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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2024

RESULTS

The board of directors (the "**Directors**") of Universe Entertainment and Culture Group Company Limited (the "**Company**") (the "**Board**") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 30 June 2024, together with comparative figures for the year ended 30 June 2023 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2024

	Note	**2024** ***HK$'000***	2023 *HK$'000*
Revenue			
Sale of good – video distribution, optical products and watches products		**19,590**	22,201
Income on film distribution and exhibition, licensing and sub-licensing of film rights		**309,579**	138,891
Income from other businesses		**36,088**	37,347
Total revenue	*4*	**365,257**	198,439

	Note	2024 HK$'000	2023 HK$'000
Cost of revenue			
Cost of inventories sold		**(9,230)**	(11,773)
Related cost on film distribution and exhibition, licensing and sub-licensing of film rights		**(266,470)**	(127,420)
Cost for other businesses		**(26,592)**	(29,838)
Total cost of revenue		**(302,292)**	(169,031)
Selling expenses		**(8,043)**	(8,092)
Administrative expenses		**(59,341)**	(60,645)
Impairment loss of film related deposits		**(5,122)**	–
Impairment loss of film rights and films in progress		**(17,032)**	(51,422)
Change in expected credit loss		**(353)**	(818)
Amortisation of other intangible assets		**(43)**	(138)
Other income		**898**	3,675
Other losses – net		**(290)**	(8,860)
Loss on:			
Fair value change of trading securities		**–**	(813)
Fair value change on investment properties		**(1,620)**	–
Finance income		**2,507**	2,229
Finance costs		**(535)**	(379)
Loss before taxation		**(26,009)**	(95,855)
Income tax (expenses)/credit	*5*	**(5,187)**	2,450
Loss for the year		**(31,196)**	(93,405)

	Note	2024	2023
		HK$'000	*HK$'000*
Other comprehensive income/(expenses):			
Item that may be reclassified subsequently to profit or loss:			
Currency translation differences		**25**	(168)
Total other comprehensive income/(expenses) for the year		**25**	(168)
Total comprehensive expenses for the year		**(31,171)**	(93,573)
Loss for the year attributable to:			
Owners of the Company		**(30,441)**	(92,757)
Non-controlling interests		**(755)**	(648)
		(31,196)	(93,405)
Total comprehensive expenses for the year attributable to:			
Owners of the Company		**(30,416)**	(92,925)
Non-controlling interests		**(755)**	(648)
		(31,171)	(93,573)
Loss per share attributable to owners of the Company for the year (presented in HK$):			
– basic	*6(a)*	**(0.0336)**	(0.1023)
– diluted	*6(b)*	**(0.0336)**	(0.1023)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Note	2024	2023
		HK$'000	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**38,473**	35,978
Investment properties		**29,840**	31,460
Other intangible assets		**2,057**	1,875
Film rights and films in progress		**409,116**	607,878
Film related deposits		**57,809**	88,982
Deposits paid		**821**	1,684
Deferred tax assets		**513**	531
Other financial assets		**1,878**	1,878
		540,507	770,266
Current assets			
Inventories		**2,716**	4,818
Accounts receivable	*8*	**27,170**	47,971
Loans receivable		**187**	597
Deposit paid, prepayments and other receivables		**31,427**	43,822
Trading securities		**1,350**	1,350
Contract assets		**1,731**	1,887
Cash and cash equivalents		**132,324**	80,854
Total current assets		**196,905**	181,299
Total assets		**737,412**	951,565

	Note	2024 HK$'000	2023 HK$'000
EQUITY			
Equity attributable to the owners of the Company			
Share capital		**9,066**	9,066
Share premium		**35,013**	35,013
Other reserves		**544,528**	545,973
Accumulated losses		**(281,783)**	(251,342)
		306,824	338,710
Non-controlling interests		**(4,436)**	(4,555)
Total equity		**302,388**	334,155
LIABILITIES			
Non-current liabilities			
Lease liabilities		**6,083**	3,657
Deferred tax liabilities		**80**	112
		6,163	3,769
Current liabilities			
Accounts payable	*9*	**11,102**	16,318
Other payables and accrued charges		**95,120**	72,062
Contract liabilities		**305,088**	500,845
Deposits received		**4,665**	10,309
Lease liabilities		**5,061**	6,767
Taxation payable		**7,825**	7,340
Total current liabilities		**428,861**	613,641
Total liabilities		**435,024**	617,410
Total equity and liabilities		**737,412**	951,565
Net current liabilities		**(231,956)**	(432,342)
Total assets less current liabilities		**308,551**	337,924

NOTES:

1. GENERAL INFORMATION

Universe Entertainment and Culture Group Company Limited (the "**Company**") and its subsidiaries (together, the "**Group**") are 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 provisions of type-setting, translation, printing, design, distribution of financial print products and other related 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**").

These consolidated financial statements are presented in thousands of units of Hong Kong dollars ("**HK$'000**"), unless otherwise stated.

2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of other investments in equity securities and investment properties, which are carried at fair value.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

3. ACCOUNTING POLICY

Changes in accounting policy and disclosure

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 July 2023. HKFRSs comprise Hong Kong Financial Reporting Standards ("**HKFRS**"); Hong Kong Accounting Standards ("**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 consolidated financial statements and amounts reported for the current year 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 these 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.

- 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; and

- Other (i.e. Entertainment business).

(a) Segment revenue, results, assets and liabilities

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 loss, which is a measure of loss before tax. The loss before tax is measured consistently with the Group's loss before taxation except other income, unallocated finance income, unallocated finance costs and unallocated corporate expenses.

Segment assets exclude unallocated other intangible assets, other financial assets, unallocated cash and cash equivalents, deferred tax assets and other unallocated corporate assets as these assets are managed on a group basis.

