

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 1046)

**INTERIM RESULTS ANNOUNCEMENT FOR  
THE SIX MONTHS ENDED 31ST DECEMBER 2021**

The board of directors (the “**Director(s)**”) (the “**Board**”) of Universe Entertainment and Culture Group Company Limited (the “**Company**”) announces the unaudited interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 31st December 2021 (the “**Period**”) as follows:

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE  
INCOME**

		<b>Unaudited</b>	
		<b>For the six months ended</b>	
		<b>31st December</b>	
		<b>2021</b>	2020
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>CONTINUING OPERATIONS</b>			
<b>Revenue</b>			
Sales of goods – video distribution, optical products and watches products		<b>23,456</b>	27,584
Income on film distribution and exhibition, licensing and sub-licensing of film rights		<b>13,242</b>	201,014
Income from other businesses		<b>9,420</b>	8,611
Total revenue	4	<b>46,118</b>	237,209

		<b>Unaudited</b>	
		<b>For the six months ended</b>	
		<b>31st December</b>	
		<b>2021</b>	<b>2020</b>
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Cost of revenue</b>			
Cost of inventories sold		(16,128)	(19,874)
Related cost on film distribution and exhibition, licensing and sub-licensing of film rights		(13,138)	(132,490)
Cost from other businesses		<u>(7,402)</u>	<u>(6,168)</u>
 Total cost of revenue		 <u>(36,668)</u>	 <u>(158,532)</u>
 Selling expenses		 (7,687)	 (8,247)
Administrative expenses		(31,444)	(32,419)
Impairment loss of right-of-use assets		–	(3,147)
Change in expected credit loss		433	(681)
Amortisation of other intangible assets		(75)	(73)
Other gains/(losses) – net		5,848	10,601
Other income		1,614	3,617
Fair value change on trading securities		(8,213)	(809)
Fair value change on other financial assets at fair value through profit or loss		163	(271)
Finance income		994	1,047
Finance costs		(273)	(228)
Share of losses of associate		<u>(2)</u>	<u>–</u>
 <b>(Loss)/profit before tax</b>	<i>5</i>	 (29,192)	 48,067
Income tax credit/(expense)	<i>6</i>	<u>1,454</u>	<u>(139)</u>
 <b>(Loss)/profit for the Period from continuing operations</b>		 <u>(27,738)</u>	 <u>47,928</u>
 <b>DISCONTINUED OPERATION</b>			
Loss for the Period from discontinued operation	<i>13</i>	<u>–</u>	<u>(82)</u>

	<b>Unaudited</b>	
	<b>For the six months ended</b>	
	<b>31st December</b>	
	<b>2021</b>	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>(Loss)/profit for the Period</b>	<b>(27,738)</b>	47,846
<b>Other comprehensive (loss)/income:</b>		
Items that may be reclassified to profit or loss:		
Currency translation differences	<u>53</u>	<u>(1,201)</u>
Other comprehensive (loss)/income for the Period, net of tax	<u>53</u>	<u>(1,201)</u>
Total comprehensive (loss)/income for the Period	<u><b>(27,685)</b></u>	<u>46,645</u>
<b>(Loss)/profit attributable to owners of the Company:</b>		
– from continuing operations	<b>(27,042)</b>	48,561
– from discontinued operation	<u>–</u>	<u>(82)</u>
(Loss)/profit for the Period attributable to owners of the Company	<u><b>(27,042)</b></u>	<u>48,479</u>
<b>(Loss) attributable to non-controlling interests:</b>		
– from continuing operations	<b>(696)</b>	(633)
– from discontinued operation	<u>–</u>	<u>–</u>
Loss for the Period attributable to non-controlling interests	<u><b>(696)</b></u>	<u>(633)</u>
<b>Total comprehensive (loss)/income for the Period attributable to:</b>		
Owners of the Company	<b>(26,989)</b>	47,278
Non-controlling interests	<u><b>(696)</b></u>	<u>(633)</u>
	<u><b>(27,685)</b></u>	<u>46,645</u>

**Unaudited**  
**For the six months ended**  
**31st December**

	<b>2021</b>	2020
<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>

**Total comprehensive (loss)/income attributable to owners of the Company arises from:**

Continuing operations	(26,989)	47,360
Discontinued operation	—	(82)
	<b>(26,989)</b>	47,278
	<b>(26,989)</b>	47,278

**(Loss)/earnings per share attributable to the owners of the Company for the Period**  
***(expressed in HK cents per share)***

**From continuing and discontinued operations**

– basic and diluted	7	(2.98)		5.35
		<b>(2.98)</b>		5.35

**From continuing operations**

– basic and diluted	7	(2.98)		5.36
		<b>(2.98)</b>		5.36

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited As at 31st December 2021 <i>HK\$'000</i>	Audited As at 30th June 2021 <i>HK\$'000</i>
	<i>Notes</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		48,637	17,130
Investment properties		31,460	31,460
Other intangible assets		2,028	2,092
Film rights and films in progress		680,600	278,195
Interest in associate		1	–
Loans receivable	9	454	183
Film related deposits		50,707	79,328
Deposits paid		2,523	29,690
Deferred tax assets		485	471
Other financial assets		1,878	16,723
		<b>818,773</b>	455,272
<b>Current assets</b>			
Inventories		9,061	9,843
Accounts receivable	10	18,934	108,865
Loans receivable	9	2,276	3,283
Deposits paid, prepayments and other receivables		103,521	20,458
Trading securities		6,858	76,871
Other financial assets		–	48
Contract assets		38	423
Bank balances and cash			
– trust accounts		776	785
Cash and cash equivalents		266,896	375,924
<b>Total current assets</b>		<b>408,360</b>	596,500
<b>Total assets</b>		<b>1,227,133</b>	1,051,772

