



漢傳媒集團有限公司
SEE CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 491)

INTERIM REPORT
2015/2016



CONTENTS

Corporate Information	2
Management Discussion and Analysis	3
Other Information	8
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	10
Condensed Consolidated Statement of Financial Position	11
Condensed Consolidated Statement of Changes in Equity	12
Condensed Consolidated Statement of Cash Flows	13
Notes to the Condensed Consolidated Financial Statements	14

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Direk Lim (*Chairman*)

Mr. Fan Rongzhang

Independent Non-executive Directors

Mr. Li Fui Lung, Danny

Mr. Ng Hoi Yue

Ms. Chan Sim Ling, Irene

COMPANY SECRETARY

Ms. Hui Wai Man, Shirley

EXECUTIVE COMMITTEE

Mr. Direk Lim (*Chairman*)

Mr. Fan Rongzhang

AUDIT COMMITTEE

Mr. Li Fui Lung, Danny (*Chairman*)

Mr. Ng Hoi Yue

Ms. Chan Sim Ling, Irene

REMUNERATION COMMITTEE

Mr. Ng Hoi Yue (*Chairman*)

Mr. Li Fui Lung, Danny

Mr. Direk Lim

NOMINATION COMMITTEE

Mr. Direk Lim (*Chairman*)

Mr. Li Fui Lung, Danny

Mr. Ng Hoi Yue

CORPORATE GOVERNANCE COMMITTEE

Mr. Direk Lim (*Chairman*)

Ms. Chan Sim Ling, Irene

A representative from company secretarial function

A representative from finance and accounts function

AUDITOR

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit A, 2nd Floor

46-48 Morrison Hill Road

Wanchai

Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Services Limited

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited

Level 22, Hopewell Centre

183 Queen's Road East

Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

Bank of Communications Co., Ltd.,

Hong Kong Branch

The Hongkong and Shanghai Banking

Corporation Limited

WEBSITE

<http://www.irasia.com/listco/hk/see>

STOCK CODE

Hong Kong Stock Exchange: 491

MANAGEMENT DISCUSSION AND ANALYSIS

The Board of Directors (the “**Board**” or “**Directors**”) of See Corporation Limited (hereinafter referred to as the “**Company**”) announces the unaudited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) for the six months ended 31 December 2015 (the “**Period**”).

Results

During the Period, the Group reported a turnover of HK\$56.3 million (2014: HK\$12.1 million), representing an increase of 364.7% when compared with the same period of last year. Such increase was mainly attributable to the increment of segment revenue from the post production services business. Loss from operations and loss attributable to the owners of the Company for the Period were HK\$59.2 million and HK\$48.1 million (2014: HK\$27.8 million and HK\$26.3 million) respectively. Increase in the loss from operations was mainly resulted from (i) the decrease in fair value of HK\$19.9 million recognised for investment in securities due to the recent stock markets slump and (ii) net operating loss of HK\$23.1 million from post production services business acquired by the Group in January 2015. Basic and diluted loss per share for the Period was HK\$0.022 (2014: HK\$0.018).

Review of Operations

During the Period, the Group principally engaged in the entertainment and media business and its activities can be categorised as (i) film and TV programme production and investment; (ii) event production and investment, music production and others; (iii) cinema operation; (iv) post production services; and (v) investment in securities.

Film and TV programme production and investment

The Group generated turnover of HK\$11.6 million from film and TV programme production and investment activities for the Period, representing an increment of 3.4% from HK\$11.2 million in the previous period. The gross profit derived from these activities was HK\$4.0 million (2014: HK\$1.4 million). Turnover of this segment for the Period was mainly contributed by a co-invested film which had been completed and released during the Period.

As of 31 December 2015, the carrying values of the Group’s film rights and film production in progress were HK\$56.6 million and HK\$144.1 million (30 June 2015: HK\$58.0 million and HK\$162.2 million) respectively. The carrying amount of the investment in film production was HK\$11.8 million (30 June 2015: HK\$0.6 million). Total impairment loss of film rights and investment in film production amounting to HK\$11.4 million (2014: HK\$17.7 million) was recognised during the Period.

Event production and investment, music production and others

During the Period, the Group recorded a turnover of HK\$0.1 million from this segment as compared to HK\$0.9 million in the last corresponding period. During the Period, the Group invested certain percentages in two concerts which were successfully held in December 2015 and January 2016 and their results are expected to be recognised during the second half of the financial year ending 30 June 2016. The Group continues to be cautious in the selection of the events to be invested.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Review of Operations *(Continued)*

Cinema operation

In order to diversify the entertainment business of the Group, during the Period, the Group jointly invested in a joint venture of which its subsidiary has been operating a newly established cinema providing theatrical exhibition service for the films in Mainland China with an independent third party at cash contribution of HK\$45.6 million. The joint venture is owned as to 55% and 45% by the Group and the independent third party respectively. Since the Group has obtained the control of the joint venture and its subsidiary, for accounting purpose, the joint venture and its subsidiary are treated as non-wholly-owned subsidiaries of the Company and their financial results and statements of financial position are consolidated into the Group's consolidated financial statements.