Segment liabilities exclude taxation 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 for the years ended 30 June 2024 and 2023 is set out below:

	For the year ended 30 June 2024							
	Video distribution, film distribution, and exhibition, licensing and sub-licensing of film rights *HK$'000*	Trading, wholesaling, and retailing of optical products and watches products *HK$'000*	Leasing of investment properties *HK$'000*	Securities investments *HK$'000*	Financial printing *HK$'000*	Others *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
Segment revenue								
Disaggregate by timing of revenue recognition								
– Point in time	310,176	18,993	–	–	5,796	1,749	–	336,714
– Over time	–	–	–	–	27,630	–	–	27,630
– Revenue out of scope of HKFRS 15	–	–	863	–	–	50	–	913
External revenue	310,176	18,993	863	–	33,426	1,799	–	365,257
Inter-segment sales	–	–	–	–	391	–	(391)	–
	310,176	18,993	863	–	33,817	1,799	(391)	365,257
Segment results	(17,226)	(5,647)	(1,146)	–	(361)	(427)	(391)	(25,198)
Other income								121
Finance income								2,507
Finance cost								(535)
Unallocated corporate expenses								(2,904)
Loss before taxation								(26,009)

	As at 30 June 2024						
	Video distribution, film distribution, and exhibition, licensing and sub-licensing of film rights *HK$'000*	Trading, wholesaling, and retailing of optical products and watches products *HK$'000*	Leasing of investment properties *HK$'000*	Securities investments *HK$'000*	Financial printing *HK$'000*	Others *HK$'000*	Total *HK$'000*
Assets							
Segment assets	530,262	6,445	29,902	1,350	20,486	11,029	599,474
Other financial assets							1,878
Deferred tax assets							513
Unallocated other intangible assets							1,858
Unallocated cash and cash equivalents							132,324
Unallocated corporate assets							1,365
Total consolidated assets							737,412
Liabilities							
Segment liabilities	398,042	6,635	175	–	14,195	1,667	420,714
Taxation payable							7,825
Deferred tax liabilities							80
Unallocated corporate liabilities							6,405
Total consolidated liabilities							435,024
Other information							
Additions of property, plant and equipment	29	765	31	–	275	–	1,100
Additions of right-of-use assets	8,024	2,998	–	–	–	–	11,022
Total additions of property, plant and equipment							12,122
Additions of film right and films in progress	54,693	–	–	–	–	–	54,693
Additions of film related deposits	17,641	–	–	–	–	–	17,641
Depreciation of property, plant and equipment	888	604	13	–	178	–	1,683
Unallocated depreciation of property, plant and equipment							1
Amortisation of film rights	236,423	–	–	–	–	–	236,423
Depreciation of right-of-use assets	3,221	1,184	–	–	1,472	–	5,877
Amortisation of other intangible assets	–	–	–	–	43	–	43
Total depreciation and amortisation							244,027
Reversal of write-down of inventories	(652)	–	–	–	–	–	(652)
Impairment loss of film related deposit	5,122						5,122
Impairment loss of film rights and films in progress	17,032	–	–	–	–	–	17,032
Change in ECLs							
– Accounts receivables	(50)	459	–	–	(207)	–	202
– Other receivables	(151)	–	–	–	–	–	(151)
– Loans receivable	–	–	–	–	–	302	302
Total change in ECLs							353
Fair value change of investment property	1,620	–	–	–	–	–	1,620

	For the year ended 30 June 2023							
	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	Others	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue								
Disaggregate by timing of revenue recognition								
– Point in time	139,201	21,891	–	–	5,917	9,186	–	176,195
– Over time	–	–	–	–	21,139	–	–	21,139
– Revenue out of scope of HKFRS 15	–	–	1,037	–	–	68	–	1,105
External revenue	139,201	21,891	1,037	–	27,056	9,254	–	198,439
Inter-segment sales	–	–	–	–	214	–	(214)	–
	139,201	21,891	1,037	–	27,270	9,254	(214)	198,439
Segment results	(87,253)	(5,304)	774	(695)	(2,042)	(494)	(214)	(95,228)
Finance income								2,229
Finance cost								(379)
Unallocated corporate expenses								(2,477)
Loss before taxation								(95,855)

	As at 30 June 2023						
	Video distribution, film distribution, and exhibition, licensing and sub-licensing of film rights *HK$'000*	Trading, wholesaling, and retailing of optical products and watches products *HK$'000*	Leasing of investment properties *HK$'000*	Securities investments *HK$'000*	Financial printing *HK$'000*	Others *HK$'000*	Total *HK$'000*
Assets							
Segment assets	788,505	9,705	31,511	1,350	21,881	11,372	864,324
Other financial assets							1,878
Deferred tax assets							531
Unallocated other intangible assets							1,858
Unallocated cash and cash equivalents							80,854
Unallocated corporate assets							2,120
Total consolidated assets							951,565
Liabilities							
Segment liabilities	574,646	7,169	233	–	20,193	1,782	604,023
Taxation payable							7,340
Deferred tax liabilities							112
Unallocated corporate liabilities							5,935
Total consolidated liabilities							617,410
Other information							
Additions of property, plant and equipment	2,298	–	–	–	97	–	2,395
Additions of right-of-use assets	2,419	797	–	–	2,944	–	6,160
Total additions of property, plant and equipment							8,555
Additions of film right and films in progress	128,123	–	–	–	–	–	128,123
Additions of film related deposits	32,630	–	–	–	–	–	32,630
Depreciation of property, plant and equipment	748	449	13	–	139	–	1,349
Unallocated depreciation of property, plant and equipment							1
Amortisation of film rights	121,945	–	–	–	–	–	121,945
Depreciation of right-of-use assets	3,437	247	–	–	491	–	4,175
Amortisation of other intangible assets	–	87	–	–	51	–	138
Total depreciation and amortisation							127,608
Reversal of write-down of inventories	(385)	–	–	–	–	–	(385)
Impairment loss of film rights and films in progress	51,422	–	–	–	–	–	51,422
Change in ECLs							
– Accounts receivables	197	–	–	–	–	–	197
– Other receivable	443	–	–	–	–	–	443
– Loan receivable	–	–	–	–	–	178	178
Total change in ECLs							818
Fair value change of trading securities	–	–	–	813	–	–	813

(b) Geographical information

The Company is domiciled in Hong Kong. The Group's operations are mainly located in Hong Kong and the PRC.

The revenue information below is based on the location of the operations.

	2024	
	Revenue	**Non-current assets (other than financial instruments and deferred tax assets)**
	HK$'000	***HK$'000***
Hong Kong (place of domicile)	**70,703**	**512,502**
PRC and other Asian countries (other than Hong Kong and Macau)	**286,926**	**24,793**
Others	**7,628**	**–**
	365,257	**537,295**

	2023	
	Revenue *HK$'000*	Non-current assets (other than financial instruments and deferred tax assets) *HK$'000*
Hong Kong (place of domicile)	56,093	740,779
PRC and other Asian countries (other than Hong Kong and Macau)	139,710	25,394
Others	2,636	–
	198,439	766,173

(c) Information about major customers

For the year ended 30 June 2024, one of the customers from video distribution, film distribution and exhibition, licensing and sub-licensing of film rights segment contributed 10% or more of the Group's revenue amounting to approximately HK$88,450,000 (2023: one of the customers contributed 10% or more of the Group's revenue amounting to approximately HK$77,788,000).

