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UNIVERSE INTERNATIONAL HOLDINGS LIMITED

寰宇國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 1046)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 31ST DECEMBER 2012

The board of directors (the “Directors”) (the “Board”) of Universe International Holdings Limited (the “Company”) announces the unaudited interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 31st December 2012 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	For the six months ended 31st December	
		2012 HK\$'000	2011 HK\$' 000 (Restated) (Note 9)
Revenue	2	35,126	43,297
Cost of revenue	3	(22,248)	(33,451)
Selling expenses	3	(1,319)	(1,377)
Administrative expenses	3	(13,563)	(13,950)
Other income		213	95
Other gains – net		64	61
Other operating expenses	3	(566)	(1,081)
Finance income		308	528
Loss before income tax		(1,985)	(5,878)
Income tax credit/(expense)	4	267	(126)
Loss attributable to the equity holders of the Company		(1,718)	(6,004)
Other comprehensive income:			
Gain recognized directly in equity		–	175
Total comprehensive loss for the period attributable to the equity holders of the Company		(1,718)	(5,829)
Loss per share for loss attributable to the equity holders of the Company during the period (expressed in HK cent)			
– basic	5	(0.10)	(0.36)
– diluted	5	(0.10)	(0.36)

* for identification purposes only

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

		Unaudited As at 31st December 2012 <i>HK\$'000</i>	Audited As at 30th June 2012 <i>HK\$'000</i> (Restated) (Note 9)
ASSETS			
Non-current assets			
Leasehold land		3,154	3,195
Property, plant and equipment		16,189	16,570
Investment properties		34,627	9,100
Other intangible assets		1,858	1,858
Film rights and films in progress		157,228	120,756
Film deposits		36,614	33,377
Deferred income tax assets		674	564
Available-for-sale financial assets		—	—
		<u>250,344</u>	<u>185,420</u>
Current assets			
Inventories		2,576	3,384
Accounts receivable	6	23,249	16,702
Deposits paid, prepayments and other receivables		27,509	31,237
Cash and cash equivalents		62,137	71,076
		<u>115,471</u>	<u>122,399</u>
Total assets		<u>365,815</u>	<u>307,819</u>
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		34,235	34,235
Share premium		135,293	135,293
Other reserves		3,249	3,249
Retained earnings		60,355	62,073
Total equity		<u>233,132</u>	<u>234,850</u>

		Unaudited As at 31st December 2012 <i>HK\$'000</i>	Audited As at 30th June 2012 <i>HK\$'000</i> (Restated) (Note 9)
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		364	282
		-----	-----
Current liabilities			
Accounts payable	7	4,326	4,302
Other payables and accrued charges		9,383	7,739
Deposits received		117,756	59,547
Amount due to the ultimate holding company		1	1
Obligations under finance leases		9	15
Taxation payable		844	1,083
		-----	-----
		132,319	72,687
		-----	-----
Total liabilities		132,683	72,969
		-----	-----
Total equity and liabilities		365,815	307,819
		=====	=====
Net current (liabilities)/assets		(16,848)	49,712
		=====	=====
Total assets less current liabilities		233,496	235,132
		=====	=====

NOTES:

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial information for the six months ended 31st December 2012 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The unaudited condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 30th June 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by HKICPA.

The preparation of the unaudited condensed consolidated interim financial information in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 30th June 2012, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

The following new standards, amendments to standards and interpretations are mandatory for the financial year ending 30th June 2013.

		Effective for accounting periods beginning on or after
HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income	1st July 2012
HKAS 12 (Amendment)	Deferred tax: Recovery of Underlying Assets	1st July 2012

The adoption of above new standards, amendments to standards and interpretations have no significant impact on the unaudited condensed consolidated interim financial information except for the adoption of HKAS 12 (Amendment).

In December 2010, the HKICPA amended HKAS 12, ‘Income taxes’, to introduce an exception to the principle for the measurement of deferred tax assets or liabilities arising on an investment property measured at fair value. HKAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. The amendment introduces a rebuttable presumption that an investment property measured at fair value is recovered entirely by sale. The amendment is applicable retrospectively to annual periods beginning on or after 1st January 2012 with early adoption permitted.

