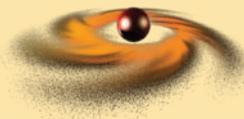




NOW SHOWING
2010
Interim
Report

旺角監獄
Prison in Wong Ang



漢傳媒集團有限公司
SEE CORPORATION LIMITED

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

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Wong Kui Shing, Danny
(*Managing Director*)

Dr. Allan Yap

Mr. Wong Yat Cheung

Independent Non-executive Directors

Mr. Li Fui Lung, Danny

Mr. Ng Hoi Yue, Herman

Mr. Heung Pik Lun

COMPANY SECRETARY

Ms. Ng Yuk Yee, Feona

QUALIFIED ACCOUNTANT

Mr. Chow Chun Man, Jimmy

AUDIT COMMITTEE

Mr. Li Fui Lung, Danny

Mr. Ng Hoi Yue, Herman

Mr. Heung Pik Lun

REMUNERATION COMMITTEE

Dr. Allan Yap

Mr. Li Fui Lung, Danny

Mr. Ng Hoi Yue, Herman

Mr. Heung Pik Lun

AUDITORS

HLB Hodgson Impey Cheng

Chartered Accountants

Certified Public Accountants

LEGAL ADVISER

Richards Butler in association with Reed
Smith LLP

PRINCIPAL BANKER

Bank of China (Hong Kong) Limited

REGISTERED OFFICE

Clarendon House
Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Office D & E,
20th Floor, EGL Tower,
No. 83 Hung To Road,
Kwun Tong,
Kowloon,
Hong Kong

HONG KONG BRANCH REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
26th Floor Tesbury Centre
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Wanchai
Hong Kong

WEBSITE

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

STOCK CODE

491

The Board of Directors (the “Board”) of See Corporation Limited (hereinafter referred to as the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) for the six months ended 31 December 2009.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

For the period ended 31 December 2009, the Group recorded a consolidated turnover of approximately HK\$36.2 million, representing an increase of approximately 157% as compared to approximately HK\$14.1 million for the corresponding period in 2008. Such increase was mainly due to the fact that more films and TV programmes were released to the market during the period.

The Group recorded a profit attributable to equity holders of the Company of approximately HK\$98.8 million for the period as compared to a loss of approximately HK\$210.2 million for the corresponding period in 2008. The profit for the period of HK\$98.8 million was mainly due to the gain on disposal of associates of approximately HK\$165.9 million. In addition, during the period there were impairment loss of approximately HK\$17.3 million in the Group’s financial assets and write down of film rights of approximately HK\$29.0 million. The loss for the period of HK\$210.2 million in 2008 was mainly due to the impairment loss of approximately HK\$178.0 million in the Group’s financial assets. Basic earnings per share and diluted earnings per share for the period was HK\$0.12 and HK\$0.10 respectively whilst the basic and diluted loss per share for the last corresponding period was the same at HK\$0.27, after adjusting the effect of the share consolidation and rights issues completed in January 2010 and in March 2010 retrospectively.

Review of Operations

During the period, the Group was principally engaged in the entertainment and media business. Our activities can be categorized as (i) film and TV programme production; (ii) music production; (iii) event production; (iv) artiste and model management; (v) investment in a pay TV operation; and (vi) investment in securities.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Review of Operations (Continued)

Film and TV programme production

During the period under review, turnover derived from the Group's film and TV programme production business was approximately HK\$33.0 million, representing an increase of approximately 224% as compared to the last corresponding period of approximately HK\$10.2 million. The Group recorded a gross profit of approximately HK\$8.1 million from the film and TV programme production business in the current period.

The total net book value of the Group's film rights remained at approximately HK\$28.1 million as at 31 December 2009, and the write down on film rights during the period amounted to approximately HK\$29.0 million which was reflected in the condensed consolidated statement of comprehensive income. As at 31 December 2009, the Group's total investment in film and TV programme production that were in progress amounted to approximately HK\$116.4 million.

Music production

Turnover from music production for the period amounted to approximately HK\$0.2 million. Although the turnover from the segment was not significant, it served to enhance the image and exposure of our artistes to the market.

Event production

During the period, the Group has recorded turnover of approximately HK\$0.4 million from event productions, representing a 100% increase as compared to HK\$Nil for the last corresponding period.

Artiste and model management

The Group continued to manage a number of famous Hong Kong artistes and models during the period. For the period ended 31 December 2009, the turnover derived from the business of artiste and model management was approximately HK\$2.6 million, representing a decrease of approximately 28% as compared to approximately HK\$3.6 million for the corresponding period in 2008. Such decrease was mainly due to the loss of management contracts with a few top models and Hong Kong artistes as a result of the keen competition in the market. The Group recorded a gross profit of approximately HK\$1.1 million from artistes and model management in the current period.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Review of Operations (Continued)

Investment in securities

During the period, no turnover was noted in the investment in securities operation (2008: Nil). The carrying value of the segment assets of the investment in securities operation outstanding as of 31 December 2009 and 30 June 2009 were approximately HK\$37.7 million and approximately HK\$54.9 million, respectively. The decrease in the carrying value represented the change in fair value of financial assets at fair value through profit or loss during the period which amounted to approximately HK\$17.3 million.

Associates

The disposal of the 31% interest in TVB Pay Vision Holdings Limited (“TVBP”) as announced on 6 July 2009 was completed during the period with a disposal gain of approximately HK\$165.9 million recognized in the condensed consolidated statement of comprehensive income. The remaining 18% interest in TVBP has been accounted for as available-for-sale financial assets and classified as current assets on the condensed consolidated statement of financial position during the period.

Geographical Review

During the period under review, the Group’s revenue was mainly derived from Hong Kong and China market which accounted for approximately 83% of the Group’s total turnover.

Future Business Prospects and Plans

The Group has dedicated its efforts in strengthening and opening up distribution channels for its films and TV production in Mainland China. Given the continued opening and expansion of the films and TV production market in Mainland China, we strongly believe that there is a great potential for the distribution of our films and TV production in Mainland China.

We are facing a challenging year ahead with the recent global economic uncertainties caused by the global financial turmoil. We are cautiously optimistic in respect to the prospects of the film and TV production industry in Hong Kong. The Group will be cautious in the selection of stories and scripts for the production of our films and TV programmes. Stringent measures will be adopted in the cost control and risk management for the Group’s Films and TV projects.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Financial Review and Liquidity

As at 31 December 2009, the Group's net assets amounted to HK\$118.5 million, as compared with HK\$3.4 million as of 30 June 2009. The current ratio, representing current assets divided by current liabilities, was 1.38. The Group issued convertible note in the principal amount of HK\$170 million in August 2005 and the fair value of the liability component of the convertible note as at 31 December 2009 was approximately HK\$178.1 million. At the balance sheet date, the Group had short-term bank borrowing of approximately HK\$10.0 million. The gearing ratio, as a ratio of total borrowings over total assets was 0.55.

