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 2006

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 2006, together with the comparative figures for the previous year, as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 30 June 2006

	Notes	**2006** **HK$'000**	2005 HK$'000 (Restated)
Continuing Operations			
Turnover	*3*	**37,334**	55,983
Cost of sales		**(33,004)**	(50,795)
Gross profit		**4,330**	5,188
Other revenue		**5,518**	61
Other income		**397**	152
Distribution costs		**(8,822)**	(3,806)
Administrative expenses		**(36,755)**	(22,683)
Impairment loss on trade and other receivables		**(13,659)**	–
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	*6*	**(55,659)**	(21,088)
Amortisation of goodwill		**–**	(946)
Impairment loss on goodwill		**(40,414)**	(3,809)
Finance costs	*7*	**(17,098)**	(763)
Share of results of associates	*10*	**(147,995)**	–
Gain on disposal of subsidiaries		**476**	4
Loss before taxation		**(260,690)**	(26,602)
Taxation	*8*	**–**	–
Loss for the year from continuing operations		**(260,690)**	(26,602)
Discontinued Operations			
Loss for the year from discontinued operations	*5*	**(4,145)**	(18,110)
Loss for the year		**(264,835)**	(44,712)

Attributable to:			
Equity holders of the Company		**(261,914)**	(36,799)
Minority interests		**(2,921)**	(7,913)
		(264,835)	(44,712)
Loss per share			
From continuing and discontinued operations			
Basic	*9*	**(12.5) cents**	(9.5) cents
Diluted	*9*	**N/A**	N/A
From continuing operations			
Basic	*9*	**(12.4) cents**	(6.9) cents
Diluted	*9*	**N/A**	N/A

CONSOLIDATED BALANCE SHEET
At 30 June 2006

	Notes	**2006** *HK$'000*	2005 *HK$'000* (Restated)
Non-current assets			
Intangible assets		**992**	1,266
Leasehold land		**14,297**	14,314
Property, plant and equipment		**11,325**	12,397
Interests in associates	*10*	**148,019**	–
Goodwill		**1,092**	1,092
		175,725	29,069
Current assets			
Film rights		**22,459**	2,500
Film production in progress		**29,103**	12,903
Music production in progress		**1,896**	1,876
Inventories		**196**	2,699
Trade and other receivables	*11*	**38,319**	14,622
Financial assets at fair value through profit or loss		**6,674**	–
Held-to-maturity investments		**14,819**	–
Pledged bank deposits		**718**	–
Cash and bank balances		**147,685**	19,670
		261,869	54,270
Less: Current liabilities			
Trade and other payables	*12*	**26,770**	10,622
Short-term loan – unsecured		**109,000**	–
Bank overdrafts – secured		**10,072**	–
Tax payable		**–**	401
		145,842	11,023
Net current assets		**116,027**	43,247
Total assets less current liabilities		**291,752**	72,316
Less: Non-current liabilities			
Convertible notes		**135,670**	–
Net assets		**156,082**	72,316

Equity		
Capital and reserve attributable to the Company's equity holders		
Share capital	**129,253**	5,386
Reserves	**25,768**	65,493
	155,021	70,879
Minority interests	**1,061**	1,437
	156,082	72,316

NOTES TO THE FINANCIAL STATEMENTS

30 June 2006

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.

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in notes to the financial statements. During the year, the business segment of provision of telecommunication/system integration services has been discontinued, details of which has been set out in notes to the financial statements.

2. 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.

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 ("Int") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and applicable disclosure provisions of The Rules Governing the Listing of Securities on the Stock Exchange.

The measurement basis used in the preparation of the financial statements is historical costs as modified for the revaluation of certain financial assets and financial liabilities at fair value through profit or loss, which are carried at fair value.