The Group has adopted this amendment retrospectively for the financial period ended 31st December 2012 and the effects of adoption are disclosed as follows.

The Group has investment properties measured at their fair values totalling HK\$9,100,000 as of 1st July 2012 (1st July 2011: HK\$6,100,000). As required by the amendment, the Group has re-measured the deferred tax relating to all investment properties amounting to HK\$301,000 (1st July 2011: HK\$63,000) according to the tax consequence on the presumption that they are recovered entirely by sale retrospectively. The comparative figures have been restated to reflect the change in accounting policy, as summarized below.

Effect on consolidated balance sheet

	As at 31st December 2012 <i>HK\$'000</i>	As at 30th June 2012 <i>HK\$'000</i>	As at 1st July 2011 <i>HK\$'000</i>
Decrease in deferred tax liabilities	(301)	(301)	(63)
Increase in revaluation reserve	155	155	–
Increase in retained earnings	<u>146</u>	<u>146</u>	<u>63</u>

Effect on consolidated statement of comprehensive income

	For the six months ended 31st December	
	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Increase in other comprehensive income – gain recognized directly in equity	<u>–</u>	<u>29</u>

The following new and revised standards, amendments to standards and interpretations to existing standards have been published that are mandatory for the Group's financial year beginning on or after 1st July 2013 or later periods but which the Group has not early adopted.

	Effective for accounting periods beginning on or after
HKAS 19 (2011)	Employee Benefits 1st January 2013
HKAS 27 (2011)	Separate Financial Statements 1st January 2013
HKAS 28 (2011)	Investments in Associates and Joint Ventures 1st January 2013
HKFRS 1 (Amendment)	First Time Adoption on Government Loans 1st January 2013
HKFRS 7 (Amendment)	Disclosures – Offsetting Financial Assets and Financial Liabilities 1st January 2013
HKFRS 10	Consolidated Financial Statements 1st January 2013
HKFRS 11	Joint Arrangements 1st January 2013
HKFRS 12	Disclosure of Interests in Other Entities 1st January 2013
HKFRS 13	Fair Value Measurement 1st January 2013
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of interests in Other Entities: Transition Guidance 1st January 2013
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine 1st January 2013
HKAS 32 (Amendment)	Presentation – Offsetting Financial Assets and Financial Liabilities 1st January 2014
HKFRS 9	Financial Instruments 1st January 2015
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date and Transition Disclosures 1st January 2015

2. SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (the “CODM”). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chairman of the Group that makes strategic decisions. The CODM has determined the operating segments based on these reports, as below:

- Distribution of films in various videogram formats
- Film exhibition, licensing and sub-licensing of film rights
- Leasing of investment properties

The CODM assesses the performance of the operating segments based on a measure of segment results. This measurement basis excludes the effects of non-recurring expenditure from the operating segments, such as increase in fair value of investment properties and provision for impairment of available-for-sale financial assets. Finance income and income tax expense are not included in the result for each operating segment that is reviewed by the CODM. Other information provided, except as noted below, to the CODM is measured in a manner consistent with that in the consolidated financial statements.

Total assets, excluding other intangible assets, available-for-sale financial assets, deferred income tax assets, cash and cash equivalents and other unallocated assets (including leasehold land, property, plant and equipment, film rights and films in progress, film deposits, deposits paid, prepayments and other receivables), are managed on a central basis. These are part of the reconciliation to total balance sheet assets.

The Group’s inter-segment transactions mainly consist of licensing of film rights, which are transferred at cost. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the unaudited condensed consolidated statement of comprehensive income.

There are no sales between geographical segments.