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>31st December</b>	<b>30th June</b>
	<b>2021</b>	<b>2021</b>
<i>Note</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
<b>EQUITY</b>		
Equity attributable to the owners of the Company		
Share capital	<b>9,066</b>	9,066
Reserve	<b>472,255</b>	499,244
	<b>481,321</b>	508,310
Non-controlling interests	<b>(3,539)</b>	(2,843)
<b>Total equity</b>	<b>477,782</b>	505,467
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Lease liabilities	<b>8,129</b>	9,151
Deferred tax liabilities	<b>120</b>	102
	<b>8,249</b>	9,253
<b>Current liabilities</b>		
Accounts payable	<b>36,111</b>	50,197
Other payables and accrued charges	<b>212,225</b>	236,361
Contract liabilities	<b>433,627</b>	183,863
Deposits received	<b>6,486</b>	16,184
Lease liabilities	<b>15,706</b>	12,283
Taxation payable	<b>36,947</b>	38,164
<b>Total current liabilities</b>	<b>741,102</b>	537,052
<b>Total liabilities</b>	<b>749,351</b>	546,305

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>31st December</b>	<b>30th June</b>
	<b>2021</b>	<b>2021</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
<b>Total equity and liabilities</b>	<b><u>1,227,133</u></b>	<b><u>1,051,772</u></b>
<b>Net current (liabilities)/assets</b>	<b><u>(332,742)</u></b>	<b><u>59,448</u></b>
<b>Total assets less current liabilities</b>	<b><u>486,031</u></b>	<b><u>514,720</u></b>

## NOTES:

### 1. GENERAL INFORMATION

The Group is principally engaged in video distribution, film distribution and exhibition, licensing and sub-licensing of film rights, leasing of investment properties, securities investment, trading, wholesaling and retailing of optical products and watches products, and provision of financial printing services.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The address of the principal place of business of the Company is 18th Floor, Wyler Centre Phase II, 192–200 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong.

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

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 has been approved for issue by the Board on 28th February 2022.

### 2. BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information has been prepared in accordance with the Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") as well as the applicable disclosure provisions of the Rules of Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The unaudited condensed consolidated interim financial information has been prepared on the historical cost convention, as modified by the revaluation of financial instruments that are measured at fair values at the end of each reporting period, trading securities, other financial assets and investment properties, which are carried at fair value.

The unaudited condensed interim financial information has been prepared in accordance with the same accounting policies adopted in the Company's consolidated financial statements for the year ended 30th June 2021, except for the accounting policy changes that are expected to be reflected in the Company's consolidated financial statements for the year ending 30th June 2022. Details of these changes in accounting policies are set out in note 3.

The preparation of interim condensed consolidated financial statements in conformity with HKAS 34 requires management to make judgements, 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.

The unaudited condensed consolidated interim financial information contains selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the annual financial statements for the year ended 30th June 2021. The unaudited condensed consolidated interim financial information and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards (the “**HKFRSs**”).

As at 31 December 2021, the Group had net current liabilities of approximately HK\$332.7 million and the Group incurred a loss attributable to owners of the Company of approximately HK\$27.0 million for the Period.

The Directors have made an assessment on the Group’s cash inflows and outflows in the next twelve months and concluded that Group will have sufficient working capital to meet its financial obligations as and when they fall due in the coming twelve months from 31st December 2021. Accordingly, the directors consider that the Group will be able to continue as a going concern; and thus have prepared the unaudited condensed consolidated interim financial information on a going concern basis.

Consequently, the unaudited condensed consolidated interim financial information has been prepared on a going concern basis and does not include any adjustments that would result should the Group be unable to operate as a going concern.

### **3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS**

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 July 2021. HKFRSs comprise HKFRS; HKAS; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior years.

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

#### 4. SEGMENT INFORMATION

The Group manages its businesses by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the Chairman of the Company, being the Group's chief operating decision maker ("CODM") for the purposes of resources allocation and performance assessment.

During the year ended 30th June 2018, the Group ceased its business in securities brokerage and margin financing which are classified as discontinued operations for the subsequent financial period.

The Group has presented the following reportable segments.

##### **Continuing operations**

- Video distribution, film distribution and exhibition, licensing and sub-licensing of film rights
- Trading, wholesaling and retailing of optical products and watches products
- Leasing of investment properties
- Securities investments
- Financial printing services
- Other (i.e. Money lending and entertainment business)

##### **Discontinued operation**

- Securities brokerage and margin financing

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of profit/(loss) before tax from continuing operations. The profit/(loss) before tax from continuing operations is measured consistently with the Group's profit/(loss) before tax from continuing operations except that amortisation of deferred day one gain in respect of derivative financial instrument, fair value change on other financial assets at fair value through profit or loss, finance income, share of losses of associates and unallocated corporate expenses.

Segment assets exclude unallocated other intangible assets, interests in associates, other financial assets, unallocated loan receivable, unallocated cash and cash equivalents, deferred tax assets, contingent consideration receivable, tax recoverable and other unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities, contingent consideration payable and other unallocated corporate liabilities as these liabilities are managed on a group basis.

Information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resources allocation and assessment of segment performance is set out below.

