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

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 1046)

**INTERIM RESULTS ANNOUNCEMENT FOR  
THE SIX MONTHS ENDED 31ST DECEMBER 2022**

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 2022 (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>2022</b>	<b>2021</b>
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue</b>			
Sales of goods – video distribution, optical products and watches products		<b>11,240</b>	23,456
Income on film distribution and exhibition, licensing and sub-licensing of film rights		<b>15,871</b>	13,242
Income from other businesses		<b>9,213</b>	9,420
Total revenue	4	<b>36,324</b>	46,118

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

	<i>Note</i>	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
<b>Cost of revenue</b>			
Cost of inventories sold		(6,338)	(16,128)
Related cost on film distribution and exhibition, licensing and sub-licensing of film rights		(11,870)	(13,138)
Cost from other businesses		<u>(7,477)</u>	<u>(7,402)</u>
 Total cost of revenue		 <u>(25,685)</u>	 <u>(36,668)</u>
 Selling expenses		 (5,539)	 (7,687)
Administrative expenses		(26,880)	(31,444)
Change in expected credit loss		(986)	433
Amortisation of other intangible assets		(74)	(75)
Other (losses)/gains – net		(5,902)	5,848
Other income		1,269	1,614
Fair value change on trading securities		(813)	(8,213)
Fair value change on other financial assets at fair value through profit or loss		–	163
Finance income		599	994
Finance costs		(173)	(273)
Share of losses of associate		<u>–</u>	<u>(2)</u>
 <b>Loss before tax</b>	<i>5</i>	 (27,860)	 (29,192)
Income tax (expense)/credit	<i>6</i>	<u>(105)</u>	<u>1,454</u>
 <b>Loss for the Period</b>		 <u>(27,965)</u>	 <u>(27,738)</u>

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

	<i>Note</i>	<b>2022</b>	2021
		<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Other comprehensive (loss)/income:</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Currency translation differences		(198)	53
Other comprehensive (loss)/income for the Period, net of tax		(198)	53
Total comprehensive loss for the Period		(28,163)	(27,685)
<b>Loss attributable to:</b>			
Owners of the Company		(27,703)	(27,042)
Non-controlling interests		(262)	(696)
		(27,965)	(27,738)
<b>Total comprehensive loss for the Period</b>			
<b>attributable to:</b>			
Owners of the Company		(27,901)	(26,989)
Non-controlling interests		(262)	(696)
		(28,163)	(27,685)
<b>Loss per share attributable to the owners</b>			
<b>of the Company for the</b>			
<b>Period (expressed in HK cents per share)</b>			
– basic and diluted	7	(3.06)	(2.98)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>31st December</b>	<b>30th June</b>
	<b>2022</b>	<b>2022</b>
<i>Note</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	32,987	35,678
Investment properties	31,460	31,460
Other intangible assets	1,879	1,954
Film rights and films in progress	779,647	653,122
Film related deposits	65,651	74,900
Deposits paid	874	2,377
Deferred tax assets	525	502
Other financial assets	1,878	1,878
	<b>914,901</b>	801,871
<b>Current assets</b>		
Inventories	5,991	6,767
Accounts receivable	10 18,523	22,648
Loans receivable	9 951	1,235
Deposits paid, prepayments and other receivables	22,872	20,008
Trading securities	1,350	7,539
Contract assets	112	948
Bank balances and cash – trust accounts	–	125
Cash and cash equivalents	154,487	211,846
<b>Total current assets</b>	<b>204,286</b>	271,116
<b>Total assets</b>	<b>1,119,187</b>	1,072,987

	<b>Unaudited</b>	Audited
	<b>As at</b>	As at
	<b>31st December</b>	30th June
	<b>2022</b>	2022
<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>394,668</b>	422,569
	<b>403,734</b>	431,635
Non-controlling interests	<b>(4,669)</b>	(4,407)
<b>Total equity</b>	<b>399,065</b>	427,228
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Lease liabilities	<b>3,582</b>	5,458
Deferred tax liabilities	<b>125</b>	139
	<b>3,707</b>	5,597
<b>Current liabilities</b>		
Accounts payable	<b>23,426</b>	24,829
Other payables and accrued charges	<b>88,231</b>	92,437
Contract liabilities	<b>575,730</b>	491,617
Deposits received	<b>12,523</b>	11,154
Lease liabilities	<b>6,124</b>	7,800
Taxation payable	<b>10,381</b>	12,325
<b>Total current liabilities</b>	<b>716,415</b>	640,162
<b>Total liabilities</b>	<b>720,122</b>	645,759

	<b>Unaudited</b>	Audited
	<b>As at</b>	As at
	<b>31st December</b>	30th June
	<b>2022</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Total equity and liabilities</b>	<b><u>1,119,187</u></b>	<u>1,072,987</u>
<b>Net current liabilities</b>	<b><u>(512,129)</u></b>	<u>(369,046)</u>
<b>Total assets less current liabilities</b>	<b><u>402,772</u></b>	<u>432,825</u>

## 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 2023.

### 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 2022, 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 2023. 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 2022. 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**").