The Group had contingent liabilities of HK\$24 million on the balance sheet date, mainly as a result of a corporate guarantee provided to a financial institution in respect of banking facilities granted to former subsidiaries. HK\$5.5 million of the banking facilities were utilized by those former subsidiaries and this amount was subject to a claim by the financial institution concerned.

Exposure to Fluctuation in Exchange Rates and Related Hedges

During the period, the revenue and cost for film and TV programme, music and event productions were mainly denominated in Renminbi and Hong Kong dollars. The revenue and cost for the artiste and model management services were also mainly dominated in Renminbi and Hong Kong dollars. Borrowings in terms of loan and convertible note were denominated in Hong Kong dollars.

As the exchange rate of Hong Kong dollars against Renminbi was relatively stable during the period, the Group's exposure to fluctuations in exchange rates was minimal.

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

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Employee Schemes

As at 31 December 2009, the Group had 55 Hong Kong based employees. The remuneration policy and package of the Group's employees are periodically reviewed and approved by the executive directors. Apart from provident fund scheme and in-house training programmes, medical insurance scheme, discretionary bonuses and share options may also be awarded to employees according to individual performance.

Major Litigation and Arbitration Proceedings

The Company and its ex-subsiidiary, P.N. Electronics Ltd. ("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 arbitration proceedings have been dormant for a substantial period of time.

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

ADDITIONAL INFORMATION REQUIRED BY THE LISTING RULES

Directors' Interests in Shares, Underlying Shares and Debentures

(A) *Shares*

As at 31 December 2009, the directors and chief executive had the following interests, all being long position, in the ordinary shares of the Company and its associated corporations as defined in Section 352 of the Securities and Futures Ordinance ("SFO"):

Name of Director	Name of Company	Capacity	Number of Shares	Approximate Percentage of Interest
Wong Yat Cheung	Mega-Vision Productions Limited	Beneficial Owner	2,000,000	20%

(B) *Share options*

The Company has a share option scheme under which directors may, at their discretion, grant options to employees, including any directors, of the Company or its subsidiaries to subscribe for shares in the Company, subject to the terms and conditions stipulated. During the six months ended 31 December 2009, there were no outstanding share options granted to the directors of the Company.

Save as aforesaid, as at 31 December 2009, to the knowledge of the Company:

- (i) none of the directors, or chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited ("Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the directors and chief executive are taken or deemed to have under the provisions of the SFO); or (b) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules");

ADDITIONAL INFORMATION REQUIRED BY THE LISTING RULES

(Continued)

Directors' Interests in Shares, Underlying Shares and Debentures (Continued)

(B) Share options (Continued)

- (ii) none of the directors, or chief executive or their spouses or children under 18 had any right to subscribe for the shares, underlying shares or debentures of the Company, or had exercised any right during the six months ended 31 December 2009.

Substantial Shareholders

As at 31 December 2009, the interests of shareholders, other than a director or chief executive of the Company, in the shares or underlying shares of the Company as recorded in the register maintained pursuant to Section 336 of the SFO were as follows:

Name of Shareholder	Long Position/ Short Position	Capacity	Number of Shares Held/Involved	Number of Underlying Shares Held/ Involved	Approximate Percentage of Interest
Dr. Chan Kwok Keung, Charles ("Dr. Chan") (Note 1)	Long Position	Interest of controlled corporation	-	157,407,407	6.78%
Ms. Ng Yuen Lan, Macy ("Ms. Ng") (Note 1)	Long Position	Interest of spouse	-	157,407,407	6.78%
ITC Corporation Limited ("ITC") (Note 1)	Long Position	Interest of controlled corporation	-	157,407,407	6.78%
ITC Investment Holdings Limited ("ITC Investment") (Note 1)	Long Position	Interest of controlled corporation	-	157,407,407	6.78%

ADDITIONAL INFORMATION REQUIRED BY THE LISTING RULES

(Continued)

Substantial Shareholders (Continued)

Name of Shareholder	Long Position/ Short Position	Capacity	Number of Shares Held/Involved	Number of Underlying Shares Held/ Involved	Approximate Percentage of Interest
Mankar Assets Limited ("Mankar") (Note 1)	Long Position	Interest of controlled corporation	-	157,407,407	6.78%
Famex Investment Limited ("Famex") (Note 1)	Long Position	Interest of controlled corporation	-	157,407,407	6.78%
Hanny Holdings Limited ("Hanny")	Long Position	Beneficial owner	-	157,407,407	6.78%
Qin Hui ("Mr. Qin") (Note 2)	Long Position	Interest of controlled corporation	524,538,595	-	22.62%
Hover Success Limited ("Hover")	Long Position	Beneficial owner	524,538,595	-	22.62%

Notes:

1. Famex holds approximately 42.77% shareholding interests in Hanny. Famex is a direct wholly-owned subsidiary of Mankar. Mankar is a direct wholly-owned subsidiary of ITC Investment, which in turn is a direct wholly-owned subsidiary of ITC. Dr. Chan directly holds approximately 0.4% of the issued share capital of Hanny. Dr. Chan directly holds approximately 6.76% of the issued share capital of ITC and indirectly holds approximately 26.89% of the issued share capital of ITC through his indirect wholly-owned company, Galaxyway Investments Limited, respectively. Ms. Ng is the spouse of Dr. Chan. Famex, Mankar, ITC Investment, ITC, Dr. Chan and Ms. Ng are deemed to be interested in 157,407,407 underlying shares directly held by Hanny.
2. Hover is wholly and beneficially owned by Mr. Qin. Mr. Qin is deemed to be interested in 524,538,595 shares directly held by Hover.

Save as disclosed above, the Company has not been notified of any other interests or short positions in the shares and underlying shares of the Company representing 5% or more of the issued share capital of the Company and recorded in the register maintained under Section 336 of the SFO as at 31 December 2009.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING RULES

(Continued)

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

During the six months ended 31 December 2009, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

Code on Corporate Governance Practices

The Company is committed to ensuring high standards of corporate governance in the interests of shareholders and devotes considerable effort to identifying and formalizing best practices. Throughout the six months ended 31 December 2009, save and except as hereinafter mentioned, the Company has complied with all applicable code provisions ("Code Provisions") under the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 to the Listing Rules.

