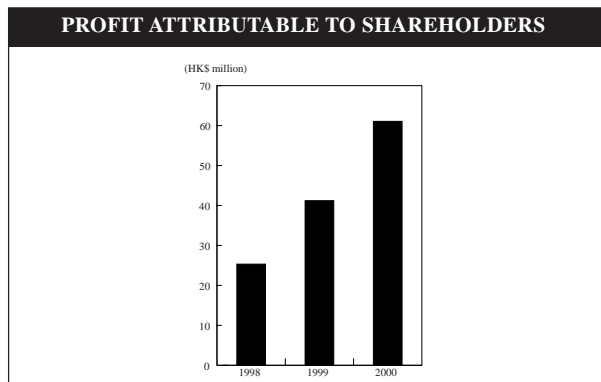
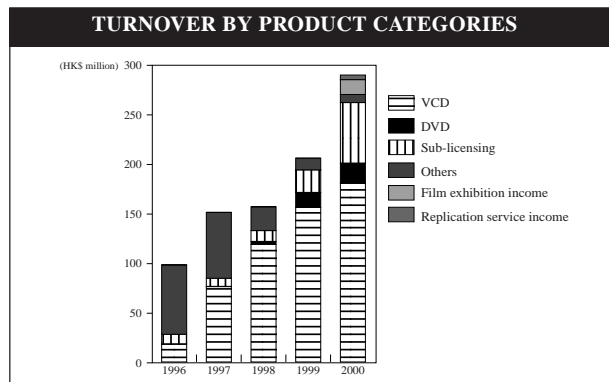




UNIVERSE INTERNATIONAL HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30TH JUNE 2000



FINANCIAL HIGHLIGHTS	
• Net profit:	HK\$61.1 million (1999: HK\$41.2 million), increased by 48.3%
• Net profit margin:	21.1% (1999: 20.0%)
• Net asset:	HK\$195.6 million (1999: HK\$61.1 million), increased by 220.1%

CONSOLIDATED PROFIT AND LOSS ACCOUNT

The Board of Directors of Universe International Holdings Limited (the "Company") is pleased to present the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 30th June 2000, together with the comparative figures for the year ended 30th June 1999 as follows:

	Note	2000 HK\$'000	1999 HK\$'000
Turnover	2	289,316	205,506
Cost of sales		(190,097)	(141,556)
Gross profit		99,219	63,950
Other revenue		2,117	1,233
Other operating income		3,842	2,340
Selling expenses		(7,709)	(3,925)
Administrative expenses		(24,184)	(11,766)
Other operating expenses		(2,799)	(2,582)
Operating profit		70,486	49,250
Finance costs		(2,767)	(1,552)
Profit before taxation		67,719	47,698
Taxation	3	(6,656)	(6,495)
Profit attributable to shareholders		61,063	41,203
Dividends	4	(5,670)	(20,000)
Profit for the year retained		55,393	21,203
Basic earnings per share	5(a)	HK33.99 cents	HK36.33 cents
Fully diluted earnings per share	5(b)	N/A	N/A

Notes:

1. Group reorganisation and basis of preparation

- The Company was incorporated in Bermuda on 26th March 1999 as an exempted company with limited liability under the Companies Act 1981 Bermuda (as amended).
- On 28th June 1999, pursuant to a group reorganisation to rationalise the group structure in preparation for the public listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the Group. The Company's shares were successfully listed on the Stock Exchange on 20th July 1999.
- The group reorganisation referred to above has been reflected in the accounts by regarding the Group, which comprises the Company and its subsidiaries, as a continuing entity. Accordingly, the Group accounts have been prepared on the basis of merger accounting as if the Company had been the holding company throughout the year ended 30th June 1999. In the opinion of the directors, the consolidated accounts prepared on the above basis present more fairly the results and the state of affairs of the Group as a whole.

2. Turnover

Turnover mainly comprises revenue from the distribution of films in various formats, sub-licensing of film rights, film exhibition and replication of optical disc.

3. Taxation

	Year ended 30th June	
	2000 HK\$'000	1999 HK\$'000
Hong Kong profits tax	6,216	5,210
Deferred taxation	440	1,285
	6,656	6,495

Hong Kong profits tax is provided at the rate of 16% (1999: 16%) on the estimated assessable profits for the current year.

The deferred tax effect arising from timing difference is recognized in the accounts to the extent it is probable that a liability will crystallize in the foreseeable future.

4. Dividends

	Year ended 30th June	
	2000 HK\$'000	1999 HK\$'000
Interim dividend paid to the then shareholder of the Company's subsidiary	—	20,000
Final proposed dividend — HK3 cents (1999: Nil) per ordinary share	5,670	—
	5,670	20,000

5. Earnings per share

- The calculation of basic earnings per share is based on the Group's profit attributable to shareholders of HK\$61,063,000 (1999: HK\$41,203,000) and on the weighted average of 179,640,984 ordinary shares in issue (1999: 113,400,000 ordinary shares deemed to be in issue) during the year.
- No diluted earnings per share is presented as there is no dilution effect arising from the share options granted by the Company.

