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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)

**ANNUAL RESULTS ANNOUNCEMENT FOR
THE YEAR ENDED 30 JUNE 2025**

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 2025, together with comparative figures for the year ended 30 June 2024 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2025

		2025	2024
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue			
Sale of good – video distribution, optical products and watches products		11,957	19,590
Income on film distribution and exhibition, licensing and sub-licensing of film rights		421,433	309,579
Income from other businesses		39,202	36,088
Total revenue	4	472,592	365,257

		2025	2024
	Note	HK\$'000	HK\$'000
Cost of revenue			
Cost of inventories sold		(6,288)	(9,230)
Related cost on film distribution and exhibition, licensing and sub-licensing of film rights		(374,085)	(266,470)
Cost for other businesses		<u>(24,126)</u>	<u>(26,592)</u>
Total cost of revenue		<u>(404,499)</u>	<u>(302,292)</u>
Selling expenses		(7,382)	(8,043)
Administrative expenses		(52,144)	(59,341)
Reversal of impairment loss/(impairment loss) of film related deposits		223	(5,122)
Impairment loss of film rights and films in progress		(69,067)	(17,032)
Impairment loss of trading securities		(1,350)	–
Change in expected credit loss		(489)	(353)
Amortisation of other intangible assets		(47)	(43)
Other income		1,975	898
Other gains/(losses) – net		566	(290)
Fair value change on investment properties		(1,100)	(1,620)
Finance income		2,820	2,507
Finance costs		<u>(552)</u>	<u>(535)</u>
Loss before taxation		(58,454)	(26,009)
Income tax expenses	5	<u>(4,976)</u>	<u>(5,187)</u>
Loss for the year		<u>(63,430)</u>	<u>(31,196)</u>

		2025	2024
	Note	HK\$'000	HK\$'000
Other comprehensive (expenses)/income:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences		<u>(2)</u>	<u>25</u>
Total other comprehensive (expenses)/ income for the year		<u>(2)</u>	<u>25</u>
Total comprehensive expenses for the year		<u>(63,432)</u>	<u>(31,171)</u>
Loss for the year attributable to:			
Owners of the Company		(63,190)	(30,441)
Non-controlling interests		<u>(240)</u>	<u>(755)</u>
		<u>(63,430)</u>	<u>(31,196)</u>
Total comprehensive expenses for the year attributable to:			
Owners of the Company		(63,192)	(30,416)
Non-controlling interests		<u>(240)</u>	<u>(755)</u>
		<u>(63,432)</u>	<u>(31,171)</u>
Loss per share attributable to owners of the Company for the year (presented in HK\$):			
– basic	6(a)	<u>(0.0697)</u>	<u>(0.0336)</u>
– diluted	6(b)	<u>(0.0697)</u>	<u>(0.0336)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		2025	2024
	Note	HK\$'000	HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		34,643	38,473
Investment properties		28,740	29,840
Other intangible assets		2,010	2,057
Film rights and films in progress		40,778	409,116
Film related deposits		58,538	57,809
Deposits paid		1,051	821
Deferred tax assets		581	513
Other financial assets		770	1,878
		<u>167,111</u>	<u>540,507</u>
Current assets			
Inventories		1,234	2,716
Accounts receivable	8	90,570	27,170
Loans receivable		–	187
Deposit paid, prepayments and other receivables		34,090	31,427
Trading securities		–	1,350
Contract assets		2,204	1,731
Time deposit		5,250	–
Cash and cash equivalents		135,245	132,324
		<u>268,593</u>	<u>196,905</u>
Total assets		<u>435,704</u>	<u>737,412</u>