The preparation of the financial statements requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involved a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

In current year, the Group adopted the new/revised standards and interpretations of HKFRSs below, which are relevant to its operations. The 2005 comparatives have been restated as required, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 2	Inventories
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events After the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings Per Share
HKAS 36	Impairment of Assets
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 38	Intangible Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 39 (Amendment)	Transition and Initial Recognition of Financial Assets and Financial Liabilities
HK-Int 4	Lease – Determination of the Length of Lease Term in respect of Hong Kong Land Leases
HKAS-Int 15	Operating Leases – Incentives
HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations
HKFRS 5	Non-Current Assets Held for Sale and Discontinued Operations

The adoption of these new and revised HKASs 2, 7, 8, 10, 12, 14, 16, 18, 19, 21, 23, 27, 28, 33, 37, HK-Int 4, HKAS-Int 15 and HKFRS 2 did not result in substantial changes to the accounting policies of the Group and the methods of computation in the Group's financial statements. In summary:

(i) HKAS 1 has affected the presentation of minority interests, share of net after-tax results of associates and other disclosures. In the consolidated balance sheet, minority interests are shown within equity. In the consolidated income statement, minority interests are presented as an allocation of total profit or loss for the year.

(ii) The adoption of revised HKAS 17 has resulted in a change in the accounting policy relating to the reclassification of leasehold land from property, plant and equipment to operating leases. The up-front prepayments made for the leasehold land are expensed in the income statement on a straight-line basis over the period of the lease or where there is impairment, the impairment is expensed in the income statement. In prior years, the leasehold land was classified under property, plant and equipment and accounted for at cost less accumulated depreciation and accumulated impairment.

(iii) HKAS 24 has affected the identification of related parties and some other related party disclosures.

(iv) The adoption of HKASs 32 and 39 has resulted in a change in the accounting policy for recognition, measurement, derecognition and disclosure of financial instruments. The principal effects on the Group as a result of implementation of HKAS 32 and 39 are summarised as follows:

(a) HKAS 32 affected the presentation of financial instruments in the financial statements of the Group which was summarised as follows:

Convertible notes

The principal impact of HKAS 32 on the Group is in relation to convertible notes issued by the Company that contain both liability and equity components. Previously, convertible notes were classified as liabilities on the balance sheet and stated at amortised cost. Under HKAS 32, convertible notes issued are split into their liability and equity components at initial recognition by recognising the liability component at its fair value which is determined using a market interest rate for equivalent non-convertible notes and attributing to the equity component the difference between the proceeds from issue and the fair value of the liability component. The liability component is subsequently carried at amortised cost. The equity component is recognised in the convertible notes reserve until the notes are either converted (in which case it is transferred to share premium) or the notes are redeemed (in which case it is released directly to retained earnings). The issuance costs incurred for the arrangement of convertible notes were charged to the income statement in the year of issue. Retrospective application is required for adoption of HKAS 32.

(b) HKAS 39, which is effective for annual periods beginning on or after 1 January 2005, generally does not permit the recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis. The principal effects on the Group as a result of implementation of HKAS 39 are summarised below:

Classification and measurement of financial assets and financial liabilities

The Group has applied the relevant transitional provisions in HKAS 39 with respect to classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

From 1 July 2005 onwards, the Group has classified and measured its financial assets and financial liabilities in accordance with the requirements of HKAS 39. Financial assets under HKAS 39 are classified as "financial assets at fair value through profit or loss", "available-for-sale financial assets", "loans and receivables" or "held-to-maturity investments". Financial liabilities are generally classified as "financial liabilities at fair value through profit or loss" or "other financial liabilities". Financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value being recognised in profit or loss directly. Other financial liabilities are carried at amortised cost using the effective interest method after initial recognition.

Investment in convertible notes

From 1 July 2005 onwards, the Group has applied HKAS 39 to the convertible notes, which comprise of a conversion option embedded in a debt instrument, acquired during the year ended 30 June 2006. In accordance with HKAS 39, the conversion option embedded in the debt instrument is accounted for separately as derivative deemed as financial assets at fair value through profit or loss. Changes in the fair value of the conversion options are recognised directly in profit or loss. The debt component is designated as "Held-to-maturity investments" which are carried at amortised cost using the effective interest method.

(v) The adoption of HKASs 36, 38 and HKFRS 3 results in a change in the accounting policy for goodwill. Until 30 June 2005, goodwill was either:

– amortised on a straight-line basis over 5 to 15 years; or

– written off against reserves.

In accordance with the provisions of HKFRS 3

– The Group ceased amortisation of goodwill from 1 July 2005;

– Accumulated amortisation as at 30 June 2005 has been eliminated with a corresponding decrease in the cost of goodwill;

– From the year ended 30 June 2006 onwards, goodwill is tested annually for impairment, as well as when there is indication of impairment.