Pursuant to Code Provision A.2.1 of the CG Code, the role of chairman and chief executive officer should be separate and should not be performed by the same individual. Since the resignation of Mr. Yu Kam Kee, Lawrence as Chairman and executive director of the Company on 1 October 2009, the position of Chairman has been vacated. The board is currently identifying suitable candidate to fill the vacancy and will ensure that the Chairman will be appointed as soon as practicable.

Pursuant to Code Provision E.1.2 of the CG Code, the chairman of the board should attend the annual general meeting. However, the position of Chairman has been vacated since 1 October 2009 when the resignation of Mr. Yu Kam Kee, Lawrence as Chairman and executive director took effect. Mr. Heung Pik Lun was elected chairman of the annual general meeting ("AGM") together with other directors maintained an on-going dialogue with shareholders and answered all questions raised by the shareholders throughout the AGM.

Model Code for Directors' Securities Transactions

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Specific enquiry has been made with all directors and the directors confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 31 December 2009.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING RULES

(Continued)

Directors' Updated Information pursuant to Rule 13.51B(1)

The following is the updated information regarding all directors of the Company, required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2):

Executive Directors

Mr. Yu Kam Kee, Lawrence was appointed as an executive Director and the Chairman of the Company on 24 August 2004 and the chairman of the remuneration committee of the Company on 26 October 2005. He is also a director of TVB Pay Vision Holdings Limited and TVB Pay Vision Limited, all of which ceased to be associates of the Company from 16 November 2009. Mr. Yu resigned as the Chairman and the executive Director of the Company and the chairman of the remuneration committee of the Company on 1 October 2009.

Mr. Yu has undergone training at Bayer AG and Cassella AG in Germany and has accumulated many years of extensive experience in the chemical industry. He is the Honorary Life President of the Hong Kong Dyestuffs Merchants Association Limited. He also serves on many charitable and social organizations. He is now the Co-Chairman of the Campaign Committee of the Community Chest of Hong Kong, Governor of the Hong Kong Automobile Association, Director of the Hong Kong Football Association Limited and Chairman of the Campaign Committee of the Road Safety Council. He is also the independent non-executive director of Evergrande Real Estate Group Limited, Great China Holdings Limited and Global Flex Holdings Limited (shares of which are listed on the Stock Exchange).

Mr. Yu was the chairman and executive director of China Renji Medical Group Limited and Wing On Travel (Holdings) Limited (shares of which are listed on the Stock Exchange) until 18 April 2007 and 1 December 2007 respectively when his resignation as the chairman and executive director of both companies took effect. Mr. Yu was also the chairman and non-executive director of Trasy Gold Ex Limited (shares of which are listed on the Stock Exchange) until 1 October 2009 when his resignation as the chairman and non-executive director of the company took effect. Mr. Yu was appointed as the independent non-executive director of The Hong Kong Building and Loan Agency Limited (shares of which are listed on the Stock Exchange) on 2 October 2009 until 2 December 2009 when his resignation as the independent non-executive director of the company took effect. Save as disclosed in this report, Mr. Yu did not hold any other directorship in listed public companies in the last three years.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING RULES

(Continued)

Directors' Updated Information pursuant to Rule 13.51B(1) (Continued)

Executive Directors (Continued)

As at the date of this report, Mr. Yu does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company. He has not been appointed for a specific term of service and is subject to retirement by rotation and re-election pursuant to the bye-laws of the Company. The amount of director's fee received by Mr. Yu for the period from 1 July 2009 to 30 September 2009 was HK\$300,000 which was determined with reference to his duties and responsibilities in the Company and market benchmark.

Mr. Wong Kui Shing, Danny was appointed as an executive Director and managing Director of the Company on 21 December 2009. Mr. Wong holds a Bachelor of Arts degree from the University of Hong Kong. He was appointed as an executive director and chief executive officer of SMI Corporation Limited (shares of which are listed on the main board of the Stock Exchange) on 5 August 2009 and re-designated as chairman of SMI Corporation Limited and ceased to be chief executive officer of SMI Corporation Limited on 25 November 2009. Due to redesignation of duties, Mr. Wong has ceased to be executive director of SMI Corporation Limited on 31 December 2009 and has been appointed as a non-executive director of SMI Corporation Limited on 1 January 2010. He has remained as chairman of SMI Corporation Limited. Mr. Wong was a former executive director of China Oil and Gas Group Limited ("China Oil and Gas Group") (shares of which are listed on the main board of the Stock Exchange). He has extensive exposure in the financial and investment fields for over 18 years and is well experienced in the international investment market. Save as disclosed in this report, Mr. Wong did not hold any other directorship in listed public companies in the last three years.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING RULES

(Continued)

Directors' Updated Information pursuant to Rule 13.51B(1) (Continued)

Executive Directors (Continued)

Pursuant to the listing enforcement notice/announcement of the Stock Exchange dated 16 October 2008, Mr. Wong, together with another former director of China Oil and Gas Group, has admitted breaching the directors' declaration, undertaking and acknowledgement with regard to directors given by each of them to the Stock Exchange in the form set out in Appendix 5B to the Listing Rules in failing to use their best endeavours to procure China Oil and Gas Group's compliance with the Listing Rules in relation to the failure of China Oil and Gas Group to publish its annual results and annual report for the year ended 31 July 2005 by 30 November 2005 and interim results and interim report for the six months ended 31 January 2006 by 30 April 2006. Accordingly, the Listing Committee publicly criticised Mr. Wong and another former director of China Oil and Gas Group for their respective breaches mentioned above.

As at the date of this report, Mr. Wong does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company. He has not been appointed for a specific term of service and is subject to retirement by rotation and re-election pursuant to the bye-laws of the Company. The emolument payable to Mr. Wong has been reviewed by the remuneration committee of the Company and has remained unchanged.

Dr. Allan Yap was appointed as an executive Director and chief executive officer of the Company on 8 June 2009 and the chairman of the remuneration committee of the Company on 1 October 2009. He has resigned as chief executive officer of the Company on 21 December 2009, but continued to act as the executive Director of the Company and the chairman of the remuneration committee of the Company. Dr. Yap is currently a director of Mega-Vision Productions Limited, Mega-Vision Pictures Limited and See Movie Limited, all of which are subsidiaries of the Company. He is also a director of TVB Pay Vision Holdings Limited and TVB Pay Vision Limited, all of which ceased to be associates of the Company from 16 November 2009.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING RULES

(Continued)

Directors' Updated Information pursuant to Rule 13.51B(1) (Continued)

Executive Directors (Continued)

