漢傳媒集團有限公司*

SEE CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 491)

(Website: http://www.irasia.com/listco/hk/see)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 30TH JUNE, 2005

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 30th June, 2005, together with the comparative figures for the previous year, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 30th June, 2005

	Note	**2005** *HK$'000*	2004 *HK$'000*
Turnover	*2*	**59,161**	49,555
Cost of sales		**(51,029)**	(42,805)
Gross profit		**8,132**	6,750
Other revenue		**307**	1,851
Distribution costs		**(3,879)**	(707)
Administrative expenses		**(28,038)**	(26,658)
Amortisation of film rights		**(2,500)**	–
Reversal of revaluation decrease on disposal of investment properties		**–**	6,500
Provision for doubtful debts		**(13,036)**	(14,646)
Loss from operations	*4*	**(39,014)**	(26,910)
Amortisation of goodwill		**(946)**	(11)
Impairment loss in respect of goodwill		**(3,809)**	–
Finance costs		**(980)**	(3,847)
Gain on disposal of subsidiaries		**4**	80,034
(Loss)/Profit before taxation		**(44,745)**	49,266
Taxation	*5*	**–**	–
(Loss)/Profit before minority interests		**(44,745)**	49,266
Minority interests		**7,913**	–
Net (loss)/Profit for the year		**(36,832)**	49,266
Dividends	*6*	**–**	–
(Loss)/Earnings per share			
– Basic	*7*	**(9.5) cents**	18.9 cents
– Diluted	*7*	**N/A**	18.4 cents

CONSOLIDATED BALANCE SHEET
As at 30th June, 2005

	Notes	**2005** *HK$'000*	2004 *HK$'000*
Non-Current Assets			
Intangible assets		**2,358**	80
Property, plant and equipment		**26,678**	1,368
		29,036	1,448
Current Assets			
Film rights		**2,500**	–
Film and music production in progress		**14,779**	–
Inventories		**2,699**	–
Investment deposits		**–**	16,100
Trade and other receivables	*8*	**14,622**	5,670
Bank balances and cash		**19,670**	1,942
		54,270	23,712
Less: Current Liabilities			
Trade and other payables	*9*	**10,622**	4,962
Short-term secured bank borrowings		**–**	1,442
Obligations under finance leases due within one year		**–**	208
Convertible bonds		**–**	15,938
Short-term borrowings		**–**	8,560
Tax payable		**401**	–
		11,023	31,110
Net Current Assets/(Liabilities)		**43,247**	(7,398)
Total Assets Less Current Liabilities		**72,283**	(5,950)
Less: Non-Current Liability			
Obligations under finance leases due after one year		**–**	504
Minority Interests		**1,437**	–
Net Assets/(Liabilities)		**70,846**	(6,454)
Financed by:			
Share Capital		**5,386**	106,141
Reserves		**65,460**	(112,595)
Shareholders' Funds/(Deficits)		**70,846**	(6,454)

Notes:

1. BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued a number of new and revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards (collectively referred to as the "new HKFRSs") which are effective for accounting periods commencing on or after 1st January, 2005. The Group has not early adopted these new HKFRSs in the financial statements for the year ended 30th June, 2005. The new HKFRSs may result in changes in the future as to how the Group's financial performance and financial position are prepared and presented.

2. TURNOVER

Turnover represents revenue from the manufacture and sale of multimedia electronic products, toys, games and trading of telecommunication components and provision of system integration services. During the year ended 30th June, 2005, the Group also engaged in the investment in film rights and provision of model and artiste services. The amounts of each significant category of revenue recognised during the year are as follows:

	2005	2004
	HK$'000	*HK$'000*
Continuing operations:		
Manufacture and sale of		
– Multimedia electronic products	**53,281**	22,128
– Toys and games products	**–**	4,552
Trading of telecommunication products and provision of system integration service income	**3,178**	21,587
Investment return from film rights	**2,370**	–
Model and artiste service income	**332**	–
Others	**–**	1,288
	59,161	49,555

3. 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 results, certain assets, liabilities and expenditure information for the Group's business segments:

	Multimedia electronic products		Toys and games products		Telecommunication/ System integration		Entertainment		Others		Consolidated	
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**53,281**	22,128	**–**	4,552	**3,178**	21,587	**2,702**	–	**–**	1,288	**59,161**	49,555
Segment results	**5,054**	3,737	**–**	438	**444**	2,298	**2,634**	–	**–**	277	**8,132**	6,750
Interest income and unallocated gains											**307**	1,851
Unallocated corporate expenses											**(31,917)**	(27,365)
Amortisation of film rights											**(2,500)**	–
Reversal of revaluation decrease on disposal of investment properties											**–**	6,500
Provision for doubtful debts											**(13,036)**	(14,646)
Loss from operations											**(39,014)**	(26,910)
Amortisation of goodwill											**(946)**	(11)
Impairment loss in respect of goodwill											**(3,809)**	–
Finance costs											**(980)**	(3,847)
Gain on disposal of subsidiaries											**4**	80,034
(Loss)/profit before taxation											**(44,745)**	49,266
Taxation											**–**	–
(Loss)/profit before minority interests											**(44,745)**	49,266
Minority interests											**7,913**	–
Net (loss)/profit for the year											**(36,832)**	49,266
Segment assets	**1,628**	6,255	**–**	695	**7,318**	3	**22,709**	–	**51,651**	18,207	**83,306**	25,160
Segment liabilities	**3,533**	3,953	**–**	106	**4,082**	8	**1,433**	–	**1,975**	27,547	**11,023**	31,614
Other segment information:												
Capital expenditure	**37**	313	**–**	23	**99**	–	**42**	–	**24,460**	171	**24,638**	507
Depreciation	**68**	281	**–**	–	**526**	–	**1**	–	**264**	468	**859**	749

(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:

	North America		Europe		Japan		Hong Kong		China		Others		Consolidated	
	2005	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**3,443**	5,762	**5,490**	4,129	**21**	377	**29,284**	14,556	**20,757**	24,457	**166**	274	**59,161**	49,555

No information was available for the geographical segment results.

4. LOSS FROM OPERATIONS

	2005	2004
	HK$'000	*HK$'000*
Loss from operations is stated after charging:		
Auditors' remuneration	**380**	280
Amortisation of trademark	**20**	–
Amortisation of artiste contract rights	**3**	–
Depreciation		
– Owned assets	**859**	651
– Assets held under finance leases	**–**	98
Operating leases in respect of land and buildings	**1,316**	960
Cost of inventories	**51,029**	42,805
Staff costs		
– Retirement benefit scheme contributions	**177**	161
– Other staff costs, including directors' emoluments	**6,347**	7,212
Provision for obsolete inventories	**–**	7,444
and after crediting:		
Reversal of revaluation decrease on disposal of investment properties	**–**	6,500
Interest income	**37**	24
Rental income	**–**	1,299
Gain on disposal of other investments	**24**	–

5. TAXATION

No provision for Hong Kong profits tax has been made in the financial statements as the Company and its subsidiaries incurred taxation loss for the year (2004: 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.

6. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the year ended 30th June, 2005 (2004: Nil).

7. (LOSS)/EARNINGS PER SHARE

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

	2005	2004
	HK$'000	*HK$'000*
(Loss)/Earnings for calculation of basic loss per ordinary share (net (loss)/profit attributable to ordinary shareholders)	**(36,832)**	49,266
Effect of dilutive potential ordinary shares – interest on convertible bonds	**–**	773
(Loss)/Earnings for calculation of diluted (loss)/earnings per ordinary share	**(36,832)**	50,039

	Number of shares	Number of shares
	'000	*'000*
Weighted average number of shares used in calculating basic (loss)/earnings per share	**388,118**	260,599
Effect of dilutive potential ordinary shares – convertible bonds	**–**	11,597
Weighted average number of shares used in calculating diluted earnings per ordinary share	**388,118**	272,196

The weighted average number of ordinary shares for the year ended 30th June, 2004 for the purpose of basic and diluted earnings per share has been adjusted for the share consolidation which took effect on 17th December, 2004.