DIVIDEND

The directors recommend the payment of a final dividend of HK3 cents per ordinary share which will take the form of scrip dividend in respect of year ended 30th June 2000. The shareholders may elect to receive such dividend (or part thereof) in cash in lieu of such allotment (the "Scrip Dividend Scheme"). The Scrip Dividend Scheme is subject to the approval of the Stock Exchange granting the listing of and permission to deal in the new shares.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from 22nd November 2000 to 27th November 2000, both days inclusive, during which period no transfer of shares will be registered.

MARKET OVERVIEW

- Increase in distribution channels and medium with the granting of additional broadcasting licenses and rapid technology development, thus stimulating the demand for a wider variety of contents.
- Market showed signs of recovery as Asia ride out of the financial crisis and the Hong Kong Special Administrative Region government dedication in combating piracy.
- Continual increase in the demand for titles in DVD format because of the superior output quality.

BUSINESS REVIEW

- The Group's capital base has been further strengthened through the placement of 9,000,000 shares of HK\$1.4 each in March 2000.
- Acquisition of additional DVD replication lines to increase the optical disc replication capacity so as to increase the Group's profitability through vertical integration. Gross profit margin of video distribution increased by approximately 9%.
- Satisfactory growth in DVD sales was experienced, turnover increased 34.3% which constitutes 7% of the total turnover for the year. Distribution of DVD will be one of the major businesses of the Group.
- Turnover for the sub-licensing business grew at an astounding rate with turnover increased to approximately HK\$61.2 million which accounted for 21.1% of the annual turnover. A breakthrough was experienced with the overseas market with turnover reaching HK\$19.2 million, representing an increase of 2.5 times over that of the previous year.
- In line with the Group's strategy of geographical diversification, the Group has commenced to engage in film production and acquired titles with additional licensed territories that has market potential.
- The Group has further diversified its business to include film exhibition and optical disc replication services. Film production had been commenced thus generated an additional income source. Marketable films such as "Pocket Monsters - Mewtwo Strikes Back", "The Ring 2" and "Space Traveler" were sourced for film exhibition in Hong Kong.

FUTURE PLANS AND PROSPECTS

- Aims to become a fully integrated and well diversified content manager.
- The issuance of Convertible Notes of approximately HK\$54 million to a fund under the management of HSBC Private Equity (Asia) Limited in July 2000 enabled the Group to finance its future expansion.
- Expansion of the Group's content library by producing approximately 50 Chinese language films, including "Shaolin Soccer", which planned to be released in major cities in the People's Republic of China (the "PRC"), "Hit Team", "For Bad Boys Only" and approximately 100 hours of video programmes.
- Continual acquisition of Titles with "all rights" from other production companies.
- Capitalise on the extensive content library which comprises over 2,000 titles in order to capture a bigger domestic market share and continue to expand geographically.
- Diversify the Group's business by developing optical disc replication service in various format which only a few manufacturers are capable in doing so in Hong Kong, and the provision of "one-stop" production service, which includes pre-production, shooting, post-production, editing, product cover and packaging designs, to its existing replication services.
- Strengthen the Group's network with media related companies in the PRC, including television stations and film production companies and engage in the production of films in the PRC.
- PRC's entry into the World Trade Organization and gradual relaxation of rules and regulations of home video entertainment industry in the PRC provide immense opportunities for the industry to explore Chinese language film-market.
- Gradual de-regulation of the Entertainment industry in the PRC creates a Chinese content market comparable to the West.

USE OF NET PROCEEDS

The Group was listed on The Stock Exchange of Hong Kong Limited on 20th July 1999.

For the year ended 30th June 2000, the Group has applied approximately HK\$22 million and HK\$17 million for purchasing of Titles to expand its library and the setting up of production lines for the replication of optical disc respectively.

AUDIT COMMITTEE

On 11th October 1999, the Company established an Audit Committee comprised of Messrs Ng Kwok Tung, Tang Yiu Wing and Chiu Shin Koi. In establishing the terms of reference for this committee, the directors have referred to the "Guide for the Formation of an Audit Committee" issued by the Hong Kong Society of Accountants in December 1997.

YEAR 2000 COMPLIANCE

The Group has made a successful transition to the year 2000. All year 2000 compliance activities were completed as scheduled and all of the Company's electronic systems have proven to be fully year 2000 compliant.

CODE OF BEST PRACTICE

The Company has complied, since the listing of its shares on the Stock Exchange with those paragraphs of the Code of Best Practice as set out in Appendix 14 of the Rules Governing the Listing Securities on the Stock Exchange.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

By Order of the Board
Lam Shiu Ming, Daneil
Chairman and Managing Director

Hong Kong, 24th October 2000