Dr. Yap obtained the Honorary degree of Doctor of Laws and has over 27 years' experience in finance, investment and banking. Dr. Yap is the chairman of Hanny Holdings Limited (shares of which are listed on the main board of the Stock Exchange and which is the holder of the outstanding convertible note in the aggregate principal amount of HK\$170,000,000 issued by the Company on 10 August 2005) and an executive director of Wing On Travel (Holdings) Limited (shares of which are listed on the main board of the Stock Exchange). He was an executive director of Neo Telemedia Limited (formerly known as BIG Media Group Limited) (shares of which are listed on the Growth Enterprise Market of the Stock Exchange) until 20 July 2009 when his resignation as a director took effect. He is the chairman and chief executive officer of China Enterprises Limited, a company whose shares are traded on the OTC Securities Markets in the United States of America, as well as Burcon NutraScience Corporation, a company whose shares are listed on the Toronto Stock Exchange in Canada and the Frankfurt Stock Exchange in Germany. Dr. Yap is an executive chairman of PSC Corporation Ltd., Intraco Limited and Tat Seng Packaging Group Ltd., all of which are companies whose shares are listed on the Singapore Exchange Limited. He is also the chairman of MRI Holdings Limited, a company whose shares are listed on the Australian Securities Exchange. Save as disclosed in this report, Dr. Yap did not hold any other directorship in listed public companies in the last three years.

As at the date of this report, save as disclosed above, Dr. Yap does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company. He has not been appointed for a specific term of service and is subject to retirement by rotation and re-election pursuant to the bye-laws of the Company. The emolument payable to Dr. Yap has been reviewed by the remuneration committee of the Company and has fixed at HK\$80,000 per month.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING RULES

(Continued)

Directors' Updated Information pursuant to Rule 13.51B(1) (Continued)

Executive Directors (Continued)

Mr. Wong Yat Cheung was appointed as an executive Director and managing Director of the Company on 13 February 2007. Mr. Wong has resigned as managing Director of the Company on 8 June 2009 but continued to act as executive Director of the Company. He is also a director of Mega-Vision Productions Limited, Mega-Vision Pictures Limited, Seethru Limited, Grand Class Investment Limited and See Base Limited, all of which are subsidiaries of the Company.

Mr. Wong is a prominent director, producer and scriptwriter in Hong Kong, both in terms of box-office success and breaking new grounds for film production. He graduated from the Chinese University of Hong Kong in 1978 and holds a bachelor's degree in Chinese Language and Literature. Having over 30 years experience in the Hong Kong film and television industry, he has produced over 100 films and TV drama-series. Some of his reputable film sequels are "The Romancing Star", "God of Gamblers" and "Young and Dangerous", all of which set new movie box-office records as well as new trends for the Hong Kong movie scene. He was recently awarded by UA Cinemas as the Movie Director with the Highest Box-Office Record between 1985 and 2005. Mr. Wong did not hold any directorship in listed public companies in the last three years.

As at the date of this report, Mr. Wong does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company. He has not been appointed for a specific term of service and is subject to retirement by rotation and re-election pursuant to the bye-laws of the Company. The emolument and housing allowance payable to Mr. Wong have been reviewed by the remuneration committee of the Company and has remained unchanged.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING RULES

(Continued)

Directors' Updated Information pursuant to Rule 13.51B(1) (Continued)

Independent Non-executive Directors

Mr. Li Fui Lung, Danny was appointed as an independent non-executive Director and the chairman of the audit committee of the Company on 23 October 2001 and a member of the remuneration committee of the Company on 26 October 2005. Save as disclosed above, he does not hold any positions with the Company or any subsidiary of the Company.

Mr. Li graduated with a Bachelor of Science Degree from the University of Hong Kong and subsequently obtained postgraduate certificate in accountancy from the University of Stirling in Scotland. He has over 28 years experience in the accounting profession and after qualifying as Chartered Accountant in 1980 with Ernst & Whinney in Scotland, has worked as finance manager, controller and internal auditor in major multinational companies. Mr. Li is the sole proprietor of Messrs. Danny Li & Company, a certified public accountants firm in Hong Kong, and has been practising as a certified public accountant in Hong Kong for more than 8 years. He is a member of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in Scotland and the Institute of Chartered Accountants in Australia. He is also an independent non-executive director of Centraland Limited whose shares are listed on the Singapore Stock Exchange. Save as disclosed in this report, Mr. Li did not hold any other directorship in listed public companies in the last three years.

As at the date of this report, Mr. Li does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company. An appointment letter signed between Mr. Li and the Company for a period of 3 years commencing from 1 October 2006 has expired on 30 September 2009. He has entered into another appointment letter with the Company for a period of 1 year commencing from 1 October 2009 to 30 September 2010. He is subject to retirement by rotation and re-election pursuant to the bye-laws of the Company accordingly. The director's fee payable to Mr. Li has been reviewed by the remuneration committee of the Company and has been changed to HK\$200,000 per annum with effect from 1 October 2009.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING RULES

(Continued)

Directors' Updated Information pursuant to Rule 13.51B(1) (Continued)

Independent Non-executive Directors (Continued)

Mr. Ng Hoi Yue, Herman was appointed as an independent non-executive Director and a member of the audit committee of the Company on 16 May 2002 and a member of the remuneration committee of the Company on 26 October 2005. Save as disclosed above, he does not hold any positions with the Company or any subsidiary of the Company.

Mr. Ng is an associate member of The Institute of Chartered Accountants in England and Wales and a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He has been practising as a certified public accountant in Hong Kong since 1989. He was an independent non-executive director of Henry Group Holdings Limited whose shares are listed on the Stock Exchange until 19 February 2010 when his resignation as a director took effect. Save as disclosed in this report, Mr. Ng did not hold any other directorship in listed public companies in the last three years.

As at the date of this report, Mr. Ng does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company. An appointment letter signed between Mr. Ng and the Company for a period of 3 years commencing from 1 October 2006 has expired on 30 September 2009. He has entered into another appointment letter with the Company for a period of 1 year commencing from 1 October 2009 to 30 September 2010. He is subject to retirement by rotation and re-election pursuant to the bye-laws of the Company accordingly. The director's fee payable to Mr. Ng has been reviewed by the remuneration committee of the Company and has been changed to HK\$180,000 per annum with effect from 1 October 2009.

Mr. Heung Pik Lun was appointed as an independent non-executive Director and a member of the audit committee and the remuneration committee of the Company on 20 March 2009. Save as disclosed above, he does not hold any positions with the Company or any subsidiary of the Company.