The Group has reassessed the useful lives of its intangible assets in accordance with the provisions of HKAS 38. No adjustment resulted from this reassessment.

All changes in the accounting policies have been made in accordance with the transition provisions in the respective standards. All standards adopted by the Group require retrospective application other than the following standards:

– HKAS 16 – the initial measurement of an item of property, plant and equipment acquired in an exchange of assets transaction is accounted at fair value prospectively only to future transactions;

– HKAS 21 – prospective accounting for goodwill and fair value adjustments as part of foreign operations;

– HKAS 39 – does not permit to recognise, derecognise and measure financial assets and liabilities in accordance with this standard on a retrospective basis;

– HKFRS 3 – prospectively after the adoption date.

The effects of the changes in the accounting policies described above on the results for the current and prior years are as follows:

Consolidated Income Statement
For the year ended 30 June 2006

	HKAS 17 *HK$'000*	**HKAS 38** *HK$'000*	**HKAS 39** *HK$'000*	**Total** *HK$'000*
Decrease in depreciation of property, plant and equipment	**(85)**	**–**	**–**	**(85)**
Increase in amortisation of leasehold land	**4**	**–**	**–**	**4**
Impairment loss on goodwill	**–**	**40,414**	**–**	**40,414**
Change in fair value of financial assets at fair value through profit or loss	**–**	**–**	**2,259**	**2,259**
Increase in interest income	**–**	**–**	**(336)**	**(336)**
Increase in financial costs	**–**	**–**	**11,590**	**11,590**
Total (decrease)/increase in loss for the year	**(81)**	**40,414**	**13,513**	**53,846**
Increase in loss per share	**Nil**	**1.9 cents**	**0.7 cents**	**2.6 cents**

For the year ended 30 June 2005

	HKAS 17 *HK$'000*	HKAS 38 *HK$'000*	HKAS 39 *HK$'000*	Total *HK$'000*
Decrease in depreciation of property, plant and equipment	(35)	–	–	(35)
Increase in amortisation of leasehold land	2	–	–	2
Total decrease in loss for the year	(33)	–	–	(33)
Total decrease in loss per share	Nil	–	–	Nil

Consolidated Balance Sheet
As at 30 June 2006

	HKAS 17 *HK$'000*	**HKAS 38** *HK$'000*	**HKAS 32 & 39** *HK$'000*	**Total** *HK$'000*
Assets and liabilities				
Increase in leasehold land	**14,297**	**–**	**–**	**14,297**
Decrease in property, plant and equipment	**(14,216)**	**–**	**–**	**(14,216)**
Decrease in goodwill	**–**	**(40,414)**	**–**	**(40,414)**
Decrease in financial assets at fair value through profit or loss	**–**	**–**	**(2,259)**	**(2,259)**
Increase in held-to-maturity investments	**–**	**–**	**336**	**336**
Decrease in convertible notes	**–**	**–**	**34,330**	**34,330**
Total increase/(decrease) in net assets	**81**	**(40,414)**	**32,407**	**(7,926)**
Equity				
Increase in convertible notes reserve	**–**	**–**	**45,920**	**45,920**
Decrease/(increase) in loss for the year	**81**	**(40,414)**	**(13,513)**	**(53,846)**
Total increase/(decrease) in equity	**81**	**(40,414)**	**32,407**	**(7,926)**

As at 30 June 2005

	HKAS 17 *HK$'000*	HKAS 38 *HK$'000*	HKAS 32 & 39 *HK$'000*	Total *HK$'000*
Assets and liabilities				
Increase in leasehold land	14,314	–	–	14,314
Decrease in property, plant and equipment	(14,281)	–	–	(14,281)
Total increase in net assets	33	–	–	33
Equity				
Increase in equity	33	–	–	33

3. **TURNOVER**

Turnover from continuing operations mainly comprise of 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, toys and games 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:

	2006 ***HK$'000***	2005 *HK$'000* (Restated)
Continuing operations:		
– Film and TV programme production	**19,839**	2,370
– Event production	**4,668**	–
– Artiste and model management	**9,906**	332
– Music production	**485**	–
– Manufacturing and sale of:		
– Multimedia electronic products	**2,436**	53,281
– Toys and games products	**–**	–
	37,334	55,983
Discontinued operations:		
– Provision of telecommunication and system integration services	**470**	3,178