	2021									
	Continuing operations							Discontinued operation		
	Video distribution, film distribution and exhibition, licensing and sub-licensing of film rights	Trading, wholesaling, and retailing of optical products and watches	Leasing of investment properties	Securities investments	Financial printing services	Other	Elimination	Total for continuing operations	Securities brokerage and margin financing	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>For the six months ended 31 December 2021</b>										
<b>(Unaudited)</b>										
Disaggregate by timing of revenue recognition										
- Point in time	13,762	22,936	-	-	694	120	-	37,512	-	37,512
- Overtime	-	-	-	-	7,612	-	-	7,612	-	7,612
- Revenue out of scope of HKFRS 15	-	-	600	-	-	394	-	994	-	994
Revenue from external customers	13,762	22,936	600	-	8,306	514	-	46,118	-	46,118
Intersegment revenue	-	-	-	-	228	-	(228)	-	-	-
Segment revenue	<u>13,762</u>	<u>22,936</u>	<u>600</u>	<u>-</u>	<u>8,534</u>	<u>514</u>	<u>(228)</u>	<u>46,118</u>	<u>-</u>	<u>46,118</u>
<b>Segment result</b>	(12,119)	(3,815)	480	(6,810)	(2,658)	(1,995)	-	(26,917)	-	(26,917)
Amortisation of deferred day one gain in respect of derivative financial instrument								2,788	-	2,788
Fair value change of other financial assets carried of fair value through profit or loss								163	-	163
Finance income								994	-	994
Finance cost								(273)	-	(273)
Share of loss of an associate								(2)	-	(2)
Unallocated corporate expenses								(5,945)	-	(5,945)
Loss before tax								<u>(29,192)</u>	<u>-</u>	<u>(29,192)</u>
<b>As at 31 December 2021 (Unaudited)</b>										
Segment assets	872,195	20,465	31,516	6,858	16,311	3,906	-	951,251	-	951,251
Segment liabilities	<u>663,640</u>	<u>22,619</u>	<u>280</u>	<u>-</u>	<u>16,680</u>	<u>1,907</u>	<u>-</u>	<u>705,126</u>	<u>-</u>	<u>705,126</u>

	Continuing operations							Discontinued operation		
	Video distribution, film distribution and exhibition, licensing and sub-licensing of film rights	Trading, wholesaling and retailing of optical products and watches	Leasing of investment properties	Securities investments	Financial printing services	Others	Elimination	Total for continuing operations	Securities brokerage and margin financing	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>For the six months ended 31st December 2020</b>										
<b>(Unaudited):</b>										
<b>Segment revenue</b>										
Disaggregate by timing of revenue recognition										
- Point in time	201,560	27,038	-	-	-	7	-	228,605	1	228,606
- Overtime	-	-	-	-	7,461	-	-	7,461	-	7,461
- Revenue out of scope of HKFRS 15	-	-	574	-	-	569	-	1,143	-	1,143
External revenue	201,560	27,038	574	-	7,461	576	-	237,209	1	237,210
Inter-segment sales	-	-	-	-	257	-	(257)	-	-	-
	<u>201,560</u>	<u>27,038</u>	<u>574</u>	<u>-</u>	<u>7,718</u>	<u>576</u>	<u>(257)</u>	<u>237,209</u>	<u>1</u>	<u>237,210</u>
<b>Segment results</b>	58,348	(9,577)	370	(547)	(301)	(39)		48,254	(82)	48,172
Amortisation of deferred day one gain in respect of derivative financial instrument								2,789	-	2,789
Fair value change of other financial assets carried of fair value through profit or loss								(271)	-	(271)
Finance income								1,047	-	1,047
Unallocated corporate expenses								(3,752)	-	(3,752)
Profit before tax								<u>48,067</u>	<u>(82)</u>	<u>47,985</u>
<b>As at 31st December 2020 (Unaudited):</b>										
<b>Reportable segment assets</b>	545,919	26,650	31,500	7,516	9,817	4,647	-	626,049	4,863	630,912
<b>Reportable segment liabilities</b>	<u>341,641</u>	<u>26,944</u>	<u>273</u>	<u>-</u>	<u>5,909</u>	<u>2,133</u>	<u>-</u>	<u>376,900</u>	<u>771</u>	<u>377,671</u>

## 5. (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax is arrived at after charging:

	Unaudited					
	For the six months ended 31st December					
	2021			2020		
Continuing operations	Discontinued operation	Total	Continuing operations	Discontinued operation	Total	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Amortisation of film right	769	-	769	74,147	-	74,147
Amortisation of other intangible assets	75	-	75	73	-	73
Depreciation of property, plant and equipment	465	-	465	1,203	-	1,203
Depreciation of right-of-use assets	4,023	-	4,023	5,016	-	5,016
Employee benefits expenses including directors' emoluments	24,669	-	24,669	24,306	-	24,306
Cost of inventories sold	16,128	-	16,128	19,874	-	19,874

## 6. INCOME TAX CREDIT/(EXPENSE)

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

	Unaudited					
	For the six months ended 31st December					
	2021			2020		
Continuing operations	Discontinued operation	Total	Continuing operations	Discontinued operation	Total	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Hong Kong Profits Tax – current	1,458	-	1,458	(367)	-	(367)
Deferred tax relating to the origination and reversal of temporary differences	(4)	-	(4)	228	-	228
Income tax credit/(expense)	1,454	-	1,454	(139)	-	(139)

## 7. (LOSS)/EARNINGS PER SHARE

### (a) Basic

Basic loss/(earnings) per ordinary share is calculated by dividing the (loss)/profit attributable to the owners of the Company and the weighted average number of ordinary shares in issue during the six months ended 31st December 2021 and 2020.

