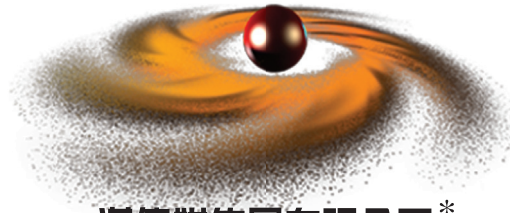


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**漢傳媒集團有限公司\***  
**SEE CORPORATION LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 491)**

## **INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2013**

The Board of Directors (the “Board”) of See Corporation Limited (hereinafter referred to as the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) for the six months ended 31 December 2013.

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 31 December 2013*

		<b>Six months ended</b>	
		<b>31 December</b>	
		<b>2013</b>	2012
	<i>Note</i>	<b>(Unaudited)</b>	(Unaudited)
		<b>HK\$'000</b>	<b>HK\$'000</b>
			(Restated)
Turnover	2	<b>15,392</b>	14,703
Cost of sales		<u><b>(11,509)</b></u>	<u>(10,418)</u>
Gross profit		<b>3,883</b>	4,285
Other revenue		<b>1,378</b>	1,205
Change in fair value of financial assets at fair value through profit or loss		<b>(1,562)</b>	(462)
Other operating expenses	3	<b>(5,961)</b>	(10,073)
Distribution costs		<b>(3,406)</b>	(2,766)
Administrative expenses		<u><b>(11,886)</b></u>	<u>(14,486)</u>
Loss from operations	3	<b>(17,554)</b>	(22,297)
Finance costs		<u><b>(302)</b></u>	<u>(305)</u>
Loss before taxation		<b>(17,856)</b>	(22,602)
Taxation	4	<u><b>–</b></u>	<u>–</u>
Loss for the period		<b>(17,856)</b>	(22,602)
Other comprehensive loss		<u><b>–</b></u>	<u>–</u>
Total comprehensive loss for the period		<u><b>(17,856)</b></u>	<u>(22,602)</u>
Loss for the period attributable to:			
Owners of the Company		<b>(17,030)</b>	(21,493)
Non-controlling interests		<u><b>(826)</b></u>	<u>(1,109)</u>
		<u><b>(17,856)</b></u>	<u>(22,602)</u>
Total comprehensive loss attributable to:			
Owners of the Company		<b>(17,030)</b>	(21,493)
Non-controlling interests		<u><b>(826)</b></u>	<u>(1,109)</u>
		<u><b>(17,856)</b></u>	<u>(22,602)</u>
Loss per share attributable to the owners of the Company – Basic and diluted	6	<u><b>HK\$(0.01)</b></u>	<u>HK\$(0.02)</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

		31 December 2013 (Unaudited) <i>HK\$'000</i>	30 June 2013 (Audited) <i>HK\$'000</i> (Restated)	1 July 2012 (Audited) <i>HK\$'000</i> (Restated)
	<i>Note</i>			
<b>Non-current assets</b>				
Property, plant and equipment	7	20,883	21,106	21,803
Interests in associates		7,384	7,384	7,384
Interest in a jointly controlled entity		–	–	–
Loan receivable	8	–	10,000	10,000
		<u>28,267</u>	<u>38,490</u>	<u>39,187</u>
<b>Current assets</b>				
Film rights		108,726	122,709	14,089
Film production in progress		111,477	99,972	227,230
Music production in progress		546	659	597
Inventories		31	–	67
Trade and other receivables, deposits and prepayments	9	3,087	4,849	5,817
Financial assets at fair value through profit or loss	15	3,053	4,615	2,805
Loan receivable	8	10,000	–	–
Cash and bank balances		53,201	33,188	87,563
		<u>290,121</u>	<u>265,992</u>	<u>338,168</u>
<b>Current liabilities</b>				
Trade and other payables	10	71,231	53,965	72,232
Bank overdraft – secured		9,977	10,032	9,943
		<u>81,208</u>	<u>63,997</u>	<u>82,175</u>
<b>Net current assets</b>		<u>208,913</u>	<u>201,995</u>	<u>255,993</u>

		<b>31 December</b>	30 June	1 July
		<b>2013</b>	2013	2012
		<b>(Unaudited)</b>	(Audited)	(Audited)
<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
			(Restated)	(Restated)
<b>Total assets less current liabilities</b>		<u><b>237,180</b></u>	<u>240,485</u>	<u>295,180</u>
<b>Net assets</b>		<u><b>237,180</b></u>	<u>240,485</u>	<u>295,180</u>
<b>Equity</b>				
<b>Capital and reserves attributable to the owners of the Company</b>				
Share capital	<i>12</i>	<b>14,945</b>	12,455	12,455
Reserves		<u><b>241,150</b></u>	<u>246,119</u>	<u>298,961</u>
		<b>256,095</b>	258,574	311,416
<b>Non-controlling interests</b>		<u><b>(18,915)</b></u>	<u>(18,089)</u>	<u>(16,236)</u>
		<u><b>237,180</b></u>	<u>240,485</u>	<u>295,180</u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 31 December 2013 (in HK Dollars)*

### 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements (the “Interim Financial Statements”) have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements set out in Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The Interim Financial Statements have been prepared on historical cost basis except certain financial assets, which are measured at fair values, as appropriate.