8. TRADE AND OTHER RECEIVABLES

At 30 June 2005, the balances of trade and other receivables included trade receivables of approximately HK$4,750,000 (2004: HK$2,440,000). An aged analysis of trade receivables prepared on the basis of sales invoice date is as follows:

	Group	
	2005	2004
	HK$'000	*HK$'000*
0-90 days	**4,077**	1,373
91 days or above	**673**	1,067
	4,750	2,440

The Group allows an average credit period of 90-180 days (2004: 90-180 days) to its trade customers.

9. TRADE AND OTHER PAYABLES

At 30 June 2005, the balances of trade and other payables included trade payables of approximately HK$4,731,000 (2004: HK$2,181,000). An aged analysis of trade payables prepared on the basis of supplier invoice date is as follows:

	Group	
	2005	2004
	HK$'000	*HK$'000*
0-90 days	**3,887**	1,598
91 days or above	**844**	583
	4,731	2,181

10. EXTRACT FROM THE AUDITORS' REPORT

Basis of opinion

The corresponding figures in the current year's financial statements are derived from the financial statements for the year ended 30 June 2004 which contained a disclaimer audit opinion. We were unable to carry out audit procedures necessary to obtain adequate assurance on the preceding year's figures. Accordingly, we were unable to express an opinion on the corresponding figures appearing in the current year's financial statements. We have not been able to ascertain whether the corresponding figures will have any effect on the current year's balance sheet and profit and loss account items.

Audit opinion – Limitation of scope

In our opinion, except for any adjustments to the 30 June 2004 financial statements and subsequent adjustments to the 30 June 2005 financial statements that might have been found to be necessary, the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 30 June 2005 and of the loss and cash flows of the Group for the year then ended.

In respect alone of the limitation on our work relating to corresponding figures:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether proper books of account had been kept.

COMMENTARY ON ANNUAL RESULTS

RESULTS

Turnover for the year ended 30th June, 2005 increased to HK$59.2 million from HK$49.6 million for the last year, representing an increase of 19% against last year. The increase in turnover was mainly attributable to the increase in the sales of multimedia electronic products in the year. Gross profit was HK$8.1 million, compared with HK$6.8 million in last year. The increase in gross profit was mainly as a result of the contribution from the newly started entertainment business. Net loss for the year amounted to HK$36.8 million, compared with net loss of HK$37.2 million for the last year, if the reversal of revaluation decrease in investment properties of HK$6.5 million and gain on disposal of subsidiaries of HK$80.0 million were excluded from the net profit of HK$49.3 million in the same period last year. Loss per share for the year under review was HK$0.095.

REVIEW OF OPERATIONS

During the year, the Group was mainly engaged in the trading of multimedia electronic products and provision of telecommunication and system integration service. The turnover from the multimedia electronic products segment accounted for about 90% of the total turnover. However, as the gross profit margin for these multimedia electronic products was very thin, continuous loss has been observed in the previous years. In order to enhance its income stream, the Group decided to take a key step to diversify into entertainment and media business.

Multimedia Electronic Products

The turnover for multimedia electronic products for the year amounted to HK$53.3 million, representing a growth of 141% against last year. The significant growth was mainly as a result of increase in demand of multimedia electronic products such as DVD players and digital cameras. However, in order to obtain a satisfactory market share in this highly competitive multimedia electronic products market, more aggressive pricing strategy is inevitable. The gross profit percentage reduced from 17% for the last year to 9% for the current year.

Telecommunication and System Integration

Subsequent to the acquisition of 深圳銀河通信息技術有限公司 ("SRT") in July 2004, the telecommunication and system integration service is provided by this newly acquired company. The turnover and gross profit for the year amounted to HK$3.2 million and HK$0.4 million respectively.

Entertainment

Entertainment business is the new business segment of the Group. During the year, as the Group was still in the initial stage of its development into the entertainment business, relatively small amount of revenue was contributed by this segment. Several subsidiaries, namely See People Limited, See Music Limited, See Movie Limited and See Entertainment Limited, were established in September 2004. Professional model agency companies, Talent Bang Limited and Look Models Hong Kong Limited, were also acquired by the Group in May and June 2005 respectively. Turnover with an aggregate amount of HK$2.7 million was recorded by these companies. The turnover was mainly derived from share of investment return from the film "Jiang Hu". The Group was also in the process of production in a number of other TV programmes or films, including "美麗新天地", "大冒險家" and "浴火鳳凰" in this year. The cost of film production in progress incurred up to the end of this year was HK$12.9 million. We have also organized Eason Chan concert in Guangzhou on 30th July, 2005. The response has been well received from public and media. HK$1.6 million was paid at the balance sheet date for the production cost. These have been reflected in the balance sheet as at 30th June, 2005.