#### (i) (Loss)/profit for the Period attributable to the owners of the Company

	Unaudited	
	For the six months ended	
	31st December	
	2021	2020
	HK\$'000	HK\$'000
(Loss)/profit for the Period attributable to the owners of the Company		
– from continuing operations	(27,042)	48,561
– from discontinued operation	–	(82)
	<u>–</u>	<u>(82)</u>
– from continuing and discontinued operations	<u>(27,042)</u>	<u>48,479</u>

#### (ii) Weighted average number of ordinary shares in issue

	Number of shares	
	(in thousand)	
	For the six months ended	
	31st December	
	2021	2020
Weighted average number of ordinary shares in issue at the end of the Period	<u>906,632</u>	<u>906,632</u>

### (b) Diluted

For the six months ended 31st December 2020 and 2021, diluted (loss)/earnings per ordinary share equals to basic earnings per ordinary share as there was no potential dilutive ordinary share outstanding during the Period.

## 8. DIVIDENDS

No interim dividend was declared or paid by the Company for the Period (2020: Nil).

## 9. LOANS RECEIVABLE

### Loans receivable from third parties

	Unaudited As at 31st December 2021 <i>HK\$'000</i>	Audited As at 30th June 2021 <i>HK\$'000</i>
Loans to third parties	2,914	3,682
Less: loss allowance	<u>(184)</u>	<u>(216)</u>
	<b>2,730</b>	3,466
The maturity profile of the loans receivable, based on the maturity date is as follows:		
– Non-current	454	183
– Current	<u>2,276</u>	<u>3,283</u>
	<b><u>2,730</u></b>	<b><u>3,466</u></b>

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

	Unaudited As at 31st December 2021 <i>HK\$'000</i>	Audited As at 30th June 2021 <i>HK\$'000</i>
Unsecured loans		
Not past due	2,814	3,682
31–60 days past due	<u>100</u>	<u>–</u>
	<b>2,914</b>	3,682
Less: loss allowance	<u>(184)</u>	<u>(216)</u>
	<b><u>2,730</u></b>	<b><u>3,466</u></b>

Except for unsecured loans receivables from third parties of (i) HK\$1,260,000 (as at 30th June 2021: HK\$1,749,000) which is denominated in Renminbi and (ii) HK\$654,000 (as at 30th June 2021: HK\$733,000) which is denominated in Hong Kong dollars, interest bearing and repayable with fixed terms agreed, all remaining loans receivable are due from third party customers, which arose from the money lending business in Hong Kong, and are denominated in Hong Kong dollars, interest bearing and repayable with fixed terms agreed with the customers.

The maximum exposure to credit risk at each balance sheet date is the carrying value of the loans receivable.

All the loans receivable are entered with contractual maturity within 1 to 2 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 8.5% to 10% per annum (as at 30th June 2021: 8.5% to 11% per annum).

Interest income of approximately HK\$394,000 (for the six months ended 31st December 2020: approximately HK\$569,000) has been recognised in "revenue" in the unaudited condensed consolidated statement of comprehensive income during the Period.

#### 10. ACCOUNTS RECEIVABLE

	<b>Unaudited</b>	Audited
	<b>As at</b>	As at
	<b>31st December</b>	30th June
	<b>2021</b>	2021
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Accounts receivable arising from securities brokerage and margin financing business:</b>		
– Brokers and cash clients	<u>7</u>	<u>17</u>
Net	<u>7</u>	<u>17</u>
<b>Accounts receivable arising from other businesses:</b>		
Accounts receivable – others	<b>20,169</b>	110,915
Less: Impairment loss	<u>(1,242)</u>	<u>(2,067)</u>
Net	<u>18,927</u>	<u>108,848</u>
<b>Accounts receivable – net</b>	<b><u>18,934</u></b>	<b><u>108,865</u></b>

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

Notes:

(a) Accounts receivable arising from clearing house, brokers and cash clients

As at 31st December 2021, the ageing analysis of the accounts receivable from clearing house, brokers and cash clients which are past due but not impaired as of the end of the reporting period was as follow:

	<b>Unaudited</b> <b>As at</b> <b>31st December</b> <b>2021</b> <b>HK\$'000</b>	<b>Audited</b> <b>As at</b> <b>30th June</b> <b>2021</b> <b>HK\$'000</b>
Neither past due nor impaired	–	7
More than 1 year past due	<u>7</u>	<u>10</u>
	<u><b>7</b></u>	<u><b>17</b></u>

The normal settlement terms of accounts receivable from brokers and cash clients, which arise from the securities brokerage and margin financing business, are within two days after trade date.

(b) Accounts receivable arising from other businesses

As at 31st December 2021, the ageing analysis of the accounts receivable arising from other businesses, based on invoice date or date of revenue recognition was as follows:

	<b>Unaudited</b> <b>As at</b> <b>31st December</b> <b>2021</b> <b>HK\$'000</b>	<b>Audited</b> <b>As at</b> <b>30th June</b> <b>2021</b> <b>HK\$'000</b>
1 to 90 days	<b>9,085</b>	32,725
91 days to 180 days	<b>911</b>	66,995
Over 180 days	<u><b>8,931</b></u>	<u>9,128</u>
	<u><b>18,927</b></u>	<u><b>108,848</b></u>

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

## 11. ACCOUNTS PAYABLE

	<b>Unaudited</b>	Audited
	<b>As at</b>	As at
	<b>31st December</b>	30th June
	<b>2021</b>	2021
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Accounts payable arising from securities brokerage and margin financing business:</b>		
– cash clients	–	29
– margin clients	<u>531</u>	<u>506</u>
	<b>531</b>	535
<b>Accounts payable arising from other business</b>	<u><b>35,580</b></u>	<u>49,662</u>
	<u><b>36,111</b></u>	<u>50,197</u>

The settlement terms of accounts payable to cash client, arising from securities brokerage and margin financing business are within two days after the trade date. Accounts payable to cash clients are repayable on demand subsequent to settlement date. Accounts payable to margin clients are repayable on demand. No ageing analysis is disclosed as in the opinion of the directors of the Company, the ageing analysis does not give additional value in view of the nature of this business.

