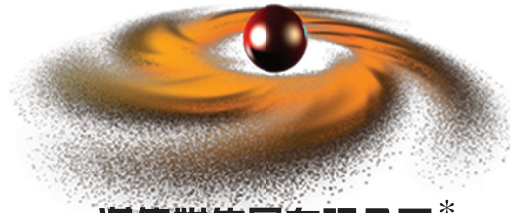


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漢傳媒集團有限公司*
SEE CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 491)

INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

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.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2009

	Note	Six months ended 31 December	
		2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
Turnover	2	36,208	14,086
Cost of sales		<u>(26,792)</u>	<u>(10,867)</u>
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		<u>(15,821)</u>	<u>(19,150)</u>
Loss from operations	3	(56,634)	(199,866)
Finance costs		(10,441)	(10,312)
Gain on partial disposal of associates		<u>165,864</u>	<u>–</u>
Profit/(loss) before taxation		98,789	(210,178)
Taxation	4	<u>–</u>	<u>–</u>
Profit/(loss) for the period		98,789	(210,178)
Other comprehensive income		<u>–</u>	<u>–</u>
Total comprehensive income/(expense) for the period		<u>98,789</u>	<u>(210,178)</u>
Profit/(loss) for the period attributable to:			
Equity holders of the Company		98,789	(210,178)
Non-controlling interests		<u>–</u>	<u>–</u>
		<u>98,789</u>	<u>(210,178)</u>
Total comprehensive income attributable to:			
Equity holders of the Company		98,789	(210,178)
Non-controlling interests		<u>–</u>	<u>–</u>
		<u>98,789</u>	<u>(210,178)</u>
Earnings/(loss) per share	6		(Restated)
– Basic		HK\$0.12	HK\$(0.27)
– Diluted		<u>HK\$0.10</u>	<u>HK\$(0.27)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2009

		31 December 2009 (Unaudited) <i>HK\$'000</i>	30 June 2009 (Audited) <i>HK\$'000</i>
	<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	–
		33,252	50,367
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
		309,449	252,212
Assets held for sale		–	45,782
		309,449	297,994

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

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

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.*

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 required 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.

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	<u>33,050</u>	<u>358</u>	<u>2,599</u>	<u>201</u>	<u>-</u>	<u>-</u>	<u>36,208</u>
Segment results	<u>8,066</u>	<u>37</u>	<u>1,113</u>	<u>200</u>	<u>-</u>	<u>-</u>	<u>9,416</u>
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							<u>(56,634)</u>
Finance costs							(10,441)
Gain on partial disposal of associates							<u>165,864</u>
Profit before taxation							98,789
Taxation							<u>-</u>
Profit for the period							<u><u>98,789</u></u>

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

	Six months ended 31 December 2008 (Unaudited)						Consolidated HK\$'000
	Film/TV	Artiste			Investment in securities HK\$'000	Others HK\$'000	
	Programme Production HK\$'000	Event production HK\$'000	and model management HK\$'000	Music production 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.

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				Consolidated
	America HK\$'000	Hong Kong HK\$'000	China HK\$'000	Others HK\$'000	HK\$'000
Revenue from external customers	128	18,239	11,889	5,952	36,208

Six months ended 31 December 2008 (Unaudited)

	North America <i>HK\$'000</i>	Hong Kong <i>HK\$'000</i>	China <i>HK\$'000</i>	Others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Revenue from external customers	<u>8</u>	<u>8,745</u>	<u>5,292</u>	<u>41</u>	<u>14,086</u>

3. LOSS FROM OPERATIONS

	Six months ended 31 December	
	2009	2008
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
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	<u>17,260</u>	<u>177,958</u>

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).

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.

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><u>25</u></u>

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) <i>HK\$'000</i>	30 June 2009 (Audited) <i>HK\$'000</i>
Share of net assets of associates	–	–
Goodwill arising on acquisition of associates	<u>–</u>	<u>26,583</u>
	<u><u>–</u></u>	<u><u>26,583</u></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.

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.

12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	31 December	30 June
	2009	2009
	(Unaudited)	(Audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Unlisted equity investments, at cost	<u>26,583</u>	<u>–</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	30 June
	2009	2009
	(Unaudited)	(Audited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables	15,714	13,270
Other payables	<u>20,459</u>	<u>51,611</u>
	<u>36,173</u>	<u>64,881</u>

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	<u>6,052</u>	<u>6,706</u>
	<u>15,714</u>	<u>13,270</u>

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.

15. CONVERTIBLE NOTES

	Liability component of the convertible notes HK\$'000	Equity component of the convertible notes HK\$'000
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.

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 HK\$1.69 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.

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 (<i>Note i</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.

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).

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	<u>555</u>	<u>735</u>
	<u>1,768</u>	<u>3,356</u>

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.

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.

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.

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.

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 of 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.

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.

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.

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.

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

Hong Kong, 22 March 2010

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

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

* *for identification purpose only*