



漢傳媒集團有限公司*
SEE CORPORATION LIMITED
(Incorporated in Bermuda with limited liability)
(Stock Code: 491)

**ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 30 JUNE 2007**

The Board of Directors (the “Board”) of See Corporation Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) for the year ended 30 June 2007, together with the comparative figures for the previous year, as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 30 June 2007

	<i>Notes</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Continuing Operations			
Turnover	4	43,792	37,334
Cost of sales		(29,993)	(33,004)
Gross profit		13,799	4,330
Other revenue		10,066	5,518
Other income		2,784	397
Distribution costs		(6,460)	(8,822)
Administrative expenses		(41,694)	(36,755)
Impairment loss on trade and other receivables		(10,649)	(13,659)
Impairment loss on film rights		(10,546)	(4,409)
Change in fair value of financial assets at fair value through profit or loss		12,376	(2,259)
Loss from operations	6	(30,324)	(55,659)
Impairment loss on goodwill		–	(40,414)
Finance costs	7	(15,116)	(17,098)
Share of results of associates		(75,654)	(147,995)
Gain on disposal of subsidiaries		–	476
Loss before taxation		(121,094)	(260,690)
Taxation	8	–	–
Loss for the year from continuing operations		(121,094)	(260,690)
Discontinued Operations			
Loss for the year from discontinued operations		–	(4,145)
Loss for the year		(121,094)	(264,835)

	<i>Notes</i>	2007 HK\$'000	2006 <i>HK\$'000</i>
Attributable to:			
Equity holders of the Company		(120,033)	(261,914)
Minority interests		(1,061)	(2,921)
		<u>(121,094)</u>	<u>(264,835)</u>
Loss per share attributable to equity holders of the Company			
From continuing and discontinued operations			
Basic	9	<u>HK\$(0.34)</u>	<u>HK\$(5.21)</u>
Diluted	9	<u>N/A</u>	<u>N/A</u>
From continuing operations			
Basic	9	<u>HK\$(0.34)</u>	<u>HK\$(5.17)</u>
Diluted	9	<u>N/A</u>	<u>N/A</u>

CONSOLIDATED BALANCE SHEET

At 30 June 2007

	<i>Notes</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Non-current assets			
Intangible assets		65	992
Leasehold land		14,280	14,297
Property, plant and equipment		10,596	11,325
Interests in associates		72,365	148,019
Goodwill		1,092	1,092
		<hr/> 98,398	<hr/> 175,725
Current assets			
Film rights		30,041	22,459
Film production in progress		17,910	29,103
Music production in progress		2,500	1,896
Inventories		331	196
Trade and other receivables	<i>11</i>	41,373	38,319
Loan receivables		40,000	–
Financial assets at fair value through profit or loss		19,050	6,674
Held-to-maturity investments		17,341	14,819
Pledged bank deposits		743	718
Cash and bank balances		85,301	147,685
		<hr/> 254,590	<hr/> 261,869
Less: Current liabilities			
Trade and other payables	<i>12</i>	17,677	26,770
Short-term loan – unsecured		45,742	109,000
Bank overdrafts – secured		9,894	10,072
		<hr/> 73,313	<hr/> 145,842
Net current assets		<hr/> 181,277	<hr/> 116,027
Total assets less current liabilities		<hr/> 279,675	<hr/> 291,752
Less: Non-current liabilities			
Convertible notes		144,939	135,670
Net assets		<hr/> 134,736	<hr/> 156,082
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital		6,462	129,253
Reserves		128,274	25,768
		<hr/> 134,736	<hr/> 155,021
Minority interests		<hr/> –	<hr/> 1,061
		<hr/> 134,736	<hr/> 156,082

NOTES TO THE FINANCIAL STATEMENTS

30 June 2007

1. CORPORATE INFORMATION

The Company was incorporated in Bermuda on 27 March 1992 as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended) and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the address of the principal place of business of the Company is 2nd Floor, Talon Tower, 38 Connaught Road West, Sheung Wan, Hong Kong.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, a number of new standards, amendments and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) which are either effective for accounting periods beginning on or after 1 December 2005, 1 January 2006, 1 March 2006 or 1 May 2006. The new HKFRSs adopted by the Company in the financial statements are set out as follows:

HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 21 (Amendment)	Net Investment in a Foreign Operation
HKAS 39 & HKFRS 4 (Amendments)	Financial Guarantee Contracts
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKFRS 6	Exploration for and Evaluation of Mineral Resources
HK(IFRIC) - Int 4	Determining whether an Arrangement contains a Lease
HK(IFRIC) - Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
HK(IFRIC) - Int 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment
HK(IFRIC) - Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC) - Int 8	Scope of HKFRS 2
HK(IFRIC) - Int 9	Reassessment of Embedded Derivatives

The adoption of these new and revised standards and interpretation has had no material effect on these financial statements.

