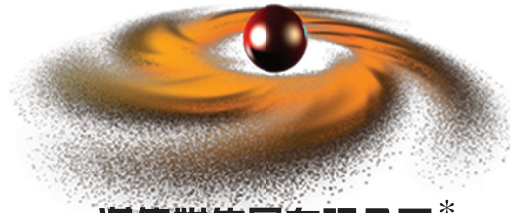


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漢傳媒集團有限公司*
SEE CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 491)

INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2011

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 2011.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2011

		Six months ended 31 December	
		2011	2010
		(Unaudited)	(Unaudited)
	Note	<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	2	23,499	19,613
Cost of sales		<u>(15,095)</u>	<u>(10,857)</u>
Gross profit		8,404	8,756
Other revenue		136	492
Change in fair value of financial assets at fair value through profit or loss		(2,095)	(3,337)
Other operating expenses	3	(9,537)	(10,667)
Distribution costs		(4,602)	(2,755)
Administrative expenses		<u>(17,160)</u>	<u>(16,282)</u>
Loss from operations	3	(24,854)	(23,793)
Finance costs		<u>(306)</u>	<u>(1,950)</u>
Loss before taxation		(25,160)	(25,743)
Taxation	4	<u>–</u>	<u>–</u>
Loss for the period		(25,160)	(25,743)
Other comprehensive loss		<u>–</u>	<u>–</u>
Total comprehensive loss for the period		<u><u>(25,160)</u></u>	<u><u>(25,743)</u></u>
Loss for the period attributable to:			
Owners of the Company		(23,031)	(23,160)
Non-controlling interests		<u>(2,129)</u>	<u>(2,583)</u>
		<u><u>(25,160)</u></u>	<u><u>(25,743)</u></u>
Total comprehensive loss attributable to:			
Owners of the Company		(23,031)	(23,160)
Non-controlling interests		<u>(2,129)</u>	<u>(2,583)</u>
		<u><u>(25,160)</u></u>	<u><u>(25,743)</u></u>
Loss per share attributable to the owners of the Company – Basic and diluted	6	<u><u>HK\$(0.02)</u></u>	<u><u>HK\$(0.02)</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

		31 December 2011 (Unaudited) <i>HK\$'000</i>	30 June 2011 (Audited) <i>HK\$'000</i>
	<i>Note</i>		
Non-current assets			
Property, plant and equipment	7	21,332	21,603
Interests in associates	8	26,583	26,583
Loan receivable	9	<u>10,000</u>	<u>10,000</u>
		<u>57,915</u>	<u>58,186</u>
Current assets			
Film rights		17,342	25,735
Film production in progress		139,869	129,414
Music production in progress		1,081	1,465
Inventories		116	55
Trade and other receivables, deposits and prepayments	10	8,811	9,249
Financial assets at fair value through profit or loss		3,621	5,716
Cash and bank balances		<u>74,215</u>	<u>102,994</u>
		<u>245,055</u>	<u>274,628</u>
Current liabilities			
Trade and other payables	11	52,542	57,221
Bank overdraft – secured		<u>9,948</u>	<u>9,953</u>
		<u>62,490</u>	<u>67,174</u>
Net current assets		<u>182,565</u>	<u>207,454</u>

		31 December	30 June
		2011	2011
		(Unaudited)	(Audited)
	<i>Note</i>	HK\$'000	HK\$'000
Total assets less current liabilities		<u>240,480</u>	<u>265,640</u>
Net assets		<u><u>240,480</u></u>	<u><u>265,640</u></u>
Equity			
Capital and reserves attributable to the owners of the Company			
Share capital	<i>13</i>	12,455	12,455
Reserves		<u>243,245</u>	<u>266,276</u>
		255,700	278,731
Non-controlling interests		<u>(15,220)</u>	<u>(13,091)</u>
		<u><u>240,480</u></u>	<u><u>265,640</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2011 (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 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 2011.

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 2010
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKAS 24 (Revised)	Related Party Disclosures
HKFRS 7 (Amendments)	Disclosure – Transfer of Financial Assets
HK(IFRIC) – Int 14 (Amendments)	Amendments to HK(IFRIC) – Int 14 Prepayments of a Minimum Funding Requirement

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.