### 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 2022. 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.

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

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. The profit/(loss) before tax is measured consistently with the Group’s profit/(loss) before tax 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, tax recoverable and other unallocated corporate assets as these assets are managed on a group basis.



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

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

2022								
	Video distribution, film distribution and exhibition, licensing and sub-licensing of film rights <i>HK\$'000</i>	Trading, wholesaling, and retailing of optical products and watches products <i>HK\$'000</i>	Leasing of investment properties <i>HK\$'000</i>	Securities investments <i>HK\$'000</i>	Financial printing services <i>HK\$'000</i>	Other <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>For the six months ended</b>								
<b>31 December 2022 (Unaudited)</b>								
Disaggregate by timing of revenue recognition								
- Point in time	16,068	11,049	-	-	2,365	17	-	29,499
- Overtime	-	-	-	-	6,265	-	-	6,265
- Revenue out of scope of HKFRS 15	-	-	526	-	-	34	-	560
Revenue from external customers	16,068	11,049	526	-	8,630	51	-	36,324
Intersegment revenue	-	-	-	-	196	-	(196)	-
Segment revenue	<u>16,068</u>	<u>11,049</u>	<u>526</u>	<u>-</u>	<u>8,826</u>	<u>51</u>	<u>(196)</u>	<u>36,324</u>
<b>Segment result</b>	(18,181)	(1,436)	392	(659)	(2,300)	(402)	-	(22,586)
Finance income								599
Finance cost								(173)
Unallocated corporate expenses								(5,700)
Loss before tax								<u>(27,860)</u>
<b>As at 31 December 2022 (Unaudited)</b>								
Segment assets	899,250	11,788	32,370	1,350	10,752	2,134	-	957,644
Segment liabilities	<u>680,235</u>	<u>8,276</u>	<u>250</u>	<u>-</u>	<u>13,284</u>	<u>1,529</u>	<u>-</u>	<u>703,574</u>

	Video distribution, film distribution and exhibition, licensing and sub-licensing of film rights <i>HK\$'000</i>	Trading, wholesaling, and retailing of optical products and watches products <i>HK\$'000</i>	Leasing of investment properties <i>HK\$'000</i>	Securities investments <i>HK\$'000</i>	Financial printing services <i>HK\$'000</i>	Other <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>For the six months ended</b>								
<b>31 December 2021 (Unaudited)</b>								
Disaggregate by timing of revenue recognition								
- Point in time	13,762	22,936	-	-	694	120	-	37,512
- Overtime	-	-	-	-	7,612	-	-	7,612
- Revenue out of scope of HKFRS 15	-	-	600	-	-	394	-	994
Revenue from external customers	13,762	22,936	600	-	8,306	514	-	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>
<b>Segment result</b>	(12,119)	(3,815)	480	(6,810)	(2,658)	(1,995)	-	(26,917)
Amortisation of deferred day one gain in respect of derivative financial instrument								2,788
Fair value change of other financial assets carried of fair value through profit or loss								163
Finance income								994
Finance cost								(273)
Share of loss of an associate								(2)
Unallocated corporate expenses								(5,945)
Loss before tax								<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
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>

## 5. LOSS BEFORE TAX

Loss before tax is arrived at after charging:

	Unaudited	
	For the six months ended	
	31st December	
	2022	2021
	HK\$'000	HK\$'000
Amortisation of film right	11,204	769
Amortisation of other intangible assets	75	75
Depreciation of property, plant and equipment	598	465
Depreciation of right-of-use assets	1,793	4,023
Employee benefits expenses including directors' emoluments	20,763	24,669
Cost of inventories sold	6,338	16,128
	<u>6,338</u>	<u>16,128</u>

## 6. INCOME TAX (EXPENSE)/CREDIT

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

	Unaudited	
	For the six months ended	
	31st December	
	2022	2021
	HK\$'000	HK\$'000
Hong Kong Profits Tax – current	(290)	1,458
Hong Kong Profits Tax – overprovision in prior years	57	–
PRC withing holding tax – overprovision in prior years	91	–
Deferred tax relating to the origination and reversal of temporary differences	37	(4)
	<u>37</u>	<u>(4)</u>
Income tax (expense)/credit	<u>(105)</u>	<u>1,454</u>

## 7. LOSS PER SHARE

### (a) Basic

Basic loss per ordinary share is calculated by dividing the loss attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the six months ended 31st December 2022 and 2021.