Up to 31 December 2015, the Group recorded a turnover and gross profit of HK\$1.9 million and HK\$1.0 million respectively from this segment. It is expected that the operation will continue to bring in stable income and contribution to the Group and also strengthen the asset base of the Group.

Post production services

This segment derived a turnover of HK\$42.7 million (2014: Nil) while its gross profit was HK\$2.0 million (2014: Nil) for the Period. Majority of the turnover under this segment was attributable to post production services for TV commercials, followed by post production services and visual special effect services for featured films. Due to the unsatisfactory performance of this business segment, after the end of the reporting period, the Group decided to dispose of the post production services business which is benefited from the release of further capital investment needs for its development. Details of such disposal are set out under the section with heading "Event After the End of the Reporting Period" below.

Investment in securities

During the Period, the Group increased its investment in listed securities at cost of HK\$28.8 million but did not dispose of any securities on hand. So no turnover and gross profit (2014: Nil) was recorded under this business segment. At the end of the reporting period, the Group continues to hold these investment in securities with the carrying amount of HK\$39.3 million (30 June 2015: HK\$30.4 million). Based on the stock market price of such portfolio of investment in securities, the Group recorded a decrease in the fair value of HK\$19.9 million (2014: Nil) during the Period.

Future Business Prospects and Plans

In spite of the challenges in the market environment, the Group has dedicated its efforts in exploring the film investment opportunities and strengthening distribution channels for its film and TV programmes. According to the publication by State Administration of Press, Publication, Radio, Film and Television (國家新聞出版廣電總局), the box office in Mainland China in 2015 achieved RMB44.1 billion, represented year-on-year growth of 48.7%. Given the sustainable growth in the box office in Mainland China, the Directors believe that there is a great potential market for the development of film and TV programmes production and investment business of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Future Business Prospects and Plans *(Continued)*

In view of the rapid expansion of the Mainland China film market, the Group has diversified its business into cinema operation through the investment in Sino Spirit International Limited and its subsidiary (collectively referred to as “**Sino Spirit Group**”). The Directors expect this operation will not only bring in new income stream and stable return to the Group but also develop a platform for exhibition of its film production and investment in Mainland China. The Group will continue to look for the opportunity to invest in new cinemas in Mainland China.

Nevertheless, the Group is still facing a challenging year ahead with weakening of macro-economic conditions and uncertain recovery in market sentiment for the retail sector. The Group continues to be cautious in the selection of stories and scripts for the production and investment of the films and TV programmes. Stringent measures are also continuously adopted in the cost control and risk management for the Group's different business segments. Besides, the Group will save significant capital and development funding needs upon the disposal of the post production services business such that the Group can focus its resources on its principal activities or other entertainment related investment opportunities in the market if the Group thinks fit and benefit.

Event After the End of the Reporting Period

In view of the unsatisfactory performance and the lack of strategic development of post production services business for the Group under the challenging environment, on 22 January 2016, the Group entered into a conditional sale and purchase agreement with an independent third party for disposal of its 60% equity interest of Lucrative Skill Holdings Limited (the “**Disposal**”) at a consideration of HK\$95.0 million which is to be settled by cash of HK\$30.0 million and issuance of a promissory note in a principal amount of HK\$65.0 million (“**Promissory Note**”) upon completion of the Disposal. Lucrative Skill Holdings Limited together with its subsidiaries (collectively referred to as “**Lucrative Skill Group**”) principally carry on the business of post production, visual specific effect and computer graphics works on advertisements, featured films, TV programmes, music videos, internet and mobile applications content and visual matters on corporate events. Completion of the Disposal is basically subject to the approval of the shareholders of the Company at a special general meeting to be convened by the Board. Upon completion of the Disposal, the Group will cease to have any interest in Lucrative Skill Group. Details of the Disposal including the principal terms of the Promissory Note have been disclosed in the Company's announcement dated 22 January 2016.

Capital Structure, Financial Review and Liquidity

There was no change in the capital structure of the Company during the Period.

As at 31 December 2015, the Group's net assets amounted to HK\$793.2 million, as compared with HK\$857.9 million as of 30 June 2015. The current ratio, representing current assets divided by current liabilities, was 4.15 (30 June 2015: 8.44).