HKAS 1 (Amendments)	Presentation of Items of other Comprehensive Income ²
HKAS 12 (Amendments)	Deferred Tax – Recovery of Underlying Assets ¹
HKAS 19 (2011)	Employee Benefits ³
HKAS 27 (2011)	Separate Financial Statements ³
HKAS 28 (2011)	Investments in Associates and Joint Ventures ³
HKAS 32 (Amendments)	Presentation – Offsetting Financial Assets and Financial Liabilities ⁴
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities ⁴
HKFRS 9	Financial Instruments ⁵
HKFRS 10	Consolidated Financial Statements ³
HKFRS 11	Joint Arrangements ³
HKFRS 12	Disclosure of Interests in Other Entities ³
HKFRS 13	Fair Value Measurement ³
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine ³

¹ *Effective for annual periods beginning on or after 1 January 2012.*

² *Effective for annual periods beginning on or after 1 July 2012.*

³ *Effective for annual periods beginning on or after 1 January 2013.*

⁴ *Effective for annual periods beginning on or after 1 January 2014.*

⁵ *Effective for annual periods beginning on or after 1 January 2015.*

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 2010/11 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

For the purpose of resource allocation and performance assessment, information reported to the executive directors of the Company, being the chief operating decision maker (the “CODM”) for the purposes of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

In a manner consistent with the way in which information is reported internally to CODM for the purpose of resources allocation and performance assessment, the Group is currently organised into the following operating segments.

- Film and TV programme production
- Event production
- Artiste and model management
- Music production
- Investment in securities

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

(a) Segment revenue and results

	Six months ended 31 December 2011 (Unaudited)					Consolidated HK\$'000
	Film and TV programme production HK\$'000	Event production HK\$'000	Artiste and model management HK\$'000	Music production HK\$'000	Investment in securities HK\$'000	
Segment revenue	<u>18,077</u>	<u>298</u>	<u>5,082</u>	<u>42</u>	<u>-</u>	<u>23,499</u>
Segment results	<u>6,469</u>	<u>167</u>	<u>1,731</u>	<u>37</u>	<u>-</u>	<u>8,404</u>
Interest income						49
Unallocated gains						87
Unallocated corporate expenses						(11,585)
Distribution costs	(3,984)	-	(116)	(502)	-	(4,602)
Administrative expenses	(4,979)	(5)	(588)	(3)	-	(5,575)
Other operating expenses	(8,565)	-	(938)	(34)	-	(9,537)
Change in fair value of financial assets at the fair value through profit or loss	-	-	-	-	(2,095)	(2,095)
Loss from operations						(24,854)
Finance costs						(306)
Loss before taxation						(25,160)
Taxation						-
Loss for the period						<u>(25,160)</u>

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

Six months ended 31 December 2010 (Unaudited)						
	Film and TV programme production <i>HK\$'000</i>	Event production <i>HK\$'000</i>	Artiste and model management <i>HK\$'000</i>	Music production <i>HK\$'000</i>	Investment in securities <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue	<u>14,150</u>	<u>432</u>	<u>4,551</u>	<u>480</u>	<u>–</u>	<u>19,613</u>
Segment results	<u>6,846</u>	<u>93</u>	<u>1,362</u>	<u>455</u>	<u>–</u>	<u>8,756</u>
Interest income						269
Unallocated gains						223
Unallocated corporate expenses						(10,684)
Distribution costs	(2,135)	–	(36)	(584)	–	(2,755)
Administrative expenses	(3,530)	(75)	(1,836)	(157)	–	(5,598)
Other operating expenses	(10,623)	–	(44)	–	–	(10,667)
Change in fair value of financial assets at the fair value through profit or loss	–	–	–	–	(3,337)	(3,337)
Loss from operations						(23,793)
Finance costs						(1,950)
Loss before taxation						(25,743)
Taxation						–
Loss for the period						<u>(25,743)</u>

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

(b) Geographical information

The Group's revenue from external customers by geographical location are detailed as below:

	Six months ended	
	2011 (Unaudited) <i>HK\$'000</i>	2010 (Unaudited) <i>HK\$'000</i>
Hong Kong	<u>17,867</u>	14,119
The People's Republic of China (The "PRC")	<u>4,311</u>	3,603
Others	<u>1,321</u>	<u>1,891</u>
	<u><u>23,499</u></u>	<u><u>19,613</u></u>

As at the end of reporting period, over 90% of the identifiable assets of the Group were located in Hong Kong and China. Accordingly, no geographical information analysis over non-current assets is presented.