The Company and Group have not yet early applied the following new standards and interpretations that have been issued but are not yet effective. The Group is not yet in a position to determine whether these standards and interpretations will have significant impact on how the results of operations and financial position are prepared and presented. These standards and interpretations may result in changes in the future as to how the results and financial position are prepared and presented.

HKAS 1 (Amendment)	Capital Disclosures ¹
HKAS 23 (Revised)	Borrowing Costs ²
HKFRS 7	Financial Instruments: Disclosures ¹
HKFRS 8	Operating Segments ²
HK(IFRIC) - INT 10	Interim Financial Reporting and Impairment ³
HK(IFRIC) - INT 11	HKFRS 2 – Group and Treasury Share Transactions ⁴
HK(IFRIC) - INT 12	Service Concession Arrangements ⁵

¹ Effective for annual periods beginning on or after 1 January 2007

² Effective for annual periods beginning on or after 1 January 2009

³ Effective for annual periods beginning on or after 1 November 2006

⁴ Effective for annual periods beginning on or after 1 March 2007

⁵ Effective for annual periods beginning on or after 1 January 2008

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which is a collective term that includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”), and Interpretations (“Ints”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under historical cost convention except for certain financial assets which are carried at fair values. The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies.

4. TURNOVER

Turnover from continuing operations mainly comprises revenue from (i) film and TV programme production, (ii) event production, (iii) artiste and model management, (iv) music production and (v) manufacturing and sale of multimedia electronic products. Turnover from discontinued operations represents revenue from the provision of telecommunication and system integration services. The amounts of each significant category of revenue recognised during the year are as follows:

	2007 <i>HK\$’000</i>	2006 <i>HK\$’000</i>
Continuing operations:		
– Film and TV programme production	23,805	19,839
– Event production	1,047	4,668
– Artiste and model management	18,721	9,906
– Music production	219	485
– Manufacturing and sale of – Multimedia electronic products	–	2,436
	<u>43,792</u>	<u>37,334</u>
Discontinued operations:		
– Provision of telecommunication and system integration services	–	470
	<u>–</u>	<u>470</u>

5. SEGMENT INFORMATION

(a) Business segments

Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

The following table presents revenue and results, certain assets, liabilities and expenditures information for the Group's business segments of 2007:

	Continuing operations						Discontinued operations	Consolidated HK\$'000
	Film and TV programme production	Event production	Artiste and model management	Music production	Multimedia electronic products	Others	Telecom- munication and system integration	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Segment revenue	<u>23,805</u>	<u>1,047</u>	<u>18,721</u>	<u>219</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,792</u>
Segment results	<u>7,848</u>	<u>307</u>	<u>5,613</u>	<u>31</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,799</u>
Interest income and unallocated gains								12,850
Unallocated corporate expenses								(48,154)
Impairment loss on trade and other receivables								(10,649)
Impairment loss on film rights								(10,546)
Change in fair value of financial assets at fair value through profit or loss								12,376
Loss from operations								(30,324)
Impairment loss on goodwill								-
Finance costs								(15,116)
Share of results of associates								(75,654)
Loss before taxation								(121,094)
Taxation								-
Loss for the year								<u>(121,094)</u>
Attributable to:								
Equity holders of the Company								(120,033)
Minority interests								(1,061)
								<u>(121,094)</u>
Segment assets	<u>75,358</u>	<u>894</u>	<u>8,436</u>	<u>3,168</u>	<u>7</u>	<u>265,125</u>	<u>-</u>	<u>352,988</u>
Segment liabilities	<u>2,596</u>	<u>10,877</u>	<u>3,269</u>	<u>1,142</u>	<u>2,089</u>	<u>198,279</u>	<u>-</u>	<u>218,252</u>
Other segment information:								
Capital expenditures	274	-	184	-	-	297	-	755
Depreciation	139	176	86	-	-	859	-	1,260
Amortisation	16,057	-	172	-	-	17	-	16,246
Impairment loss recognised	<u>14,985</u>	<u>-</u>	<u>2,270</u>	<u>-</u>	<u>-</u>	<u>3,940</u>	<u>-</u>	<u>21,195</u>