The Group's cash and bank balances as at 31 December 2015 amounted to HK\$421.4 million (30 June 2015: HK\$411.5 million).

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Capital Structure, Financial Review and Liquidity *(Continued)*

At the end of the reporting period, the Group had total borrowings of HK\$95.8 million (30 June 2015: HK\$53.5 million) which comprised the amounts due to related companies of HK\$21.8 million (30 June 2015: HK\$21.6 million), the amount due to a director of non-wholly owned subsidiaries of HK\$1.0 million (30 June 2015: HK\$1.5 million), the amount due to non-controlling interests of HK\$69.9 million (30 June 2015: HK\$27.2 million), the obligations under finance lease of HK\$0.1 million (30 June 2015: HK\$0.2 million) as well as the bank borrowings of HK\$3.0 million (30 June 2015: HK\$3.0 million). The amounts due to the related companies, the director of non-wholly owned subsidiaries and the non-controlling interests were principally denominated in Hong Kong dollars and unsecured, interest-free and repayable on demand. The bank borrowings were denominated in Hong Kong dollars while the obligations under finance lease was denominated in Renminbi, both of which were secured, interest-bearing and had fixed repayment term. The gearing ratio, as a ratio of total borrowings over total assets, was 0.10 (30 June 2015: 0.06).

At the end of the reporting period, the Company had provided a corporate guarantee of HK\$24.0 million in favour of a financial institution in respect of banking facilities granted to certain former subsidiaries, HK\$5.5 million of which was utilised by those former subsidiaries and this amount was subject to a claim by the financial institution concerned. Details of the claim have been disclosed in point 2 under the section with heading "Major Litigation and Arbitration Proceedings" below.

Exposure to Fluctuation in Exchange Rates and Related Hedges

The Group's cash and bank balances, income and expenditure are primarily denominated in Hong Kong dollars and Renminbi. Despite the abrupt devaluation of Renminbi by the People's Bank of China during the Period, the carrying amount of the Group's Renminbi denominated monetary assets was only less than 10% of its net assets at the end of the reporting period. Hence, the Group's exposure to fluctuations in exchange rates was insignificant.

The Group will closely monitor the foreign currency exposure and may consider to arrange for hedging facilities when it is necessary.

Use of Proceeds from Equity Fund Raising

During the Period, the Group had fully utilised the remaining proceeds of HK\$27.1 million raised from the rights issue by way of issuing 1,345,014,801 ordinary shares at the subscription price of HK\$0.228 per rights share on the basis of nine rights shares for every one ordinary share held on 14 May 2014. The Group also partially used HK\$61.2 million out of the net proceeds of HK\$291.2 million raised from the placing of 368,880,000 shares of the Company at an issue price of HK\$0.81 per share (the "Placing") on 4 June 2015. These proceeds were used as intended for the investment in cinema operation and the Group's existing businesses such as film investment, post production services, event investment as well as general working capital. At the end of the reporting period, the remaining proceeds raised from the Placing amounting to HK\$230.0 million were retained at the bank.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Employees and Remuneration Policy

As at 31 December 2015, the Group had 146 employees (30 June 2015: 162). Total staff costs including the Directors' remuneration for the Period were HK\$27.3 million (2014: HK\$6.0 million). Employees' remuneration was determined in accordance with individual's responsibility, competence and skills, experience and performance as well as market pay level. Employees' benefits include the retirement benefit schemes, in-house training programmes, medical insurance scheme and discretionary bonuses.

To provide incentive or rewards to staff, the Company has adopted a share option scheme under which options of the Company may be granted to Directors or employees of the Group to subscribe for shares of the Company ("**Shares**").

Pledge of Assets

As at 31 December 2015, the Group had no pledge of assets while as at 30 June 2015, certain assets with the carrying amount of HK\$19.7 million were pledged to a bank as security for the banking facilities granted to the Group.

Major Litigation and Arbitration Proceedings

1. The Company and its ex-subsidiary, P.N. Electronic Limited ("**PNE**"), have been involved in arbitration proceedings with North American Foreign Trading Corporation ("**NAFT**") in respect of a gross receivable of HK\$18 million and related damages from various parties for goods shipped by PNE and NAFT in 1996. The arbitration proceedings were initiated by NAFT against the Company and PNE claiming for alleged damages in New York, USA. The Company has upon legal advice, vigorously contested the alleged claims and has counterclaimed the said sum of HK\$18 million as well as other damages. The Company has not received any documents in relation to the arbitration proceedings for a substantial period of time and insofar as the Company is aware, the proceedings remain dormant.
2. On 13 October 2003, a Writ of Summons and Statement of Claim was issued by BII Finance Company Limited ("**BII Finance**") against the Company under a guarantee allegedly given by the Company in favour of BII Finance in respect of certain liabilities of Welback Enterprises Limited, a former subsidiary of the Company. The claim is for a sum of approximately HK\$3,583,000 and US\$248,000 (approximately HK\$1,936,000), together with interest.