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

	Unaudited	
	For the six months ended	
	31st December	
	2022	2021
	HK\$'000	HK\$'000
Loss for the Period attributable to the owners of the Company	<u>(27,703)</u>	<u>(27,042)</u>

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

	Number of shares	
	<i>(in thousand)</i>	
	For the six months ended	
	31st December	
	2022	2021
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 2021 and 2022, diluted loss per ordinary share equals to basic loss 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 (2021: Nil).

## 9. LOANS RECEIVABLE

### Loans receivable from third parties

	Unaudited As at 31st December 2022 <i>HK\$'000</i>	Audited As at 30th June 2022 <i>HK\$'000</i>
Loans to third parties	1,294	1,374
Less: loss allowance	<u>(343)</u>	<u>(139)</u>
	<b>951</b>	1,235
The maturity profile of the loans receivable, based on the maturity date is as follows:		
– Non-current	–	–
– Current	<u>951</u>	<u>1,235</u>
	<b><u>951</u></b>	<b><u>1,235</u></b>

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

	Unaudited As at 31st December 2022 <i>HK\$'000</i>	Audited As at 30th June 2022 <i>HK\$'000</i>
Unsecured loans		
Not past due	494	1,174
31–60 days past due	200	100
91 days to 180 days past due	400	100
Over 180 days past due	<u>200</u>	<u>–</u>
	<b>1,294</b>	1,374
Less: loss allowance	<u>(343)</u>	<u>(139)</u>
	<b><u>951</u></b>	<b><u>1,235</u></b>

As at 31st December 2022 and 30th June 2022, the Group has no secured loan receivables.

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 of 10% per annum (as at 30th June 2022: 10% per annum).

Interest income of approximately HK\$33,000 (for the six months ended 31st December 2021: approximately HK\$394,000) 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>2022</b>	2022
	<b>HK\$'000</b>	<b>HK\$'000</b>
Accounts receivable	<b>20,661</b>	24,528
Less: allowance for doubtful debts	<u>(2,138)</u>	<u>(1,880)</u>
<b>Accounts receivable – net</b>	<b><u>18,523</u></b>	<b><u>22,648</u></b>

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

*Notes:*

As at 31st December 2022, the ageing analysis of the accounts receivable arising, based on invoice date or date of revenue recognition was as follows:

	<b>Unaudited</b>	Audited
	<b>As at</b>	As at
	<b>31st December</b>	30th June
	<b>2022</b>	2022
	<b>HK\$'000</b>	<b>HK\$'000</b>
1 to 90 days	<b>8,196</b>	14,274
91 days to 180 days	<b>2,327</b>	2,546
Over 180 days	<u><b>8,000</b></u>	<u>5,828</u>
	<b><u>18,523</u></b>	<b><u>22,648</u></b>

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>2022</b>	2022
<b>HK\$'000</b>	<b>HK\$'000</b>
<b>23,426</b>	24,829

As at 31st December 2022, 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>2022</b>	2022
	<b>HK\$'000</b>	<b>HK\$'000</b>
1 to 90 days	<b>3,193</b>	5,723
91 days to 180 days	<b>2,942</b>	494
Over 180 days	<b>17,291</b>	18,612
	<b>23,426</b>	24,829

## 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.

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

A hearing of direction is fixed on 5 May 2023. 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.

On 15th February 2023, the Court (i) entered the summary judgment against China Wah Yan for the Original Action, under which China Wah Yan is ordered to pay China Jianxin the sum of HK\$16,175,304.11 together with interest on HK\$15,800,000.00 at the rate of 8.5% per annum from 12th March 2020 until payment in full and (ii) struck out the counterclaim of China Wah Yan and Sky Bright against China Jianxin, Precise Reach Group Limited and Mr. Lam Shiu Ming, Daneil with costs.

- (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 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 2022, no litigation or claim of material importance is known to the Directors to be pending against either the Company or any of its subsidiaries.

## **INTERIM DIVIDEND**

No interim dividend was declared and paid by the Company for the Period (2021: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Overall Group results**

For the six months period ended 31st December 2022, the Group recorded revenue of approximately HK\$36.3 million (for the six months period ended 31 December 2021 (“**Last Period**”): approximately HK\$46.1 million) and a loss of approximately HK\$28.0 million (Last Period: approximately HK\$27.7 million).