Unaudited
For the six months ended 31st December 2012

	Sale of goods <i>HK\$'000</i>	Film exhibition, licensing and sub- licensing of film rights <i>HK\$'000</i>	Leasing of investment properties <i>HK\$'000</i>	Others <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Group <i>HK\$'000</i>
Revenue						
External sales	3,474	27,258	280	4,114	–	35,126
Inter-segment sales	–	2,030	–	45	(2,075)	–
	<u>3,474</u>	<u>29,288</u>	<u>280</u>	<u>4,159</u>	<u>(2,075)</u>	<u>35,126</u>
Results						
Segment results	(2,859)	(8)	211	363	–	(2,293)
Finance income						<u>308</u>
Loss before income tax						(1,985)
Income tax credit						<u>267</u>
Loss attributable to the equity holders of the Company						<u>(1,718)</u>
Other information						
Capital expenditures	1,802	26	25,527	2	–	27,357
Unallocated capital expenditures						<u>49,938</u>
Total capital expenditures						<u>77,295</u>
Depreciation and amortization of leasehold land	122	36	–	18	–	176
Unallocated depreciation and amortization of leasehold land						<u>290</u>
Total depreciation and amortization of leasehold land						<u>466</u>
Amortization of film rights	2,092	13,153	–	–	–	<u>15,245</u>

Unaudited

For the six months ended 31st December 2011

	Sale of goods <i>HK\$'000</i>	Film exhibition, licensing and sub- licensing of film rights <i>HK\$'000</i>	Leasing of investment properties <i>HK\$'000</i>	Others <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Group <i>HK\$'000</i>
Revenue						
External sales	6,328	34,986	111	1,872	–	43,297
Inter-segment sales	–	1,355	–	221	(1,576)	–
	<u>6,328</u>	<u>36,341</u>	<u>111</u>	<u>2,093</u>	<u>(1,576)</u>	<u>43,297</u>
Results						
Segment results	(1,488)	(2,098)	55	(2,875)	–	(6,406)
Finance income						<u>528</u>
Loss before income tax						(5,878)
Income tax expense						<u>(126)</u>
Loss attributable to the equity holders of the Company						<u>(6,004)</u>
Other information						
Capital expenditures	1,010	228	–	34	–	1,272
Unallocated capital expenditures						<u>41,635</u>
Total capital expenditures						<u>42,907</u>
Depreciation and amortization of leasehold land	202	40	–	23	–	265
Unallocated depreciation and amortization of leasehold land						<u>301</u>
Total depreciation and amortization of leasehold land						<u>566</u>
Amortization of film rights	2,650	22,454	–	–	–	<u>25,104</u>

Unaudited
As at 31st December 2012

	Sale of goods <i>HK\$'000</i>	Film exhibition, licensing and sub- licensing of film rights <i>HK\$'000</i>	Leasing of investment properties <i>HK\$'000</i>	Others <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Group <i>HK\$'000</i>
Assets						
Segment assets	10,218	51,923	34,629	18,672	–	115,442
Other intangible assets						1,858
Deferred income tax assets						674
Cash and cash equivalents						62,137
Other unallocated assets						185,704
						<u>185,704</u>
Total assets						<u><u>365,815</u></u>

Audited
As at 30th June 2012

	Sale of goods <i>HK\$'000</i>	Film exhibition, licensing and sub- licensing of film rights <i>HK\$'000</i>	Leasing of investment properties <i>HK\$'000</i>	Others <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Group <i>HK\$'000</i>
Assets						
Segment assets	10,891	63,668	9,103	12,278	–	95,940
Other intangible assets						1,858
Deferred income tax assets						564
Cash and cash equivalents						71,076
Other unallocated assets						138,381
						<u>138,381</u>
Total assets						<u><u>307,819</u></u>

3. EXPENSES BY NATURE

Expenses included in cost of revenue, selling expenses, administrative expenses and other operating expenses are analyzed as follows:

	Unaudited	
	For the six months ended	
	31st December	
	2012	2011
	HK\$'000	HK\$'000
Amortization of film rights	15,245	25,104
Amortization of leasehold land	41	41
Depreciation of owned assets	419	495
Depreciation of leased assets	6	30
Write-off of inventories	566	25
Impairment losses of accounts receivable	–	792
Employee benefits expenses	9,255	9,980
Cost of inventories sold	1,418	2,172

4. INCOME TAX (CREDIT)/EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the period (2011: 16.5%).

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

	Unaudited	
	For the six months ended	
	31st December	
	2012	2011
	HK\$'000	HK\$'000
Hong Kong profits tax	(239)	217
Deferred income tax relating to the origination and reversal of temporary differences	(28)	(91)

5. LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to the equity holders of the Company of HK\$1,718,000 (2011: HK\$6,004,000) and the weighted average number of ordinary shares in issue during the period of 1,711,770,370 shares (2011: 1,686,189,337 shares).