The Company has issued Third Party proceedings against Mr. Lee Chun Kwok and Mr. Fong Wing Seng, former Directors, seeking a contribution to the extent of 49% of BII Finance's claim in the event that the Company is found liable to BII Finance (which is denied).

BII Finance has not taken any steps to progress with the action since June 2006. The Company is prepared and ready to continue to defend BII Finance's claim, and also continue to pursue the Third Party proceedings against Mr. Lee Chun Kwok and Mr. Fong Wing Seng.

Interim Dividend

The Board has resolved not to declare any interim dividend for the Period (2014: Nil).

OTHER INFORMATION

Directors' Interests in Shares, Underlying Shares and Debentures

(A) Shares

As at 31 December 2015, none of the Directors and chief executive of the Company had any interests and short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) of The Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange.

(B) Share options

The Company has adopted a share option scheme on 8 November 2011 under which the Directors may, at their discretion, grant options to employees, including any director of the Company or its subsidiaries to subscribe for Shares subject to the terms and conditions stipulated therein. No option was granted under the share option scheme since its adoption.

Other Persons' Interests and Short Positions

So far as is known to any Director or chief executive of the Company, as at 31 December 2015, the following persons (other than a Director or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company were as follows:

Long Position in the Shares

<i>Name</i>	<i>Capacity/Nature of interests</i>	<i>Number of issued Shares held</i>	<i>Approximate % holding</i>
Golden Skill Limited	Beneficial owner	350,000,000	15.81%
Tse Nicholas	Interest in a controlled corporation	350,000,000	15.81%

The interests stated above represent long positions. As at 31 December 2015, no short positions were recorded in the SFO register of the Company.

Save as disclosed above, as at 31 December 2015 the Directors were not aware of any other person or corporation (not being a Director or chief executive of the Company) had, or were deemed or taken to have, any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under Section 336 of the SFO or otherwise notified to the Company.

OTHER INFORMATION *(Continued)*

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Period.

Corporate Governance

Corporate Governance Code

During the Period, the Company had complied with all applicable code provisions under the Corporate Governance Code as set out in Appendix 14 of the Listing Rules.

Model Code for Directors' Securities Transactions

The Company had adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiry to all the Directors, all of them confirmed that they had complied with the required standard of dealings as set out in the Model Code throughout the Period.

Changes in Information of Directors

The changes in Directors' information since the date of the 2014/2015 Annual Report which are required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules are set out below:

Change of Directors and positions held with board committees of the Company

<i>Name/Positions</i>	<i>Appointment Date</i>	<i>Cessation Date</i>
Mr. Hui Yuet Man ^(Note) – Executive Director & member of the Executive Committee	–	12 November 2015
Mr. Fan Rongzhang – Executive Director & member of the Executive Committee	16 November 2015	–
Mr. Yeung Man Kit, Dennis – Executive Director & member of the Executive Committee	–	18 December 2015

Note: –

Mr. Hui retired by rotation as Director upon conclusion of the annual general meeting of the Company held on 12 November 2015.

Save as disclosed above, the Company is not aware of other changes in the Directors' information which is required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules.

Review of Interim Report

The condensed consolidated financial statements as set out in this Interim Report had not been audited nor reviewed by the Company's auditor, HLB Hodgson Impey Cheng Limited, but had been reviewed by the audit committee of the Company, which comprises the three Independent Non-executive Directors of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2015