(d) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contracts for video distribution, film distribution and exhibition, licensing and sub-licensing of film rights, trading, wholesaling and retailing of optical products and watch products and provision of financial printing services, such that the Group does not disclose information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the sales contracts as their performance has an original expected duration of one year or less.

5. INCOME TAX EXPENSES/(CREDIT)

Income tax in the consolidated statement of comprehensive income

	2024	2023
	HK$'000	*HK$'000*
Current tax		
PRC Enterprise Income Tax		
Over-provision for the year	**(367)**	(445)
PRC withholding tax		
Charge for the year	**5,568**	–
Over-provision for the year	**–**	(1,949)
Deferred tax		
Origination and reversal of temporary differences	**(14)**	(56)
Income tax expenses/(credit)	**5,187**	(2,450)

The provision of Hong Kong Profits Tax is calculated at 16.5% (2023: 16.5%) of the estimated assessable profits for the year.

The provision of PRC Enterprise Income Tax is calculated at 25% (2023: 25%) of the estimated taxable profits for the year.

PRC withholding income tax of 10% (2023: 10%) shall be levied on the net income for film distribution and exhibition, licensing and sub-licensing of film rights after deducting the expenses derived from the PRC.

No provision for profits tax in Bermuda and the British Virgin Islands has been made as the Group has no income or profit assessable for tax in these jurisdictions for the years ended 30 June 2024 and 2023, respectively.

6. LOSS PER SHARE

(a) Basic

Basic loss per ordinary share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year, calculated as follows:

	2024	2023
Loss attributable to owners of the Company *(HK$'000)*	**(30,441)**	(92,757)
Weighted average number of ordinary shares in issue	**906,632,276**	906,632,276
Basic loss per ordinary share *(HK$)*	**(0.0336)**	(0.1023)

Weighted average number of ordinary shares (Basic)

	2024	2023
Issued ordinary shares at the beginning and the end of the year	**906,632,276**	906,632,276

(b) Diluted

The diluted loss per share is the same as the basic loss per share for the year ended 30 June 2024 (2023: same) as there is no potential dilutive share issued during the year.

7. DIVIDENDS

The Board did not recommend the payment of a final dividend for the year ended 30 June 2024 (2023: Nil).

8. ACCOUNTS RECEIVABLE

	2024	2023
	HK$'000	*HK$'000*
Accounts receivable	**27,949**	49,158
Less: Impairment loss	**(779)**	(1,187)
Net *(Note a)*	**27,170**	47,971
Accounts receivable – net	**27,170**	47,971

The carrying amounts of accounts receivable approximate their fair values.

Notes:

a The following is an ageing analysis of accounts receivable, presented based on the invoice dates or date of revenue recognition:

	2024	2023
	HK$'000	*HK$'000*
1 to 90 days	**14,655**	41,977
91 days to 180 days	**7,922**	984
Over 180 days	**4,593**	5,010
	27,170	47,971

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 0–180 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.

9. ACCOUNTS PAYABLE

	2024	2023
	HK$'000	*HK$'000*
Accounts payable	**11,102**	16,318

As at 30 June 2024 and 2023, the ageing analysis of the accounts payable based on invoice date is as follows:

	2024	2023
	HK$'000	*HK$'000*
1 day to 90 days	**5,738**	10,179
91 days to 180 days	**1,436**	1,182
Over 180 days	**3,928**	4,957
	11,102	16,318

All of the accounts payable are expected to be settled or recognised as income within one year or are repayable on demand.

10. PENDING LITIGATIONS

(a) A court action was commenced in the Court of First Instance of the Hong Kong Special Administrative Region on 17 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.

Under the above action, Star alleged 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 21 February 2003, UEL was ordered and had paid to Star a sum of HK$5,495,700, being part of the license 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 30 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 9 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 losses 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 made against UEL will have no material financial impact to the Group for the year ended 30 June 2024 and 2023.

(b) On 1 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 consolidated financial statements for the year ended 30 June 2024 and 2023.

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

On 6 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 30 June 2012.

No additional provision has been made in the consolidated financial statements for the year ended 30 June 2024 and 2023. 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 (the "**Plaintiff**"), commenced Court of First Instance Action against Kwong Ling and Oriental Prosperous Int'l Entertainments Limited (collectively the "**Defendants**") on 30 June 2014 claiming, inter alia, a declaration that UAM was 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 3 May 2014 to 2 May 2019 (the "**Extension Option**").

The Defendants filed their defence and counterclaimed on 29 September 2014. By such counterclaim, the Defendants claimed 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 was liable to account to the Defendants and an order for payment of all sums found to be due by UAM to the Defendants.

On 18 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.

Upon the parties having gone through the relevant documents and conducted the relevant calculations in accordance with the judgement dated 18 February 2022, the parties have agreed that the net amount is due from the Defendants to the Plaintiff in the amount of approximately HK$0.5 million (the "**Agreed Sum**") in July 2023.

A substantive hearing for the determination of the difference between the parties on interest has been scheduled on 14 February 2024. The Court determined that the Defendants shall pay interest to UAM on the Agreed Sum at 1% above the prime rate of The Hongkong and Shanghai Banking Corporation Limited on the Agreed Sum from 7 July 2023 ("**Agreement Date**") until payment with cost reserved, while there should be no interest before the Agreement Date. The Agreed Sum and respective accrued interest were settled during the year ended 30 June 2024.

(e) On 11 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 11 March 2020 thereon under a loan agreement entered into between China Jianxin and China Wah Yan on 30 April 2019; (b) interest on the said outstanding principal of HK$15,800,000.00 at the rate of 8.5% per annum from 12 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 15 September 2020. According to such defence and counterclaim, China Wah Yan and Sky Clear Bright Group Limited ("**Sky Bright**"), the wholly-owned subsidiary of China Wah Yan, counterclaimed against China Jianxin, Precise Reach Group Limited, a wholly-owned subsidiary of the Company, and Mr. Lam Shiu Ming, Daneil, one of the directors of the Company for 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 15 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 12 March 2020 until payment in full and (ii) struck out the counterclaim of China Wan Yan and Sky Bright against China Jianxin, Precise Reach Group Limited and Mr. Lam Shiu Ming, Daneil, with costs.

