2 Fair value estimation (Continued)

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31st December 2014 and 30th June 2014.

#### At 31st December 2014

Assets	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial assets at fair value through profit or loss				
– Equity securities	92,849	–	–	92,849
Available-for-sale financial assets				
– Equity securities	–	–	55,032	55,032
<b>Total assets</b>	<b>92,849</b>	<b>–</b>	<b>55,032</b>	<b>147,881</b>

#### At 30th June 2014

Assets	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Financial assets at fair value through profit or loss				
– Equity securities	60,315	–	–	60,315
Available-for-sale financial assets				
– Equity securities	–	–	54,965	54,965
<b>Total assets</b>	<b>60,315</b>	<b>–</b>	<b>54,965</b>	<b>115,280</b>

**4. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS***(Continued)***4.2 Fair value estimation** *(Continued)*

The following table presents the changes in level 3 instruments for the Period:

**31st December 2014**

<b>Assets</b>	<b>Available-for-sale financial assets HK\$'000</b>	<b>Total HK\$'000</b>
At the beginning of the Period	54,965	54,965
Change in fair value of available-for-sale financial assets	67	67
At the end of the Period	55,032	55,032



## 4. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

(Continued)

### 4.2 Fair value estimation (Continued)

30th June 2014

Assets	Available-for-sale financial assets HK\$'000	Total HK\$'000
At the beginning of the year	–	–
Additions	54,965	54,965
At the end of the year	54,965	54,965

Description	31st December 2014	Fair value hierarchy	Valuation technique	Significant unobservable input	Range of unobservable input	Relationship of unobservable input to fair value
<b>Available-for-sale financial assets</b>						
Available-for-sale financial assets	55,032	Level 3	Share of net asset and recent transaction price*	N/A	N/A	N/A

- \* The investment classified as level 3 and presented in the table above is not traded in an active market. These have been valued based on information derived from individual fund report from the fund manager and considering relevant factors if deemed necessary. The Group has determined that the reported net asset value represents fair value of the captioned investments.

## 4. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

*(Continued)*

### 4.2 Fair value estimation *(Continued)*

There were no other changes in valuation technique during the Period.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

There were no transfers between levels 1, 2 and 3 during the Period.

Level 2 loan receivable from a joint venture is a financial asset with fixed or determinable payments that is not quoted in an active market. The financial asset is initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method.

### 4.3 Fair value of financial assets and liabilities measured at amortised cost

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Accounts receivables
- Loans and other receivables
- Cash and cash equivalents
- Accounts payables
- Other payables and accrued charges
- Deposits received
- Obligations under finance lease

## 5. 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
- Securities investments
- Money lending

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 on disposal of non-current assets held for sale, gain on disposal of subsidiaries and fair value loss in issuance of unlisted warrants. Finance income and income tax expense/(credit) 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 investment properties, financial assets at fair value through profit or loss, loans receivable, inventories, accounts receivable, and other unallocated assets (including leasehold land, property, plant and equipment, deposits paid, prepayment and other receivables) are managed on a central basis. These are part of the reconciliation to total balance sheet assets.

## 5. 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 consolidated statement of comprehensive income.

There are no sales between geographical segments.

	Unaudited For the six month ended 31st December 2014							Group HK\$'000
	Sales of goods HK\$'000	Film exhibition, licensing and sub-licensing of film rights HK\$'000	Leasing of investment properties HK\$'000	Securities investment HK\$'000	Money lending HK\$'000	Others HK\$'000	Elimination HK\$'000	
<b>Revenue</b>								
External sales	2,874	22,538	486	344	2,921	1,334	-	30,497
Inter-segment sales	-	289	-	-	-	7	(296)	-
	<u>2,874</u>	<u>22,827</u>	<u>486</u>	<u>344</u>	<u>2,921</u>	<u>1,341</u>	<u>(296)</u>	<u>30,497</u>
<b>Results</b>								
Segment results before changes in fair value of investment securities	(2,461)	1,275	389	(1,183)	1,712	(14,344)	-	(14,612)
Unrealised fair value loss on investment securities	-	-	-	(19,007)	-	-	-	(19,007)
	<u>(2,461)</u>	<u>1,275</u>	<u>389</u>	<u>(20,190)</u>	<u>1,712</u>	<u>(14,344)</u>	<u>-</u>	<u>(33,619)</u>
Gain on disposal of a subsidiary								6
Other operating income								535
Finance income								180
Share of loss of an associate								(191)
Share of loss of a joint venture								(110)
								<u>(33,199)</u>
Loss before income tax								(33,199)
Income tax credit								2,812
								<u>(30,387)</u>
Loss attributable to the equity holders of the Company								<u>(30,387)</u>
<b>Other information</b>								
Capital expenditures	313	296	-	-	45	32	-	686
Unallocated capital expenditures								10,263
								<u>10,949</u>
<b>Total capital expenditures</b>								<u>10,949</u>
Depreciation and amortisation of leasehold land	61	22	1	-	12	17	-	113
Unallocated depreciation and amortisation of leasehold land								193
								<u>306</u>
<b>Total depreciation and amortisation of leasehold land</b>								<u>306</u>
Amortisation of film rights	409	12,338	-	-	-	-	-	12,747

**5. SEGMENT INFORMATION (Continued)**

	Unaudited For the six months ended 31st December 2013							Group HK\$'000
	Sales of goods HK\$'000	Film exhibition, licensing and sub-licensing of film rights HK\$'000	Leasing of investment properties HK\$'000	Securities investments HK\$'000	Money lending HK\$'000	Others HK\$'000	Elimination HK\$'000	
Revenue								
External sales	4,232	144,381	800	-	51	3,235	-	152,729
Inter-segment sales	-	1,247	-	-	-	12	(1,259)	-
	4,232	145,628	800	-	51	3,247	(1,259)	152,729
Results								
Segment results before changes in fair value of investment securities and investment properties	(959)	(4,520)	390	(948)	(708)	(1,884)	-	(8,629)
Unrealised fair value gain on investment securities	-	-	-	111,435	-	-	-	111,435
Increase in fair value of investment properties	-	-	2,180	-	-	-	-	2,180
Segment results	(959)	(4,520)	2,570	110,487	(708)	(1,884)	-	104,986
Gain on disposal of non-current assets held for sale								126
Fair value loss in issuance of unlisted warrants								(81,206)
Finance income								274
Share of loss of a joint venture								(106)
Profit before income tax								24,074
Income tax expense								(18,130)
Profit attributable to the equity holders of the Company								5,944
Other information								
Capital expenditures	147	1,056	5	-	38	6	-	1,252
Unallocated capital expenditures								2,312
Total capital expenditures								3,564
Depreciation and amortisation of leasehold land	115	46	-	-	2	29	-	192
Unallocated depreciation and amortisation of leasehold land								399
Total depreciation and amortisation of leasehold land								591
Amortisation of film rights	2,125	122,082	-	-	-	-	-	124,207