		Six months ended 31 December	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Turnover	2	56,288	12,112
Cost of sales		<u>(49,210)</u>	<u>(9,828)</u>
Gross profit		7,078	2,284
Other revenue		4,489	219
Distribution costs		(4,533)	(776)
Administrative expenses		(34,929)	(11,381)
Other operating expenses	3	(11,397)	(18,106)
Change in fair value of financial assets at fair value through profit or loss		<u>(19,874)</u>	–
Loss from operations	3	(59,166)	(27,760)
Gain on disposal of subsidiaries and a joint venture		–	1,194
Finance costs		<u>(645)</u>	<u>(271)</u>
Loss before taxation		(59,811)	(26,837)
Taxation	4	<u>727</u>	–
Loss for the period		(59,084)	(26,837)
Other comprehensive loss for the period, net of tax			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>(5,581)</u>	–
Total comprehensive loss for the period		<u><u>(64,665)</u></u>	<u><u>(26,837)</u></u>
Loss for the period attributable to:			
Owners of the Company		(48,136)	(26,279)
Non-controlling interests		(10,948)	(558)
		<u><u>(59,084)</u></u>	<u><u>(26,837)</u></u>
Total comprehensive loss for the period attributable to:			
Owners of the Company		(51,293)	(26,279)
Non-controlling interests		(13,372)	(558)
		<u><u>(64,665)</u></u>	<u><u>(26,837)</u></u>
Loss per share attributable to the owners of the Company	6		
– Basic and diluted		<u><u>HK\$(0.022)</u></u>	<u><u>HK\$(0.018)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	31 December 2015 (Unaudited) HK\$'000	30 June 2015 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	7	104,173	28,899
Goodwill		106,082	106,082
Intangible assets		37,022	39,060
Interests in associates		–	–
Deferred tax assets		6,301	6,418
		253,578	180,459
Current assets			
Inventories		226	–
Film rights		56,562	57,964
Film production in progress		144,093	162,235
Investment in film production		11,758	600
Trade and other receivables, deposits and prepayments	8	45,751	93,301
Financial assets at fair value through profit or loss		39,318	30,392
Cash and bank balances		421,408	411,475
		719,116	755,967
Assets classified as held for sale		–	19,784
		719,116	775,751
Current liabilities			
Trade and other payables	9	76,244	36,438
Amounts due to related companies		21,814	21,589
Amount due to a director of non-wholly owned subsidiaries		1,054	1,526
Amounts due to non-controlling interests		69,876	27,200
Tax payable		1,296	1,875
Obligations under finance lease		63	230
Bank borrowings		2,999	3,004
		173,346	91,862
Net current assets		545,770	683,889
Total assets less current liabilities		799,348	864,348
Non-current liability			
Deferred tax liability		6,109	6,445
Net assets		793,239	857,903
Equity			
Capital and reserves attributable to the owners of the Company			
Share capital		22,133	22,133
Reserves		811,038	862,331
		833,171	884,464
Non-controlling interests		(39,932)	(26,561)
		793,239	857,903

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2015 (Unaudited)

	Attributable to the owners of the Company								Non-controlling interests	Total
	Share capital	Share premium	Capital redemption reserve	Contributed surplus	Exchange reserve	Statutory reserve	Accumulated profits/(losses)	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2015	22,133	733,016	50	58,658	(368)	88	70,887	884,464	(26,561)	857,903
Loss for the period	-	-	-	-	-	-	(48,136)	(48,136)	(10,948)	(59,084)
Other comprehensive loss for the period	-	-	-	-	(3,157)	-	-	(3,157)	(2,424)	(5,581)
Total comprehensive loss for the period	-	-	-	-	(3,157)	-	(48,136)	(51,293)	(13,372)	(64,665)
Non-controlling interests arising from acquisition of subsidiaries (note 10)	-	-	-	-	-	-	-	-	1	1
Transfer to statutory reserve	-	-	-	-	-	(22)	22	-	-	-
At 31 December 2015	22,133	733,016	50	58,658	(3,525)	66	22,773	833,171	(39,932)	793,239

For the six months ended 31 December 2014 (Unaudited)

	Attributable to the owners of the Company								Non-controlling interests	Total
	Share capital	Share premium	Capital redemption reserve	Contributed surplus	Exchange reserve	Statutory reserve	Accumulated profits/(losses)	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2014	14,945	280,982	50	58,658	-	-	146,090	500,725	(16,308)	484,417
Loss and total comprehensive loss for the period	-	-	-	-	-	-	(26,279)	(26,279)	(558)	(26,837)
At 31 December 2014	14,945	280,982	50	58,658	-	-	119,811	474,446	(16,866)	457,580

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2015

	Six months ended	
	31 December	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net cash from/(used in) operating activities	3,949	(233,581)
Net cash from investing activities	1,678	719
Net cash from financing activities	4,306	10,245
	<hr/>	<hr/>
Increase/(decrease) in cash and cash equivalents	9,933	(222,617)
Cash and cash equivalents at the beginning of the period	411,475	388,214
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period, representing cash and bank balances	421,408	165,597
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2015

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements (the “**Interim Financial Statements**”) have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements set out in Appendix 16 of the Listing Rules.

The Interim Financial Statements have been prepared on historical cost basis except certain financial assets, which are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The accounting policies used in the Interim Financial Statements are consistent with those followed in the preparation of the annual financial statements of the Group for the year ended 30 June 2015, except a new accounting policy being adopted during the Period as below:

Inventories

Inventories represent food and beverage, consumable and other goods of cinema and are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

The Group has not early applied any new standards, amendments or interpretations that have been issued but are not yet effective for the Period.