Accounts payable in the amount of HK\$776,000 as at 31st December 2021 (as at 30th June 2021: HK\$785,000) were payable to clients in respect of the trust and segregated bank balances received and held for clients in the course of conducting the regulated activities. However, the Group does not have a currently enforceable right to offset these payables with the deposits placed.

As at 31st December 2021, the ageing analysis of the accounts payable arising from other businesses based on invoice date was as follows:

	<b>Unaudited</b>	Audited
	<b>As at</b>	As at
	<b>31st December</b>	30th June
	<b>2021</b>	2021
	<b>HK\$'000</b>	<b>HK\$'000</b>
1 to 90 days	<b>5,633</b>	37,847
91 days to 180 days	<b>2,890</b>	2,653
Over 180 days	<u><b>27,057</b></u>	<u>9,162</u>
	<u><b>35,580</b></u>	<u>49,662</u>

## 12. 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 claimed against Star for the latter’s wrongful exploitation of certain rights in the Movie co-owned by both parties. UEL claimed to recover all losses and damages suffered by UEL as a result of the wrongful exploitation.

On 9th September 2002, Universe Laser & Video Co. Limited (“**ULV**”), an indirect wholly-owned subsidiary of the Company, claimed against Star for the latter’s infringement of the licensed rights in the Movie held by ULV. ULV claimed to recover all 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 to the Group for the Period.

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

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

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

On 6th June 2012, the action was discontinued against the Company and Mr. Lam Shiu Ming, Daneil. The claim made against ULV has been agreed with KPE and settled by ULV and appropriate legal costs provision was recognised accordingly in the consolidated financial statements for the year ended 30th June 2012.

No additional provision has been made in the 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**”), an indirect wholly-owned subsidiary of the Company, commenced Court of First Instance Action against Kwong Ling and Oriental Prosperous Int’l Entertainments Limited (collectively the “**Defendants**”) on 30th June 2014 claiming inter alia for a declaration that UAM is entitled to extend/renew the term of the Artist Management Contract of the Defendants with UAM (the “**Artist Management Contract**”) for 5 years as from 3rd May 2014 to 2nd May 2019 (the “**Extension Option**”).

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

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

The Company is seeking legal advice in respect of the above order. Given the complexities of the factual and legal issues to be resolved, in the opinion of legal counsel, it is premature to assess the likely outcome of this case.

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

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

Up to the date of this announcement, as the exchange of evidence has not been completed, in the opinion of legal advisor, it is not practicable to assess the likely outcome of this Action.

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

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

The Group did not receive any litigation documents of the Claim from the Court or Chengdu Global Bona up to the date of this announcement. Nevertheless, the Group is seeking legal advice in respect of the Claim and will deny the allegations of the Claim. Based on the information currently available, in the opinion of legal counsel, it is not probable that the Group will be liable to the Claim and the Board believes that the above litigation has no material impact on the business and operation of the Group.

Save as disclosed above, as at 31st December 2021, no litigation or claim of material importance is known to the Directors to be pending against either the Company or any of its subsidiaries.

### 13. DISCONTINUED OPERATION

During the year ended 30th June 2018, the Group ceased its business in securities brokerage and margin financing due to deterioration of operating results and financial performance during that year. The analysis of the results of discontinued operation is as follows:

	<b>Unaudited</b>	
	<b>For the six months ended</b>	
	<b>31st December</b>	
	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue	–	1
Cost of revenue	–	–
Gross profit	–	1
Other (losses)/gains	–	13
Administrative expenses	–	(96)
Loss before taxation from discontinued operation	–	(82)
Income tax credit	–	–
Loss for the period from discontinued operation	–	(82)
Attributable to:		
Owners of the Company	–	(82)
	–	(82)

Net cash flows from discontinued operation are as follows:

	<b>2021</b>	<b>2020</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Net cash outflows from operating activities	–	88
Net cash outflows from investing activities	–	–
Net cash outflows from financing activities	–	–
Total net cash outflows	–	88

## 14. NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

### Voluntary winding-up of Fine Ocean Limited

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

Fine Ocean, a company incorporated in Hong Kong with limited liability, was principally engaged in trade, wholesale and retail of optical products in Hong Kong. Fine Ocean recorded revenue and loss for the year of approximately HK\$40,400,000 and approximately HK\$9,579,000 respectively for the year ended 30th June 2021. As at 30th June 2021, Fine Ocean had total assets of approximately HK\$3,455,000, total liabilities of approximately HK\$21,083,000 and net liabilities of approximately HK\$17,628,000.

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

Following the commencement of the winding-up on 4th January 2022, the financial results of Fine Ocean will be deconsolidated from those of the Group. The voluntary winding-up of Fine Ocean shall have no material adverse impact to the Group and the business and operations of the Group remain normal. The Company will keep the shareholders and its potential investors informed of any further material development by way of announcement as and when appropriate.