## 6. 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 2014					
Opening net book amount at 1st July 2014	-	1,581	25,060	1,858	32,021
Additions	-	207	-	-	10,742
Depreciation and amortisation (Note 21)	-	(306)	-	-	(12,747)
Closing net book amount at 31st December 2014	-	1,482	25,060	1,858	30,016

	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 2013					
Opening net book amount at 1st July 2013	3,113	14,677	49,896	1,858	171,268
Additions	-	165	-	-	3,398
Disposals	-	(56)	-	-	-
Change in fair value	-	-	2,180	-	-
Amount written back	-	56	-	-	-
Transferred to assets classified as held for sale	(3,072)	(12,476)	(27,180)	-	-
Depreciation and amortisation (Note 21)	(41)	(550)	-	-	(124,207)
Closing net book amount at 31st December 2013	-	1,816	24,896	1,858	50,459



## 6. CAPITAL EXPENDITURES *(Continued)*

All investment properties were revalued at 30th June 2014 by an independent, professionally qualified valuer, Roma Appraisals Limited, a member of the Hong Kong Institute of Surveyors engaged by the Group. Valuations were based on current prices in an active market. The directors estimated the fair value as at 31st December 2014 approximates the fair value as at 30th June 2014.

Fair value hierarchy	Fair value measurement at 31st December 2014 using		
	Quoted prices		
	in active	Significant	Significant
	markets for	other observable	unobservable
	identical assets	inputs	inputs
(Level 1)	(Level 2)	(Level 3)	
HK\$'000	HK\$'000	HK\$'000	
Recurring fair value measurements			
<b>Investment properties</b>	–	–	25,060

Fair value hierarchy	Fair value measurement at 30th June 2014 using		
	Quoted prices		
	in active	Significant	Significant
	markets for	other observable	unobservable
	identical assets	inputs	inputs
(Level 1)	(Level 2)	(Level 3)	
HK\$'000	HK\$'000	HK\$'000	
Recurring fair value measurements			
<b>Investment properties</b>	–	–	25,060

## 6. CAPITAL EXPENDITURES (Continued)

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers among Level 1, Level 2 and 3 during the Period.

Investment properties which have fair value measurement using significant unobservable inputs (Level 3).

	Unaudited For the six months ended 31st December	
	2014 HK\$'000	2013 HK\$'000
At the beginning of the period	25,060	49,896
Change in fair value	–	2,180
Transferred to assets classified as held for sale	–	(27,180)
<b>At the end of the period</b>	<b>25,060</b>	<b>24,896</b>

Level 3 fair values of investment properties have been derived using the sales comparison approach assuming sale of the property interests in their existing states with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market.

There was no change in valuation techniques during the Period.

## 7. INVESTMENT IN AN ASSOCIATE

On 17th November 2014, Fragrant River Entertainment Culture (Holdings) Limited, an direct wholly-owned subsidiary of the Company, entered into an agreement with four independent parties to acquire 22.13% equity interest in Winston Asia Limited.

	<b>Unaudited As at 31st December 2014 HK\$'000</b>
<b>Investment in an associate</b>	
At the beginning of the Period	-
Acquisition	5,060
Share of loss of an associate	(191)
<b>At the end of the Period</b>	<b>4,869</b>

The Group's share of the results in Winston Asia Limited and its aggregate assets and liabilities are shown below:

	<b>Unaudited As at 31st December 2014 HK\$'000</b>
Assets	8,508
Liabilities	(3,287)
Revenues	11,235
Share of loss	(191)
<b>Percentage held</b>	<b>22.13%</b>

Winston Asia Limited is a company incorporated in BVI with limited liability and is the holding company of a group of companies which are principally engaged in the trading of watches, wholesales and retail of watches in Hong Kong and PRC.

## 8. INTERESTS IN JOINT VENTURES

On 15th April 2013, Digital Programme Production Limited (“DPP”), an indirect wholly-owned subsidiary of the Company, entered into an agreement with three independent parties to form a joint venture, Sun Billion Property Limited (“SBPL”).

On 31st July 2014, Ample China Development Limited (“ACD”), an indirectly wholly-owned subsidiary of the Company, formed a joint venture, Topword Victory Limited (“TVL”) with another independent party.

	<b>Unaudited As at 31st December 2014 HK\$'000</b>	Audited As at 30th June 2014 HK\$'000
<b>Investments in joint ventures</b>		
At the beginning of the Period/year	<b>924</b>	1,145
Form of a joint venture	<b>10</b>	–
Share of loss of joint ventures	<b>(110)</b>	(221)
At the end of the Period/year	<b>824</b>	924

As at 31st December 2014, particulars of the joint ventures are as follows:

Name	Place of incorporation	Nominal value of registered capital	Percentage of interest in ownership/voting power/profit sharing held by the Company		Principal activity
			Direct	Indirect	
Sun Billion Property Limited	Macau	Macau Pataca (“MOP”) MOP150,000	–	40%	Investment of land and property in Macau
Topword Victory Limited	Hong Kong	HK\$1	–	50%	Inactive

**8. INTERESTS IN JOINT VENTURES** *(Continued)*

The financial information of the joint ventures is extracted as follows:

	<b>Unaudited As at 31st December 2014 HK\$'000</b>	Audited As at 30th June 2014 HK\$'000
Assets	<b>22,549</b>	22,297
Liabilities	<b>(20,497)</b>	(19,981)
Net assets	<b>2,052</b>	2,316
Revenue	–	–
Expenses	<b>(274)</b>	(552)
Loss for the Period/year	<b>(274)</b>	(552)

There were no contingent liabilities relating to the Group's interest in the joint ventures and no significant contingent liabilities of the joint ventures as at 31st December 2014.

In addition, DPP agreed to provide SBPL an unsecured interest-free loan of HK\$8,800,000 which is denominated in HK dollar and repayable in 5 years. The loan of HK\$8,032,000 (As at 30th June 2014: HK\$7,922,000) is recognised as "Loan receivable from a joint venture" in the consolidated balance sheet as at 31st December 2014 and is measured at amortised cost using the effective interest method.