The following table presents revenue and results, certain assets, liabilities and expenditures information for the Group's business segments of 2006:

	Continuing operations						Discontinued operations	Consolidated HK\$'000
	Film and TV programme production HK\$'000	Event production HK\$'000	Artiste and model management HK\$'000	Music production HK\$'000	Multimedia electronic products HK\$'000	Others HK\$'000	Telecom- munication and system integration HK\$'000	
Segment revenue	<u>19,839</u>	<u>4,668</u>	<u>9,906</u>	<u>485</u>	<u>2,436</u>	<u>-</u>	<u>470</u>	<u>37,804</u>
Segment results	<u>340</u>	<u>706</u>	<u>2,926</u>	<u>46</u>	<u>312</u>	<u>-</u>	<u>278</u>	4,608
Interest income and unallocated gains								5,915
Unallocated corporate expenses								(48,339)
Impairment loss on trade and other receivables								(15,320)
Impairment loss on film rights								(4,409)
Change in fair value of financial assets at fair value through profit or loss								(2,259)
Loss from operations								(59,804)
Impairment loss on goodwill								(40,414)
Finance costs								(17,098)
Share of results of associates								(147,995)
Gain on disposal of subsidiaries								476
Loss before taxation								(264,835)
Taxation								-
Loss for the year								<u>(264,835)</u>
Attributable to:								
Equity holders of the Company								(261,914)
Minority interests								(2,921)
								<u>(264,835)</u>
Segment assets	<u>61,748</u>	<u>13,323</u>	<u>9,190</u>	<u>2,345</u>	<u>391</u>	<u>350,597</u>	<u>-</u>	<u>437,594</u>
Segment liabilities	<u>5,823</u>	<u>11,459</u>	<u>2,177</u>	<u>1,487</u>	<u>2,694</u>	<u>257,872</u>	<u>-</u>	<u>281,512</u>
Other segment information:								
Capital expenditures	1,106	283	284	-	-	542	-	2,215
Depreciation	43	17	47	-	41	772	286	1,206
Amortisation	19,499	-	241	-	-	17	-	19,757
Impairment loss recognised	<u>1,909</u>	<u>6,031</u>	<u>1,411</u>	<u>-</u>	<u>-</u>	<u>49,131</u>	<u>1,661</u>	<u>60,143</u>

(b) Geographical segments

In determining the Group's geographical segments, revenue 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:

For the year ended 30 June 2007

	North America HK\$'000	Europe HK\$'000	Hong Kong HK\$'000	China HK\$'000	Others HK\$'000	Total HK\$'000
Revenue from external customers	<u>-</u>	<u>295</u>	<u>41,243</u>	<u>1,646</u>	<u>608</u>	<u>43,792</u>

For the year ended 30 June 2006

	North America HK\$'000	Europe HK\$'000	Hong Kong HK\$'000	China HK\$'000	Others HK\$'000	Total HK\$'000
Revenue from external customers	<u>1,044</u>	<u>491</u>	<u>30,720</u>	<u>4,844</u>	<u>705</u>	<u>37,804</u>

6. LOSS FROM OPERATIONS

	2007 HK\$'000	2006 HK\$'000
Loss from operations is stated after (crediting)/charging:		
Cost of inventories (included in cost of sales)	188	2,563
Amortisation of film rights (included in cost of sales)	16,057	19,499
Auditors' remuneration	600	500
Amortisation of trademark	172	233
Amortisation of contract rights	-	8
Amortisation of leasehold land	17	17
Depreciation of property, plant and equipment	1,260	920
Impairment loss on contract rights	-	109
Operating leases in respect of land and buildings	4,726	2,548
Impairment loss on trade and other receivables	10,649	13,659
Impairment loss on film rights	10,546	4,409
Loss on disposal of intangible assets	760	-
(Increase)/decrease in fair value of financial assets at fair value through profit or loss	<u>(12,376)</u>	<u>2,259</u>

7. FINANCE COSTS

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Interest on:		
Bank borrowings wholly repayable within five years	810	448
Short-term borrowings	4,836	4,936
Imputed interest on convertible notes	9,269	11,590
Others	201	124
	<u>15,116</u>	<u>17,098</u>

8. TAXATION

No provision for Hong Kong Profits Tax has been made as the Company and its subsidiaries incurred taxation loss for the year (2006: Nil).