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

The year 2022 has been a tough year for the China film market, which has been deeply battered by the Coronavirus Disease 2019 (“**COVID-19**”) pandemic. Cinemas across China have been repeatedly closed due to the sporadic outbreaks of COVID-19 pandemic, leading to greatly reduced operating rate. Many people have chosen to stay home and not go out to watch movies either due to infection, strict lockdowns or in fear of contracting the virus.

Repeated outbreaks and accompanying control measures had a big impact on movie production, distribution, and screening. With on-and-off large-scale cinema closures, several high-profile titles were unable to release as scheduled, affecting several major release periods. The China’s film sector has also struggled with a significant decrease of new releases, which has added challenges in attracting audiences and led to lower footfall in cinemas in 2022.

As a result, according to China Film Administration (國家電影局), the 2022 annual box office in the in the People’s Republic of China (which excludes Hong Kong, Macau and Taiwan for the purpose of this report) (the “**PRC**”) decreased by approximately 36.2% to approximately RMB30 billion, as compared to approximately RMB47 billion in 2021.

In response to the intermittent lockdown and closure of cinema in PRC in the past 2 years, the Group delayed the theatrical release dates of several quality films. As a result, the Group recorded segmental revenue of approximately HK\$16.1 million (Last period approximately HK\$13.8 million) and segmental loss of approximately HK\$18.2 million (Last period approximately HK\$12.1 million) from this segment during the Period. The segmental revenue from this segment accounted for approximately 44.2% (Last period: approximately 29.8%) of the Group’s revenue during the Period.

With the easing of COVID-19 pandemic restrictions and returning to normalcy in PRC recently, the film industry of China has started to see a light at the end of the tunnel. Cinemas in China excitedly welcomed back flocks of moviegoers to see movies on the big screen during the recent Spring Festival holiday and the PRC box office performed strongly over the Lunar New Year holiday in January 2023. We expect the PRC film market will revitalize and the Group will arrange to debut the blockbusters invested by the Group gradually in 2023 to 2024. Upcoming release includes “Flashover” (“驚天救援”) directed by Oxide Pang (彭順) and starring Du Jiang (杜江), Wang Qianyuan (王千源) and Tong Liya (佟麗婭), “White Storm 3: Heaven or Hell” (“掃毒3：人在天涯”) (formerly known as “掃毒3：天大地大”) directed by Herman Yau (邱禮濤) and starring Aaron Kwok (郭富城), Louis Koo (古天樂) and Sean Lau (劉青雲) and “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).

We are also going to invest and produce a series of quality movies including “The Trading Floor” (“東方華爾街”) directed by Herman Yau (邱禮濤) and starring Andy Lau (劉德華) and “Shock Wave 3” (“拆彈專家3”) directed by Herman Yau (邱禮濤) and starring Andy Lau (劉德華). In addition, we participated and invested in another blockbuster titled “I Did It My Way” (“潛行”) directed by Jason Kwan (關智耀) and starring Andy Lau (劉德華), Gordon Lam (林家棟) and Eddie Peng (彭于晏).

Looking forward, we will continue to invest in original production of quality films in Hong Kong and PRC to enrich our content reserves in response to the growth of the film market in PRC in the long run.

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

Since the outbreak of the COVID-19 in early 2020, it has evolved into the ferocious fifth wave of COVID-19 pandemic in 2022 which led to partial or complete lockdowns in different regions, significantly impacting the economy and denting the consumers’ sentiment in Hong Kong and the PRC. Our business of trading, wholesaling and retailing of optical products and watches products in Hong Kong and the PRC was severely hit by a COVID-19 pandemic in 2022. Consequently, revenue from this business segment during the Period was approximately HK\$11.0 million, representing a decrease of approximately 52.0% as compared to approximately HK\$22.9 million in the same period last year. It accounted for approximately 30.4% (2021: approximately 49.7%) of the Group’s revenue during the Period. Segmental loss from this business segment during the Period was approximately HK\$1.4 million, representing a decrease of approximately 63.2% as compared to approximately HK\$3.8 million in the same period last year.

Recently, the anti-pandemic social distancing measures were gradually relaxed in Hong Kong and the PRC. We will closely monitor the recovery progress of economy and consumers sentiment in 2023 and adjust our operation strategy from time to time to improve the operation result of this business segment.