**8. INTERESTS IN JOINT VENTURES** *(Continued)*

	<b>Unaudited</b>	Audited
	<b>As at</b>	As at
	<b>31st December</b>	30th June
	<b>2014</b>	2014
	<b>HK\$'000</b>	HK\$'000
<hr/>		
<b>Loan receivable from a joint venture</b>		
At the beginning of the Period/year	<b>7,922</b>	7,710
Accretion income for the Period/year	<b>110</b>	212
<hr/>		
At the end of the Period/year	<b>8,032</b>	7,922
<hr/>		

## 9. LOANS RECEIVABLE

The credit quality analysis of the loans receivable is as follows:

	<b>Unaudited As at 31st December 2014 HK\$'000</b>	Audited As at 30th June 2014 HK\$'000
Loans to customers	<b>68,930</b>	38,930
Analysed as:		
– Non-current	<b>7,000</b>	–
– Current	<b>61,930</b>	38,930
	<b>68,930</b>	38,930
Neither past due nor impaired		
– Unsecured loans	<b>68,930</b>	29,930
– Secured loans	–	9,000
	<b>68,930</b>	38,930

The Group's loans receivable, which arise from the money lending business in Hong Kong, are denominated in Hong Kong dollars.

The loans receivable are neither impaired nor overdue as at 31st December 2014.

All these loans receivable are entered with contractual maturity within 1 year except for a loan of HK\$7,000,000 which is entered with contractual maturity of 1.5 years.

The Group seeks to maintain tight control over its loans receivable in order to minimise credit risk by reviewing the borrowers' or guarantors' financial positions.

Loans receivable are interest-bearing at rates ranging from 9% to 12% per annum.

Interest income of approximately HK\$2,921,000 (2013: approximately HK\$51,000) has been recognised in 'revenue' in the unaudited condensed consolidated statement of comprehensive income during the Period.



**10. AVAILABLE-FOR-SALE FINANCIAL ASSETS**

	<b>Unaudited As at 31st December 2014 HK\$'000</b>	Audited As at 30th June 2014 HK\$'000
At the beginning of the Period/year	<b>54,965</b>	3,005
Additions	–	55,309
Disposals	–	(309)
Change in value recognised in other comprehensive income	<b>67</b>	(35)
Provision for impairment of available-for-sale financial assets	–	(3,005)
At the end of the Period/year	<b>55,032</b>	54,965
Unlisted investment Equity securities in Hong Kong, at fair value	<b>55,032</b>	54,965

**11. ACCOUNTS RECEIVABLE**

	<b>Unaudited</b>	Audited
	<b>As at</b>	As at
	<b>31st December</b>	30th June
	<b>2014</b>	2014
	<b>HK\$'000</b>	HK\$'000
Accounts receivable	<b>8,867</b>	25,608
Less: Provision for impairment of accounts receivable	<b>(142)</b>	(142)
Accounts receivable – net	<b>8,725</b>	25,466

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

As at 31st December 2014, the ageing analysis of the accounts receivable based on invoice date was as follows:

	<b>Unaudited</b>	Audited
	<b>As at</b>	As at
	<b>31st December</b>	30th June
	<b>2014</b>	2014
	<b>HK\$'000</b>	HK\$'000
1 to 90 days	<b>4,467</b>	2,114
91 days to 180 days	<b>3,762</b>	16,041
Over 180 days	<b>496</b>	7,311
	<b>8,725</b>	25,466

## 11. ACCOUNTS RECEIVABLE (Continued)

Sales of videogram products are with credit terms vary from 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.

As at 31st December 2014, the Group does not hold any collateral as security (As at 30th June 2014: Nil).

No provision was recognised by the Group for the impairment of its accounts receivable during the Period (2013: Nil). During the Period, no provision (2013: Nil) was written off from the allowance account.

## 12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>Unaudited As at 31st December 2014 HK\$'000</b>	Audited As at 30th June 2014 HK\$'000
Listed securities		
– Equity securities – HK	<b>92,849</b>	60,315
Market value of listed securities	<b>92,849</b>	60,315

Financial assets at fair value through profit and loss are presented within 'operating activities' in the unaudited condensed consolidated statement of cash flows.

Changes in fair value of financial assets at fair value through profit and loss are recorded in the unaudited condensed consolidated statement of comprehensive income.

The fair value of all equity securities is based on their closing prices at 31st December 2014 in an active market.

### 13. INTERESTS IN JOINT OPERATIONS

The Group has entered into certain joint operation arrangements to produce and distribute four television series (30th June 2014: four) and nine films (30th June 2014: seven) respectively. The Group has participating interests from 10% to 82% in these joint operations. As at 31st December 2014, the aggregate amounts of assets, liabilities and profit after income tax recognised in the unaudited condensed consolidated interim financial information relating to the Group's interests in these joint operation arrangements were as follows:

	<b>Unaudited As at 31st December 2014 HK\$'000</b>	Audited As at 30th June 2014 HK\$'000
<b>Assets</b>		
Television series rights and television series in progress	<b>814</b>	8,424
Film rights and films in progress	<b>23,790</b>	17,701
Accounts receivable and other receivable	<b>3,976</b>	20,156
	<b>28,580</b>	46,281
<b>Liabilities</b>		
Accounts payable and other payable	<b>516</b>	438
Deposits received	<b>4,459</b>	13,047
	<b>4,975</b>	13,485

**13. INTERESTS IN JOINT OPERATIONS** *(Continued)*

	Unaudited For the six months ended 31st December	
	2014 HK\$'000	2013 HK\$'000
Revenue	15,279	140,535
Expenses	(11,687)	(139,319)
Profit after income tax	3,592	1,216

**14. SHARE CAPITAL**

	Number of ordinary shares issued	Ordinary shares HK\$'000
At 1st July 2014	1,728,888,070	34,578
Placement of new shares on 9th July 2014 (note a)	343,200,000	6,864
Placement of new shares on 18th December 2014 (note b)	414,415,000	8,288
At 31st December 2014	2,486,503,070	49,730

The total authorised number of ordinary shares is 5,000 million shares (As at 30th June 2014: 5,000 million shares) with a par value of HK\$0.02 per share (As at 30th June 2014: HK\$0.02 per share). All issued shares are fully paid.

## 14. SHARE CAPITAL *(Continued)*

Note a

As announced on 23rd June 2014, the Company entered into a placing agreement (the "First Placing Agreement") pursuant to which the Company appointed a placing agent to procure, on a best effort basis, not less than six placees to subscribe for up to 343,200,000 new ordinary shares of the Company ("First Placing Shares") at a price of HK\$0.1 per First Placing Share. The First Placing Agreement was completed on 9th July 2014 and an aggregated of 343,200,000 First Placing Shares have been successfully placed.