3. LOSS FROM OPERATIONS

	Six months ended	
	31 December	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss from operations has been arrived at after charging the following items:		
Amortisation of film rights	11,608	7,304
Amortisation of intangible assets	–	8
Write down on film rights (<i>Note</i>)	7,785	10,623
Write down on inventories (<i>Note</i>)	34	–
Impairment loss recognised in respect of trade and other receivables, deposits and prepayments (<i>Note</i>)	1,718	44
Depreciation of property, plant and equipment	306	510
Operating leases in respect of land and buildings	972	1,156
Staff cost	6,465	5,456
Change in fair value of financial assets at fair value through profit or loss	2,095	3,337
Loss on disposal of property, plant and equipment	1	410
and after crediting:		
Reversal of impairment loss in respect of trade and other receivables	<u>70</u>	<u>223</u>

Note:

The aggregation of these items represented “Other operating expenses” contained in the condensed consolidated statement of comprehensive income.

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 (2010: Nil).

5. INTERIM DIVIDEND

The directors of the Company do not recommend the payment of an interim dividend for the current period (2010: Nil).

6. LOSS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

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

	Six months ended	
	31 December	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per ordinary share	<u>(23,031)</u>	<u>(23,160)</u>
	Number	Number
	of shares	of shares
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>1,245,460,891</u>	<u>1,051,215,173</u>

For the six months ended 31 December 2011, diluted loss per share is the same as the basic loss per share as there is no dilutive potential ordinary share.

For the six months ended 31 December 2010, diluted loss per share is the same as the basic loss per share as the outstanding convertible note has anti-dilutive effect on the basic loss per share.

7. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2011, the Group acquired items of property, plant and equipment with a cost of approximately HK\$36,000 (six months ended 31 December 2010: HK\$311,000). Items of property, plant and equipment with a net book value of approximately HK\$1,000 were disposal of during the six months ended 31 December 2011 (six months ended 31 December 2010: HK\$410,000), resulting in a loss on disposal of approximately HK\$1,000 (six months ended 31 December 2010: HK\$410,000).

8. INTERESTS IN ASSOCIATES

	31 December 2011 (Unaudited) HK\$'000	30 June 2011 (Audited) HK\$'000
Share of net assets of associates	–	–
Goodwill arising on acquisition of associates	<u>26,583</u>	<u>26,583</u>
	<u>26,583</u>	<u>26,583</u>

At 31 December 2011, the directors of the Company assessed the recoverable amount of goodwill arising on the acquisition of associates by reference to the valuation as at 31 December 2011 performed by Norton Appraisals Limited (“Norton Appraisals”), an independent firm of professional valuers, and considered that no impairment loss should be made (30 June 2011: Nil) to condensed consolidated statement of comprehensive income. The valuation of the associates was determined based on the present value of the expected future cash flow arising from the business of the associates.

9. 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 2011 was approximate to its fair value.

10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	31 December 2011 (Unaudited) HK\$'000	30 June 2011 (Audited) HK\$'000
Trade receivables, net	2,154	3,409
Other receivables, deposits and prepayments, net	<u>6,657</u>	<u>5,840</u>
	<u>8,811</u>	<u>9,249</u>

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

	31 December	30 June
	2011	2011
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
0 to 90 days	1,509	2,508
91 to 180 days	645	901
Over 180 days	14,725	13,517
	16,879	16,926
<i>Less: Impairment loss recognised in respect of trade receivables</i>	(14,725)	(13,517)
	2,154	3,409

The Group allows an average credit period of 90 to 180 days (30 June 2011: 90 to 180 days) to its trade customers.

The directors of the Company considered that the carrying amounts of the Group's trade and other receivables, deposits and prepayments at 31 December 2011 were approximate to their fair values.