		2025	2024
	Note	HK\$'000	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		542,198	544,528
Accumulated losses		<u>(344,973)</u>	<u>(281,783)</u>
		241,304	306,824
Non-controlling interests		<u>(3,548)</u>	<u>(4,436)</u>
Total equity		<u><u>237,756</u></u>	<u><u>302,388</u></u>
LIABILITIES			
Non-current liabilities			
Lease liabilities		2,731	6,083
Deferred tax liabilities		<u>134</u>	<u>80</u>
		<u><u>2,865</u></u>	<u><u>6,163</u></u>
Current liabilities			
Accounts payable	9	10,189	11,102
Other payables and accrued charges		106,027	95,120
Contract liabilities		58,350	305,088
Deposits received		4,447	4,665
Lease liabilities		4,366	5,061
Taxation payable		<u>11,704</u>	<u>7,825</u>
		<u><u>195,083</u></u>	<u><u>428,861</u></u>
Total liabilities		<u><u>197,948</u></u>	<u><u>435,024</u></u>
Total equity and liabilities		<u><u>435,704</u></u>	<u><u>737,412</u></u>
Net current assets/(liabilities)		<u><u>73,510</u></u>	<u><u>(231,956)</u></u>
Total assets less current liabilities		<u><u>240,621</u></u>	<u><u>308,551</u></u>

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 typesetting, 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 HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards (“**HKFRS**”), Hong Kong Accounting Standards (“**HKAS**”) 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 HKFRS Accounting Standards 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 HKFRS Accounting Standards issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 July 2024. HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. The adoption of these new and revised HKFRS Accounting Standards 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 HKFRS Accounting Standards that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRS Accounting Standards but is not yet in a position to state whether these new and revised HKFRS Accounting Standards 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 2025 and 2024 is set out below:

	For the year ended 30 June 2025							
	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	422,505	10,885	–	–	4,705	1,949	–	440,044
– Over time	–	–	–	–	31,903	–	–	31,903
– Revenue out of scope of HKFRS 15	–	–	645	–	–	–	–	645
External revenue	422,505	10,885	645	–	36,608	1,949	–	472,592
Inter-segment sales	–	–	–	–	240	–	(240)	–
	<u>422,505</u>	<u>10,885</u>	<u>645</u>	<u>–</u>	<u>36,848</u>	<u>1,949</u>	<u>(240)</u>	<u>472,592</u>
Segment results	(52,532)	(2,088)	(717)	(1,350)	(323)	956	–	(56,054)
Finance income								2,820
Finance cost								(552)
Unallocated corporate expenses								(4,668)
Loss before taxation								(58,454)

As at 30 June 2025

	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	230,391	3,371	28,799	–	19,219	9,035	290,815
Other financial assets							770
Deferred tax assets							581
Unallocated other intangible assets							1,858
Unallocated cash and cash equivalents							135,245
Unallocated corporate assets							6,435
Total consolidated assets							435,704
Liabilities							
Segment liabilities	158,366	5,148	153	–	14,513	1,577	179,757
Taxation payable							11,704
Deferred tax liabilities							134
Unallocated corporate liabilities							6,353
Total consolidated liabilities							197,948
Other information							
Additions of property, plant and equipment	431	13	14	–	139	–	597
Additions of right-of-use assets	–	–	–	–	3,300	–	3,300
Total additions of property, plant and equipment							3,897
Additions of film rights and films in progress	16,553	–	–	–	–	–	16,553
Additions of film related deposits	941	–	–	–	–	–	941
Depreciation of property, plant and equipment	961	300	–	–	242	–	1,503
Unallocated depreciation of property, plant and equipment							1
Amortisation of film rights	315,824	–	–	–	–	–	315,824
Depreciation of right-of-use assets	3,101	572	–	–	3,018	–	6,691
Amortisation of other intangible assets	–	–	–	–	47	–	47
Total depreciation and amortisation							324,066
Write-down of inventories	62	–	–	–	–	–	62
Reversal of impairment loss of film related deposit	(223)	–	–	–	–	–	(223)
Impairment loss of film rights and films in progress	69,067	–	–	–	–	–	69,067
Change in ECLs							
– Accounts receivable	94	(8)	–	–	38	–	124
– Other receivables	204	–	–	–	–	–	204
– Loans receivable	–	–	–	–	–	161	161
Total change in ECLs							489
Impairment loss of trading securities	–	–	–	1,350	–	–	1,350
Fair value change of investment properties	–	–	1,100	–	–	–	1,100