Mr. Heung graduated from the University of Windsor with a Bachelor Degree of Arts in 1985. He has substantial experience in general management and administration affairs. Mr. Heung did not hold any directorship in listed public companies in the last three years.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING RULES

(Continued)

Directors' Updated Information pursuant to Rule 13.51B(1) (Continued)

Independent Non-executive Directors (Continued)

As at the date of this report, Mr. Heung does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company. An appointment letter has been signed between Mr. Heung and the Company for a period of 3 years commencing from 20 March 2009 to 19 March 2012. He is subject to retirement by rotation and re-election pursuant to the bye-laws of the Company. The director's fee payable to Mr. Heung has been reviewed by the remuneration committee of the Company and has remained unchanged.

Audit Committee

The Company has an audit committee established in compliance with Rule 3.21 of the Listing Rules which comprises three independent non-executive directors, namely Mr. Li Fui Lung, Danny, the chairman of the committee, Mr. Ng Hoi Yue, Herman and Mr. Heung Pik Lun with the terms of reference adopted by the directors of the Company.

Both Mr. Li Fui Lung, Danny and Mr. Ng Hoi Yue, Herman are certified public accountants.

The audit committee and the Group's external auditors have discussed with management on the Group's accounting policy and discussed internal control and financial reporting matters regarding the Group's unaudited interim financial statements for the six months ended 31 December 2009.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2009

		Six months ended 31 December	
		2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
	Note		
Turnover	2	36,208	14,086
Cost of sales		(26,792)	(10,867)
Gross profit		9,416	3,219
Other revenue		81	1,149
Change in fair value of financial assets at fair value through profit or loss		(17,260)	(177,958)
Other operating expenses		(29,610)	(4,518)
Distribution costs		(3,440)	(2,608)
Administrative expenses		(15,821)	(19,150)
Loss from operations	3	(56,634)	(199,866)
Finance costs		(10,441)	(10,312)
Gain on partial disposal of associates		165,864	-
Profit/(loss) before taxation		98,789	(210,178)
Taxation	4	-	-
Profit/(loss) for the period		98,789	(210,178)
Other comprehensive income		-	-
Total comprehensive income/(expense) for the period		98,789	(210,178)
Profit/(loss) for the period attributable to:			
Equity holders of the Company		98,789	(210,178)
Non-controlling interests		-	-
		98,789	(210,178)
Total comprehensive income attributable to:			
Equity holders of the Company		98,789	(210,178)
Non-controlling interests		-	-
		98,789	(210,178)
Earnings/(loss) per share	6		(Restated)
- Basic		HK\$0.12	HK\$(0.27)
- Diluted		HK\$0.10	HK\$(0.27)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

		31 December 2009 (Unaudited) HK\$'000	30 June 2009 (Audited) HK\$'000
	<i>Note</i>		
Non-current Assets			
Intangible assets	7	25	33
Leasehold land		14,238	14,246
Property, plant and equipment	8	8,989	9,505
Interests in associates	9	–	26,583
Loan receivable	10	10,000	–
		<u>33,252</u>	<u>50,367</u>
Current Assets			
Film rights		28,115	31,986
Film production in progress		116,425	119,465
Music production in progress		526	370
Inventories		224	224
Trade and other receivables, deposits and prepayments	11	15,507	13,691
Available-for-sale financial assets	12	26,583	–
Financial assets at fair value through profit or loss		37,669	54,929
Cash and bank balances		84,400	31,547
		<u>309,449</u>	<u>252,212</u>
Assets held for sale		–	45,782
		<u>309,449</u>	<u>297,994</u>
Less: Current Liabilities			
Trade and other payables	13	36,173	64,881
Bank overdraft – secured		9,987	9,995
Convertible notes	15	178,082	99,325
		<u>224,242</u>	<u>174,201</u>
Net current assets		<u>85,207</u>	<u>123,793</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

As at 31 December 2009

		31 December 2009 (Unaudited) HK\$'000	30 June 2009 (Audited) HK\$'000
	<i>Note</i>		
Total assets less current liabilities		118,459	174,160
Less: Non-current Liabilities			
Convertible notes	15	–	170,784
Net assets		118,459	3,376
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital	16	23,188	19,388
Reserves		95,271	(16,012)
		118,459	3,376
Non-controlling interests		–	–
		118,459	3,376

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2009 (Unaudited)

	Attributable to equity holders of the Company					Non-controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Contributed surplus HK\$'000	Convertible note reserves HK\$'000	Accumulated deficits HK\$'000		
At 1 July 2009	19,388	500,040	-	55,978	(572,030)	-	3,376
Profit for the period	-	-	-	-	98,789	-	98,789
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	98,789	-	98,789
Placing of shares	3,800	-	-	-	-	-	3,800
Premium arising from placing of shares	-	13,300	-	-	-	-	13,300
Share issue expenses on placing of shares	-	(806)	-	-	-	-	(806)
Redemption of convertible note – equity component	-	-	-	(10,058)	10,058	-	-
At 31 December 2009	23,188	512,534	-	45,920	(463,183)	-	118,459

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Continued)

For the six months ended 31 December 2008 (Unaudited)

	Attributable to equity holders of the Company					Non-controlling interests	Total
	Share capital	Share premium	Contributed surplus	Convertible note reserves	Accumulated deficits		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2008	19,388	500,040	-	55,978	(287,557)	-	287,849
Loss for the period	-	-	-	-	(210,178)	-	(210,178)
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive expense for the period	-	-	-	-	(210,178)	-	(210,178)
Issue of shares pursuant to right issue	-	-	-	-	-	-	-
Premium arising from issue of shares pursuant to rights issue	-	-	-	-	-	-	-
Share issue expenses on rights issue	-	-	-	-	-	-	-
Convertible note – equity component	-	-	-	-	-	-	-
At 31 December 2008	19,388	500,040	-	55,978	(497,735)	-	77,671

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2009

	Six months ended 31 December	
	2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Net cash outflow from operating activities	(62,714)	(21,123)
Net cash inflow/(outflow) from investing activities	211,657	(1,135)
Net cash outflow from financing activities	(96,082)	(483)
Increase/(decrease) in cash and cash equivalents	52,861	(22,741)
Cash and cash equivalents at beginning of the period	21,552	36,993
Cash and cash equivalents at end of the period	74,413	14,252
Analysis of the balances of cash and cash equivalents		
Pledged bank deposits	–	764
Cash and bank balances	84,400	23,346
Bank overdraft – secured	(9,987)	(9,858)
	74,413	14,252

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2009 (in HK Dollars)

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 ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Interim Financial Statements have been prepared on historical cost basis except certain investment properties and financial assets, which are measured at fair values, as appropriate.

The accounting policies used in the Interim Financial Statements are consistent with those followed in the preparation of the annual financial statements of the Company and its subsidiaries (the "Group") for the year ended 30 June 2009.

In the current interim period, the Group has applied, for the first time, the following amendments to the accounting standards and new interpretations issued by the HKICPA.