China Wah Yan and Sky Bright lodged the Notice of Appeal in March 2023 (the "**Appeal**"). The hearing of the Appeal against the summary judgment and the striking out of the counterclaim was heard on 14 September 2023. During the hearing on 14 September 2023, the Court reserved the judgment by giving his decision at a later date in writing. On 31 May 2024, the Group received the written decision from the Court. The Court ruled that the Appeal is unsustainable and is dismissed. The Court also awarded costs to China Jianxin on an indemnity basis with the costs of Precise Reach Group Limited and Mr. Lam Shiu Ming, Daneil, the director and chairman of the Company, to be paid on the standard party to party basis.

(f) On 21 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, has been accepted by the Beijing Intellectual Property Court* (北京知識產權法院).

Under the Claim, Chengdu Global Bona alleged that a film called "White Strom 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 all the defendants jointly and severally for a damage of approximately RMB99,990,000 (approximately HK$110 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$660,000) 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).

After seeking the legal advice, the Group denied the allegations of the Claims. The Beijing Intellectual Property Court completed the hearing of this case in June 2023. The Group received a judgment from the Court in relation to the Claim on 3 April 2024. According to the judgment, among other things, (1) all the claims and requests of Chengdu Global Bona against the Group and other defendants were dismissed by the Court; and (2) Chengdu Global Bona shall bear the case acceptance fee in the amount of RMB549,800 (approximately HK$605,000).

Save as disclosed above, as at 30 June 2024, no other litigation or claim of material importance is known to the Directors to be pending against either the Company or any of its subsidiaries.

BUSINESS AND OPERATIONAL REVIEW

Overall Group results

During the year ended 30 June 2024 (the "**Year**"), the Group recorded a revenue of approximately HK$365.3 million (For the year ended 30 June 2023 ("**Last Year**"): approximately HK$198.4 million) and loss for the Year of approximately HK$31.2 million (Last Year: approximately HK$93.4 million). The decrease in loss of the Group for the Year as compared to the Last Year was mainly due to:

(i) the significantly increase in revenue and contribution from video distribution, film distribution and exhibition, licensing and sub-licensing of film rights business segment during the Year. During the Year, the impact of COVID-19 pandemic completely faded out across China and Hong Kong and the income from the new films released by the Group increased significantly during the Year as compared to the Last Year; and

(ii) the decrease in total impairment loss of film rights, films in progress and film related deposit of approximately HK$29.3 million during the Year as compared to the Last Year.

Video distribution, films distribution and exhibition, licensing and sub-licensing of film rights

In the post COVID-19 era, the film industry in the People's Republic of China (which excludes Hong Kong, Macau and Taiwan for the purpose of this announcement) (the "**PRC**") staged an impressive comeback in 2023. According to data released by the China Film Administration (國家電影局), the total box office of the film market in the PRC in 2023 was RMB54.9 billion, representing a year-over-year increase of 82.6%.

In the midst of this strong industry recovery, the Group recorded segmental revenue of approximately HK$310.2 million in the video distribution, film distribution and exhibition, licensing and sub-licensing of film rights business segment during the Year, representing an increase of approximately 122.8% as compared to approximately HK$139.2 million of the Last Year. It accounted for approximately 84.9% (2023: approximately 70.1%) of the Group's revenue during the Year. During the Year, the impact of COVID-19 pandemic completely faded out across the PRC and Hong Kong, and therefore the revenue from the new films released by the Group increased significantly during the Year as compared to the Last Year.

Segment loss from this business segment during the Year was approximately HK$17.2 million, representing a decrease of 80.3% as compared to approximately HK$87.3 million during the Last Year. The decrease in segmental loss during the Year as compared to that of Last Year is mainly due to:

(i) the revenue and income from the new films released by the Group increased significantly during the Year as compared to the Last Year; and

(ii) the decrease in total impairment loss of film rights, films in progress and film related deposit of approximately HK$29.3 million during the Year as compared to the Last Year.

The recoverable amount of film rights, films in progress and film related deposits as at 30 June 2024 was assessed with reference to a value-in-use calculation at the end of the reporting period, which was derived from discounting the projected cash flow using a discount rate of 11% (2023: 11%). Total impairment loss of film rights, films in progress and film related deposits of approximately HK$22.2 million (2023: approximately HK$51.4 million) was recognized during the Year. Such impairment loss is principally due to the decrease in income/expected income from the film rights of the Group as compared to the budget income as a result of the change of the expected performance of the films which were theatrically released.

According to the data of Maoyan Pro (貓眼專業版), the PRC's total film box office (including service fees) in the first half of 2024 was RMB23.9 billion, representing a year-over-year decrease of 9.0%. Nevertheless, the PRC film market has shown consistently strong momentum of positive development. Influenced by various factors such as quality and diversified content, continuous market expansion and robust audience support, the box-office records for some major holidays such as New Year, Spring Festival and Qingming Festival have hit new heights in 2024.

On the other hand, with the development and flourish of the PRC market, competition is becoming more and more fierce and has also arisen the interest of international filmmakers. As a participant in the PRC film industry, we have witnessed the high-quality development and strong growth of the PRC film market in the past decade. In respond to the growing and challenging market environment, the Group will continue to invest in original production of quality films in the PRC and Hong Kong. Upcoming release includes "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), "The Gilded Game" ("**獵金遊戲**") (formerly known as "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).

Trade, wholesale and retail of optical and watches products

The Group engaged in trading, wholesaling and retailing of optical products and watches products in the PRC and Hong Kong.

The post-pandemic economy in the PRC and Hong Kong is impeded by global geopolitical conflicts, trade barriers, high interest rate and strong currency of United States and challenges from sluggish property market to weak consumer sentiment. In addition, since the border reopened, Hong Kong residents are flocking to Shenzhen and other Greater Bay Area cities in large numbers for food, shopping and entertainment. Moreover, the rise of online shopping and generative AI has led even traditional consumers to utilize online platforms for buying products and services in the post COVID era. Therefore, the retail market of the PRC and Hong Kong was struggling to recover after the COVID pandemic.

As a result, revenue from this business segment during the Year was approximately HK$19.0 million, representing a decrease of approximately 13.2% as compared to approximately HK$21.9 million during the Last Year. It accounted for approximately 5.2% (2023: approximately 11.0%) of the Group's revenue during the Year.

Segmental loss from this business segment during the Year was approximately HK$5.6 million, representing a increase of approximately 5.7% as compared to approximately HK$5.3 million of the Last Year.

Responding to such negative operating environment and still high-rent condition, the Group ceased the trade, wholesales and retails of watches product business in the PRC and will also continue closing down loss-making optical shops in Hong Kong to control the operating expenses and cash outflow. In addition, the Group will also take various measures in optimising internal costs, manpower and efficiency in order to maintain the competitiveness in the optical retails market in Hong Kong and to deal with the downward trend of this business segment.