## **INTERIM DIVIDEND**

No interim dividend was declared and paid by the Company for the Period (2020: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Overall Group results**

For the six months period ended 31st December 2021, the Group recorded revenue of approximately HK\$46.1 million (for the six months period ended 31 December 2020 (“**Last Period**”): approximately HK\$237.2 million) and a loss of approximately HK\$27.7 million (Last Period: profit of approximately HK\$47.8 million). The significant decrease in revenue and increase in loss for the Period was due to the new films invested by the Group were delayed to make debut on cinema screens in respond to the impact of the Coronavirus Disease 2019 (the “**COVID-19**”) pandemic. As a result, no new films was released by the Group during the Period. During Last Period, the Group theatrically released a blockbuster called “Shock Wave 2” (“拆彈專家2”) in the People’s Republic of China (which excludes Hong Kong, Macau and Taiwan for the purpose of this announcement) (“**PRC**”) and recorded a remarkable box office of approximately RMB1.3 billion of which approximately RMB600 million was generated Last Period.

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

During the Period, the lingering COVID-19 pandemic continued to bring uncertainties and challenges to the film distribution and exhibition, licensing and sub-licensing of film rights business (“**Film Business**”). Although the theatres in PRC was reopened in July 2020, the continued anti-COVID-19 measures imposed by the government still affected the citizens’ daily life and leisure. Consequently, the recovery of the film market in PRC was turbulent during the Period. In order to fix a good release date of the new films in PRC, the new films invested by the Group were delayed to make debut on cinema screens during the Period in respond to the expected impact of the COVID-19 pandemic on the film market in PRC.

As a result, the Group recorded segmental revenue of approximately HK\$13.8 million during the Period, representing a decrease of approximately 93.2% as compared to approximately HK\$201.6 million Last Period. It accounted for approximately 29.8% (Last Period: approximately 85.0%) of the Group’s revenue during the Period. The Group recorded a segmental loss of approximately HK\$12.1 million against a segmental profit of approximately HK\$58.3 million Last Period.

Nevertheless, in response to the growth of the film market in PRC in the long run, we continue to invest in original production of quality films in Hong Kong and PRC. A number of new titles are scheduled to be released in this year, including titles namely “Flashover” (“驚天救援”) directed by Oxide Pang (彭順) and starring Du Jiang (杜江), Wang Qianyuan (王千源) and Tong Liya (佟麗婭); and “Don’t Forget I Love You” (“不要忘記我愛你”) (formerly known as “The Stolen Tomorrow” (“被偷走的明天”)) directed by Barbara Wong (黃真真) and starring Gulnazar (古力娜扎), Jasper Liu (劉以豪) and Zhang Xinyi (張歆藝).

In addition, there will be a series of quality movies that we will invest and produce in coming two years including “The White Storm 3 Heaven or Hell” (“掃毒3：天大地大”) directed by Herman Yau (邱禮濤) and starring Louis Koo (古天樂), Aaron Kwok (郭富城) and Sean Lau (劉青雲); “Shock Wave 3” (“拆彈專家3”) directed by Herman Yau (邱禮濤) and starring Andy Lau (劉德華); “High Forces” (“危機航線”) directed by Oxide Pang (彭順) and starring Andy Lau (劉德華) and Wendy Zhang Zi-feng (張子楓); and “The Trading Floor” (“東方華爾街”) directed by Herman Yau (邱禮濤).

Besides cinema movies, we were also producing other types of contents to expand our business in the online movies in PRC. The Group produced 3 online movies and will release them in the market this year. Another 4 online movies are under production and will be launched in coming years.

Due to the latest widespread outbreak of the Delta and Omicron variants of COVID-19 pandemic, the film industry’s operating environment in PRC and Hong Kong will remain turbulent and challenging in the coming years. The Group will continue to closely monitor the challenging operating environment and review its business plan and strategy from time to time in respond to the change in market conditions of this business segment.

### **Trade, wholesale and retail of optical and watches products**

The Group engaged in trading, wholesaling and retailing of optical products and watches products in Hong Kong and the PRC. Revenue from this business segment during the Period was approximately HK\$22.9 million, representing a decrease of approximately 15.2% as compared to approximately HK\$27.0 million in the same period last year. It accounted for approximately 49.7% (2020: approximately 11.4%) of the Group’s revenue during the Period. The decrease in revenue during the Period were mainly due to continued social distancing measures, travel restrictions, regional lockdowns as well as stringent border controls to contain the COVID-19 pandemic in Hong Kong and PRC. The above anti-COVID-19 pandemic measures not only dented shopping traffic but also continuing affected the sentiment and demand of consumer market in Hong Kong and PRC.

Segmental loss from this business segment during the Period was approximately HK\$3.8 million, representing a decrease of approximately 60.4% as compared to approximately HK\$9.6 million in the same period last year. The decrease in segmental loss is mainly due to (i) the decrease in impairment loss of the rights-of-use assets of the Group's retail shops and decrease in provision of the inventory of approximately HK\$3.1 million and approximately HK\$1.7 million respectively during the Period as compared to Last Period; and (ii) the Group's strict discipline in containing operating costs.

In view of the latest widespread outbreak of the Delta and Omicron variants of COVID-19 pandemic, the Group will continue to negotiate with landlords for temporary rental relief, close non-performing shops, reduce shop's operation hours and implement cost saving measures with a view to reducing costs and enhancing operational efficiency of this business segment.