11. TRADE AND OTHER PAYABLES

	31 December	30 June
	2011	2011
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Trade payables	3,123	4,046
Accruals	21,344	19,517
Deposits received from customers	22,817	29,131
Other payables	5,258	4,527
	52,542	57,221

The following is an aged analysis of trade payables:

	31 December 2011 (Unaudited) HK\$'000	30 June 2011 (Audited) HK\$'000
0 to 90 days	598	1,720
91 days or above	2,525	2,326
	<u>3,123</u>	<u>4,046</u>

The directors of the Company considered that the carrying amounts of Group's trade and other payables at 31 December 2011 were approximate to their fair values.

12. PLEDGE OF ASSETS

At 31 December 2011, the Group's leasehold land and buildings with net book value of approximately HK\$14,204,000 (30 June 2011: HK\$14,212,000) and HK\$6,251,000 (30 June 2011: HK\$6,345,000), respectively were pledged to a bank for the bank overdraft granted to the Group.

13. SHARE CAPITAL

	Number of shares	Nominal value HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each at the beginning and at the 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 the beginning and at the end of period	<u>1,245,460,891</u>	<u>12,455</u>

14. 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 Welback International Investments Limited and its subsidiaries (the “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 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 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).

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 will also continue to pursue the Third Party proceedings against Mr. Lee Chun Kwok and Mr. Fong Wing Seng.

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.

15. OPERATING LEASE COMMITMENTS

The Group as lessee

At 31 December 2011, 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 2011 (Unaudited) HK\$'000	30 June 2011 (Audited) HK\$'000
Within one year	1,284	1,919
In the second to fifth year inclusive	<u>326</u>	<u>1,436</u>
	<u>1,610</u>	<u>3,355</u>

16. EVENTS AFTER THE REPORTING PERIOD

Up to the date of the issuance of the interim financial statements, no significant events noted after the end of the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

For the period ended 31 December 2011, the Group recorded a consolidated turnover of approximately HK\$23.5 million, representing an increase of approximately 19.9% as compared to approximately HK\$19.6 million for the corresponding period in 2010. Such increase was mainly due to the fact that more film and TV programme licence fee contracts were concluded during the period than that of the last corresponding period.

The Group recorded a loss attributable to owners of the Company of approximately HK\$23.0 million for the period as compared to a loss of approximately HK\$23.2 million for the corresponding period in 2010. The loss from operations for the period was approximately HK\$24.9 million as compared to approximately HK\$23.8 million in previous period. The write down of film rights for the period and change in fair value loss in the Group's financial assets for the period was approximately HK\$7.8 million and approximately HK\$2.1 million respectively compared to approximately HK\$10.6 million and approximately HK\$3.3 million respectively in the corresponding period of last year. Basic and diluted loss per share for the period was HK\$0.02 which was the same as that for the last corresponding period.

Review of Operations

During the period, the Group was principally engaged in the entertainment and media business. Our activities can be categorised 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.

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\$18.1 million, representing an increase of approximately 27.5% as compared to the last corresponding period of approximately HK\$14.2 million. The Group recorded a gross profit of approximately HK\$6.5 million from the film and TV programme production business in the current period.

The total net book value of the Group's film rights stood at approximately HK\$17.3 million as at 31 December 2011, and the write down on film rights during the period amounted to approximately HK\$7.8 million which was reflected in the condensed consolidated statement of comprehensive income. As at 31 December 2011, the Group's total investment in film and TV programme production that were in progress amounted to approximately HK\$139.9 million.

Music production

Turnover from music production for the period amounted to approximately HK\$0.1 million as compared to approximately HK\$0.5 million for the last corresponding period. 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\$0.3 million from event productions as compared to approximately HK\$0.4 million 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 2011, the turnover derived from the business of artiste and model management was approximately HK\$5.1 million, representing an increase of approximately 10.9% as compared to approximately HK\$4.6 million for the corresponding period in 2010. Such increase in turnover during the period was mainly driven by the new models and artistes recently signed by the Group. The Group recorded a gross profit of approximately HK\$1.7 million from artistes and model management in the current period.

Investment in a pay TV operation

The 18% interest in TVB Pay Vision Holdings Limited (“TVBP”) has been continuously accounted for as associates of the Group. The directors of the Company consider that the Group has retained significant influence over TVBP by the representation of the Group on the board of directors of TVBP despite the interest held by the Group is below 20%.