Note b

As announced on 9th December 2014, the Company entered into another placing agreement (the "Second Placing Agreement") pursuant to which the Company appointed a placing agent to procure, on a best effort basis, not less than six placees to subscribe for up to 414,415,000 new ordinary shares of the Company ("Second Placing Shares") at a price of HK\$0.1 per Second Placing Share. The Second Placing Agreement was completed on 18th December 2014 and an aggregated of 414,415,000 Second Placing Shares have been successfully placed.

## 15. 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 "Old Scheme") in compliance with 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, representing 10% of the total number of the issued shares of the Company as at the date of the 2011 AGM, under the Old Scheme.

On 27th June 2012, the Company granted 34,235,403 share options to the certain Directors and employees of the Company under the Old Scheme 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 dates inclusive). Each share option gives the holder the right to subscribe for one ordinary share of the Company.

The fair value of the share options granted under the Old Scheme 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%

In view of the expiration of the Old Scheme and in order to enable the Company to grant share options to selected participants as incentives or rewards for their contributions to the Group, the Company adopted a new share option scheme (the "New Scheme") pursuant to a resolution passed in the annual general meeting held on 2nd December 2013 in compliance with the Listing Rules.

The New Scheme is valid for 10 years from the date of its adoption which took place on 2nd December 2013. Under the New Scheme, the total number of share options available for issue as at 2nd December 2013 was 171,604,979, the full exercise of which in subscribing for shares would represent 10% of the total number of the issued shares of the Company as at 2nd December 2013. On 21st July 2014, the Company granted 171,604,000 share options to the nine eligible persons under the New Scheme at the subscription price of HK\$0.1738 per share option which were vested immediately and exercisable for a two-year period between 21st July 2014 and 20th July 2016 (both dates inclusive). Each share option gives the holder the right to subscribe for one ordinary share of the Company.



**15. SHARE OPTIONS** *(Continued)*

The fair value of the share options granted under the New Scheme at the measurement dated 21st July 2014 of approximately HK\$9,398,000 was determined under the Black-Scholes Option Pricing Model and based on the following assumptions:

Risk-free interest rate	0.386%
Expected life of the share options	2 years
Expected volatility	84.867%

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.

**16. OTHER RESERVES**

	Reserve arising on consolidation HK\$'000	Available-for-sale investment HK\$'000	Revaluation reserve HK\$'000	Share-based compensation reserve HK\$'000	Unlisted warrants reserve HK\$'000	Total HK\$'000
At 1st July 2014	821	(35)	-	745	81,961	83,492
Change in fair value of available-for-sale financial assets	-	67	-	-	-	67
Employee share option scheme: - grant of share options	-	-	-	9,398	-	9,398
At 31st December 2014	821	32	-	10,143	81,961	92,957

	Reserve arising on consolidation HK\$'000	Available-for-sale investment HK\$'000	Revaluation reserve HK\$'000	Share-based compensation reserve HK\$'000	Unlisted warrants reserve HK\$'000	Total HK\$'000
At 1st July 2013	821	-	11,918	1,490	-	14,229
Employee share option scheme: - exercise of share options	-	-	-	(186)	-	(186)
Issue of unlisted warrants (Note 20)	-	-	-	-	81,961	81,961
At 31st December 2013	821	-	11,918	1,304	81,961	96,004

## 17. OBLIGATIONS UNDER FINANCE LEASES

As at 31st December 2014, the Group's obligations under finance lease are repayable as follows:

	<b>Unaudited</b>	Audited
	<b>As at</b>	As at
	<b>31st December</b>	30th June
	<b>2014</b>	2014
	<b>HK\$'000</b>	HK\$'000
Within one year	17	17
One to two years	17	17
Two to five years	28	35
Future finance charges on obligations under finance lease	-	-
Present value of obligations under finance lease	<b>62</b>	69
The present value of obligations under finance lease was as follows:		
Within one year	17	17
One to two years	17	17
Two to five years	28	35
	<b>62</b>	69

## 18. EMPLOYEE BENEFITS EXPENSES INCLUDING DIRECTORS' EMOLUMENTS

On 1st December 2000, a Mandatory Provident Fund scheme (the "MPF scheme") was set up for employees, including the 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\$1,500 per employee per month. The employees also contribute a corresponding amount to the MPF scheme if their relevant income is more than HK\$7,100. The MPF 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>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Wages and salaries	<b>6,414</b>	11,557
Provision for unutilised annual leave	<b>39</b>	77
Write-back of provision for long service payment	<b>(25)</b>	(4)
Staff welfare	<b>49</b>	659
Pension costs – defined contribution plan	<b>158</b>	250
<b>Total including directors' emoluments</b>	<b>6,635</b>	12,539

## 19. ACCOUNTS PAYABLE

As at 31st December 2014, the ageing analysis of the accounts payable based on invoice date was as follows:

	<b>Unaudited</b>	Audited
	<b>As at</b>	As at
	<b>31st December</b>	30th June
	<b>2014</b>	2014
	<b>HK\$'000</b>	HK\$'000
1 to 90 days	<b>1,147</b>	1,521
91 days to 180 days	<b>37</b>	469
Over 180 days	<b>2,424</b>	2,203
<b>Total</b>	<b>3,608</b>	4,193

## 20. FAIR VALUE LOSS IN ISSUANCE OF UNLISTED WARRANTS

On 16th September 2013, the Company entered into a conditional placing agreement (the "Warrant Placing Agreement") to issue 342,000,000 unlisted warrants (the "Warrant(s)") at an issue price of HK\$0.0025 per Warrant. The Warrants will entitle the holders thereof to subscribe in cash up to an aggregate amount of HK\$85.5 million for new shares of the Company at an initial subscription price of HK\$0.25 per new shares which may fall to be allotted and issued upon the exercise of the subscription rights attaching to the Warrants (the "Initial Subscription Price"), subject to adjustments, for a period of 2 years commencing from the date of issue of the Warrants. Such agreement constituted a derivative. The conditions precedent of the Warrant Placing Agreement had been fulfilled, and accordingly the Company issued the Warrants on 25th October 2013, resulting in a loss of approximately HK\$81,206,000 being recognised in the consolidated statement of comprehensive income for the period ended 31st December 2013. The Warrants are recognised as equity instruments and have not been exercised as at 31st December 2014.