The basic and diluted loss per share for the six months ended 31st December 2012 are the same because the effect of the assumed conversion of all dilutive potential ordinary shares outstanding during the period was anti-dilutive.

The basic and diluted loss per share for the six months ended 31st December 2011 are the same as there was no dilutive potential ordinary share outstanding during the period.

6. ACCOUNTS RECEIVABLE

	Unaudited	Audited
	As at	As at
	31st December	30th June
	2012	2012
	HK\$'000	HK\$'000
Accounts receivable	23,391	16,844
Less: Provision for impairment of accounts receivable	(142)	(142)
	<u>23,249</u>	<u>16,702</u>
Accounts receivable – net	<u>23,249</u>	<u>16,702</u>

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

As at 31st December 2012, the ageing analysis of the accounts receivable based on invoice date was as follows:

	Unaudited	Audited
	As at	As at
	31st December	30th June
	2012	2012
	HK\$'000	HK\$'000
Current to 90 days	12,178	10,051
91 days to 180 days	9,303	4,030
Over 180 days	1,768	2,621
	<u>23,249</u>	<u>16,702</u>
	<u>23,249</u>	<u>16,702</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.

There is no concentration of credit risk with respect to accounts receivable, as the Group has a large number of customers, and are internationally dispersed.

Save as a bank's guarantee of HK\$60,000 (As at 30th June 2012: HK\$90,000) provided to the Group by a customer, the Group does not hold any collateral as security (As at 30th June 2012: same).

The Group has recognized nil (2011: HK\$792,000) for the impairment of its accounts receivable during the period. During the period ended 31st December 2012, no provision was written off from the allowance account (2011: same).

7. ACCOUNTS PAYABLE

As at 31st December 2012, the ageing analysis of the accounts payable based on invoice date was as follows:

	Unaudited As at 31st December 2012 HK\$'000	Audited As at 30th June 2012 HK\$'000
Current to 90 days	1,595	1,623
91 days to 180 days	67	139
Over 180 days	2,664	2,540
	4,326	4,302

8. PENDING LITIGATIONS

- (a) A court action was commenced in the Court of First Instance of the Hong Kong Special Administrative Region on 17th April 2002 by The Star Overseas Limited (“Star”), an independent third party, against Universe Entertainment Limited (“UEL”), an indirect wholly-owned subsidiary of the Company.

By the above action, Star 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 21st February 2003, UEL was ordered and had paid to Star a sum of HK\$5,495,700, being part of the licence fee of the Movie received by UEL from Miramax Films (being the licensee of the Movie) and which was also part of the sum claimed by Star. Pursuant to the Order, UEL is also liable to pay Star interest in the sum of HK\$350,905 and some of the costs of the application leading to the making of the Order, all of which have been settled. As the Order has not disposed of all the claims of US\$935,872 (equivalent to HK\$7,299,799) by Star, UEL is entitled to continue to defend the claim by Star for recovering the remaining balance in the sum of approximately HK\$1,804,099 (HK\$7,299,799 less HK\$5,495,700).

On 30th April 2002, UEL issued a Writ of Summons against Star for the latter’s wrongful exploitation of certain rights in the Movie co-owned by both parties. UEL claimed to recover all losses and damages suffered by UEL as a result of the wrongful exploitation.

On 9th September 2002, Universe Laser & Video Co. Limited (“ULV”), an indirect wholly-owned subsidiary of the Company, issued a Writ of Summons 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 said claim made against UEL. The Board is of the opinion that the outcome of the claim against UEL will have no material financial impact to the Group.

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

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

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

The claim made against ULV has been agreed with KPE and appropriate provision was recognized accordingly in the unaudited condensed consolidated interim financial information. Based on the consultation with legal counsel, no further material outflow of economic benefits will be incurred by ULV.

In June 2012, the action was discontinued against the Company and Mr Lam Shiu Ming, Daneil.