2. SEGMENT INFORMATION

Information reported to the Executive Directors, being the Chief Operating Decision Maker (the “**CODM**”) for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

In the manner consistent with the way in which information is reported internally to the CODM for the purposes of resources allocation and performance assessment, the business activities of the Group are currently organised into the following operating segments:

- Film and TV programme production and investment
- Event production and investment, music production and others (including artiste and model management)
- Cinema operation
- Post production services
- Investment in securities

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2015

2. SEGMENT INFORMATION (Continued)

Information regarding the Group's reportable segments is presented below:

Segment revenue and results

	Six months ended 31 December 2015 (Unaudited)					Consolidated HK\$'000
	Film and TV programme production and investment	Event production and music production and others	Cinema operation	Post production services	Investment in securities	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Segment revenue	<u>11,582</u>	<u>145</u>	<u>1,841</u>	<u>42,720</u>	<u>-</u>	<u>56,288</u>
Segment results	<u>4,034</u>	<u>36</u>	<u>1,023</u>	<u>1,985</u>	<u>-</u>	<u>7,078</u>
Interest income						618
Dividend income	-	-	-	-	1,940	1,940
Unallocated gains						1,931
Unallocated corporate expenses						(2,305)
Distribution costs	(13)	-	(2,332)	(2,188)	-	(4,533)
Administrative expenses	(3,728)	(2)	(6,019)	(22,875)	-	(32,624)
Other operating expenses	(11,397)	-	-	-	-	(11,397)
Change in fair value of financial assets at fair value through profit or loss	-	-	-	-	(19,874)	(19,874)
Loss from operations						(59,166)
Finance costs						(645)
Loss before taxation						<u>(59,811)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2015

2. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

	Six months ended 31 December 2014 (Unaudited)					Consolidated HK\$'000
	Film and TV programme production and investment HK\$'000	Event production and music production and others HK\$'000	Cinema operation HK\$'000	Post production services HK\$'000	Investment in securities HK\$'000	
Segment revenue	<u>11,204</u>	<u>908</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,112</u>
Segment results	<u>1,434</u>	<u>850</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,284</u>
Interest income						148
Reversal of impairment loss	-	17	-	-	-	17
Unallocated gains						54
Unallocated corporate expenses						(7,266)
Distribution costs	(776)	-	-	-	-	(776)
Administrative expenses	(4,103)	(12)	-	-	-	(4,115)
Other operating expenses	(17,815)	(291)	-	-	-	<u>(18,106)</u>
Loss from operations						(27,760)
Gain on disposal of subsidiaries and a joint venture						1,194
Finance costs						<u>(271)</u>
Loss before taxation						<u>(26,837)</u>

There were no inter-segment sales for the Period (2014: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2015

3. LOSS FROM OPERATIONS

	Six months ended 31 December	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss from operations has been arrived at after charging/(crediting):		
Amortisation of film rights (included in cost of sales)	1,403	9,770
Amortisation of intangible assets (included in administrative expenses)	2,038	–
Cost of investment in film production (included in cost of sales)	6,145	–
Impairment loss recognised in respect of:		
– trade and other receivables, deposits and prepayments*	–	441
– film rights and investment in film production*	11,397	17,665
Depreciation of property, plant and equipment	5,360	175
Net loss on disposal/written off of property, plant and equipment	117	8
Interest income from:		
– bank deposits	(618)	(79)
– loan receivable	–	(69)
Reversal of impairment loss in respect of trade and other receivables	–	(17)
	<u> </u>	<u> </u>

* The aggregation of these items represents "Other operating expenses" contained in the condensed consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2015

4. TAXATION

	Six months ended	
	31 December	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Tax credit comprises:		
Current tax:		
Overprovision of PRC Enterprise Income Tax ("EIT") in prior years	(508)	–
Deferred taxation	(219)	–
	<u>(727)</u>	<u>–</u>

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits arising in Hong Kong for both periods.

Under the Law of The People's Republic of China (the "PRC") on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% from 1 January 2008 onwards.

5. INTERIM DIVIDEND

The Board has resolved not declare any interim dividend for the Period (2014: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2015

6. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	Six months ended 31 December	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss for the period attributable to the owners of the Company for the purpose of basic and diluted loss per share	<u>(48,136)</u>	<u>(26,279)</u>
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>2,213,340,890</u>	<u>1,494,460,890</u>

For the six months ended 31 December 2015 and 2014, diluted loss per share was the same as the basic loss per share since there was no dilutive potential ordinary share for both periods.