HKFRSs (Amendments)	Improvements to HKFRSs 2008
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Share-based Payment - Vesting Conditions and Cancellations
HKFRS 3 (Revised)	Business Combinations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK(IFRIC) – Int 18	Transfer of Assets from Customers

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2009 (in HK Dollars)

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions.

The adoption of the new HKFRSs had no material effect on the results and the financial position of the Group for the current or prior accounting period. Accordingly, no prior period adjustment is required.

Standards, amendment or interpretations issued but not yet effective

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

HKFRSs (Amendments)	Improvements to HKFRSs 2009 ¹
HKAS 24 (Revised)	Related Party Disclosures ²
HKAS 32 (Amendment)	Classification of Rights Issues ³
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters ⁴
HKFRS 1 (Amendment)	Limitation Exemption from Comparative HKFRS Disclosure for First-time Adopters ⁶
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions ⁴
HKFRS 9	Financial Instruments ⁵
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement ²
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments ⁶

¹ Amendments that are effective for annual periods beginning on or after 1 January 2010.

² Effective for annual periods beginning on or after 1 January 2011.

³ Effective for annual periods beginning on or after 1 February 2010.

⁴ Effective for annual periods beginning on or after 1 January 2010.

⁵ Effective for annual periods beginning on or after 1 January 2013.

⁶ Effective for annual periods beginning on or after 1 July 2010.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2009 (in HK Dollars)

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

Standards, amendment or interpretations issued but not yet effective

(Continued)

The directors of the Company anticipate that the application of these new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

The interim report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 2008/09 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information require for full set of consolidated financial statements prepared in accordance with HKFRSs.

2. SEGMENT INFORMATION

The Group determines its operating segments based on the reports received by the chief operating decision-makers that are used to make strategic decisions.

During the period ended 31 December 2009, the Group was mainly engaged in (i) film and TV programme production, (ii) event production, (iii) artiste and model management, (iv) music production, (v) investment in a pay TV operation and (vi) investment in securities.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2009 (in HK Dollars)

2. SEGMENT INFORMATION (Continued)

Segment information about these businesses for the six months ended 31 December 2009 and 2008 is as follow:

	Six months ended 31 December 2009 (Unaudited)						Consolidated HK\$'000
	Film/TV Programme Production HK\$'000	Event production HK\$'000	Artiste and model management HK\$'000	Music production HK\$'000	Investment in securities HK\$'000	Others HK\$'000	
Revenue from external customers	33,050	358	2,599	201	-	-	36,208
Segment results	8,066	37	1,113	200	-	-	9,416
Interest income							74
Unallocated gains							7
Unallocated corporate expenses							(18,677)
Major non-cash items							
- Change in fair value of financial assets at the fair value through profit or loss	-	-	-	-	(17,260)	-	(17,260)
- Depreciation and amortisation	-	-	-	-	-	-	(584)
- Impairment loss recognized in respect of trade and other receivables, deposits and prepayments	(594)	-	(10)	-	-	-	(604)
- Write down on film rights	(29,006)	-	-	-	-	-	(29,006)
Loss from operations							(56,634)
Finance costs							(10,441)
Gain on partial disposal of associates							165,864
Profit before taxation							98,789
Taxation							-
Profit for the period							98,789

There are no sales or other transactions between the business segments.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2009 (in HK Dollars)

2. SEGMENT INFORMATION (Continued)

	Six months ended 31 December 2008 (Unaudited)						Consolidated HK\$'000
	Film/TV Programme Production HK\$'000	Event production HK\$'000	Artiste and model management HK\$'000	Music production HK\$'000	Investment in securities HK\$'000	Others HK\$'000	
Revenue from external customers	10,159	-	3,579	348	-	-	14,086
Segment results	2,094	-	1,084	41	-	-	3,219
Interest income							2
Unallocated gains							1,147
Unallocated corporate expenses							(20,968)
Major non-cash items							
- Change in fair value of financial assets at the fair value through profit or loss	-	-	-	-	(177,958)	-	(177,958)
- Depreciation and amortisation	-	-	-	-	-	-	(790)
- Impairment loss recognized in respect of trade and other receivables, deposits and prepayments	-	-	(737)	(16)	-	(23)	(776)
- Write down on film rights	(3,742)	-	-	-	-	-	(3,742)
Loss from operations							(199,866)
Finance costs							(10,312)
Loss before taxation							(210,178)
Taxation							-
Loss for the period							(210,178)

There are no sales or other transactions between the business segments.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2009 (in HK Dollars)

2. SEGMENT INFORMATION (Continued)

Geographical information

In determining the Group's geographical segments, revenues and results are attributed to the segments based on the location of the customers. More than 90% of the Group's assets and liabilities are located in the region of Hong Kong and Mainland China. Accordingly, analysis of segment assets and liabilities based on the geographical segments has not been disclosed. The following table presents revenue for the Group's geographical segments:

	Six months ended 31 December 2009 (Unaudited)				
	North America HK\$'000	Hong Kong HK\$'000	China HK\$'000	Others HK\$'000	Consolidated HK\$'000
Revenue from external customers	<u>128</u>	<u>18,239</u>	<u>11,889</u>	<u>5,952</u>	<u>36,208</u>
	Six months ended 31 December 2008 (Unaudited)				
	North America HK\$'000	Hong Kong HK\$'000	China HK\$'000	Others HK\$'000	Consolidated HK\$'000
Revenue from external customers	<u>8</u>	<u>8,745</u>	<u>5,292</u>	<u>41</u>	<u>14,086</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2009 (in HK Dollars)

3. LOSS FROM OPERATIONS

	Six months ended	
	31 December	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss from operations has been arrived at after charging as following items:		
Amortisation of film rights	22,866	7,951
Amortisation of leasehold land	8	8
Amortisation of intangible assets	8	8
Write down on film rights	29,006	3,742
Impairment loss recognized in respect of trade and other receivables, deposits and prepayments	604	776
Depreciation of property, plant and equipment	568	774
Operating leases in respect of land and buildings	1,665	2,362
Staff cost	5,828	6,421
Change in fair value of financial assets at fair value through profit or loss	17,260	177,958

4. TAXATION

No provision for Hong Kong Profits Tax has been made in the Group's condensed consolidated financial statements as the Group either incurred taxation loss or had no assessable profit for the period (2008: Nil).