No provision for deferred tax liabilities has been made as the Group and the Company had no material temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

The Group has not recognised deferred tax assets in respect of losses due to the unpredictability of the future profit streams.

9. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

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

From continuing and discontinued operations

	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Attributable to equity holders of the Company for the purpose of basic and diluted loss per ordinary share	<u>120,033</u>	<u>261,914</u>
	Number of shares '000	Number of shares '000
Weighted average number of ordinary shares for the purpose of basic and diluted loss per ordinary share	<u>351,935</u>	<u>50,233</u>

From continuing operations

	<i>HK\$'000</i>	<i>HK\$'000</i>
Attributable to equity holders of the Company for the purpose of basic and diluted loss per ordinary share	120,033	261,914
Less: Loss for the year from discontinued operations	—	(2,296)
Loss for the purpose of basic loss per ordinary share from continuing operations	<u>120,033</u>	<u>259,618</u>

The denominators used are the same as those detailed above.

The computation of diluted loss per share for both continuing and discontinued operations did not assume the exercise of the convertible notes existed during the year as the exercise of such notes would reduce loss per share, therefore anti-dilutive.

The weighted average number of ordinary shares for the year ended 30 June 2007 and 2006 for the purpose of basic and diluted loss per share has been adjusted (i) pursuant to an ordinary resolution passed by the shareholders of the Company at a special general meeting on 31 October 2006 in connection to the share consolidation whereby every 100 issued shares were consolidated into one consolidated share and (ii) pursuant to an ordinary resolution passed by the shareholders of the Company at a special general meeting on 23 April 2007 in connection to the rights issue of 517,013,864 rights shares at a price of HK\$0.20 each.

10. DIVIDENDS

The directors of the Company do not recommend the payment of any dividend in respect of the year ended 30 June 2007 (2006: Nil).

11. TRADE AND OTHER RECEIVABLES

At 30 June 2007, the balances of trade and other receivables included trade receivables of approximately HK\$12,484,000 (2006: HK\$12,518,000). An aged analysis of trade receivables prepared on the basis of sales invoice date is as follows:

	The Group	
	2007	2006
	HK\$'000	HK\$'000
0 – 90 days	3,112	5,330
91 days or above	15,479	10,862
	<u>18,591</u>	<u>16,192</u>
Less: Impairment loss on trade receivables	(6,107)	(3,674)
	<u>12,484</u>	<u>12,518</u>

The Group allows an average credit period of 90 – 180 days (2006: 90 – 180 days) to its trade customers.

The directors of the Company considered that the carrying amounts of trade and other receivables were approximate to their fair values.

12. TRADE AND OTHER PAYABLES

At 30 June 2007, the balances of trade and other payables included trade payables of approximately HK\$8,373,000 (2006: HK\$11,254,000). An aged analysis of trade payables prepared on the basis of supplier invoice date is as follows:

	The Group	
	2007	2006
	HK\$'000	HK\$'000
0 – 90 days	3,243	5,971
91 days or above	5,130	5,283
	<u>8,373</u>	<u>11,254</u>

The directors of the Company considered that the carrying amounts of trade and other payables were approximate to their fair values.

COMMENTARY ON ANNUAL RESULTS

Results

The Group's total turnover during the year ended 30 June 2007 was HK\$43.8 million, an increase of 17 percent on the figure of HK\$37.3 million for the 2005/06 financial year. The Group's gross profit was HK\$13.8 million, compared with HK\$4.3 million in the previous year. The increased turnover and gross profit were both attributable to the fact that we released more films than we did during the previous year, as well as the growth of our artiste and model management operation.

Meanwhile, the Group's continuing operations recorded a loss of HK\$30.3 million during the year under review, compared with a loss of HK\$55.7 million in the previous year. This substantial reduction was the result of (i) tighter control over cost of sales; (ii) a smaller impairment loss on trade and other receivables; and (iii) a substantial increase in the fair value of our financial assets, due to the buoyant stock market. The Group's share of the loss of our associates was HK\$75.7 million, compared with HK\$148 million in the previous year. Our loss on continuing operations during the year was HK\$121.1 million, down from the 2005/06 figure of HK\$260.7 million.

The loss attributable to equity holders was HK\$120 million, compared with HK\$261.9 million in the previous year. The loss per share for the year ended 30 June 2007 was HK\$0.34, compared with HK\$5.17 in 2005/06.

REVIEW OF OPERATIONS

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; and (v) a pay TV operation. The Group's multimedia electronic products trading operations remained dormant during the year.