4. 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 expenditure information for the Group's business segments of 2006:

	Continuing operations							Discontinued operations		
	Film and TV programme production *HK$'000*	Event production *HK$'000*	Artiste and model management *HK$'000*	Music production *HK$'000*	Toys and games products *HK$'000*	Multimedia electronic products *HK$'000*	Others *HK$'000*	Telecom-munication and system integration *HK$'000*	Others *HK$'000*	Consolidated *HK$'000*
Segment revenue	19,839	4,668	9,906	485	–	2,436	–	470	–	37,804
Segment results	340	706	2,926	46	–	312	–	278	–	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										(264,835)
Attributable to:										
Equity holders of the Company										(261,914)
Minority interests										(2,921)
										(264,835)
Segment assets	61,748	13,323	9,190	2,345	–	391	350,597	–	–	437,594
Segment liabilities	5,823	11,459	2,177	1,487	–	2,694	257,872	–	–	281,512
Other segment information:										
Capital expenditures	1,106	283	284	–	–	–	542	–	–	2,215
Depreciation	43	17	47	–	–	41	789	286	–	1,223

The following table presents revenue and results, certain assets, liabilities and expenditure information for the Group's business segments of 2005:

	Continuing operations							Discontinued operations		
	Film and TV programme production *HK$'000*	Event production *HK$'000*	Artiste and model management *HK$'000*	Music production *HK$'000*	Toys and games products *HK$'000*	Multimedia electronic products *HK$'000*	Others *HK$'000* (Restated)	Telecom-munication and system integration *HK$'000* (Restated)	Others *HK$'000* (Restated)	Consolidated *HK$'000* (Restated)
Segment revenue	2,370	–	332	–	–	53,281	–	3,178	–	59,161
Segment results	(130)	–	264	–	–	5,054	–	444	–	5,632
Interest income and unallocated gains										307
Unallocated corporate expenses										(31,884)
Impairment loss on trade and other receivables										(13,036)
Loss from operations										(38,981)
Amortisation of goodwill										(946)
Impairment loss on goodwill										(3,809)
Finance costs										(980)
Gain on disposal of subsidiaries										4
Loss before taxation										(44,712)
Taxation										–
Loss for the year										(44,712)
Attributable to:										
Equity holders of the Company										(36,799)
Minority interests										(7,913)
										(44,712)
Segment assets	13,113	6,615	2,981	–	–	1,628	51,671	7,318	13	83,339
Segment liabilities	22	85	1,326	–	–	3,533	1,951	4,082	24	11,023
Other segment information:										
Capital expenditures	–	–	22	–	–	37	24,460	99	–	24,618
Depreciation	–	–	1	–	–	68	231	526	–	826

(b) Geographical Segments

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:

For the year ended 30 June 2006

	North America *HK$'000*	**Europe** *HK$'000*	**Japan** *HK$'000*	**Hong Kong** *HK$'000*	**China** *HK$'000*	**Others** *HK$'000*	**Total** *HK$'000*
Revenue from external customers	**1,044**	**491**	**–**	**30,720**	**4,844**	**705**	**37,804**

For the year ended 30 June 2005

	North America *HK$'000*	Europe *HK$'000*	Japan *HK$'000*	Hong Kong *HK$'000*	China *HK$'000*	Others *HK$'000*	Total *HK$'000*
Revenue from external customers	3,443	5,490	21	29,284	20,757	166	59,161

5. DISCONTINUED OPERATIONS

On 15 June 2006, the Group disposed of its interests in certain subsidiaries ("Disposed Subsidiaries") as per notes to the financial statements at a total consideration of US$4 (approximately equivalent to HK$31). The principal activity of a major subsidiary disposed was the provision of telecommunication and system integration services. Upon disposal of the Disposed Subsidiaries, the Group discontinued its provision of telecommunication and system integration services.