GEOGRAPHICAL REVIEW

During the year, the revenue were mainly sourced from Hong Kong and China markets which accounted for about 49% and 35% of the total turnover respectively. Most significant growth was observed in the Hong Kong and European markets, with increase of 101% and 33% respectively compared with last year. The turnover in respect of the other regions had been reduced in the year.

MATERIAL ACQUISITION

On 10th September, 2003, the Group entered into a conditional Investment Agreement (the "Investment Agreement") with the shareholders of SRT, *inter alia*, to invest RMB17,000,000 (approximately HK$16,100,000) in the registered share capital of SRT. As some of the conditions of the Investment Agreement cannot be fulfilled within 45 days from the Investment Agreement, the parties to the Investment Agreement agreed on two occasions to extend the completion date to 31st July, 2004. On 21st July, 2004, all of the conditions were fulfilled and the Investment Agreement was completed. As such, SRT was treated as a subsidiary as at the year end date, 30th June, 2005.

The Group had entered into a sale and purchase agreement for the acquisition of the office on 2nd Floor of Talon Tower, 38 Connaught Road West, Hong Kong on 7th February, 2005 at a consideration of HK$21,878,500. The acquisition was completed on 17th February, 2005. The directors believe that by making the acquisition the cash resources of the Group can be better utilized given the gradual recovery of the Hong Kong property market. In addition, the Group will be able to make savings on rental expenses.

FUTURE BUSINESS PROSPECTS AND PLANS

During the year, the Group was principally engaged in trading of multimedia electronic products and provision of telecommunication and system integration service. The Group has in around the last quarter of 2004 started the entertainment and media business which includes production of television programmes and artiste management. The Group is currently producing a number of TV programmes in Hong Kong and the PRC. The television programme production business is considered to be complementary to the artiste management business as the television programmes can be used as a means to promote the artistes under the Group's management. The Group has newly signed up a number of artistes and is now in the process of procuring performance opportunities for them in, for example, television commercials, films and television programmes.

The Group has completed the first closing of the acquisition of 49% interest in Galaxy Group in August 2005. The acquisition of Galaxy Group represents a further investment by the Group into the media and entertainment business. The acquisition of 49% interest in Galaxy Group would enable the Group to enter the pay-television market in Hong Kong. It is expected that the acquisition of Galaxy Group will bring fast growing return to the Group after the Galaxy Group attains a critical mass of viewers. Moreover, the Group would gain an attractive return from investment in Galaxy Group if it obtains a listing of its shares on any stock exchanges.

Looking forward, the Group will change the focus to the new entertainment and media business. With its ample resources and extensive connections, the Group will continue to search for opportunities to collaborate with talents from other Asian regions such as Mainland China, Taiwan, South Korea, Japan and Singapore, in order to create high quality productions with the greatest profitability and distinct Asian characteristics.

With the motto of "Seeing is believing!", the Group will continue to use a proactive approach to develop its cross-media business, such as talent management, as well as the investment, production, promotion, publishing and distribution of film and music, etc. The directors are confident that the Group will be one of the most influential market leaders in Asia in the next few years.

FINANCIAL REVIEW AND LIQUIDITY

At the balance sheet date, the Group had net assets of HK$70.8 million, compared with net liabilities of HK$6.5 million for the year end 30th June, 2004. The current ratio, represented by current assets divided by current liabilities was 4.9, which substantially improved from 0.76 at the last year end date. The cash and bank balance totalled HK$19.7 million at the year end date, compared with HK$1.9 million for the last year.

At the balance sheet date, the Group has no outstanding loan liability from third party, while the gearing ratio, as a ratio of total borrowings over total assets, for the last year was 1.06. During the year, two loans of approximately HK$8.7 million previously obtained from an independent third party were converted into 21,732,430 shares at HK$0.40 each according to a settlement agreement dated 7th February, 2005.