	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 <i>HK\$'000</i>	Others <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
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)	–
	<u>310,176</u>	<u>18,993</u>	<u>863</u>	<u>–</u>	<u>33,817</u>	<u>1,799</u>	<u>(391)</u>	<u>365,257</u>
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								<u>(2,904)</u>
Loss before taxation								<u>(26,009)</u>

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 rights 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 receivable	(50)	459	–	–	(207)	–	202
– Other receivables	(151)	–	–	–	–	–	(151)
– Loans receivable	–	–	–	–	–	302	302
Total change in ECLs							353
Fair value change of investment properties	–	–	1,620	–	–	–	1,620

(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.

	2025		2024	
	Non-current assets (other than financial instruments and deferred tax assets)		Non-current assets (other than financial instruments and deferred tax assets)	
	Revenue	HK\$'000	Revenue	HK\$'000
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong (place of domicile)	56,515	139,757	70,703	512,502
PRC and other Asian countries (other than Hong Kong and Macau)	411,370	24,952	286,926	24,793
Others	4,707	–	7,628	–
	472,592	164,709	365,257	537,295

(c) Information about major customers

For the year ended 30 June 2025, 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\$168,070,000 (2024: one of the customers contributed 10% or more of the Group's revenue amounting to approximately HK\$88,450,000).

(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

Income tax in the consolidated statement of comprehensive income

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current tax		
PRC Enterprise Income Tax		
Charge for the year	2,746	–
Over-provision for the year	(46)	(367)
PRC withholding tax		
Charge for the year	2,262	5,568
Under-provision for the year	28	–
Deferred tax		
Origination and reversal of temporary differences	(14)	(14)
Income tax expenses	<u>4,976</u>	<u>5,187</u>

The provision of Hong Kong Profits Tax is calculated at 16.5% (2024: 16.5%) of the estimated assessable profits for the year.

The provision of PRC Enterprise Income Tax is calculated at 25% (2024: 25%) of the estimated taxable profits for the year.

PRC withholding income tax of 10% (2024: 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 2025 and 2024, 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:

	2025	2024
Loss attributable to owners of the Company (<i>HK\$'000</i>)	<u>(63,190)</u>	<u>(30,441)</u>
Weighted average number of ordinary shares in issue	<u>906,632,276</u>	<u>906,632,276</u>
Basic loss per ordinary share (<i>HK\$</i>)	<u>(0.0697)</u>	<u>(0.0336)</u>

Weighted average number of ordinary shares (Basic)

	2025	2024
Issued ordinary shares at the beginning and the end of the year	<u>906,632,276</u>	<u>906,632,276</u>

(b) Diluted

The diluted loss per share is the same as the basic loss per share for the year ended 30 June 2025 (2024: 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 2025 (2024: Nil).

8. ACCOUNTS RECEIVABLE

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Accounts receivable	91,473	27,949
Less: Impairment loss	<u>(903)</u>	<u>(779)</u>
Net (<i>Note a</i>)	<u>90,570</u>	<u>27,170</u>
Accounts receivable – net	<u>90,570</u>	<u>27,170</u>

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:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
1 to 90 days	60,402	14,655
91 days to 180 days	2,317	7,922
Over 180 days	<u>27,851</u>	<u>4,593</u>
	<u>90,570</u>	<u>27,170</u>

Sales of videogram products are with credit terms of 7 days to 60 days. Sales from film exhibition, licensing and sub-licensing of film rights are on open account terms. Sales from trading and wholesaling of optical products and watches products, and provisions of financial printing services are with credit terms of 0–180 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

	2025 HK\$'000	2024 HK\$'000
Accounts payable	<u>10,189</u>	<u>11,102</u>

As at 30 June 2025 and 2024, the ageing analysis of the accounts payable based on invoice date is as follows:

	2025 HK\$'000	2024 HK\$'000
1 day to 90 days	5,060	5,738
91 days to 180 days	636	1,436
Over 180 days	<u>4,493</u>	<u>3,928</u>
	<u>10,189</u>	<u>11,102</u>

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 2025 and 2024.