Leasing of investment properties

The rental income from leasing of investment properties remained stable during the Year. The Group recorded rental income of approximately HK$863,000 (2023: approximately HK$1.0 million) during the Year from its properties at Woodland House 1–5, Woodlands Villa, 121 Tong Fuk Village, Tong Fuk, Lantau Island, New Territories, Hong Kong. It accounted for approximately 0.2% (2023: approximately 0.5%) of the Group's revenue during the Year.

Hong Kong's property market was hit by years of high interest rates and under weak demand during the Year. Based on the valuation performed by Ravia Global Appraisal Advisory Limited, the Group recorded a fair value loss of its investment properties of approximately HK$1.6 million during the Year (2023: Nil). As a result, the Group recorded a segment loss of approximately HK$1.1 million during the Year. For the Last Year, the Group recorded a segment profit of approximately HK$774,000 because no such fair value loss was incurred during the Last Year.

Financial Printing

The Group engaged in the business of financial printing to provide the one-stop financial printing services including type-setting, translation, printing, design, distribution and other related services through Formex Financial Press Limited ("**Formex**"), a subsidiary of the Company. Our core services cover the production and publication of listing documents, financial reports, compliance and other documents. Most of our customers are companies listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

With Formex's increasing presence and awareness in the financial printing industry in Hong Kong, our client base was further expanding during the Year. Revenue from this business segment during the Year was approximately HK$33.4 million (2023: approximately HK$27.1 million), representing an increase of approximately 23.2% as compared to that of the Last Year, which was mainly attributable to the increase in the number of our listed clients as well as the increase in the number of the IPO projects handled by us during the Year. It accounts for approximately 9.2% (2023: approximately 13.6%) of the Group's revenue during the Year. Segmental loss from the financial printing segment was approximately HK$361,000 during the Year (2023: approximately HK$2.0 million). The decrease in segmental loss during the Year as compared to that of the Last Year is mainly due to the growth in revenue and gross profit during the Year.

Hong Kong capital market remained cautiously optimistic amidst global geopolitical conflicts, high interest rate and strong currency of United States, weak consumer sentiment, slowdown of economy growth in the PRC and other macro challenges. The Hang Seng Index rebounded about 4% in the first half of 2024, but the funds raised on the Hong Kong's IPOs reach only HK$13.1 billion in the first half of 2024, representing a 27% drop as compared to the first half of 2023. There were 30 new listings in Hong Kong in the first half of 2024 (first half of 2023: 39) and the size of IPOs has been generally modest. Nevertheless, the Hong Kong's IPO market has shown signs of gradual recovery in the second half of 2024 with the end of the interest rate hike cycle in the second half of 2024 and the increase in IPO applicants in second quarter of 2024. We committed to improve service levels, continue to expand customer base, and to prepare for the recovery of the market.

On the other hand, the expansion of the Paperless Listing Regime by the Stock Exchange effective on 31 December 2023 is reducing the demand for printing paper documents by the listed issuers in Hong Kong. In addition, the Stock Exchange implemented a new trading arrangement on 23 September 2024 to allow Hong Kong's securities and derivatives markets to remain open during severe weather condition, which will also increase our operating risk and cost. To adopt the challenge from upcoming market development and fierce competition environment, we will continue to improve our services to clients and exercise prudent cost control to improve our operating efficiency.

Geographical contribution

In terms of geographical contribution, overseas markets accounted for approximately 80.6% (2023: approximately 71.7%) of the Group's revenue during the Year.

Selling expenses

Selling expenses for the Year is approximately HK$8.0 million (2023: approximately HK$8.1 million). While the Group recorded approximately 84.1% year-over-year increase in revenue from Last Year to the Year, the Group maintains the approximately the same total selling expenses incurred during the Year as compared to the Last Year by implementing strict cost control measures.

Administrative expenses

Administrative expenses for the Year decreased by approximately 2.1% to approximately HK$59.3 million as compared to approximately HK$60.6 million in the same period last year. The administrative expenses was stable during the Year.

OUTLOOK

Looking ahead, the pace of economic recovery will be persistently affected by global geopolitical conflicts, trade barriers, weak consumer sentiment and worldwide uncertainties arising from coming United States and other major nations elections. The complicated and unfavourable macro environment will continue to put pressure on the Group's business.

We remain cautiously optimistic about the prospectus of our video distribution, film distribution and exhibition, licensing and sub-licensing of film rights business and financial printing business and will maintain a restrained and prudent approach in management these business segment to ensure sustainability. However, it may not be realistic to expect our trade, wholesales and retail of optical and watches products business would return to prepandemic level in the near future in such post-covid environment. Therefore, we will continue to scale down the operation of this business segment to control the operating expenses and cash outflow. Against such uncertain operating environment of current business, the Group will carefully pursue and explore other new potential investment and business opportunities to create synergy effect with the Group's business as well as increase new sources of income of the Group.

FINANCIAL RESOURCES, LIQUIDITY AND CAPITAL STRUCTURE

As at 30 June 2024, the Group had cash and cash equivalents of approximately HK$132.3 million (2023: approximately HK$80.9 million). As at 30 June 2024, the Group had total assets of approximately HK$737.4 million (2023: approximately HK$951.6 million).

The Group's gearing ratio as at 30 June 2024 was approximately 3.7% (as at 30 June 2023: approximately 3.1%), which was calculated on the basis of the Group's total debt (including borrowings, lease liabilities and bank overdraft) divided by total equity of the Group.

As at 30 June 2024, the Group's current ratio (defined as total current assets divided by total current liabilities) was approximately 0.5 (as at 30 June 2023: approximately 0.3).

Management has closely monitored the current and anticipated liquidity of the Group in the future. Having considered the Group's financial position as at 30 June 2024, 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.

The Group incurred financial cost of approximately HK$535,000, which is attributable to the interest on lease liabilities during the Year (2023: approximately HK$379,000).

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 30 June 2024, the Group had Shareholders' capital of approximately HK$9.1 million (30 June 2023: approximately HK$9.1 million). The Shareholders' capital of the Company is constituted of 906,632,276 shares (30 June 2023: 906,632,276 shares).

The Company did not carry out any fund raising activities by issuing new shares of the Company during the Year (2023: Nil).

MATERIAL ACQUISITION AND DISPOSAL OF ASSETS

The Group did not have any material acquisition or disposal of assets during the Year (2023: Nil).