## 21. EXPENSES BY NATURE

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

	<b>Unaudited</b>	
	<b>For the six months ended</b>	
	<b>31st December</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Amortisation of film rights (Note 6)	<b>12,747</b>	124,207
Amortisation of leasehold land (Note 6)	–	41
Depreciation	<b>306</b>	550
Write-off of inventories	<b>132</b>	–
Written back of film deposits previously written off	–	(1,549)
Employee benefits expenses including directors' emoluments (Note 18)	<b>6,635</b>	12,539
Cost of inventories sold	<b>2,314</b>	1,664

**22. 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 (2013: 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>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
Hong Kong profits tax – current	<b>(289)</b>	–
Deferred income tax relating to the origination and reversal of temporary differences	<b>(35)</b>	257
Deferred income tax relating to unrealised fair value loss/(gain) on investment securities	<b>3,136</b>	(18,387)
	<b>2,812</b>	(18,130)

**23. (LOSS)/EARNINGS PER SHARE**

The calculation of the basic and diluted (loss)/earnings per share attributable to equity owners of the Company during the Period is based on the following data:

	<b>Unaudited</b>	
	<b>For the six months ended</b>	
	<b>31 December</b>	
	<b>2014</b>	2013
	<b>HK\$'000</b>	HK\$'000
(Loss)/earnings for the purpose of basic and diluted (loss)/earnings per share	<b>(30,387)</b>	5,944

**23. (LOSS)/EARNINGS PER SHARE (Continued)**

	Number of shares (in thousand)	
	2014	2013
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	<b>2,088,698</b>	1,713,601
Effect of dilutive potential shares from the share options	<b>N/A</b>	24,558
Effect of dilutive potential shares from the unlisted warrants	<b>N/A</b>	12,121
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	<b>N/A</b>	1,750,280

The basic and diluted loss per share for the Period are the same because the effect of the assumed conversion of all dilutive potential ordinary shares outstanding during the Period was anti-dilutive.

**24. 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").

## 24. PENDING LITIGATIONS *(Continued)*

(a) *(Continued)*

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 all losses and damages suffered by UEL as a result of the wrongful exploitation.

On 9th September 2002, Universe Laser & Video Co. Limited ("ULV"), an indirect wholly-owned subsidiary of the Company, 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 said claim against UEL will have no material financial impact on the Group for the Period.

(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.

## 24. PENDING LITIGATIONS *(Continued)*

- (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.

In June 2012, the action was discontinued against the Company and Mr. Lam Shiu Ming, Daneil. The claim made against ULV has been agreed with KPE and appropriate provision was recognised accordingly in the consolidated financial statements for the year ended 30th June 2012.

No additional provision has been made in the unaudited condensed consolidated interim financial information for the Period. Based on the consultation with legal counsel, no further material outflow of economic benefits will be incurred for ULV.

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

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

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

Save as disclosed above, as at 31st December 2014, no litigation or claim of material importance is known to the Directors to be pending against either the Company or any of its subsidiaries.



## 25. COMMITMENTS

### (a) Operating leases commitments

As at 31st December 2014, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	<b>Unaudited</b> <b>As at</b> <b>31st December</b> <b>2014</b> <b>HK\$'000</b>	Audited As at 30th June 2014 HK\$'000
Land and buildings		
Not later than one year	<b>5,335</b>	3,472
Later than one year and not later than five years	<b>8,450</b>	4,912
	<b>13,785</b>	8,384

### (b) Other commitments

As at 31st December 2014, the Group had commitments contracted but not provided for in the unaudited condensed consolidated interim financial information as follows:

	<b>Unaudited</b> <b>As at</b> <b>31st December</b> <b>2014</b> <b>HK\$'000</b>	Audited As at 30th June 2014 HK\$'000
Purchase of film rights and production of films	<b>53,051</b>	52,978

Note: As at 31st December 2014, the Group had commitment of approximately HK\$10,172,000 in respect of joint operations (As at 30th June 2014: approximately HK\$9,724,000).

**26. FUTURE OPERATING LEASES ARRANGEMENTS**

As at 31st December 2014, the Group had future aggregate minimum lease receipts under non-cancellable operating leases as follows:

	<b>Unaudited As at 31st December 2014 HK\$'000</b>	Audited As at 30th June 2014 HK\$'000
Not later than one year	<b>316</b>	700
Later than one year and not later than five years	<b>17</b>	119
	<b>333</b>	819

**27. RELATED PARTY TRANSACTIONS**

	<b>Unaudited For the six months ended 31st December 2014 HK\$'000</b>	2013 HK\$'000
i) Details of key management compensation		
Salaries and other short-term employee benefits	<b>3,606</b>	7,641
Employer's contribution to retirement scheme	<b>36</b>	36
	<b>3,642</b>	7,677
ii) Rental expenses paid to Universe Property Investment Limited which is wholly owned by a director of the Company (Note a)	<b>1,464</b>	–

## 27. RELATED PARTY TRANSACTIONS *(Continued)*

Note a:

On 25th February 2014, the Group has through Universe Digital Entertainment Limited, an indirect wholly-owned subsidiary of the Company, entered into a tenancy agreement (the "Tenancy Agreement") with Universe Property Investment Limited, which is wholly owned by Mr. Lam Shiu Ming, Daneil, the Chairman and an executive director of the Company, for following properties with a monthly rental of HK\$244,000.

- a) an industrial unit on the 18th Floor of a 28-storey industrial building over a 2-storey lorry/car parking podium plus a 2-level basement (the "Wylar Centre Properties"); and
- b) 5 carparking spaces on the 2nd Floor of a 28-storey industrial building over a 2-storey industrial building over a 2-storey lorry/car parking podium plus a 2-level basement (the "Wylar Centre Carpark").

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.

## 28. EVENTS AFTER THE BALANCE SHEET DATE

### (a) Proposed Issue of Notes

As announced on 28th January 2015, the Company and Convoy Asset Management Limited (the "Placing Agent") entered into the placing agreement (the "Placing Agreement"), pursuant to which the Placing Agent agreed to act as placing agent of the Company, on a best endeavour basis, to procure the placee(s) who (and its/his/her/their respective ultimate beneficial owner(s), if applicable) shall be third parties independent of, and not connected with the Company, its connected persons (within the meaning of the Listing Rules) and their respective associates, to subscribe for the 6.5% per annum notes ("Notes") to be issued by the Company in an aggregate principal amount of up to HK\$50,000,000 maturing on the same calendar date of the 18th month after the issue date of the Notes at the placing price equal to 100% of the principal amount of the Notes ("Placing"). The placing period for the Placing shall last for a period of two months commencing on the day immediately following the date of the Placing Agreement. If the aggregate principal amount of the Notes successfully placed by the Placing Agent during the placing period is less than HK\$10,000,000, the Company is not obliged to issue the Notes to the placee(s) pursuant to the Placing Agreement and has the absolute discretion on determining whether the Notes shall be so issued. The Placing is not completed as at the date of this report.