The results attributable to the discontinued business for the year were as follows:

	2006 *HK$'000*	2005 *HK$'000* (Restated)
Turnover	**470**	3,178
Cost of sales	**(192)**	(2,734)
Gross profit	**278**	444
Other revenue	**–**	–
Other income	**–**	94
Distribution costs	**–**	(73)
Administrative expenses	**(2,762)**	(5,322)
Impairment loss on trade and other receivables	**(1,661)**	(13,036)
Loss from operations	**(4,145)**	(17,893)
Finance costs	**–**	(217)
Loss before taxation	**(4,145)**	(18,110)
Taxation	**–**	–
Loss for the year from discontinued operations	**(4,145)**	(18,110)
Attributable to:		
Equity holders of the Company	**(2,296)**	(10,218)
Minority interests	**(1,849)**	(7,892)
Loss for the year	**(4,145)**	(18,110)

Assets and liabilities of the Disposed Subsidiaries were as follows:

	2006	2005
	HK$'000	*HK$'000*
		(Restated)
Total assets	**2,340**	7,331
Total liabilities	**(3,209)**	(4,106)
Net (liabilities)/assets	**(869)**	3,225

The cash flows of the discontinued operations were as follows:

	2006	2005
	HK$'000	*HK$'000*
		(Restated)
Net cash generated from operating activities	**245**	(2,810)
Net cash used in financing activities	**(217)**	(217)
Total net cash inflow/(outflow)	**28**	(3,027)

6. LOSS FROM OPERATIONS

	2006	2005
	HK$'000	*HK$'000*
		(Restated)
Loss from operations is stated after charging:		
Cost of inventories (included in cost of sales)	**2,563**	51,029
Amortisation of film rights (included in cost of sales)	**19,499**	2,500
Auditors' remuneration	**500**	380
Amortisation of trademark	**233**	20
Amortisation of contract rights	**8**	3
Impairment loss on contract rights	**109**	–
Depreciation of property, plant and equipment	**920**	292
Operating leases in respect of land and buildings	**2,548**	866
Staff costs		
– retirement benefit scheme contributions	**371**	177
– other staff costs, including directors' emoluments	**11,622**	6,347
Impairment loss on trade and other receivables	**13,659**	–

7. FINANCE COSTS

	2006	2005
	HK$'000	*HK$'000*
		(Restated)
Interest on:		
Bank borrowings wholly repayable within five years	**448**	–
Discount bills	**–**	31
Short-term borrowings	**4,936**	244
Convertible notes	**11,590**	426
Amortisation of issue costs of convertible notes	**–**	62
Others	**124**	–
	17,098	763

8. TAXATION

No provision for Hong Kong profits tax has been made as the Company and its subsidiaries incurred taxation loss for the year (2005: 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

The calculation of basic loss per ordinary share is based on the following data:

For continuing and discontinued operations

	2006	2005
	HK$'000	*HK$'000*
		(Restated)
Loss for the purpose of basic loss per ordinary share (loss for the year attributable to equity holders of the Company)	**(261,914)**	(36,799)
	Number of shares	Number of shares
	'000	*'000*
Weighted average number of shares for the purpose of basic loss per ordinary share	**2,090,778**	388,118

From continuing operations

	2006	2005
	HK$'000	*HK$'000*
		(Restated)
Loss for the purpose of basic loss per ordinary share (loss for the year attributable to equity holders of the Company)	**(261,914)**	(36,799)
Less: Loss for the year from discontinued operations	**2,296**	10,218
Loss for the purpose of basic loss per ordinary share from continuing operations	**(259,618)**	(26,581)

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.

10. INTERESTS IN ASSOCIATES

	2006	2005
	HK$'000	*HK$'000*
Share of net assets of associates *(note a)*	**75,654**	–
Goodwill arising on acquisition of associates *(note b)*	**72,365**	–
	148,019	–

Notes:

(a) Share of net assets of associates

	HK$'000
At 1 July 2005	–
Acquisition of 49% interests in associates	223,649
Share of loss of associates for the year	(147,995)
Share of net assets of associates at 30 June 2006	75,654

(b) Goodwill arising on acquisition of associates

	HK$'000
At 1 July 2005	–
Acquisition of 49% interests in associates	112,626
Impairment loss recognised during the year	(40,261)
At 30 June 2006	72,365

11. TRADE AND OTHER RECEIVABLES

At 30 June 2006 the balances of trade and other receivables included trade receivables of approximately HK$12,518,000 (2005: HK$4,750,000). An aged analysis of trade receivables prepared on the basis of sales invoice date is as follows:

	The Group	
	2006	2005
	HK$'000	*HK$'000*
		(Restated)
0-90 days	**5,330**	4,077
91 days or above	**10,862**	16,641
	16,192	20,718
Less: impairment loss on trade receivables	**(3,674)**	(15,968)
	12,518	4,750

The Group allows an average credit period of 90-180 days (2005: 90-180 days) to its trade customers.