Investment in securities

During the period, no turnover was recorded under the investment in securities operation (2010: Nil). The carrying value of the segment assets of the investment in securities operation as of 31 December 2011 and 30 June 2011 were approximately HK\$3.6 million and approximately HK\$5.7 million, respectively. The decrease in the carrying value mainly represented the decrease in fair value of financial assets at fair value through profit or loss during the period which amounted to approximately HK\$2.1 million.

Geographical Review

During the period under review, the Group's revenue was mainly derived from Hong Kong and China market which accounted for approximately 90% 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 film and TV production in Mainland China. Given the continued opening and expansion of the film and TV production market as well as the continuous growth in the box office in Mainland China, we strongly believe that there is a great potential for the distribution of our film and TV production in Mainland China.

Neither the Group has any future plans for material investments or capital assets and their expected sources of funding in the coming year nor the Group has introduced or announced any new business including new products and services during the period.

We are facing a challenging year ahead with the volatile financial markets and uncertain recovery trends in the world's major economies. 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 film and TV projects.

Financial Review and Liquidity

As at 31 December 2011, the Group's net assets amounted to approximately HK\$240.5 million, as compared with approximately HK\$265.6 million as of 30 June 2011. The current ratio, representing current assets divided by current liabilities, was 3.92.

At the end of the reporting period, the Group had short-term bank overdraft of approximately HK\$9.9 million which bears interest at the lending bank's prime rate per annum or 1% per annum over Hong Kong Inter-bank Offer Rate ("HIBOR"), whichever is higher, and is repayable on demand. The cash and bank balances of the Group at the end of the reporting period amounted to approximately HK\$74.2 million. To further strengthen the Group's cash resources for the development of the Group's film and TV programme production business, the Company is considering to dispose of its remaining 18% equity interests in TVBP. The gearing ratio, as a ratio of total borrowings over total assets was 0.03.

The Group had contingent liabilities of HK\$24.0 million at the end of the reporting period, mainly as a result of a corporate guarantee provided to a financial institution in respect of banking facilities granted to former subsidiaries. Approximately HK\$5.5 million of the banking facilities were utilised by those former subsidiaries and this amount was subject to a claim by the financial institution concerned.

Foreign Exchange Exposure and Treasury Policies

Most of the Group's cash balances, income and expenditure are primarily denominated in Hong Kong dollars and Renminbi. As the exchange rate between Hong Kong dollars and Renminbi is relatively stable, no hedging or other alternatives have been implemented for managing the exchange rate risk. The Group has not experienced any material difficulty or effect on its operations of liquidity as result of fluctuations in currency exchange rates. As at 31 December 2011, the Group did not have outstanding hedging instruments.

Employee Schemes

As at 31 December 2011, the Group had 42 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.

Pledge of Assets

As at 31 December 2011, certain assets of the Group with aggregate carrying value of approximately HK\$20.5 million (30 June 2011: HK\$20.6 million) were pledged to secure the bank overdraft granted to the Group.

Major litigation and arbitration proceedings

1. The Company and its ex-subsiary, 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 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).

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.

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 to be pending or threatened by or against any member of the Group.

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

During the six months ended 31 December 2011, 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 2011, the Company has complied with all applicable code provisions under the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules.

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 of the Company and the directors of the Company confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 31 December 2011.

AUDIT COMMITTEE

The Company has established an audit committee 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 audit 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 has reviewed the Group's unaudited interim financial statements for the six months ended 31 December 2011. In addition, 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 2011.

By Order of the Board of
See Corporation Limited
Dr. Ma Ho Man, Hoffman
Chairman

Hong Kong, 17 February 2012

As at the date of this announcement, the Directors are as follows:

Executive Directors:

Dr. Ma Ho Man, Hoffman (*Chairman*)

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

Mr. Wong Chi Chiu

Ms. Ng Yuk Yee, Feona

Independent Non-executive Directors:

Mr. Li Fui Lung, Danny

Mr. Ng Hoi Yue, Herman

Mr. Heung Pik Lun

* *for identification purpose only*