On 12th November, 2004, the Company entered into placing agreement and supplemental agreement with the placing agent in relation to the appointment of the placing agent for the placing of 225,000,000 shares at HK$0.40 each. A Special General Meeting was held on 17th December, 2004 during which placing of new shares was approved. The placing of new shares was completed on 21st January, 2005.

At the balance sheet date, the Group had contingent liabilities of HK$24 million mainly as a result of a corporate guarantee provided by the Company to a financial institution in respect of banking facilities granted to certain former subsidiaries. HK$5.5 million of the banking facilities were utilized by those former subsidiaries and such amount was subject to a claim by the financial institution.

EXPOSURE TO FLUCTUATION IN EXCHANGE RATES AND RELATED HEDGES

During the year, the sales of finished goods, purchase of raw material and production cost of films and TV programmes for the Group were mainly denominated in US dollars, Renminbi and 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 30th June, 2005, the Group has 52 employees (22 based in Hong Kong and 30 based in the People’s Republic of China) 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 performance.

MAJOR LITIGATION AND ARBITRATION PROCEEDINGS

The Company and its former subsidiary, P.N. Electronics Ltd. (“PNE”), are in arbitration 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, U.S.A. The alleged claims had been contested and a counterclaim for the sum of HK$18 million as well as other damages was made in the proceedings. At the balance sheet date, no further action has been taken by either party and thus it is not possible to predict the outcome with reasonable certainty.

On 13th October, 2003, a Writ of Summons and Statement of Claim was made 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 alleged liabilities of a former subsidiary, Welback Enterprise Limited. The claim is for a sum of approximately HK$3,583,000 and US$248,000 (approximately HK$1,934,000) together with interest and costs. BII Finance made an application for summary judgment against the Company on 25th February, 2004. This application was dismissed on 15th July, 2005. The Company was successful in defending BII Finance's application for summary judgment and was granted unconditional leave to defend the action by the Court. The Company has also issued Third Party proceedings against Mr. Lee Chun Kwok and Mr. Fong Wing Seng, former directors of the Company, seeking where necessary a contribution to the extent of 49% of BII Finance's claim. 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 in the main action are currently in the process of discovery.

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

The Company's audit committee comprises three independent non-executive directors, namely Mr. Li Fui Lung, Danny, the chairman of the committee, Mr. Ng Hoi Yue, Herman and Mr. Shek Lai Him, Abraham. Both Mr. Li Fui Lung, Danny and Mr. Ng Hoi Yue, Herman are certified public accountants.

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 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 30th June, 2005.

DIVIDENDS

The directors do not recommend the payment of a final dividend for the year ended 30th June, 2005 (2004: 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

The Company is dedicated to enhancing and maintaining high corporate governance standards for the benefit of shareholders. In the opinion of the directors, the Company has complied throughout the financial year ended 30th June, 2005 with the Code of Best Practice set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") in force prior to 1st January, 2005 save that the non-executive directors of the Company are not appointed for a specific term. Nevertheless, they are subject to retirement by rotation and re-election at the Annual General Meeting of the Company in accordance with the Company's Bye-laws.

As regards the newly promulgated Code on Corporate Governance Practices (Appendix 14 of the Listing Rules) (the "CG Code"), the Company has complied with most of the code provisions of the CG Code with certain deviations. The Company is taking the appropriate steps to ensure full compliance with the provisions of the CG Code, details of which will be set out in subsequent interim and annual reports of the Company.

PUBLICATION OF FURTHER INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

All the financial and other related information of the Company required by the Listing Rules will be published on the Stock Exchange's website in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises Mr. Yu Kam Kee, Lawrence (Chairman), Mr. Carl Chang (Chief Executive Officer) and Mr. Yu Kam Yuen, Lincoln as executive directors, Mr. Li Fui Lung, Danny, Mr. Ng Hoi Yue, Herman and Mr. Shek Lai Him, Abraham as independent non-executive directors.

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

Hong Kong, 26th October, 2005

* *For identification purpose only*

The English Language text of this Announcement shall prevail over the Chinese Language text.