7. PROPERTY, PLANT AND EQUIPMENT

During the Period, the Group acquired items of property, plant and equipment with a cost of HK\$9,535,000 (2014: HK\$5,000). Property, plant and equipment with a net book value of HK\$1,901,000 (2014: HK\$8,000) were disposed of or written off during the Period, resulting a net loss of HK\$117,000 (2014: HK\$8,000). In addition, the leasehold land and building with the total carrying amount of HK\$19,733,000 were transferred from assets classified as held for sale to property, plant and equipment as a result of termination of the proposed disposal transaction during the Period.

On 7 December 2015, the Group acquired subsidiaries with property, plant and equipment which had a net book value of HK\$55,645,000 (see note 10).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2015

8. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	31 December 2015 (Unaudited) HK\$'000	30 June 2015 (Audited) HK\$'000
Trade receivables, net	28,351	85,296
Other receivables, deposits and prepayments, net	17,400	8,005
	<u>45,751</u>	<u>93,301</u>

The Group allows an average credit period of 30 to 180 days (30 June 2015: 30 to 180 days) to its customers. The ageing analysis of the trade receivables of the Group at the end of the reporting period is as follows:

	31 December 2015 (Unaudited) HK\$'000	30 June 2015 (Audited) HK\$'000
0 to 90 days	25,118	79,214
91 to 180 days	3,233	6,082
Over 180 days	6,592	6,592
	<u>34,943</u>	<u>91,888</u>
Less: Impairment loss recognised in respect of trade receivables	<u>(6,592)</u>	<u>(6,592)</u>
	<u>28,351</u>	<u>85,296</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2015

9. TRADE AND OTHER PAYABLES

	31 December 2015 (Unaudited) HK\$'000	30 June 2015 (Audited) HK\$'000
Trade payables	10,501	11,564
Accruals	59,538	17,798
Deposits received from customers	5,526	5,175
Other payables	679	1,901
	<hr/> 76,244 <hr/>	<hr/> 36,438 <hr/>

The following is an ageing analysis of the trade payables of the Group at the end of the reporting period:

	31 December 2015 (Unaudited) HK\$'000	30 June 2015 (Audited) HK\$'000
0 to 90 days	1,892	967
Over 90 days	8,609	10,597
	<hr/> 10,501 <hr/>	<hr/> 11,564 <hr/>

10. BUSINESS COMBINATION

Acquisition of subsidiaries

On 7 December 2015, the Group entered into an agreement with an independent third party in relation to Sino Spirit Group. The transaction involved the acquisition of 55% equity interest in Sino Spirit Group and the respective percentage sharing of the shareholder's loan due to such independent third party (the "**Transaction**") at a consideration of HK\$45,596,000 which had been completed on 7 December 2015.

The following table summarises the consideration paid for the Transaction and the fair values of identifiable assets acquired and liabilities assumed in Sino Spirit Group at the completion date of the Transaction.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2015

10. BUSINESS COMBINATION (Continued)

Acquisition of subsidiaries (Continued)

	(Unaudited) HK\$'000
Consideration as satisfied by way of cash	45,596
Fair values of identifiable assets acquired and liabilities assumed	
Property, plant and equipment	55,645
Inventories	283
Trade and other receivables, deposits and prepayments	21,739
Cash and bank balances	52,467
Trade and other payables	(47,231)
Amount due to a shareholder	(82,901)
Total identifiable net assets	2
Non-controlling interests	(1)
Assignment of shareholder's loan	45,595
	45,596
Cash and cash equivalents acquired	52,467

Sino Spirit Group has been operating a cinema in the PRC which has commenced business since December 2015. Through the investment of Sino Spirit Group, the Group can complement its expansion strategy in film related business and also step into the growing film exhibition market in the PRC.

Acquisition-related costs of HK\$60,000 had been charged to administrative expenses in the unaudited consolidated statement of profit or loss.

Included in the Group's turnover and the loss for the Period are HK\$1,841,000 and HK\$6,482,000 respectively attributable from Sino Spirit Group since the completion date of the Transaction.

Had Sino Spirit Group been consolidated from 1 July 2015, the unaudited consolidated profit or loss would show pro forma revenue of HK\$1,841,000 and loss of HK\$6,457,000.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2015

11. FAIR VALUE MEASUREMENTS ON FINANCIAL INSTRUMENTS

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

The following table shows an analysis of the financial assets recorded at fair value by the fair value hierarchy:

	31 December 2015 (Unaudited)			
	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets at fair value through profit or loss	<u>39,318</u>	<u>-</u>	<u>-</u>	<u>39,318</u>
	30 June 2015 (Audited)			
	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Financial assets at fair value through profit or loss	<u>30,392</u>	<u>-</u>	<u>-</u>	<u>30,392</u>

There were no transfers between Levels 1, 2 and 3 during the Period and in the prior year.