THE PLEDGE OF GROUP'S ASSETS

As at 30 June 2024, none of the Group's assets was pledged to secure any liabilities (2023: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2024, the Group employed 107 staff (2023: 128). Remuneration is reviewed annually and certain staff are entitled to commission. In addition to basic salaries, staff benefits included 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 "**Old Share Option Scheme**").

The Old Share Option Scheme was valid and effective for a period of 10 years from the date of adoption, i.e. until 1st December 2023. Following the Consultation Conclusions on Proposed Amendments to Listing Rules relating to Share Schemes of Listed Issuers and Housekeeping Rule Amendment published by the Stock Exchange in July 2022, Chapter 17 of the Listing Rules was amended and became effective from 1st January 2023. In light of the above and in view of the Old Share Option Scheme which is due to expire on 1st December 2023, the Company adopted a new share option scheme on 4th December 2023 ("**New Share Option Scheme**"). A summary of the principal terms of the New Share Option Scheme are as follow:

(1) Purpose

The purpose of the New Share Option Scheme is to recognize and acknowledge the contributions or potential contributions made or to be made by the eligible participant(s) including the employee participants, the related entity participants and the service providers (the "**Eligible Participants**") to the Group, to motivate the Eligible Participants to optimize their performance and efficiency for the benefit of the Group, and to maintain or attract business relationship with the Eligible Participants whose contributions are or may be beneficial to the growth of the Group.

(2) Eligible Participants

The New Share Option Scheme enables the Company to grant options (the "**Option**") to Eligible Participant(s) to subscribe for share(s) of the Company (the "**Shares**") under the New Option Scheme.

The adoption of the New Share Option Scheme aligns with the market practice of providing incentives to the employee participants to work towards enhancing the enterprise value and achieving the long-term objectives for the benefit of the Group as a whole.

As the related entity participants and service providers have contributed to the long-term growth of the Company's businesses, it would be in the Company's interests to also have the flexibility to grant Options to the related entity participants and service providers in recognition of their contributions to the Company. It is beneficial to include the related entity participants and service providers since a sustainable and stable relationship with them is essential to the business development of the Group, and that the grant of Options to these non-employee participants will align their interests with the Group's interests, incentivising them to provide better services to, create more opportunities for and/or contribute to the success of the Group in the long run.

The Board will determine the employee participants' eligibility in its sole discretion by considering all relevant factors as appropriate and take into account criteria based on the nature of the contributions made by service providers and related entity participants before granting Option(s) to them.

The inclusion of each of the related entity participants and proposed categories of service providers are in line with the Company's business needs and the industry norm, and the criteria for the election of Eligible Participants and the terms of an offer (the "**Offer**") to an Eligible Participant for the grant of an Option align with the purpose of the New Share Option Scheme.

(3) Subscription Price

The subscription price of the Options shall be determined by the Board and notified to an Eligible Participant at the time the grant of the Option(s) is made to (and subject to acceptance by) the Eligible Participant and shall be at least the highest 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 (as defined in the New Share Option Scheme); (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) business days (as defined in the New Share Option Scheme) immediately preceding the date of grant; and (c) the nominal value of the Shares. The Board considers that such basis will serve to preserve the value of the Company and encourage the Eligible Participants to acquire proprietary interests in the Company.

(4) Maximum Number of Shares

(a) The total number of Shares which may be issued in respect of all Options to be granted under the New Share Option Scheme and all options to be granted under any other share option scheme(s) of the Company must not, in aggregate, exceed ten per cent (10%) of the total number of Shares in issue as at the adoption date (the "**Scheme Mandate Limit**") unless approval of the shareholders of the Company (the "**Shareholders**") has been obtained pursuant to paragraphs 4(d) and (e) or (f) below. Options lapsed in accordance with the terms of the New Share Option Scheme or any other share option scheme(s) of the Company shall not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit.

(b) Subject to paragraph 4(c) below, within the Scheme Mandate Limit, the total number of Shares which may be issued in respect of all Options to be granted under the New Share Option Scheme and all options to be granted under any other share option scheme(s) of the Company to the service providers must not, in aggregate, exceed three per cent (3%) of the total number of Shares in issue as at the Adoption Date (the "**Service Provider Sublimit**") unless Shareholders' approval has been obtained pursuant to paragraphs 4(d) and (e) or (f) below. Options lapsed in accordance with the terms of the New Share Option Scheme or any other share option scheme(s) of the Company shall not be regarded as utilised for the purpose of calculating the Service Provider Sublimit.

(c) Notwithstanding any other provisions of the New Share Option Scheme, the Service Provider Sublimit is subject to approval by the Shareholders in general meeting. If on the adoption date, the adoption of the New Share Option Scheme is approved by the Shareholders in general meeting but the Service Provider Sublimit is not so approved by the Shareholders, no Option shall be granted to any Service Provider and the Service Provider Sublimit shall be deemed to be nil Share, and the provisions of the New Share Option Scheme shall be construed accordingly, unless and until a sublimit on the total number of Shares which may be issued in respect of all Options to be granted under the New Share Option Scheme and all options to be granted under any other share option scheme(s) of the Company to the Service Providers is subsequently approved by the Shareholders in general meeting, in which case the Service Provider Sublimit shall be deemed to be the sublimit so approved by the Shareholders with effect from the date of such approval, and the provisions of the New Share Option Scheme shall be construed accordingly.

(d) The Company may seek approval by the Shareholders in general meeting for “refreshing” the Scheme Mandate Limit (and the Service Provider Sublimit) after three (3) years from date of the Shareholders’ approval for the last refreshment (or the adoption date). Any “refreshment” within any three (3) year period must be approved by the Shareholders subject to the following provisions:

  (i) any controlling shareholders of the Company and their associates (or if there is no controlling shareholder of the Company, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting; and

  (ii) the Company must comply with the requirements under Rules 13.39(6) and (7), 13.40, 13.41 and 13.42 of the Listing Rules.

  The requirements under paragraphs 4(d)(i) and (ii) above do not apply if the refreshment is made immediately after an issue of securities by the Company to the Shareholders on a pro rata basis as set out in Rule 13.36(2)(a) of the Listing Rules such that the unused part of each of the Scheme Mandate Limit and the Service Provider Sublimit (as a percentage of total number of Shares in issue) upon refreshment is the same as the unused part of each of the Scheme Mandate Limit and the Service Provider Sublimit immediately before the issue of securities, rounded to the nearest whole Share.