5. INTERIM DIVIDEND

The directors of the Company do not recommend the payment of an interim dividend for the current period (2008: Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2009 (in HK Dollars)

6. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per ordinary share attributable to equity holders of the Company is based on the following data:

	Six months ended	
	31 December	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Earnings/(loss) for the period attributable to equity holders of the Company for the purpose of basic and diluted earnings/(loss) per ordinary share	98,789	(210,178)
	Number	Number
	of shares	of shares
		(Restated)
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	799,477,313	775,520,792
Effect of dilutive potential ordinary shares:		
Convertible notes	147,745,569	—
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	947,222,882	775,520,792

The calculation of basic earnings per share for the six months ended 31 December 2009 is based on the profit attributable to equity shareholders of the Company of approximately HK\$98,789,000 and the weighted average number of 799,477,313 ordinary shares (in issue after adjusting the effect of the share consolidation and rights issues completed in January 2010 and in March 2010 retrospectively), as if the shares were consolidated and outstanding throughout the period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2009 (in HK Dollars)

6. EARNINGS/(LOSS) PER SHARE (Continued)

The calculation of basic loss per share for the six months ended 31 December 2008 is based on the loss attributable to equity shareholders of the Company of approximately HK\$210,178,000 and the weighted average number of 775,520,792 ordinary shares (in issue after adjusting the effect of share consolidation and rights issues completed in January 2010 and in March 2010 retrospectively), as if the shares were consolidated and outstanding throughout the period.

The calculation of diluted earnings per share for the six months ended 31 December 2009 is based on the profit attributable to equity shareholders of the Company of approximately HK\$98,789,000 and the weighted average number of 947,222,882 ordinary shares (in issue after adjusting the effect of the share consolidation and rights issues completed in January 2010 and in March 2010 retrospectively), as if the shares were consolidated and outstanding throughout the period.

For the six months ended 31 December 2008, diluted loss per share is the same as the basic loss per share as the outstanding convertible notes has anti-dilutive effect on the basic loss per share.

7. INTANGIBLE ASSETS

Intangible assets represent trademarks and artiste contract rights. The changes in the net book value of intangible assets for the six months ended 31 December 2009 are analysed as follow:

	<i>HK\$'000</i>
At 30 June 2009 (Audited) and 1 July 2009	33
Additions	–
Amortisation charged for the period	<u>(8)</u>
At 31 December 2009 (Unaudited)	<u>25</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2009 (in HK Dollars)

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2009, the Group acquired property, plant and equipment for an amount of approximately HK\$52,000 (30 June 2009: HK\$1,523,000).

9. INTERESTS IN ASSOCIATES

	31 December 2009 (Unaudited) HK\$'000	30 June 2009 (Audited) HK\$'000
Share of net assets of associates	-	-
Goodwill arising on acquisition of associates	-	26,583
	<u>-</u>	<u>26,583</u>
	<u>-</u>	<u>26,583</u>

The disposal of the 31% interest in TVB Pay Vision Holdings Limited ("TVBP") as announced on 6 July 2009 was completed during the period with a disposal gain of approximately HK\$165.9 million recognized in the condensed consolidated statement of comprehensive income. The remaining 18% interest in TVBP has been accounted for as available-for-sale financial assets and classified as current assets on the condensed consolidated statement of financial position during the period.

10. LOAN RECEIVABLE

The loan receivable is unsecured, chargeable with interest at Hong Kong Interbank Offered Rate ("HIBOR") plus 0.25% per annum and repayable on the fifth anniversary of the date of drawn down.

The directors of the Company considered that the carrying amount of the Group's loan receivable at 31 December 2009 was approximate to its fair value.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2009 (in HK Dollars)

11. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	31 December 2009 (Unaudited) HK\$'000	30 June 2009 (Audited) HK\$'000
Trade receivables, net	10,918	9,367
Other receivables, deposits and prepayments, net	4,589	4,324
	15,507	13,691

The following is an aged analysis of trade receivables, net:

	31 December 2009 (Unaudited) HK\$'000	30 June 2009 (Audited) HK\$'000
0 to 90 days	5,943	6,192
91 to 180 days	1,492	446
Over 180 days	10,900	10,159
	18,335	16,797
Less: Impairment loss recognized in respect of trade receivables	(7,417)	(7,430)
	10,918	9,367

The Group allows an average credit period of 90 – 180 days (30 June 2009: 90 – 180 days) to its trade customers.

The directors of the Company considered that the carrying amounts of the Group's trade and other receivables at 31 December 2009 were approximate to their fair values.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2009 (in HK Dollars)

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	31 December 2009 (Unaudited) HK\$'000	30 June 2009 (Audited) HK\$'000
Unlisted equity investments, at cost	<u>26,583</u>	–
	<u>26,583</u>	<u>–</u>

The unlisted equity investments are measured at cost because the directors of the Company are of the opinion that the range of reasonable fair value estimates is so significant that their fair value cannot be measured reliably.

13. TRADE AND OTHER PAYABLES

	31 December 2009 (Unaudited) HK\$'000	30 June 2009 (Audited) HK\$'000
Trade payables	<u>15,714</u>	13,270
Other payables	<u>20,459</u>	<u>51,611</u>
	<u>36,173</u>	<u>64,881</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2009 (in HK Dollars)

13. TRADE AND OTHER PAYABLES (Continued)

The following is an aged analysis of trade payables:

	31 December 2009 (Unaudited) HK\$'000	30 June 2009 (Audited) HK\$'000
0 – 90 days	9,662	6,564
91 days or above	6,052	6,706
	15,714	13,270

The directors of the Company considered that the carrying amounts of Group's trade and other payables at 31 December 2009 were approximate to their fair values.

14. PLEDGE OF ASSETS

At 31 December 2009, the Group's leasehold land and buildings with net book value of approximately HK\$14,238,000 (30 June 2009: HK\$14,246,000) and HK\$6,629,000 (30 June 2009: HK\$6,723,000), respectively were pledged to a bank for the bank overdraft granted to the Group.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2009 (in HK Dollars)

15. CONVERTIBLE NOTES

	Liability component of the convertible notes	Equity component of the convertible notes
	<i>HK\$'000</i>	<i>HK\$'000</i>
At 30 June 2009 and 1 July 2009		
2005 Convertible Note (<i>Note i</i>) (Audited)	170,784	45,920
2007 Convertible Note (<i>Note ii</i>) (Audited)	99,325	10,058
Imputed interest expenses	9,973	–
Redemption of 2007 Convertible Note (<i>Note ii</i>)	<u>(102,000)</u>	<u>(10,058)</u>
At 31 December 2009 (Unaudited)	<u>178,082</u>	<u>45,920</u>

Notes:

i. HK\$170,000,000 convertible note issued in 2005 and due in 2010 (the “2005 Convertible Note”)

On 21 April 2005, the Company entered into a subscription agreement (the “2005 Subscription Agreement”) in relation of issuance of HK\$170,000,000 zero-coupon convertible note due on 9 August 2010 to Hanny Holdings Limited (“Hanny”).