- (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 2025 and 2024.

- (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 2025 and 2024. Based on the consultation with legal counsel, no further material outflow of economic benefits will be incurred for ULV.

Save as disclosed above, as at 30 June 2025, 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 2025 (the “**Year**”), the Group recorded a revenue of approximately HK\$472.6 million (For the year ended 30 June 2024 (“**Last Year**”): approximately HK\$365.3 million) and loss for the Year of approximately HK\$63.4 million (Last Year: approximately HK\$31.2 million).

The Group’s increased loss was primarily due to the increase of approximately HK\$46.7 million impairment loss on film rights, films in progress, and film related deposits during the Year compared to Last Year. This was a result of change of comparable market conditions and lower-than-expected box office performance.

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

Revenue generated from the video distribution, film distribution and exhibition, licensing and sub-licensing of film rights business segment increased by approximately 36.2% to approximately HK\$422.5 million for the Year (Last Year: approximately HK\$310.2 million). The growth was primarily driven by a greater number of Group-produced films being debuted in cinemas during the Year compared to the Last Year. This segment now constitutes approximately 89.4% of the Group’s total revenue (Last Year: approximately 84.9%).

Although revenue from film exhibition increased, this segment recorded a loss of approximately HK\$52.5 million during the Year, representing a 205.2% increase compared to the loss of approximately HK\$17.2 million Last Year. This was largely attributable to change of comparable market conditions and lower-than-expected box office performance of our films, which resulting an increase of the impairment loss of approximately HK\$46.7 million against the carrying value of film rights, films in progress, and film related deposits during the Year compared to Last Year.

As at 30 June 2025, the Group assessed that there were impairment indication for certain films included in films rights, films in progress and film related deposits with gross carrying amount of approximately HK\$166,755,000 (2024: HK\$66,395,000), HK\$6,734,000 (2024: HK\$406,356,000) and HK\$78,728,000 (2024: HK\$69,113,000), respectively, because of the change of comparable market information and expected performance. As at 30 June 2025, these film rights, films in progress and film related deposit have been reduced to their recoverable amount of approximately HK\$34,044,000 (2024: HK\$6,509,000), HK\$6,734,000 (2024: HK\$402,607,000) and HK\$58,538,000 (2024: HK\$57,809,000), respectively. The recoverable amount was determined on a title-by-title basis, and is 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 forecast using a discount rate of 11% (2024: 11%). Key assumptions for the value-in-use calculations related to the estimation of cash inflow include the budget film exhibition income, budget licensing and sub-licensing income revenue and discount rate. Such estimation is based on the historical box office of the same director and main cast members, the market comparable data of films with the same theme, and management's expectations of the market development. The discount rate used is before tax and reflected current market assessment of the time value of money and the risks specific to the film production business.

In the consolidated statement of comprehensive income for the year ended 30 June 2025, impairment loss/reversal of impairment of loss were recognized to reduce/adjust the carrying amounts of specific assets to their recoverable amounts. This included an impairment loss on film rights of approximately HK\$69,067,000 (2024: impairment loss of approximately HK\$17,032,000) and a reversal of impairment of loss of approximately HK\$223,000 on film-related deposits (2024: impairment loss of approximately HK\$5,122,000). No impairment was recognized for films in progress (2024: Nil). The directors and management have considered and assessed reasonably possible changes for other key assumptions and have not identified any instances that could cause the carrying amounts of film rights and films in progress to exceed their recoverable amounts as at 30 June 2025.