(e) The total number of Shares which may be issued in respect of all Options to be granted under the New Share Option Scheme and all options to be granted under any other share option scheme(s) of the Company under the Scheme Mandate Limit and the Service Provider Sublimit as “refreshed” must not, in aggregate, exceed ten per cent (10%) and three per cent (3%) of the total number of Shares in issue as at the date of approval of the refreshed Scheme Mandate Limit (the “**Refreshed Scheme Mandate Limit**”) and the refreshed Service Provider Sublimit (the “**Refreshed Service Provider Sublimit**”) respectively. The Company must send a circular to the Shareholders containing the number of Options that were already granted under the existing Scheme Mandate Limit and the existing Service Provider Sublimit, and the reason for the “refreshment”.

(f) The Company may seek separate approval by the Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit (or the Refreshed Scheme Mandate Limit, as the case may be) or the Service Provider Sublimit (or the Refreshed Service Provider Sublimit, as the case may be) provided that the Options in excess of the Scheme Mandate Limit, the Refreshed Scheme Mandate Limit, the Service Provider Sublimit or the Refreshed Service Provider Sublimit (as the case may be) are granted only to Eligible Participants specifically identified by the Company before such approval is sought. The Company must send a circular to the Shareholders containing the name of each specified Eligible Participant who may be granted such Options, the number, and terms of the Options to be granted to each such Eligible Participant, and the purpose of granting Options to the specified Eligible Participants with an explanation as to how the terms of the Options serve such purpose. The number and terms of Options to be granted to such Eligible Participant must be fixed before the Shareholders' approval. In respect of any Options to be granted, the date of the Board meeting for proposing such grant should be taken as the date of grant for the purpose of calculating the Subscription Price under paragraph 3 above.

(g) If the Company conducts a share consolidation or sub-division after the Scheme Mandate Limit has been approved in general meeting, the maximum number of Shares that may be issued in respect of all options to be granted under all of the schemes of the Company under the Scheme Mandate Limit and the Service Provider Sublimit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or sub-division shall be the same, rounded to the nearest whole share.

(5) Maximum Entitlement of Each Eligible Participant

Where any grant of Options is proposed to be made to an Eligible Participant which, if accepted and exercised in full, would result in the total number of Shares issued and which may fall to be issued upon the exercise of such Options proposed to be granted under the New Share Option Scheme and all options granted under any other share option scheme(s) of the Company to such Eligible Participant (excluding any options lapsed in accordance with the terms of the New Share Option Scheme or any other share option scheme(s) of the Company) in the 12-month period up to and including the date of such grant representing in aggregate over one per cent (1%) of the total number of Shares in issue as at the date of such grant (the "**1% Individual Limit**"), such grant must be separately approved by the Shareholders in general meeting with such Eligible Participant and his/her close associates (or associates if the Eligible Participant is a connected person) abstaining from voting. A circular must be sent by the Company to the Shareholders disclosing the identity of the Eligible Participant, the number, and terms of the Options to be granted (and those previously granted to such Eligible Participant in the 12-month period), the purpose of granting Options to the Eligible Participant and an explanation as to how the terms of the Options serve such purpose. The number and terms of the Options to be granted to such Eligible Participant must be fixed before the Shareholders' approval. In respect of any Options to be granted, the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price under paragraph 3 above.

(6) Vesting Period

The vesting period of the Options shall not be shorter than 12 months from the date of acceptance of the Offer, provided that where the Eligible Participant who is: (a) an employee participant who is a director or a senior manager of the Company, the remuneration committee may, or (b) an employee participant who is not a director or a senior manager of the Company, the board of directors of the Company may, in its absolute discretion, determine a shorter vesting period under the following specific circumstances:

(i) grants of "make-whole" Options to new joiners to replace options such employee participant forfeited when leaving his previous employer;

(ii) grants to an employee participant whose employment is terminated due to death or disability or occurrence of any out of control event; and

(iii) grants with performance-based vesting conditions in lieu of time-based vesting criteria.

It is considered that by having the flexibility of having a shorter vesting period, the Group will be in a better position to attract and retain such Eligible Participants to continue serving the Group whilst at the same time providing them with further incentives in achieving the goals of the Group, and thereby, to achieve the purpose of the New Share Option Scheme.

(7) Performance Targets and Clawback Mechanism

Under the New Share Option Scheme, the Board may, in its sole and absolute discretion, specify the performance targets in respect of each Offer that must be duly fulfilled by the grantee before the Option may be vested to such grantee under such Offer, such performance targets shall include, among other things, financial targets and management targets which shall be determined based on the (a) individual performance, (b) performance of the Group and/or (c) performance of business groups, business units, business lines, functional departments, projects and/or geographical area managed by the Grantee. This will provide the Board with more flexibility in setting out the terms and conditions of the Options under particular circumstances of each grant and facilitate the Board to offer meaningful incentives to attract and retain quality personnel that are valuable to the development of the Group.

The provisions of the New Share Option Scheme provides for an automatic lapse of Option as clawback mechanism, the right to exercise an Option shall lapse automatically on the date on which the grantee ceases to be an Eligible Participant by reason of the termination of his employment, directorship, appointment or engagement on any one or more of the grounds that he has been guilty of misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has breached or failed to comply with any provisions of the relevant service contract, letter of appointment or contracts or agreements of the grantee with the Company or the relevant subsidiary or related entity for the employment, appointment or engagement, or has been convicted of any criminal offence involving his integrity or honesty or on any other ground on which an employer would be entitled to terminate his employment or office at common law or pursuant to any applicable laws or under the service contract, letter of appointment or other contract or agreement for the employment, appointment or engagement of the grantee with the Company or the relevant subsidiary or related entity.

Unless otherwise determined by the Board pursuant to the rules of the New Share Option Scheme and stated in the relevant Offer and subject to the above clawback mechanism, there is neither any performance target which must be achieved before an Option can be exercised nor any clawback mechanism for the Company to recover or withhold any remuneration (which may include Options granted) to any Eligible Participants in the event of serious misconduct, a material misstatement in the Company's financial statements or other circumstances.

Please refer to the Company's circular dated 30 October 2023 for the details of the New Share Option Scheme.

No share options under the Old and New Share Option Scheme was issued and outstanding during the Year (Last Year: Nil).

DIVIDEND POLICY

The Board has adopted a dividend policy ("**Dividend Policy**") on 27 September 2019 which shall take effect on 27 September 2019. The Dividend Policy allows the Shareholders to participate in the Company's profits by provision of dividends whilst preserving the Company's liquidity to capture future growth opportunities.