## **Trading Securities**

As at 31st December 2022, the Group's trading securities amounted to approximately HK\$1.4 million (30th June 2022: approximately HK\$7.5 million) which accounted for approximately 0.1% (30th June 2022: approximately 0.7%) of the Group's unaudited consolidated total assets as at 31st December 2022.

The Group's portfolio of trading securities comprised 1 (30th June 2022: 6) equity securities listed in Hong Kong and engaged in operation of money lending.

The Group recorded a fair value loss arising from the change in fair value of trading securities of approximately HK\$0.8 million (2021: approximately HK\$8.2 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\$0.7 million (2021: approximately HK\$6.8 million) 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.

## **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\$526,000 (2021: approximately HK\$600,000) during the Period.

The segment profit of this business segment was approximately HK\$392,000 (2021: approximately HK\$480,000) 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 in Hong Kong through Formex Financial Press Limited ("**Formex**"), a subsidiary of the Company.

Formex continued to grow as a quality and cost effective financial printing service provider. The Group recorded from this business segment revenue of approximately HK\$8.6 million (2021: approximately HK\$8.3 million) during the Period, representing an increase of approximately 3.6% as compared to that of the same period of last year. It accounts for approximately 23.8% (2021: approximately 18.0%) of the Group's revenue during the Period. Segmental loss from this business segment was approximately HK\$2.3 million (2021: approximately HK\$2.7 million). The segmental revenue and result are stable during the Period as compared to the same period of last year.

With the normalization of the COVID-19 pandemic and the lifting of border restrictions between the mainland and Hong Kong, we expect a gradual recovery in Hong Kong's financial market and thus the demand for financial printing services in Hong Kong.

Though competition remains severe in the industry, with Formex's increasing presence in the market of premium clientele through the improved facilities, location and utilization of the additional office spaces at the World Wide House in the core business area, we are continuing to expand and solidify our client base to increase competitiveness. Together with the experienced team, efficient operations and professional services, the Group is cautiously optimistic to the outlook of the financial printing business in the coming years.

### **Geographical contribution**

In terms of geographical contribution, overseas markets accounted for approximately 51.7% (2021: approximately 51.0%) of the Group's revenue during the Period.

### **Selling expenses**

Selling expenses for the Period decreased by approximately 27.9% to approximately HK\$5.5 million as compared to approximately HK\$7.7 million in the same period last year. The decrease in selling expenses was due to the decrease in turnover and selling activities of the Group during the Period.

### **Administrative expenses**

Administrative expenses for the Period decreased by approximately 14.5% to approximately HK\$26.9 million as compared to approximately HK\$31.4 million in the same period last year. The decrease in administrative expenses was due to the implementation of the cost control during the Period.

## **OUTLOOK**

Following a disruptive year of 2022, PRC and Hong Kong was embracing a fast and explosive COVID reopening from January 2023. The economy outlook of PRC and Hong Kong in 2023 is upbeat and our business will benefit from the relaxation of pandemic control measures and progressive re-opening of borders. On the other hand, the on-going Russia and Ukraine war has destabilized world's order and economy. It may negatively affect the operation environment of our business in the nearby future.

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

## **FINANCIAL RESOURCES/LIQUIDITY**

As at 31st December 2022, the Group had cash balances of approximately HK\$154.5 million (30th June 2022: approximately HK\$211.8 million). As at 31st December 2022, the Group had total assets of approximately HK\$1,119.2 million (30th June 2022: approximately HK\$1,073.0 million).

The Group's gearing ratio as at 31st December 2022 was approximately 2.4% (as at 30th June 2022: approximately 3.1%), 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\$173,000, which is attributable to the interest on lease liabilities during the Period (for the six months ended 31st December 2021: approximately HK\$273,000).

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 2022, current ratio (defined as total current assets divided by total current liabilities) was approximately 0.29 (as at 30th June 2022: approximately 0.42).

Management has closely monitored the development of the COVID-19 pandemic and its impact on the current and anticipated liquidity of the Group in the future. Having considered the Group's financial position as at 31st December 2022, and the coming operation's plan, the Directors believe that the Group will have sufficient financial resources to satisfy its future working capital and other financing requirements for the foreseeable future.

## **CAPITAL STRUCTURE**

As at 31st December 2022, the Group had shareholders' capital of approximately HK\$9.1 million (as at 30th June 2022: 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 2022, none of the Group's assets was pledged to secure any liabilities (as at 30th June 2022: None).

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31st December 2022, the Group had 119 staff (as at 30th June 2022: 121). 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 2022, 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 2022 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 2022. 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 2022, 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 2023.

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

Hong Kong, 28th February 2023

*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.*