The carrying amounts of the Group's trade and other receivables at 30 June 2006 were approximate to their fair values.

12. TRADE AND OTHER PAYABLES

At 30 June 2006, the balances of trade and other payables included trade payables of approximately HK$11,254,000 (2005: HK$4,731,000). An aged analysis of trade payables prepared on the basis of supplier invoice date is as follows:

	The Group	
	2006	2005
	HK$'000	*HK$'000*
0-90 days	**5,971**	3,887
91 days or above	**5,283**	844
	11,254	4,731

The carrying amounts of the Group's trade and other payables at 30 June 2006 were approximate to their fair values.

COMMENTARY ON ANNUAL RESULTS

RESULTS

The Group's turnover for continuing operations amounted to HK$37.3 million during the year ended 30 June 2006, which was 33% less than the previous year's figure of HK$56 million. This was mainly due to a change in our focus from trading multimedia electronic products to the entertainment and media businesses. The Group's operations in these two areas were still in the formation and development stages. Gross profit for continuing operations for the year was HK$23.8 million before the amortisation of film rights, and HK$4.3 million after taking this amortisation into account. On the same basis, the gross profit for the previous year was HK$5.2 million.

The Group suffered a loss from operations of HK$55.7 million on continuing operations during the year, compared with a loss of HK$21.1 million the previous year. Our share of the losses of associates amounted to HK$148 million. The net loss for the year attributable to equity holders was HK$261.9 million, compared with HK$36.8 million the previous year. The substantial increase in the net loss was primarily due to the disappointing results of our newly acquired associates, an impairment loss of HK$40.4 million on goodwill concerning the acquisition of subsidiaries and associates, an impairment loss of HK$4.4 million on film rights, and a HK$13.7 million impairment loss on trade and other receivables. The loss per share for the year was HK$0.125, compared with HK$0.095 during the previous year.

REVIEW OF OPERATIONS

During the year under review, our Group's focus changed from trading multimedia electronic products to the entertainment and media businesses. We terminated our multimedia electronic products trading and system-integration businesses in February 2006. Consequently, the Group's entertainment businesses accounted for 93% of our total turnover during the year. These can be categorised into film and TV programme production, music production, event production and artiste and model management segments. The acquisition of a 49% interest in TVB Pay Vision Holdings Limited ("TVB Pay Vision") (formerly known as Galaxy Satellite TV Holdings Limited) was completed in August 2005. TVB Pay Vision is treated as interests in associates for the purposes of this report.

Entertainment

Film and TV programme production

The Group produced a number of films during the year. "Kung Fu Mahjong II" was released in November 2005; "Superkid" was released in February 2006; and "Don't Open Your Eyes" was released in May 2006. Production of the "Brave New World" TV series was completed, and distribution of it commenced in January 2006. Box-office and licensing income from these films and TV programmes amounted to HK$19.8 million. In addition, the Group produced a number of high-definition (HD) films during the year. They included "The Dragon Gate Post", "Bliss", "Luxury Fantasy" and "Sound of Pure". "Bliss" won the Netpac award at the 59th Locarno International Film Festival. As at 30 June 2006, the total cost of film rights less accumulated amortisation and impairment was HK$22.5 million. The Group was also in the process of producing a number of new films and TV programmes. The total production costs incurred up to 30 June 2006 amounted to HK$29.1 million.

Music production

We regard our music production activities as complementary to our artiste management business. They serve to enhance and promote the image of our artistes, as well as generate profit for the Group.