According to the Dividend Policy, the Board shall consider the following factors, among others, before proposing and declaring dividends:

(i) the Company's operation and financial performance;

(ii) the Company's liquidity conditions;

(iii) the Company's capital requirements and future funding needs;

(iv) the Company's contractual restrictions;

(v) the Company's availability of reserves; and

(vi) the prevailing economic climate.

The declaration of dividends by the Company is also subject to any restrictions under the Bermuda Companies Act 1981, the Listing Rules, Bye-laws and any applicable laws, rules and regulations.

The Dividend Policy will be reviewed from time to time by the Board and may adopt changes as appropriate at the relevant time. There can be no assurance that dividends will be paid in any particular amount for any given period.

CORPORATE GOVERNANCE CODE ("CG CODE") AND CORPORATE GOVERNANCE REPORT

The Company is committed to attain and maintain high standards of corporate governance best suited to the needs and interests of the Group as it believes that effective corporate governance practices are fundamental to safeguarding interests of Shareholders and other stakeholders and enhancing shareholder value. Accordingly, the Company has adopted and applied corporate governance principles that emphasise a quality board of Directors (the "**Board**"), effective risk management and internal control systems, stringent disclosure practices, transparency and accountability save as specifically disclosed below.

The Board has adopted the code provisions as set out in the Appendix C1 to the Rules (the "**Listing Rules**") Governing the Listing of Securities on the Stock Exchange (the "**Stock Exchange**"). Continuous efforts are made to review and enhance the Group's internal controls and procedures in light of changes in regulations and developments in best practices.

The Company has, throughout the Year, complied with the code provisions contained in the CG Code except for (i) the code provision C.2.1 of the CG Code for the separation of the roles of Chairman and Chief Executive Officer ("**CEO**") and (ii) code provision C.2.7 of the CG Code requiring the Chairman to meet with the Non-executive Directors as described below.

Code provision C.2.1 of the CG Code sets out that the roles of the Chairman and CEO should be separated and should not be performed by the same individual. The Company does not at present have any officer holding the position of CEO. Mr. Lam Shiu Ming, Daneil is the founder and Chairman of the Company and has also carried out the responsibilities of CEO. Mr. Lam possesses the essential leadership skills to manage the Board and extensive knowledge in the business of the Group. The Board considers the present structure to be more suitable to the Group because it can promote the efficient formulation and implementation of the Group's strategies.

Code provision of A.2.7 of the CG Code requires the Chairman to hold meetings at least annually with the non-executive Directors (including independent non-executive Directors) without the executive Directors present. As Mr. Lam Shiu Ming, Daneil, the Chairman, is also an executive Director, the Company has therefore deviated from this code provision.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for establishing, maintaining and reviewing of the Group's risk management and internal control systems. The Board must ensure that the Company establishes and maintains effective risk management and internal control systems to meet the objectives and safeguard the interests of the Shareholders and assets of the Company. The internal control systems are designed to manage rather than eliminate the risk of failures to achieve business objectives, and can only provide reasonable but not absolute assurance.

The Board oversees the Group's overall risk management and internal control systems on an ongoing basis through identifying and grading risk components, perceiving control impact and facilitating remediation plan. The development of our risk management and internal control systems are largely based on the framework as set down by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The risk management framework, coupled with our internal controls, ensures the risks associated with our different business units are effectively monitored, and are in line with the Group's risk appetite.

The Group adopts the top-down approach to monitor the principal risks affecting the business. The Board reviews and approves the effectiveness and adequacy of the Group's risk management and internal control systems on an annual basis.

In respect to the absence of a separate internal audit department in the Group, the Group reviews annually on whether there is a need for such functional department. Given the possibility to engage external professional assistance, the Board opposes to divert resources to establish a separate internal audit department.

During the Year, an external consultant had been engaged by the Group to facilitate the Board and the Audit Committee for the evaluation of the Group's risk management and internal control systems. Through conducting an annual risk assessment with the assistance of the external consultant, the Group had identified and assessed the impact of the strategic risks, operational risks, financial risks and compliance risks of its major businesses. A three-year rolling internal audit plan was devised by the Group under a risk based approach with reference to the results of the annual risk assessment. An annual internal control review was performed by the external consultant according to the approved internal audit plan with a view to making recommendations for improving and strengthening the internal control systems. The Board will continue to work with the external consultant to discuss and follow-up on the status of remediation of the internal control weaknesses and to monitor the risks of the Group in the coming years.

With respect to the monitoring and disclosure of inside information, the Group has adopted a policy on disclosure of inside information with the aim to ensure the insiders are abiding by the confidentiality requirement and are fulfilling the disclosure obligation of the inside information.

Taking the above into consideration, the Audit Committee reviews the effectiveness of the Group's internal control system and reports the relevant results to the Board. For the Year, the Board considered that a review of the effectiveness of the risk management and internal control systems had been conducted and considered that the risk management and internal control systems were effective and adequate.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the Year, the Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "**Model Code**") as the code for dealing in securities of the Company by the Directors. Having made specific enquiries, all the Directors confirmed that they have complied with the Model Code throughout the Year.

AUDIT COMMITTEE

The Company established an Audit Committee on 11 October 1999. The written terms of reference (amended on 29 February 2012), which describe the authority and duties of the Audit Committee, were prepared and adopted with reference to "A Guide for Effective Audit Committee" published by the Hong Kong Institute of Certified Public Accountants and in accordance with the CG Code. The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Choi Wing Koon (as chairman), Ms. Pong Suet Hing and Mr. Tang Yiu Wing. The terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company respectively.

The Audit Committee meets, at least twice a year, with the external auditor to discuss any area of concern during the audit or review. The Audit Committee is mainly responsible for the appointment, reappointment and removal of the external auditor, review of the Group's financial information and oversight of the Group's financial and accounting practices, internal control and risk management. It is also responsible for reviewing the interim and final results of the Group.

The audited consolidated financial statements for the Year have been reviewed by the Audit Committee.

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

The Company has not redeemed any of its shares during the Year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the Year.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, and the related notes thereto for the year ended 30 June 2024 as set out in the preliminary announcement have been agreed by the Group's auditors, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 30 June 2024. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.uih.com.hk), respectively. The annual report for 2024 of the Company will be dispatched to the shareholders and will be available on the above websites in due course.

By Order of the Board
Universe Entertainment and
Culture Group Company Limited
Lam Shiu Ming, Daneil
Chairman and Executive Director

Hong Kong, 27 September 2024

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. Tang Yiu Wing and Ms. Pong Suet Hing.