### (b) Proposed Capital Reorganisation

As announced on 3rd February 2015, the Board proposed the following capital reorganisation (the "Capital Reorganisation") that:

- (1) every 10 issued and unissued existing ordinary share(s) of HK0.02 each in the existing share capital of the Company of will be consolidated into 1 consolidated share (the "Consolidated Share") of HK\$0.20 each (the "Share Consolidation") and where applicable, the total number of Consolidated Shares in the issued share capital of the Company immediately following the Share Consolidation will be rounded down to a whole number by cancelling any fraction in the issued share capital of the Company which may arise from the Share Consolidation;

## 28. EVENTS AFTER THE BALANCE SHEET DATE *(Continued)*

### **(b) Proposed Capital Reorganisation *(Continued)***

- (2) the issued share capital of the Company will be reduced through a cancellation of the paid-up capital of the Company to the extent of HK\$0.19 (the "Capital Reduction") on each of the issued Consolidated Shares such that the nominal value of each issued Consolidated Share will be reduced from HK\$0.20 to HK\$0.01 (the "New Share");
- (3) immediately following the Capital Reduction, each of the authorised but unissued Consolidated Shares of HK\$0.20 each will be sub-divided into 20 New Shares of HK\$0.01 each; and
- (4) the credits arising in the books of the Company from (i) the cancellation of any fraction in the issued share capital of the Company which may arise from the Share Consolidation; and (ii) the Capital Reduction of approximately HK\$47,244,000 will be credited to the contributed surplus account of the Company within the meaning of the Companies Act 1981 of Bermuda.

The New Shares will remain to be traded in board lot of 5,000 New Shares after the Capital Reorganisation having become effective.

The special general meeting of the Company will be convened and held for the shareholders on 16th March 2015 to consider and, if thought fit, approve the Capital Reorganisation. Details of the Capital Reorganisation are set out in the Company's announcement and circular dated 3rd February 2015 and 18th February 2015, respectively.

### **(c) Appointment of a Non-Executive Director**

The Board passed a resolution on 27th February 2015 to appoint Mr. Chan Shiu Kwong Stephen as a non-executive Director. Such appointment will take effect on 1st March 2015. Mr. Chan's appointment will be subject to the retirement and rotation requirements in accordance with the bye-laws of the Company.

## INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 31st December 2014 (2013: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overall Group results

The Group's unaudited consolidated revenue for the six months period ended 31st December 2014 (the "Period") decreased by approximately 80.0% over the same period last year to approximately HK\$30.5 million which was mainly due to the decrease in revenue from film exhibition, licensing and sub-licensing of film rights segment from approximately HK\$144.4 million for the six months period ended 31st December 2013 to approximately HK\$22.5 million during the Period as a result of the decrease in number of newly released film and no new self-produced films released during the Period under review.

The Group recorded a net loss of approximately HK\$30.4 million for the Period against a net profit of approximately HK\$5.9 million for the same period last year, which is mainly due to the recognition of the fair value loss arising from the investment securities and the recognition of the share based payment expenses of approximately HK\$19.0 million and approximately HK\$9.4 million, respectively during the Period.

### Video distribution

During the Period under review, the local video distribution business accounted for approximately 9.4% (2013: approximately 2.8%) of the Group's consolidated revenue. Turnover from this business segment decreased by approximately 32.1% to approximately HK\$2.9 million compared to the same period last year. The decrease in turnover is mainly due to the difficult operating environment and the reduction in number of new titles being released during the Period under review.

## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

As a result of the decrease in turnover, the performance of this business segment was deteriorated. During the Period under review, the Group recorded a segmental loss of approximately HK\$2.5 million, representing an increase of approximately 156.6% as compared to approximately HK\$1.0 million in the same period last year.

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

Revenue from this business segment during the Period was approximately HK\$22.5 million, representing a decrease of approximately 84.4% as compared to approximately HK\$144.4 million in the same period last year. It accounted for approximately 73.9% (2013: approximately 94.5%) of the Group's total turnover during the Period.

The significant decrease in revenue from this business segment was mainly due to the decrease in number of newly released films and the absence of new self-produced films released during the Period under review.

However, the performance of this segment was improved. Segmental profit of approximately of HK\$1.3 million was recorded during the Period against a segmental loss of approximately HK\$4.5 million for the same period last year, which is mainly due to the decrease in number of newly released film during the Period as compared to the same period last year. The gross profit margin from non-newly release films is higher than the newly release films because their cost had been fully amortised in previous years.

### **Leasing of investment properties**

During the Period under review, this business segment recorded a decrease of revenue of approximately 41.5% to approximately HK\$486,000 from approximately HK\$830,000. The decrease in rental income during the Period is due to the Group has disposed certain investment properties in February 2014.

## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

### Securities Investment

As at 31st December 2014, the Group had financial assets at fair value through profit or loss of approximately HK\$92.8 million (As at 30th June 2014: approximately HK\$60.3 million) and recognised the fair value loss arising from the investment securities of approximately HK\$19.0 million. For the six months period ended 31st December 2013, the Group recognised the fair value gains arising from the investment securities of approximately HK\$111.4 million.

The securities investment portfolio of the Group consists of investments mainly in listed securities in Hong Kong. The unfavorable results of this segment is due to the instability and uncertain stock market, as well as change in fair value of held-for-trading investments securities which are mainly non-cash in nature.

The Group will continue diversifying, optimizing and consolidating its existing investment portfolios, so as to achieve a better return to the Group.

### Money lending business

As at 31st December 2014, the Group had loans receivable of approximately HK\$68.9 million (As at 30th June 2014: HK\$38.9 million) and recognised interest income of approximately HK\$2.9 million (2013: approximately HK\$0.5 million). There was no default event happened in respect of the Group's loans receivable during the Period (2013: Nil).

The Group will continue to expand the money lending business to effectively utilise the Group's cash resources and to diversify the sources of the Group's income.

### Geographical contribution

In terms of geographical contribution, overseas markets accounted for approximately 54.4% (2013: approximately 78.2%) of the Group's total revenue during the Period under review. Revenue from the Mainland China (the "PRC") accounted for approximately 52.1% (2013: approximately 70.7%) of the Group's total revenue.



## MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

### Other income

Other income for the Period decreased by approximately 92.8% to approximately HK\$0.3 million as compared to approximately HK\$4.2 million in the same period last year.

The decrease was caused by the lack of sponsorship for the Company's films (2013: approximately HK\$4.1 million) during the Period as no new self-produced film was released during the Period.

### Selling expenses

Selling expenses for the Period decreased by approximately 19.9% to approximately HK\$1.6 million as compared to approximately HK\$2.0 million in the same period last year. The decrease in selling expenses was mainly due to the decrease in number of the newly released films during the Period.

