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**UNIVERSE**

寰宇

**UNIVERSE INTERNATIONAL HOLDINGS LIMITED**

**寰宇國際控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1046)**

**PROFIT WARNING**

The board of directors of the Company wishes to inform the shareholders of the Company and investors that the Group is expected to record a loss for the financial year ended 30 June 2004.

**Shareholders of the Company and investors should exercise caution when dealing in the shares of the Company.**

This announcement is made pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The board of directors of Universe International Holdings Limited (the “Company”, and its subsidiaries, collectively the “Group”) wishes to inform the shareholders of the Company and investors that based on the unaudited financial statements of the Group, the Group is expected to record a loss for the financial year ended 30 June 2004. The loss is principally due to poor and stagnant operating environment of the business of local video distribution and film exhibition, in particular, in the second half of the financial year ended 30 June 2004 and provisions required to be made in relation to certain films produced/acquired by the Group as a result thereof. It is expected that the operating loss of the Group for the financial year ended 30 June 2004 will not have a material adverse impact on the business operation of the Group as a whole. Despite the anticipated loss for the financial year ended 30 June 2004, the director of the Company would like to emphasise that the Group’s financial position is solid and has sufficient cash reserves to meet its present cash flow requirements.

The Company is presently unable to quantify precisely the extent of the loss for the year. The Company intends to release its audited annual results for the financial year ended 30 June 2004, which will contain further details of the loss, in accordance with the requirements of the Listing Rules.

**Shareholders of the Company and investors should exercise caution when dealing in the shares of the Company.**

The board of directors of the Company as at the date hereof comprises of :

*Executive Directors:*

Lam Shiu Ming, Daneil

Chiu Suet Ying

*Independent Non-executive Directors:*

Ng Kwok Tung

Chiu Shin Koi

By order of the board  
**Lam Shiu Ming, Daneil**  
*Chairman and Managing Director*

Hong Kong, 29 July 2004

*\* for identification purposes only*

Please also refer to the published version of this announcement in the China Daily.