Pursuant to the 2005 Subscription Agreement, Hanny may at any business date after the date of issue of the 2005 Convertible Note up to and including the date prior to the fifth anniversary of the date of issue of the 2005 Convertible Note convert the whole or any part in an amount or integral multiple of HK\$500,000 of the principal amount of the 2005 Convertible Note into shares of HK\$0.01 each in the share capital of the Company, at the conversion price of HK\$0.12 per share at inception date. The effective interest rate of the liability component is 8.55% per annum to the Company. Unless previously converted by Hanny, the 2005 Convertible Note is redeemable on the date of maturity at 110% of the principal amount of the 2005 Convertible Note then outstanding.

The conversion price of the 2005 Convertible Note of HK\$170,000,000 had been adjusted from HK\$0.12 per share to HK\$0.0406 per share as a result of the right issue taken place on 30 June 2006.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2009 (in HK Dollars)

15. CONVERTIBLE NOTES (Continued)

Notes: (Continued)

i. **HK\$170,000,000 convertible note issued in 2005 and due in 2010 (the "2005 Convertible Note")** (Continued)

The conversion price of the 2005 Convertible Note had been further adjusted from HK\$0.0406 per share to HK\$4.06 per share as a result of the share consolidation taken place on 31 October 2006.

The conversion price of the 2005 Convertible Note had been further adjusted from HK\$4.06 per share to HK\$1.69 per share as a result of the rights issue taken place on 16 May 2007.

The conversion price of the 2005 Convertible Note had been further adjusted from HK1.69 per share to HK\$1.09 per share as a result of the rights issue taken place on 15 November 2007.

The conversion price of the 2005 Convertible Note had been further adjusted from HK\$1.09 per share to HK\$1.08 per share as a result of the issue of the 2007 Convertible Note taken place on 5 December 2007.

The 2005 Convertible Note are denominated in Hong Kong dollar, contain two components, liability and equity elements. The Company determined the fair value of the liability component using an equivalent market interest rate for a similar note without a conversion option. The residual amount is assigned as the equity component and included in shareholder's equity named as convertible note reserves.

ii. **HK\$100,000,000 convertible note issued in 2007 and due in 2009 (the "2007 Convertible Note")**

On 20 June 2007, the Company entered into another subscription agreement (the "2007 Subscription Agreement") in relation of issuance of HK\$100,000,000 1% convertible note due in 2009 to Hanny. The 2007 Convertible Note were issued on 5 December 2007.

Pursuant to the 2007 Subscription Agreement, Hanny may at any business date after the date of issue of the 2007 Convertible Note up to and including the date prior to the second anniversary of the date of issue of the 2007 Convertible Note convert the whole or any part in an amount or integral multiple of HK\$1,000,000 of the principal amount of the 2007 Convertible Note into shares of HK\$0.01 each in the share capital of the Company, at the conversion price of HK\$0.40 per share. The effective interest rate of the liability component is 7.07% per annum to the Company. Unless previously converted by Hanny, the 2007 Convertible Note is redeemable on the date of maturity at the principal amount of the 2007 Convertible Note then outstanding.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2009 (in HK Dollars)

15. CONVERTIBLE NOTES (Continued)

Notes: (Continued)

ii. HK\$100,000,000 convertible note issued in 2007 and due in 2009 (the "2007 Convertible Note") (Continued)

The 2007 Convertible Note are denominated in Hong Kong dollar, contains two components, liability and equity elements. The Company determined the fair value of the liability component based on the valuations performed by Norton Appraisals using an equivalent market interest rate for a similar note without a conversion option. The residual amount is assigned as the equity component and included in shareholder's equity named as convertible note reserves.

The 2007 Convertible Note has been redeemed at the maturity date by the Company during the period.

16. SHARE CAPITAL

	Number of shares	Nominal value <i>HK\$ '000</i>
Authorised:		
Ordinary shares of HK\$0.01 each		
at beginning and at end of period	<u>50,000,000,000</u>	<u>500,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.01 each		
at beginning of period (Audited)	1,938,801,990	19,388
Placing of shares completed on 3 December 2009 (Note i)	<u>380,000,000</u>	<u>3,800</u>
Ordinary shares of HK\$0.01 each at end of period (Unaudited)	<u>2,318,801,990</u>	<u>23,188</u>

Note:

- (i) On 3 December 2009, the Company issued shares at the placing price of HK\$0.045 per ordinary share under the General Mandate pursuant to an ordinary resolution passed by the shareholders of the Company at the annual general meeting on 11 November 2009.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2009 (in HK Dollars)

17. CONTINGENT LIABILITIES AND COMMITMENTS

- (i) As at 30 June 2004, the Company provided corporate guarantees amounting to approximately HK\$24 million to a financial institution in respect of banking facilities granted to WIIL group, approximately HK\$5.5 million of which was utilised by members of the WIIL group and such amount was claimed by the financial institution as disclosed in point (iii) below.
- (ii) The Company and its ex-subsiary, P.N. Electronics Ltd. ("PNE") have been involved in arbitration proceeding 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 arbitration proceeding have been dormant for a substantial period of time.
- (iii) 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. 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 of the Company, 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).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2009 (in HK Dollars)

17. CONTINGENT LIABILITIES AND COMMITMENTS (Continued)

(iii) (Continued)

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

Save as disclosed above, no member of the Group is engaged in any litigation or claims of material importance and no litigation or claims of material importance is known to the directors of the Company to be pending or threatened by or against any member of the Group.

18. OPERATING LEASE COMMITMENTS

The Group as lessee

At 31 December 2009, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of land and building, which fall due as follows:

	31 December 2009 (Unaudited) HK\$'000	30 June 2009 (Audited) HK\$'000
Within one year	1,213	2,621
In the second to fifth year inclusive	555	735
	1,768	3,356

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2009 (in HK Dollars)

19. SUBSEQUENT EVENTS

The Group has the following significant subsequent events subsequent to 31 December 2009:

- i) As a result of the share consolidation taken place on 6 January 2010, the conversion price of the 2005 Convertible Note has been adjusted from HK\$1.08 per share to HK\$21.60 per share.
- ii) As a result of the rights issue taken place on 18 March 2010, the conversion price of the 2005 Convertible Note has been further adjusted from HK\$21.60 per share to HK\$5.66 per share.

20. APPROVAL OF INTERIM FINANCIAL REPORT

The interim financial statements were approved and authorised for issue by the Board of Directors on 22 March 2010.

By Order of the Board
See Corporation Limited
Mr. Wong Kui Shing, Danny
Managing Director

Hong Kong, 22 March 2010