Following a robust post-pandemic recovery in 2023, China's film exhibition industry is navigating a new phase of post-pandemic normalization, marked by intense competition, evolving audience preferences and quality-driven growth. Market performance has been volatile. According to data released by the China Film Administration (國家電影局), the total box office in China was approximately RMB42.5 billion in 2024, representing a decrease of approximately 22.6% compared to 2023. However, in the first half of 2025, driven by the debut of top-tier films during the Spring Festival, the total box office in China reached approximately RMB29.2 billion, representing a year-on-year increase of approximately 22.9% compared to first half of 2024. Key structural challenges persist, including an over-reliance on major holiday periods for revenue and slowdown of economic growth affecting consumer discretionary spending in entertainment sector.

In response to these market dynamics, our strategy is centered on overcoming these challenges through an unwavering focus on high-quality content creation to develop distinctive and compelling films that resonate with audiences. Moving forward, the Group plans to continue producing and releasing new films in the coming years, including:

- “Shock Wave 3” (拆彈專家3): Directed by Herman Yau (邱禮濤) and starring Andy Lau (劉德華)
- “Atonement” (阿龍): Written, directed, and performed by Ronald Cheng (鄭中基), and starring Chrissie Chau (周秀娜) and Philip Keung (姜皓文)
- “Dog Day Morning” (一個部門的誕生): Directed by Mak Tin Shu (麥天樞) and starring Yukki Tai (戴玉麒) and Michael Ning (白只)

Looking ahead, the Group will pursue a more disciplined investment strategy, focusing on high-yield film projects that resonate with audiences while maintaining strict cost control to ensure sustainable success in a highly competitive and evolving market.

Trade, wholesale and retail of optical and watches products

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

Throughout the Year, the Hong Kong retail market continued to struggle, hampered by weak consumer sentiment, increasing unemployment rate, sluggish property market, and an accelerating shift in spending toward online platforms and nearby cities in China. In respond to this challenging operating environment, the Group ceased the trade, wholesale, and retail operations for its watch products in China and closed several unprofitable stores in Hong Kong during the Year.

As a result, revenue from this business segment during the Year was approximately HK\$10.9 million, representing a decrease of approximately 42.6% as compared to approximately HK\$19.0 million during Last Year. It accounted for approximately 2.3% (Last Year: approximately 5.2%) of the Group’s revenue during the Year.

Segmental loss from this business segment during the Year was approximately HK\$2.1 million, representing a decrease of approximately 62.5% as compared to approximately HK\$5.6 million of the Last Year.

Looking forward, the Group will maintain strict cost control measures and adjust its business scale to further reduce losses in this segment.

Leasing of investment properties

The Group recorded rental income of approximately HK\$645,000 (Last Year: approximately HK\$863,000) 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 0.1% (Last Year: approximately 0.2%) of the Group's revenue during the Year.

During the Year, Hong Kong's property market remained under pressure due to low demand and a sluggish economic climate. 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\$1.1 million during the Year (2024: HK\$1.6 million). As a result, the Group recorded a segment loss of approximately HK\$717,000 during the Year (Last Year: approximately HK\$1.1 million).

Financial Printing

The Group engaged in the business of financial printing to provide the one-stop financial printing services including typesetting, translation, printing, design, distribution and other related services through Formex Financial Press Limited ("**Formex**"), a subsidiary of the Company.

Our core business is divided into two primary areas:

1. Production and publication of annual reports, interim reports, circulars, and announcements for listed companies, government institutions, and non-governmental organizations.
2. Production of prospectuses and other listing documents for issuers undertaking initial public offerings ("**IPO**") in Hong Kong capital market.

Segment revenue for the Year increased by 9.6% to approximately HK\$36.6 million (Last Year: approximately HK\$33.4 million), driven primarily by growth in revenue of the IPO projects. This segment now represents approximately 7.7% of the Group's total revenue, compared to approximately 9.2% in Last Year. The segmental loss from the financial printing segment was approximately HK\$323,000 during the Year, an improvement from the loss of approximately HK\$361,000 in Last Year.

The Hong Kong financial printing market faced significant pressure during the Year due to paperless transformation and economic cyclicity. The implementation of the Paperless Listing Regime by the Stock Exchange in Hong Kong has substantially reduced the demand for printed documents. This, coupled with economic uncertainties leading to reduced corporate spending, has intensified competition and created downward price pressure, particularly for production and publication of annual and interim reports, circular and announcements of listed companies in Hong Kong. We anticipate these market headwinds to persist for the foreseeable future.