Film and TV programme production

The Group derived a turnover of HK\$23.8 million from film and TV programme production activities during the year ended 30 June 2007, a 20 percent increase on the figure of HK\$19.8 million for the previous year. The gross profit we derived from these activities was HK\$7.8 million, compared with HK\$0.3 million in 2005/06. The increased turnover and gross profit were due to the fact that the Group produced and released more films this year, and we also received revenue from our investments in several TV programmes. The Group produced and released "Wo Hu", "Wise Guys Never Die" and "Kung Fu Mahjong 3" during the year, and these have been well-received in the market.

As of 30 June 2007, the total net book value of the Group's film rights stood at HK\$30 million. The impairment loss recognised on film rights during the year amounted to HK\$10.5 million. "Bliss", one of the Group's film, was named as "The Best Film" in the 10th Shanghai International Film Festival's Asian New Talent Awards. The Group's total investment in film productions that were in progress on 30 June 2007 amounted to HK\$17.9 million. These included "Bullet & Brain" and "Beauty & the 7 Beasts", both of which will be released in the second half of 2007, as well as other films that will be released in 2008.

Music production

The Group released new music albums by Dear Jane and EO2 in August and November 2006, respectively, plus a new music album by Wada Hiromi in July 2007. The turnover of the Group's music album production business during the year was HK\$0.2 million, compared with HK\$0.5 million in 2005/06, and we derived a gross profit from this business of HK\$0.03 million, which was similar to the previous year's figure. Although music production accounts for only a small part of the Group's total earnings, it helps to boost the popularity of our artistes as well as our image. The Group is currently engaged in producing other music albums for our artistes, and these will be released in the coming months. The Group's investment in music production in progress as at 30 June 2007 amounted to totally HK\$2.5 million.

Event production

The Group organised a number of events during the year. These included promotional activities, live music shows and fashion shows. Most of them featured the artistes and models that the Group manages. The turnover and gross profit from event production were HK\$1.0 million and HK\$0.3 million respectively, a decline on the previous year's figures of HK\$4.7 million and HK\$0.7 million. The Group did not organise any large-scale music concerts during this year.

Artiste and model management

The Group continued to manage a number of famous Hong Kong artistes and top models, such as Dicky Cheung, Annie Man, Eunis Chan, Kathy Chow, Lynn Xiong, Yedda Chao, EO2 and Wada Hiromi. We secured a substantially larger number of assignments for them, including fashion shows, music live shows, advertisements and public performances. As a result, the turnover and gross profit of our artiste and model management operation soared to HK\$18.7 million and HK\$5.6 million respectively, compared with the previous year's figures of HK\$9.9 million and HK\$2.9 million.

Pay TV operation

TVB Pay Vision – a paid TV operator in which the Group holds a 49% interest – continued to perform disappointingly. Even so, there were some improvements. The number of its subscribers has been rising steadily, its turnover grew by 23 percent to HK\$202.4 million during the 12 months up to 30 June 2007, and its net loss in the same period declined by 16 percent to HK\$298.2 million. The Group's share of this loss amounted to HK\$75.7 million, compared with HK\$148 million in 2005/06.

GEOGRAPHICAL REVIEW

During the year under review, the Group continued to focus on the Hong Kong and Mainland China markets. The revenue we derived from Hong Kong and Mainland China amounted to HK\$41.2 million and HK\$1.6 million, respectively, representing 94 percent and 4 percent of our total turnover.

FUTURE BUSINESS PROSPECTS AND PLANS

The Hong Kong SAR Government has announced that Hong Kong's economy grew by 6.9 percent during the second quarter of 2007, and it forecasts an increase of 5-6 percent for the full calendar year. Consumer spending is expected to rise as a result of this strong economic growth, which in turn will benefit the entertainment industry. In addition, the Hong Kong SAR Government signed Supplement IV to CEPA (the Closer Economic Partnership Arrangement) on 29 June 2007. Together with the previous Supplements, this will further assist Hong Kong film and TV production companies in expanding their participation in the Mainland China market, and it will also help them open up distribution channels for their films in Mainland China, especially Guangdong Province.

However, the Hong Kong film market has not yet fully recovered from the adverse economic conditions that existed in previous years. It is also subject to rapid changes in market trends and the public's tastes, which are factors that increase the risks associated with film production. It is therefore very important for film production companies to carefully choose attractive stories and scripts for their projects. The risks involved can also be mitigated by forming joint ventures with other parties. The Group plans to produce several medium-sized films and TV programmes between the second half of 2007 and early 2008. Some of these will be undertaken by joint ventures.