Our artistes released several music albums during the year under review, including one by Baby Zhang launched in Hong Kong in April 2006, and another by Dicky Cheung launched in Taiwan in December 2005. Hong Kong new rock band "Dear Jane" also released an album in August 2006. The Group is currently producing albums by Patrick Tang, whose songs have occupied top positions in several local and PRC music charts, and these are scheduled for release during the coming months. Revenue from the sale of music albums totalled HK$0.5 million during the year under review. We are also producing several albums for some of our new artistes. The total production costs incurred up to 30 June 2006 amounted to HK$1.9 million.

Event production

The Group organised several events during the year, including a concert by Eason Chan in Guangzhou during July 2005. We also co-organised another concert by Vivian Chow in Hong Kong during May 2006. Both of these were well received by the two singers' fans.

The Group's turnover and gross profit from our event productions amounted to HK$4.7 million and HK$0.7 million, respectively. Although the event production business's contribution was small, it helped to promote the Group's image and prestige.

Artiste and model management

A number of artistes and models joined the Group during the year under review, increasing the total number we had under contract to over 30, as of 30 June 2006. We have invested heavily in the professional and artistic development of the new artistes and models that we recruited, with very promising results. Meanwhile, our established artistes and models (including Dicky Cheung, Patrick Tang, Annie Man, Eunis Chan, Kathy Chow, Lynn Xiong, Yedda Chao, etc.) participated in a number of different fashion shows, advertisements, films and TV programmes. The turnover and gross profit of this business sector rose considerably during the year, amounting to HK$9.9 million and HK$2.9 million, respectively. At the same time, the quality of our team members made a substantial contribution to raising our Group's overall image.

Multimedia Electronic Products

The Group's multimedia and electronic products operations ceased doing business in February 2006. Consequently, their turnover declined from HK$53.3 million the previous year to HK$2.4 million during the year under review; while their gross profit fell from HK$5.1 million to HK$0.3 million.

Telecommunication and System Integration

This business operation ceased in February 2006. Its turnover dropped from HK$3.2 million to HK$0.5 million, and gross profit from HK$0.4 million to HK$0.3 million.

Associates

The acquisition of a 49% interest in TVB Pay Vision was completed in August 2005. The Group's share of this company's loss between September 2005 and June 2006 amounted to HK$148 million.

GEOGRAPHICAL REVIEW

During the year under review, most of the Group's revenue was derived from the Hong Kong and Mainland China markets. These accounted for about 94% of our total turnover.

MATERIAL ACQUISITION

The Group completed the first and second closing of our acquisition of a 49% interest in TVB Pay Vision in August 2005 and February 2006, respectively. This acquisition represents a further investment in the media and entertainment business.

FUTURE BUSINESS PROSPECTS AND PLANS

Several of the Group's new films and TV programmes have been completed. One of these, "Wo Hu", is being released in October 2006; while "The Beauties" will be premiered next year. Our production plans include several Class B films aimed at the international market. Production of several HD films and TV programmes has been completed, and the Group intends to release them in the coming year, when HD TV channels start broadcasting.

Besides engaging local film directors, producers and actors, the Group will continue to expand our film library through our own productions and co-productions, including partnerships with international production companies and talents from China, Japan and South Korea.

Many potential new opportunities and resources have opened up for the Hong Kong film industry since the implementation of CEPA (the Closer Economic Partnership Arrangement) and the rapid improvement and expansion of Mainland China's film and TV markets. In his Policy Address, the Hong Kong SAR Chief Executive announced that the Government will establish the Hong Kong Film Development Council. This new policy is expected to provide further support and assistance to local film production companies, and to enhance the quality of their productions. In particular, we look forward to the benefits the new Council is likely to offer us in terms of helping to strengthen our marketing and other areas of professional expertise.

In our artiste and model management operations, the Group has already recruited a group of new artistes and models, whose talents will be developed through various types of training, such as acting, singing and dancing. We will also provide opportunities for the new artistes and models to appear in public performances, films and TV programmes, concerts and live shows. The Group will also continue to seek out other artistes and models to add to our portfolio.

The number of TVB Pay Vision's paying subscribers has increased steadily. Besides distributing its content via its own satellite master antenna television system and Hutchison Global Communication Limited's broadband services, TVB Pay Vision concluded another distribution agreement with PCCW Limited to make some TVB Pay Vision Limited channels available to subscribers of NOW Broadband TV in February 2006. These include TVBS-Asia, TVBS-News and eight exclusive TVB channels (TVBN, TVBN2, TVB Classic, TVB Entertainment News Channel, TVB Drama, TVB Lifestyle, TVB Kids and TVBM). This increases the number of bundled channels to a total of 20. The number of the service's subscribers and homepassed will increase significantly as a result of the additional distribution channel.