### **Trading Securities**

As at 31st December 2021, the Group's trading securities amounted to approximately HK\$6.9 million (30th June 2021: approximately HK\$76.9 million) which accounted for approximately 0.6% (30th June 2021: approximately 7.3%) of the Group's unaudited consolidated total assets as at 31st December 2021.

The Group's portfolio of trading securities comprised 6 (30th June 2021: 12) equity securities listed in Hong Kong and engaged in operation of content communities and social platforms, money lending, insurance, solar energy, distribution and trading of pharmaceutical products and manufacturing and sale of household products.

The Group recorded a fair value loss arising from the change in fair value of trading securities of approximately HK\$8.2 million (2020: approximately HK\$0.8 million) for the Period. Such loss was mainly attributable to the poor performance of certain investments during the Period. As a result, the overall segment loss of the securities investment segment was approximately HK\$6.8 million (2020: approximately HK\$547,000) during the Period.

Looking forward, the Group will take a cautious approach in managing the investment portfolio with the aim to reduce the risk and achieve a stable return to the Group.

## Other financial assets

Below is a table setting out the list of the material other financial assets held by the Group as at 31st December 2021:

Name of investee company	Notes	Place of incorporation	Number of shares held by the Group	Percentage of total issued share capital of the investee company as at 31st December 2021	Fair value as at 31st December 2021	Percentage to the Group's total assets as at 31st December 2021	Percentage to the Group's net assets as at 31st December 2021	Percentage to the Group's total other financial assets as at 31st December 2021	Change in fair value for the Period	Return of invested capital	Dividend income for the Period
				(approximately %)	(approximately HK\$'000)	(approximately %)	(approximately %)	(approximately %)			
Cassia Investment Limited Partnership II	1	Cayman Islands	N/A	N/A	1,107.6	0.09	0.23	59.0	-	-	-
Promising Social Media Private Equity Fund	2	Cayman Islands	1,982,215	21.08	-	-	-	-	(346)	-	-
Derivative financial instruments	2	N/A	N/A	N/A	-	-	-	-	509	-	-
Other investment	N/A	N/A	N/A	N/A	770.0	0.06	0.16	41.0	-	-	-
					<u>1,877.6</u>	<u>0.15</u>	<u>0.39</u>	<u>100.0</u>	<u>163.0</u>	<u>-</u>	<u>-</u>

### Notes:

- Cassia Investment Limited Partnership II (“**Cassia II**”) is an exempted limited partnership established in accordance with the Exempted Limited Partnership Law of Cayman Islands offering limited partnership interests for the purpose of obtaining capital appreciation through making private equity investments mainly in the consumer sector across Greater China and South East Asia, as well as in non-Asian enterprises that have a strong exposure to Asian consumers market. Cassia II intends to target companies that it believes will benefit from the growing disposable income of the Asian middle class and can capture the behavioural consumer trends that follow such growing household wealth and structured equity transactions primarily in Greater China, Thailand, Indonesia, Vietnam and the Philippines.

2. Promising Social Media Private Equity Fund (the “**PSM Fund**”) is a close-ended investment fund incorporated in the Cayman Islands on 5th February 2014 under the laws of the Cayman Islands as an exempted company with limited liability. The PSM Fund is not a regulated mutual fund for the purposes of the Mutual Funds Law (Revised) of the Cayman Islands. The principal investment objective of the PSM Fund is to maximize capital growth through investing businesses which are engaged in or derive a significant proportion of their income from the field of social media. The PSM Fund commenced operation on 29th April 2015. Weluck Development Limited (“**Weluck**”), a wholly owned subsidiary of the Company first invested in the PSM Fund in April 2015 and subscribed a total of 1,982,215 class A shares of the PSM Fund (the “**PSM Shares**”) with a total investment cost of approximately HK\$19.5 million. The manager of the Fund (the “**Fund Manager**”) had been delegated authority to manage the Fund.

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

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

The Disposal was completed on 31st December 2021. The PSM Fund and the DFI were derecognised on the Group’s statement of financial position as at 31st December 2021.

## **Leasing of investment properties**

The rental income from leasing of investment properties remained stable during the Period. The Group recorded rental income of approximately HK\$0.6 million (2020: approximately HK\$0.6 million) during the Period.

The segment profit of this business segment was approximately HK\$480,000 (2020: approximately HK\$370,000) during the Period.

The revenue and segment profit of this business segment was stable during the Period.

## **Financial printing**

The Group engaged in the business of financial printing services to provide the services of type-setting, translation, printing, design, distribution of financial print products and other related services to the financial sectors in Hong Kong through Formex Financial Press Limited, a wholly-owned subsidiary of the Company.

During the Period, the Group recorded turnover of approximately HK\$8.3 million (2020: approximately HK\$7.5 million) in this segment. Revenue from this business segment increased by approximately 10.7% during the Period as compared to that of the same period of last year. It accounts for approximately 18.0% (2020: approximately 3.1%) of the Group's revenue during the Period. Segmental loss from this business segment during the Period was approximately HK\$2.7 million (2020: approximately HK\$301,000). The increase in segmental loss is mainly due to increase in office rental and staff salaries during the Period as compared to Last Period.

Looking forward with the active of the Hong Kong's initial public offering ("IPO") market and the continuing increase in the number of listed companies and in Hong Kong, we expect there will be a sustainable growth in demand in financial printing services in coming years. Taking advantage of the lower rent due to COVID-19 pandemic, the Group leased additional office spaces at the World Wide House in the core area of Central, Hong Kong to provide more conference rooms, spacious and comfortable leisure areas and top facilities to the premium clientele. We believe with the improved client facilities, wider range of service portfolio and the increasingly recognized brand of the Formex Financial Press Limited in the industry, the Group will be able to better capture the growing demands of the financial printing services in Hong Kong in coming years.