### Administrative expenses

Administrative expenses for the Period increased by approximately 50.0% to approximately HK\$27.3 million as compared to approximately HK\$18.2 million in the same period last year.

The increase in administrative expenses was mainly due to the recognition of the share based payment expenses of approximately HK\$9.4 million (2013: Nil) during the Period.

### Income tax (expenses)/credit

The Group recorded income tax credit of approximately HK\$2.8 million during the Period (2013: income tax expenses of approximately HK\$18.1 million), which was mainly attributable to the deferred income tax credit of approximately HK\$3.1 million relating to the unrealised fair value loss on investment securities during the Period. For the six months period ended 31st December 2013, the Group recorded the deferred income tax expenses of approximately HK\$18.4 million relating to the unrealised fair value gain on investment securities during that period.

## NEW/POTENTIAL INVESTMENTS

Pursuant to the Company's announcement dated 30th October 2013, 30th June 2014 and 31st December 2014, the Group entered into a cooperative framework agreement ("Framework Agreement") with 貴州多彩貴州城建設經營有限公司 ("Guizhou Colorful") (in English, for identification purpose only, Guizhou Colorful Guizhou Town Construction Management Co., Ltd.), a limited liability company established in the PRC on 30th October 2013, in relation to the proposed cooperation in a development project ("Colorful Guizhou Town Project") of Colorful Guizhou Town (多彩貴州城), a commercial, leisure and tourism site to be constructed in Guiyang City, PRC. During the construction and operation phase of Colorful Guizhou Town, the Group will provide design, planning and management and personnel training services to Guizhou Colorful, and will consider investment in and construction of high-end theatres in Colorful Guizhou Town. If the parties to the Framework Agreement shall not have entered into a formal cooperative agreement regarding their proposed cooperation by 30th June 2015, the Framework Agreement shall lapse.

## OUTLOOK

The total box revenue of film exhibition industry in the PRC is increasing in recent years. Due to the high production, advertising and distribution cost, this makes the operating environment of this segment more challenging than before. In response to the above, the Group adopted a cautious approach towards investment in the film exhibition, licensing and sub-licensing of film rights which in turn resulted in the decrease in number of newly released films and the absence of new self-produced film released during the Period. Nevertheless, the Group will closely monitor the market environment and continue to evaluate new opportunities in this sector.

In order to diversify the Group's business, as announced on 6th November 2014, the Group has set up Round Table Performance Entertainment Limited, a 70% owned joint venture, to engage in holding and sponsoring stage performance, concerts and other cultural events, as well as developing the entertainment business in Hong Kong and the PRC. The business of Round Table Performance Entertainment Limited has commenced in January 2015 and will bring new revenue to the Group for the coming financial period.

In addition, the Group will continue to identify different investment opportunities include but not limited to the aforesaid "NEW/POTENTIAL INVESTMENTS" and in entertainment, gaming, culture-related business and other business sectors with enormous potentials to further diversify its business and broaden the income sources to maximise the return to its shareholders.

## FINANCIAL RESOURCES/LIQUIDITY

As at 31st December 2014, the Group had cash balances of approximately HK\$50.9 million (As at 30th June 2014: approximately HK\$84.2 million).

As at 31st December 2014, the Group had total assets of approximately HK\$429.7 million (As at 30 June 2014: approximately HK\$394.8 million).

The Group's gearing ratio as at 31st December 2014 fell to almost zero (As at 30th June 2014: same), which was calculated on the basis of the Group's long term borrowings including obligations under finance lease of approximately HK\$45,000 (fully repayable in five years) and on the total equity of the Company of approximately HK\$353.0 million.

There was no financial cost incurred for the Period (2013: Nil).

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 were used by the Group.

As at 31st December 2014, current ratio (defined as total current assets divided by total current liabilities) was approximately 3.43 (As at 30th June 2014: approximately 2.56).

## CAPITAL STRUCTURE

As at 31st December 2014, the Group had shareholders' capital of approximately HK\$49,730,000 (30th June 2014: approximately HK\$34,578,000). The shareholders' capital of the Company is constituted of 2,486,503,070 shares.

As announced on 23rd June 2014, the Company entered into a placing agreement (the "First Placing Agreement") pursuant to which the Company appointed a placing agent to procure, on a best effort basis, not less than six placees to subscribe for up to 343,200,000 new ordinary shares of the Company ("First Placing Shares") at a price of HK\$0.1 per First Placing Share. The placing price of HK\$0.1 per First Placing Share represented:

- (i) a discount of approximately 13.79% to the closing price of HK\$0.116 per share as quoted on the Stock Exchange on 23rd June 2014, the date of the First Placing Agreement; and

## CAPITAL STRUCTURE *(Continued)*

- (ii) a discount of approximately 13.64% to the average closing price of HK\$0.1158 per share as quoted on the Stock Exchange for the five consecutive trading days of the shares immediately prior to the date of the First Placing Agreement.

Assuming the maximum number of the First Placing Shares was placed, the gross proceeds from this placing would be approximately HK\$34.3 million and the net proceeds would be approximately HK\$33.0 million. On such basis, the net issue price would be approximately HK\$0.096 per First Placing Share.

The First Placing Agreement was completed on 9th July 2014 and an aggregated of 343,200,000 First Placing Shares have been successfully placed to not less than six placees. The net proceeds from the issuance of the First Placing Shares are approximately HK\$33.0 million and has been utilised for general working capital up to the date of this report.

As announced on 9th December 2014, the Company entered into another placing agreement (the "Second Placing Agreement") pursuant to which the Company appointed a placing agent to procure, on a best effort basis, not less than six placees to subscribe for up to 414,415,000 new ordinary shares of the Company ("Second Placing Shares") at a price of HK\$0.1 per Second Placing Share. The placing price of HK\$0.1 per Second Placing Share represented:

- (i) a discount of approximately 6.54% to the closing price of HK\$0.107 per share as quoted on the Stock Exchange on 9th December 2014, the date of the Second Placing Agreement; and
- (ii) a discount of approximately 16.53% to the average closing price of HK\$0.1198 per share as quoted on the Stock Exchange for the five consecutive trading days of the shares immediately prior to the date of the Second Placing Agreement.



## **CAPITAL STRUCTURE** *(Continued)*

Assuming the maximum number of the Second Placing Shares was placed, the gross proceeds from this placing would be approximately HK\$41.4 million and the net proceeds would be approximately HK\$39.7 million. On such basis, the net issue price would be approximately HK\$0.096 per Second Placing Share.