Save as disclosed above, as at 31st December 2012, no litigation or claim of material importance is known to the Directors to be pending against either the Company or any of its subsidiaries.

9. COMPARATIVE FIGURES

Comparative figures have been reclassified to conform with the current period's presentation. This reclassification had no material impact on the Group's loss for the period ended 31st December 2011 and the total equity as at 30th June 2012.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend in respect of the six months ended 31st December 2012 (2011: same).

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Group results

The Group's unaudited consolidated revenue for the six months ended 31st December 2012 decreased by 18.9% over the same period last year to HK\$35.1 million. Meanwhile, the loss attributable to the equity holders of the Company narrowed by 71.4% to HK\$1.7 million. Loss per share for the period under review was HK0.10 cent compared with HK0.36 cent during the corresponding period in 2011. The improvement in the Group's results was mainly due to higher gross profit contribution from licensing of non-newly released films and television series which had been fully amortized in the previous years and encouraging performance of film exhibition business.

Video distribution

During the period under review, the local video distribution business accounted for 9.9% (2011: 14.6%) of the Group's consolidated revenue. Turnover from this business segment posted a decline of 45.1% to HK\$3.5 million compared to the previous year as this business remained sluggish and affected by fewer number of new titles being released during the period under review.

As a result of the above, the performance of this business segment was severely impacted. During the period under review, the Group recorded a segmental loss of HK\$36,000 (2011: gross profit of HK\$1.5 million).

In response to such difficult business environment, the Group will continue to improve the cost structure of this business segment and exercise prudence when acquiring new titles for video distribution.

Film exhibition, licensing and sub-licensing of film rights

Revenue from this business segment during the period was HK\$27.3 million, representing a decrease of 22.1% over the same period last year. It accounted for 77.6% (2011: 80.8%) of the Group's total turnover during the period.

Revenue from licensing and sub-licensing of film rights recorded a decline to HK\$22.5 million from HK\$31.3 million, representing a decrease of 28.3%. Notwithstanding the decrease in revenue, gross profit margin rose from 26.0% to 35.2% as there was higher contribution from non-newly released films and television series. The gross profit margin for such non-newly films and television series are typically higher because their costs had been fully amortized in previous years.

During the period under review, the revenue and gross profit generated from film exhibition are encouraging. Revenue from film exhibition recorded a growth of 31.0% to HK\$4.8 million while we are also delighted to record a gross profit of HK\$619,000 (2011: gross loss of HK\$1.8 million) in film exhibition business as the box office of the film released during the review has been satisfactory.

In terms of geographical contribution, overseas markets accounted for 38.0% (2011: 64.2%) of the Group's total revenue during the period under review. Revenue from the Mainland China market also decreased by HK\$11.1 million to HK\$10.3 million, accounting for 29.2% (2011: 49.3%) of the Group's total revenue. The decrease in revenue from overseas markets was mainly due to the fact that only one new film was released during the period under review, which consequently affected licensing revenue from overseas markets.

Leasing of investment properties

During the period under review, this business segment recorded a growth of 1.5 times in revenue to HK\$280,000 from HK\$111,000. As stated in the announcement dated 15th October 2012, the Group entered into a sale and purchase agreement to acquire certain investment properties for a consideration of HK\$24.0 million and the agreement was completed on 15th November 2012. The growth in revenue was the result of acquisition of the above investment properties. The management believes that the aforesaid acquisition is a good investment and the Group will benefit from the anticipated growth in value of the investment properties while providing a steady income stream. It also expanded the Group's investment property portfolio in Hong Kong.

OUTLOOK

We expect overall operating environment for the industry to remain challenging in the coming year. In view of this, the Group will continue to closely monitor the rapidly changing business environment and adopt a pragmatic and prudent approach towards the Group's business development accordingly.

FINANCIAL RESOURCES/LIQUIDITY AND CAPITAL STRUCTURE

As at 31st December 2012, the Group had cash balances of HK\$62.1 million (As at 30th June 2012: HK\$71.1 million). The decrease in cash balances was mainly due to the fact that the consideration of HK\$24.0 million for the acquisition of the investment properties together with the relevant transaction expenses of HK\$1.5 million was wholly funded by the Group's internal resources.