On the other hand, IPO market in Hong Kong demonstrated a strong recovery in the first half of 2025, raising approximately HK\$107.1 billion across 42 listings, representing a 700% increase compared to same period last year. The rising number of IPO projects and dual-listings issuers in Hong Kong and Mainland China is increasing demand for reliable services that manage complex, time-sensitive, and accuracy-critical documentation for regulatory filings.

The fortunes of the financial printing market in Hong Kong are directly correlated with IPO activities. While traditional printing declines, future market leaders will be those who transform into integrated services providers, offering comprehensive solutions that ensure accuracy and efficiency for IPO documentations and regulatory filings. We are well-positioned to manage this shift. To enhance efficiency and reduce costs, we are accelerating our transition from paper-based to electronic filing services. Furthermore, our team possess the necessary expertise and experience to meet the exacting requirements of IPO and cross-border listing clients, providing accurate and advanced presentation and formatting services to capture emerging opportunities in the thriving IPO market.

Geographical contribution

In terms of geographical contribution, overseas markets accounted for approximately 88.0% (2024: approximately 80.6%) of the Group's revenue during the Year.

Selling expenses

Selling expenses for the Year is approximately HK\$7.4 million (2024: approximately HK\$8.0 million). Selling expenses decreased year-over-year by approximately 7.5%, mainly because the Group scaled back its optical and watch trading, wholesale, and retail businesses.

Administrative expenses

Administrative expenses for the Year decreased by approximately 12.1% to approximately HK\$52.1 million as compared to approximately HK\$59.3 million in the same period last year. The decrease in administrative expenses is due to the implementation of the cost control measures during the Year.

OUTLOOK

While we remain cautiously optimistic about the prospects of our video distribution, film distribution and exhibition, film rights licensing, and financial printing businesses, we will maintain a restrained and prudent approach to managing these segments to ensure their long-term sustainability.

However, due to the contraction in Hong Kong's retail market, we are scaling down our optical and watch retail operations. This decisive action is necessary to control costs and conserve cash.

Amidst this uncertain operating environment, the Group will carefully pursue and explore new potential investments and business opportunities to diversify new sources of income for the Group.

FINANCIAL RESOURCES, LIQUIDITY AND CAPITAL STRUCTURE

As at 30 June 2025, the Group had cash and cash equivalents of approximately HK\$135.2 million (2024: approximately HK\$132.3 million). As at 30 June 2025, the Group had total assets of approximately HK\$435.7 million (2024: approximately HK\$737.4 million).

The Group's gearing ratio as at 30 June 2025 was approximately 3.0% (as at 30 June 2024: approximately 3.7%), 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 2025, the Group's current ratio (defined as total current assets divided by total current liabilities) was approximately 1.4 (as at 30 June 2024: approximately 0.5).

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 2025, 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\$552,000, which is attributable to the interest on lease liabilities during the Year (2024: approximately HK\$535,000).

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 2025, the Group had Shareholders' capital of approximately HK\$9.1 million (30 June 2024: approximately HK\$9.1 million). The Shareholders' capital of the Company is constituted of 906,632,276 shares (30 June 2024: 906,632,276 shares).

The Company did not carry out any fund raising activities by issuing new shares of the Company during the Year (2024: Nil).

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the Year (for the year ended 30 June 2024: Nil).

MATERIAL ACQUISITION AND DISPOSAL OF ASSETS

The Group did not have any material acquisition or disposal of assets during the Year (2024: Nil).

THE PLEDGE OF GROUP'S ASSETS

As at 30 June 2025, none of the Group's assets was pledged to secure any liabilities (2024: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2025, the Group employed 116 staff (2024: 107). 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 of Directors (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, 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 of Hong Kong Limited (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 2025 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 2025. 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 2025 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, 29 September 2025

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.