FINANCIAL REVIEW AND LIQUIDITY

As at 30 June 2006, the Group's net assets amounted to HK$156.1 million, compared with HK$72.3 million on the same date last year. The current ratio, representing current assets divided by current liabilities, was 1.80. The Group's cash and bank balances amounted to HK$148.4 million on the balance sheet date.

The Group issued convertible notes for a principal amount of HK$170 million during the year. On 30 June 2006, the fair value of the liability component of these convertible notes was approximately HK$135.7 million. On the balance sheet date, the Group had a short-term loan from a third party of HK$109 million and short-term bank borrowing of HK$10.1 million. The gearing ratio, as a ratio of total borrowings over total assets, was 0.58.

The Group had contingent liabilities of HK$24 million on the balance sheet date, mainly as a result of a corporate guarantee we provided to a financial institution in respect of banking facilities granted to former subsidiaries. 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.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES AND RELATED HEDGES

During the year, the revenue and cost for film/TV programme, music and event production 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. The sale of multimedia electronic products and the purchase of raw material for their productions were mainly denominated in US dollars, Renminbi and Hong Kong dollars.

Borrowings in terms of loans and convertible notes were also denominated in Hong Kong dollars. As the exchange rates of Hong Kong dollars against US dollars and 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 2006, the Group has 60 employees (58 based in Hong Kong and 2 based in PRC) within the Group. 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-subsidiary 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 and the Company is considering whether any further action should be taken in respect of the same.

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. The parties have yet to exchange witness statements in the main action. The Company has filed its Reply in the Third Party proceedings on 20 March 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.

AUDIT COMMITTEE AND REVIEW OF ACCOUNTS

The Company's audit committee was duly established comprising four independent non-executive directors, namely Mr. Li Fui Lung, Danny, the chairman of the committee, Mr. Ng Hoi Yue, Herman, Hon. Shek Lai Him, Abraham, *J.P.* and Mr. Fong Shing Kwong, Michael. Amongst the committee members, Mr. Li Fui Lung, Danny and Mr. Ng Hoi Yue, Herman are certified public accountants and have many years of experience in accounting and financial management.

The annual results for the year have been reviewed by the Group's external auditors and the audit committee of the Company. The audit committee has also reviewed with the 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 2006.

Details of the audit committee meetings held and the works done by the audit committee during the year are contained in the Corporate Governance Report, which will be included in the 2006 annual report.

DIVIDENDS

The directors do not recommend the payment of a final dividend for the year ended 30 June 2006 (2005: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

CORPORATE GOVERNANCE

During the year, the Company has complied with all the code provisions except for A.4.1 as set out in the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules (the "CG Code"). Please also refer to the Corporate Governance Report to be included in the 2006 annual report for details.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Listing Rules in respect of directors' securities transactions throughout the period under review. All directors have confirmed, following specific enquiry by the Company, that they fully complied with the Model Code throughout the period.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on 28 November 2006. The notice of annual general meeting will be published in the newspapers and dispatched to the shareholders in due course.

PUBLICATION OF FURTHER INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

All the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Rules Governing the Listing of Securities will be published on the website of the Stock Exchange in due course.

PUBLIC FLOAT

From information publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital were held by the public at all times during the period under review.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises Mr. Yu Kam Kee, Lawrence *B.B.S., M.B.E., J.P.* (Chairman), Mr. Carl Chang (Chief Executive Officer), Mr. Yu Kam Yuen, Lincoln and Mr. Tong Chin Shing as executive directors, Mr. Li Fui Lung, Danny, Mr. Ng Hoi Yue, Herman, Hon. Shek Lai Him, Abraham, *J.P.* and Mr. Fong Shing Kwong, Michael as independent non-executive directors.

By Order of the Board
See Corporation Limited
Yu Kam Kee, Lawrence
B.B.S., M.B.E., J.P.
Chairman

Hong Kong, 20 October 2006

* *For identification purpose only*