The Group will continue to seek out fresh talents to add to our artiste and model portfolio. We will pay attention to grooming the professional skills of those we have already managed, and we will seek out additional opportunities for them to participate in fashion and live music shows, advertisements, public performances and other assignments.

While its performance remained unsatisfactory, TVB Pay Vision managed to cut its losses during the past year by increasing its subscriber base through aggressive marketing programmes. It will roll out further promotional campaigns and continue to cut costs in the coming months. The Group hopes these measures will continue to improve its financial health.

FINANCIAL REVIEW AND LIQUIDITY

As at 30 June 2007, the Group's net assets amounted to HK\$134.7 million, compared with HK\$156.1 million on the same date last year. The current ratio, representing current assets divided by current liabilities, was 3.5. On 16 May 2007 the Group raised approximately HK\$100 million by way of rights issue of 517,013,864 rights shares at a price of HK\$0.2 each on the basis of four rights shares for every share held by the shareholders. The Group's cash and bank balances amounted to HK\$85.3 million on the balance sheet date. The Group issued convertible notes for a principal amount of HK\$170 million in August 2005. On 30 June 2007, the fair value of the liability component of these convertible notes was approximately HK\$144.9 million. On the balance sheet date, the Group had a short-term loan from a third party of HK\$45.7 million and short-term bank borrowing of HK\$9.9 million. The gearing ratio, as a ratio of total borrowings over total assets was 0.57.

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 year, the revenue and cost for film/TV programme, music, event production and artiste and model management services were mainly dominated in Renminbi and Hong Kong dollars. Borrowings in terms of loans and convertible notes were denominated in Hong Kong dollars.

As the exchange rates of Hong Kong dollars against Renminbi were relatively stable during the year, 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 30 June 2007, the Group has 61 employees (All based in Hong Kong). 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 the assessment of individual performances.

MAJOR LITIGATION AND ARBITRATION PROCEEDINGS

1. The Company and its ex-subsiary, 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 to 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.
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. 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 to be pending or threatened by or against any member of the Group.

DIVIDENDS

The Directors do not recommend the payment of a final dividend for the year ended 30 June 2007 (2006: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

CODE ON CORPORATE GOVERNANCE PRACTICES

The Board has adopted all the code provisions (the "Code Provisions") as set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules on the Stock Exchange as the code of the Company. By 1 February 2007, the Company has signed appointment letters with all of the Independent Non-executive Directors of the Company and therefore duly complied with Code Provision A.4.1 of the CG Code.

Pursuant to such appointment letters, each of the Independent Non-executive Directors of the Company is appointed for a fixed term of directorship of three years and is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with Bye-law 87(2) of the Company. As at 30 June 2007, the Company has complied with all the Code Provisions of the CG Code.

Detailed information of the Company's corporate governance practices as set out in the corporate governance report will be included in the Company's annual report to be despatched to the shareholders in due course.

REVIEW OF ANNUAL RESULTS

The annual results for the year have been reviewed by the audit committee of the Company. The audit committee has also reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the Group's audited annual financial statements for the financial year ended 30 June 2007.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the website of the Stock Exchange at www.hkex.com.hk and on the website of the Company at www.irasia.com/listco/hk/see. The annual report of the Company for the year ended 30 June 2007 containing all the information required by the Listing Rules will be despatched to the shareholders and available on the same websites in due course.

APPRECIATION

The Directors would like to express its gratitude to all employees for their diligence and contribution. At the same time, the Directors are also thankful for the support they have from all the customers, suppliers and shareholders of the Group.

By Order of the Board
See Corporation Limited
Mr. Yu Kam Kee, Lawrence

B.B.S., M.B.E., J.P.
Chairman

Hong Kong, 21 September 2007

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

Executive Directors:

Mr. Yu Kam Kee, Lawrence, *B.B.S., M.B.E., J.P. (Chairman)*

Mr. Wong Yat Cheung (*Managing Director*)

Mr. Yu Kam Yuen, Lincoln

Mr. Tong Chin Shing

Independent Non-executive Directors:

Mr. Li Fui Lung, Danny

Mr. Ng Hoi Yue, Herman

Hon. Shek Lai Him, Abraham, *S.B.S., J.P.*

Mr. Fong Shing Kwong, Michael

* *for identification purpose only*