The Second Placing Agreement was completed on 18th December 2014 and an aggregated of 414,415,000 Second Placing Shares have been successfully placed to not less than six places. The net proceeds from the issuance of the Second Placing Shares are approximately HK\$39.7 million and approximately HK\$34.0 million has been utilised for general working capital up to the date of this report.

The Directors are of the view that the placing of new shares under the First Placing Agreement and Second Placing Agreement (the "Placings") can strengthen the financial position of the Group and provide general working capital to the Group to meet any future development and obligations. The Placings also represent good opportunities to broaden the shareholders' base and the capital base of the Company.

## **THE PLEDGE OF GROUP ASSETS**

As at 31st December 2014, the Group did not have any pledged assets (As at 30th June 2014: Nil).

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31st December 2014, the Group had 51 staff (As at 30th June 2014: 46). 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 2014, the interests of each of the Directors and chief executives of the Company in the shares (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:

Name	Nature of interest	Number of the Company's shares held	Percentage of shareholding
Mr. Lam Shiu Ming, Daneil (Director)	Founder of a discretionary trust ( <i>Note 1</i> )	189,131,705	7.61%
	Beneficial owner	37,837,703	1.52%
		226,969,408	9.13%

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

Name	Nature of interest	Number of the Company's shares held	Percentage of shareholding
Mr. Hung Cho Sing (Director)	Beneficial owner	20,720,000	0.83%
Mr. Yeung Kim Piu (Director)	Beneficial owner	20,720,000	0.83%
Mr. Lam Kit Sun (Director)	Beneficial owner	20,720,000	0.83%
Lam Siu Keung, Alvin (Chief Operation Officer) <i>(Note 2)</i>	Beneficial owner	27,728,850	1.12%

*Note:*

1. *The trustee of the discretionary trust is Central Core Resources Limited which owns the entire issued share capital of the Globalcrest Enterprises Limited which in turn is interested in 189,131,705 shares of the Company. Central Core Resources Limited is, the trustee of a discretionary trust under which certain immediate family members of Mr. Lam Shiu Ming, Daneil are discretionary objects.*
2. *Mr. Lam Siu Keung, Alvin is the younger brother of Mr. Lam Shiu Ming, Daneil.*

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

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

Save as disclosed above, as at 31st December 2014, 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 interests 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 positions 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 a share option scheme (the “2003 Share Option Scheme” or the “Old Scheme”) in compliance with the Listing Rules.

The Company may grant share options to the participants, including Directors and employees, to subscribe for shares 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 approximately 2% of the issued share capital of the Company as at 31st December 2013, 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. Particulars of the share options under the 2003 Share Option Scheme outstanding during the Period and as at 31st December 2014 were as follows:

Participants	Date of grant	The term during which share options are exercisable	Price per share on exercise of options HK\$	No of share options outstanding at the beginning of the Period	No of share options granted during the Period	No of share options exercised during the Period	No of share options outstanding at the end of the Period	Market value per Share on grant of share option 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

The 2003 Share Option Scheme expired on 26th November 2013. According to the provisions of the 2003 Share Option Scheme, Options granted during the term of the 2003 Share Option Scheme and remain unexercised immediately prior to the end thereof shall continue to be exercisable in accordance with their terms of grant notwithstanding the expiry of the 2003 Share Option Scheme.

## SHARE OPTION SCHEME *(Continued)*

In view of the expiration of the 2003 Share Option Scheme and in order to enable the Company to grant share options to selected participants as incentives or rewards for their contributions to grant the Group, the Company adopted a new share option scheme (the "New Scheme") pursuant to a resolution passed in the annual general meeting of the Company held on 2nd December 2013 in compliance with the Listing Rules.

The New Scheme will be valid for 10 years from the date of its adoption. The purpose of the New Scheme is to enable the Company to grant share options to the participants, as incentives and/or rewards for their contribution to the Group and/or any invested entity (if applicable). Under the New Scheme, the total number of share options available for issue as at 31st December 2013 was 171,604,979, the full exercise of which in subscribing for shares would represent 10% of the total number of the issued capital of the Company as at 31st December 2013.

Particulars of the share options under the New Scheme outstanding during the Period and as at 31st December 2014 were as follows:

Participants	Date of grant	Period during which share options are exercisable	Price per share on exercise of options HK\$	Number of share options outstanding at the beginning of the 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, Daneil	21 July 2014	21 July 2014 to 20 July 2016	0.1738	-	20,720,000	-	20,720,000	0.152
Mr. Hung Cho Sing	21 July 2014	21 July 2014 to 20 July 2016	0.1738	-	20,720,000	-	20,720,000	0.152
Mr. Yeung Kim Piu	21 July 2014	21 July 2014 to 20 July 2016	0.1738	-	20,720,000	-	20,720,000	0.152
Mr. Lam Kit Sun	21 July 2014	21 July 2014 to 20 July 2016	0.1738	-	20,720,000	-	20,720,000	0.152
<b>Chief Operating Officer</b>								
Mr. Lam Siu Keung, Alvin	21 July 2014	21 July 2014 to 20 July 2016	0.1738	-	20,720,000	-	20,720,000	0.152
<b>Other eligible participants</b>								
	21 July 2014	21 July 2014 to 20 July 2016	0.1738	-	68,004,000	-	68,004,000	0.152
				-	171,604,000	-	171,604,000	

Please refer to the Company's circular dated 31st October 2013 for the principal terms and details of the New Scheme.

## SUBSTANTIAL SHAREHOLDERS

So far as is known to any Director or chief executive of the Company, as at 31st December 2014, 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:

Name of shareholders	Number of the Company's shares held	Percentage of shareholding
Globalcrest Enterprises Limited ( <i>Note 1</i> )	189,131,705	7.61%
Central Core Resources Limited ( <i>Note 1</i> )	189,131,705	7.61%
China Mobile Games and Culture Investment Limited ( <i>Note 2</i> )	170,000,000	6.84%
Ever Robust Holdings Limited ( <i>Note 2</i> )	170,000,000	6.84%

*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.*
- The entire issued share capital of Ever Robust Holdings Limited is held by China Mobile Games and Culture Investment Limited.*

All the interests disclosed above represent long positions in shares.

Save as disclosed above, as at 31st December 2014, 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

The Company has, throughout the six months ended 31st December 2014, complied with the code provisions contained in Corporate Governance Code (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. Lam Wing Tai (Chairman), Mr. Lam Chi Keung and Mr. Choi Wing Koon.

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 2014 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 2014. 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 2014, the Company has adopted the Model Code as the 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, 27th February 2015

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|寰宇|

**UNIVERSE INTERNATIONAL HOLDINGS LIMITED**

寰宇國際控股有限公司