## **Geographical contribution**

In terms of geographical contribution, overseas markets accounted for approximately 51% (2020: approximately 88%) of the Group's revenue during the Period.

## **Selling expenses**

Selling expenses for the Period decreased by approximately 6.1% to approximately HK\$7.7 million as compared to approximately HK\$8.2 million in the same period last year. The selling expenses was stable during the Period.

## **Administrative expenses**

The Group's administrative expenses remained relatively stable, which were approximately HK\$31.4 million during the Period as compared to approximately HK\$32.4 million Last Period.

## **OUTLOOK**

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

The Group will also closely monitor the changing business environment and seek out opportunities for long-term sustainable and steady growth. We will carefully pursue all potential viable investment and business opportunities to increase the return of our shareholders.

## **FINANCIAL RESOURCES/LIQUIDITY**

As at 31st December 2021, the Group had cash balances of approximately HK\$266.9 million (30th June 2021: approximately HK\$375.9 million). As at 31st December 2021, the Group had total assets of approximately HK\$1,227.1 million (30th June 2021: approximately HK\$1,051.8 million).

The Group's gearing ratio as at 31st December 2021 was approximately 5.0% (as at 30th June 2021: approximately 4.2%), which was calculated on the basis of the Group's total debt (including borrowings, lease liability and bank overdraft) divided by total equity of the Group.

The Group incurred financial cost of approximately HK\$273,000, which is attributable to the interest on lease liabilities during the Period (for the six months ended 31st December 2020: approximately HK\$228,000).

In light of the fact that most of the Group's transactions are denominated in Hong Kong dollars, Renminbi and United States dollars, the Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Renminbi. The Group will continue to take proactive measures and monitor its exposure to the movements of these currencies closely.

As at 31st December 2021, current ratio (defined as total current assets divided by total current liabilities) was approximately 0.55 (as at 30th June 2021: approximately 1.11).

## **CAPITAL STRUCTURE**

As at 31st December 2021, the Group had shareholders' capital of approximately HK\$9.1 million (as at 30th June 2021: approximately HK\$9.1 million). The shareholders' capital of the Company is constituted of 906,632,276 shares.

## **THE PLEDGE OF GROUP ASSETS**

As at 31st December 2021, none of the Group's assets was pledged to secure any liabilities (as at 30th June 2021: None).

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31st December 2021, the Group had 127 staff (as at 30th June 2021: 143). Remuneration is reviewed annually and certain staffs are entitled to commission. In addition to basic salaries, staff benefits include discretionary bonus, medical insurance scheme and mandatory provident fund.

## **SHARE OPTION SCHEME**

Pursuant to an ordinary resolution passed in the annual general meeting held on 2nd December 2013, the Company conditionally approved and adopted a share option scheme in compliance with the Listing Rules (the "**Share Option Scheme**"). Details of the Share Option Scheme are as follows:

### **(1) Purpose of the Share Option Scheme**

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

### **(2) Participants of the Share Option Scheme**

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

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

- (b) any non-executive director (including independent non-executive directors) of the Company, any of its subsidiary or any invested entity;
- (c) any supplier of goods or services to any member of the Group or any invested entity;
- (d) any customer of the Group or any invested entity;
- (e) any person or entity that provides research, development or other technical support to the Group or any invested entity;
- (f) any shareholder of any member of the Group or any invested entity or any holder of any securities issued by any member of the Group or any invested entity;
- (g) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any invested entity; and
- (h) any joint venture partner or counter-party to business operation or business arrangements of the Group.

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

- (a) The maximum number of shares of the Company which may be issued upon exercise of all outstanding share option granted and yet to be exercised under the Share Option Scheme and any other schemes for the time being of the Company shall not exceed 30% of the shares in issue from time to time. Share options of the Company which are lapsed or cancelled for the time being shall not be counted for the purpose of calculating the said 30% limit; and
- (b) The maximum number of shares of the Company which may be issued upon exercise of all options granted and to be granted under the Share Option Scheme is an amount equivalent to 10% of the shares of the Company in issue as at the dates of approval of the Share Option Scheme unless approval for refreshing the 10% limit from the Company's shareholders has been obtained.

**(4) Maximum entitlement of each participant**

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

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

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

**(6) Payment on acceptance of the share options offer**

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

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

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

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

**CORPORATE GOVERNANCE CODE**

The Company has, throughout the six months ended 31st December 2021, 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 Shiu Ming, Daneil 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. Choi Wing Koon (Chairman), Mr. Lam Chi Keung and Mr. Tang Yiu Wing.

The Audit Committee has reviewed the accounting principles and practises adopted by the Group and discussed internal control, risk management and financial reporting matters including a review of the unaudited condensed consolidated interim financial information for the six months ended 31st December 2021 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 2021. 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 OF LISTED ISSUERS**

During the six months ended 31st December 2021, 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 had complied with the Model Code throughout the Period.

## **PUBLICATION ON THE COMPANY AND STOCK EXCHANGE'S WEBSITES**

This interim results announcement is published on the websites of the Company ([www.uih.com.hk](http://www.uih.com.hk)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)), respectively. The interim report will also be available on the same websites on or before 31st March 2022.

On behalf of the Board  
**Universe Entertainment and Culture  
Group Company Limited**  
**Lam Shiu Ming, Daneil**  
*Chairman and Executive Director*

Hong Kong, 28th February 2022

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