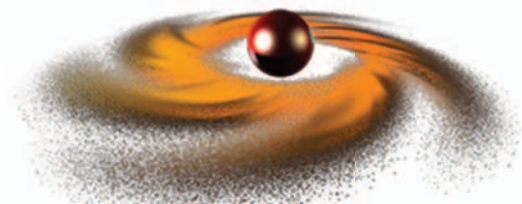


Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



漢傳媒集團有限公司*
SEE CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 491)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

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”) together with the comparative figures for the corresponding period in 2014.

* *for identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2015

	Notes	Six months ended 31 December	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Turnover	2	56,288	12,112
Cost of sales		(49,210)	(9,828)
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		(19,874)	–
Loss from operations	3	(59,166)	(27,760)
Gain on disposal of subsidiaries and a joint venture		–	1,194
Finance costs		(645)	(271)
Loss before taxation		(59,811)	(26,837)
Taxation	4	727	–
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		(5,581)	–
Total comprehensive loss for the period		<u>(64,665)</u>	<u>(26,387)</u>
Loss for the period attributable to:			
Owners of the Company		(48,136)	(26,279)
Non-controlling interests		(10,948)	(558)
		<u>(59,084)</u>	<u>(26,837)</u>
Total comprehensive loss for the period attributable to:			
Owners of the Company		(51,293)	(26,279)
Non-controlling interests		(13,372)	(558)
		<u>(64,665)</u>	<u>(26,837)</u>
Loss per share attributable to the owners of the Company	6		
– Basic and diluted		<u>HK\$(0.022)</u>	<u>HK\$(0.018)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	<i>Notes</i>	31 December 2015 (Unaudited) HK\$'000	30 June 2015 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment		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	7	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	8	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

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 Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

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

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 HK\$'000	Event production and investment, music production and others HK\$'000	Cinema operation HK\$'000	Post production services HK\$'000	Investment in securities 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>

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 investment, 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)	-	-	-	(18,106)
Loss from operations						(27,760)
Gain on disposal of subsidiaries and a joint venture						1,194
Finance costs						(271)
Loss before taxation						<u>(26,837)</u>

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

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)
	=====	=====

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

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)	–
	(727)	–

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 to declare any interim dividend for the Period (2014: Nil).

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 2014 and 2015, 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. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

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

7. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

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>

8. 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
	<u>76,244</u>	<u>36,438</u>

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
	<u>10,501</u>	<u>11,564</u>

9. 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 International Limited and its subsidiary (collectively referred to as “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.

	(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.

10. 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 Welback International Investments Limited and its subsidiaries (the “WIIL Group”), 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 Limited (“PNE”), have been involved in arbitration proceedings with North American Foreign Trading Corporation (“NAFT”) in respect of a gross receivable of HK\$18.0 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\$18.0 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.
- (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, 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.

11. EVENT AFTER THE END OF THE REPORTING PERIOD

On 22 January 2016, the Group entered into a conditional sales 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 principal amount of HK\$65,000,000 (“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 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 were disclosed in the Company’s announcement dated 22 January 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

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 was 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.

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 the 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 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 is 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.

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 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 our 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 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 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).

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 has 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 business 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 was retained at the bank.

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.

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-subsiidiary, 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).

REVIEW OF INTERIM RESULTS

The Interim Financial Statements 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.

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 Securities Transactions

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("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.

PUBLICATION OF THE UNAUDITED INTERIM RESULTS AND INTERIM REPORT

The interim results announcement is published on the websites of the Stock Exchange (<http://www.hkex.com.hk>) and the Company (<http://www.irasia.com/listco/hk/see>). The interim report will be dispatched to the shareholders of the Company and will be available on the websites of the Stock Exchange and the Company in due course.

By Order of the Board
See Corporation Limited
Direk Lim
Chairman

Hong Kong, 25 February 2016

As at the date hereof, the Board comprises:-

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