As at 31st December 2012, the Group had total assets of approximately HK\$365.8 million, representing an increase of HK\$58.0 million over that of 30th June 2012.

The Group's gearing ratio as at 31st December 2012 fell to almost zero (As at 30th June 2012: same), which was calculated on the basis of the Group's long term borrowings including obligations under finance leases of approximately HK\$9,000 (fully repayable within one year) and on the total equity of the Company of approximately HK\$233.1 million.

There was no financial cost incurred for the period ended 31st December 2012 (2011: same).

In light of the fact that most of the Group's transactions were denominated in Hong Kong dollars, Renminbi and United States dollars, the management considered that the exposure to fluctuation of currency exchange rates is limited and no financial instruments for hedging purposes was used by the Group.

THE PLEDGE OF GROUP ASSETS

As at 31st December 2012, the Group did not have any pledged assets (As at 30th June 2012: same).

EMPLOYEES AND REMUNERATION POLICIES

As at 31st December 2012, the Group had 46 staff (As at 30th June 2012: 45). Remuneration is reviewed annually and certain staffs are entitled to commission. In addition to basic salaries, staff benefits including 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 26th November 2003, the Company conditionally approved and adopted a share option scheme (the “Scheme”) in compliance with Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”).

Pursuant to an ordinary resolution passed in the annual general meeting held on 29th November 2011 (the “2011 AGM”), the Company approved the refreshment of the scheme mandate limit, which is 10% of the total number of the issued shares of the Company as at the date of the 2011 AGM, under the Scheme. After the refreshment of the scheme mandate limit, the total number of share options available for issue under the Scheme as at the date of 2011 AGM was 171,177,037, which represented 10% of the total number of the issued shares of the Company as at the date of 2011 AGM.

On 27th June 2012, the Company granted 34,235,403 share options, which represented 2% of the total number of the issued shares of the Company as at 31st December 2012, to certain Directors and employees of the Group at the subscription price of HK\$0.067 per share option which were vested immediately and exercisable for a three-year period between 27th June 2012 to 26th June 2015 (both days inclusive). Each share option gives the holder the right to subscribe for one ordinary share of the Company. None of the share options has been exercised or cancelled for the period from 27th June 2012 to 31st December 2012. There was no share option outstanding prior to 27th June 2012 under the Scheme.

The total number of share options available for issue under the Scheme as at 31st December 2012 was 136,941,634, which represented 8% of the total number of the issued shares of the Company as at 31st December 2012.

CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

The Company has, throughout the six months ended 31st December 2012, complied with the code provisions contained in Corporate Governance Code and Corporate Governance Report (the “Code”) set out in Appendix 14 to the Listing Rules except for the code provision A.2.1 of the Code for the separation of the roles of Chairman and Chief Executive Officer (“CEO”) as described in the following.

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

AUDIT COMMITTEE

The Audit Committee was established on 11th October 1999. Its current members include three independent non-executive Directors, namely Mr Ng Kwok Tung (as Chairman), Dr Leung Shiu Ki, Albert and Mr Ma Chun Fung, Horace.

The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including a review of the unaudited condensed consolidated interim financial information for the six months ended 31st December 2012 with the management.

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

The Company has not redeemed any of its shares during the six months ended 31st December 2012. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

During the six months ended 31st December 2012, the Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code") as its code for dealing in securities of the Company by Directors. Having made specific enquiries, all Directors confirmed that they have complied with the required standards set out in the Model Code throughout the period.

PUBLICATION ON THE COMPANY AND STOCK EXCHANGE'S WEBSITES

This interim results announcement is published on the websites of the Company (www.uih.com.hk) and the Stock Exchange (www.hkexnews.hk). The interim report will also be available at the same websites on or before 31st March 2013.

By Order of the Board
Lam Shiu Ming, Daneil
Chairman

Hong Kong, 28th February 2013

As at the date of this announcement, the Board comprises Mr Lam Shiu Ming, Daneil and Mr Yeung Kim Piu as executive Directors and Mr Ng Kwok Tung, Dr Leung Shiu Ki, Albert and Mr Ma Chun Fung, Horace as independent non-executive Directors.