The fair value of the financial assets traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These financial assets are included in Level 1.

The Directors consider that the carrying amounts of other financial assets and financial liabilities recorded at amortised cost in the Interim Financial Statements approximates their fair values.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2015

12. PLEDGE OF ASSETS

As at 31 December 2015, the Group had no pledge of assets while as at 30 June 2015, the Group's leasehold land and building with net book values of HK\$14,144,000 and HK\$5,589,000 respectively were pledged to a bank as security for the bank overdraft granted to the Group.

13. CAPITAL COMMITMENTS

	31 December 2015 (Unaudited) HK\$'000	30 June 2015 (Audited) HK\$'000
Authorised but not contracted for in respect of property, plant and equipment	–	–
Contracted for but not provided in the Interim Financial Statements, net of deposits paid, in respect of property, plant and equipment	<u>1,062</u>	–
	<u>1,062</u>	<u>–</u>

14. CONTINGENT LIABILITIES

- (i) As at 30 June 2004, the Company provided a corporate guarantee in the amount of HK\$24.0 million to a financial institution in respect of banking facilities granted to the WIL Group, HK\$5.5 million of which was utilised by members of the WIL Group and such amount was claimed by the financial institution as disclosed in point (iii) below.
- (ii) The Company and its ex-subsiary, PNE, have been involved in arbitration proceedings with NAFTA in respect of a gross receivable of HK\$18.0 million and related damages from various parties for goods shipped by PNE and NAFTA in 1996. The arbitration proceedings were initiated by NAFTA against the Company and PNE claiming for alleged damages in New York, USA. The Company has upon legal advice, vigorously contested the alleged claims and has counterclaimed the said sum of HK\$18.0 million as well as other damages. The Company has not received any documents in relation to the arbitration proceedings for a substantial period of time and insofar as the Company is aware, the proceedings remain dormant.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2015

14. CONTINGENT LIABILITIES (Continued)

- (iii) On 13 October 2003, a Writ of Summons and Statement of Claim was issued by BII Finance against the Company under a guarantee allegedly given by the Company in favour of BII Finance in respect of certain liabilities of Welback Enterprises Limited, a former subsidiary of the Company. The claim is for a sum of approximately HK\$3,583,000 and US\$248,000 (approximately HK\$1,936,000), together with interest.

The Company has issued Third Party proceedings against Mr. Lee Chun Kwok and Mr. Fong Wing Seng, former Directors, seeking a contribution to the extent of 49% of BII Finance's claim in the event that the Company is found liable to BII Finance (which is denied).

BII Finance has not taken any steps to progress with the action since June 2006. The Company is prepared and ready to continue to defend BII Finance's claim, and also continue to pursue the Third Party proceedings against Mr. Lee Chun Kwok and Mr. Fong Wing Seng.

15. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in the Interim Financial Statements, the Group has entered into the following significant related party transactions:

Compensation of key management personnel

The remuneration of the Directors and other members of key management during the Period is as follows:

	Six months ended	
	31 December	
	2015	2014
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Salaries and other benefits	2,417	1,689
Retirement benefit scheme contributions	9	9
	<u>2,426</u>	<u>1,698</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2015

16. EVENT AFTER THE END OF THE REPORTING PERIOD

On 22 January 2016, the Group entered into a conditional sale and purchase agreement with an independent third party for disposal of its 60% equity interest of Lucrative Skill Holdings Limited (the "**Disposal**") at a consideration of HK\$95,000,000 which is to be settled by cash of HK\$30,000,000 and issuance of a promissory note in a principal amount of HK\$65,000,000 ("**Promissory Note**") upon completion of the Disposal. Lucrative Skill Group principally carries on the business of post production, visual specific effect and computer graphics works on advertisements, featured films, TV programmes, music videos, internet and mobile applications content and visual matters on corporate events. Completion of the Disposal is basically subject to approval of the shareholders of the Company at a special general meeting to be convened by the Board. Upon completion of the Disposal, the Group will cease to have any interest in Lucrative Skill Group. Details of the Disposal including the principal terms of the Promissory Note have been disclosed in the Company's announcement dated 22 January 2016.

17. APPROVAL OF INTERIM FINANCIAL STATEMENTS

The Interim Financial Statements were approved and authorised for issue by the Board of Directors on 25 February 2016.

By Order of the Board
See Corporation Limited
Direk Lim
Chairman

Hong Kong, 25 February 2016