The accounting policies used in the Interim Financial Statements are consistent with those followed in the preparation of the annual financial statements of the Company and its subsidiaries (the “Group”) for the year ended 30 June 2013.

In the current interim period, the Group has applied, for the first time, the following amendments to the accounting standards and new interpretations issued by the HKICPA.

HKAS 19 (Revised in 2011)	Employee Benefits
HKAS 27 (Revised in 2011)	Separate Financial Statements
HKAS 28 (Revised in 2011)	Investments in Associates and Joint Ventures
HKFRS (Amendments)	Annual Improvements to HKFRSs 2009-2011 Cycle
HKFRS 1 (Amendments)	Government Loans
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine

### ***HKFRS 11, Joint Arrangements***

HKFRS 11, which replaces HKAS 31 Interests in joint ventures, divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under HKFRS 11 are recognised on a line-by-line basis to the extent of the joint operator's interest in the joint operation. All other joint arrangements are classified as joint ventures under HKFRS 11 and are required to be accounted for using the equity method in the Group's consolidated financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice.

The adoption of HKFRS 11 has changed the Group's accounting policy for its joint venture which was previously accounted for using proportionate consolidation. The financial effects on the Group's consolidated statement of financial position as at 1 July 2012 and 30 June 2013 and its consolidated statement of profit or loss for the six months ended 31 December 2012 as restated comparatives in the Group's unaudited consolidated financial results for the six months ended 31 December 2013, are as follows:

	<b>Impact on financial position as at 1 July 2012</b>		
	<b>As previously reported <i>HK\$'000</i></b>	<b>Retrospective effect of change in accounting policy <i>HK\$'000</i></b>	<b>As restated <i>HK\$'000</i></b>
Non-current assets	39,188	(1)	39,187
Current assets	338,277	(109)	338,168
Current liabilities	<u>(84,102)</u>	<u>1,927</u>	<u>(82,175)</u>
Net assets	<u>293,363</u>	<u>1,817</u>	<u>295,180</u>
Accumulated losses	<u>(419,933)</u>	<u>1,817</u>	<u>(418,116)</u>

**Impact on financial position  
as at 30 June 2013**

	<b>As previously reported <i>HK\$'000</i></b>	<b>Retrospective effect of change in accounting policy <i>HK\$'000</i></b>	<b>As restated <i>HK\$'000</i></b>
Non-current assets	38,490	–	38,490
Current assets	266,090	(98)	265,992
Current liabilities	(65,128)	1,131	(63,997)
Net assets	<u>239,452</u>	<u>1,033</u>	<u>240,485</u>
Accumulated loss	<u>(471,991)</u>	<u>1,033</u>	<u>(470,958)</u>

**Impact on result for the six months  
ended 31 December 2012**

	<b>As previously reported <i>HK\$'000</i></b>	<b>Retrospective effect of change in accounting policy <i>HK\$'000</i></b>	<b>As restated <i>HK\$'000</i></b>
Turnover	14,703	–	14,703
Gross profit	4,285	–	4,285
Other revenue	1,569	(364)	1,205
Administrative expenses	(14,655)	169	(14,486)
Other operating expenses	(9,830)	(243)	(10,073)
Finance costs	(306)	1	(305)
Loss before taxation	(22,165)	(437)	(22,602)
Loss for the period	<u>(22,165)</u>	<u>(437)</u>	<u>(22,602)</u>

***HKFRS 13, Fair Value Measurement***

HKFRS 13 replaces existing guidance in individual HKFRSs with a single source of fair value measurement guidance. HKFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specifically required for financial instruments in the interim financial statements.

Except as described above, the adoption of the other new HKFRSs had no material effect on the results and the financial position of the Group for the current or prior accounting period.

***Standards, amendment or interpretations issued but not yet effective***

The Group has not early applied the following new standards, amendments or interpretations that have been issued but are not yet effective.

HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities <sup>1</sup>
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets <sup>1</sup>
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting <sup>1</sup>
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures <sup>2</sup>
HKFRS 9	Financial Instruments <sup>2</sup>
HKFRS10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities <sup>1</sup>
HK(IFRIC) – Int 21	Levies <sup>1</sup>

<sup>1</sup> *Effective for annual periods beginning on or after 1 January 2014.*

<sup>2</sup> *No mandatory effective date yet determined but is available for adoption.*

The Directors of the Company anticipate that the application of these new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

The interim report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 2012/13 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information require for full set of consolidated financial statements prepared in accordance with HKFRSs.



## 2. SEGMENT INFORMATION

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

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

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

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

### (a) Segment revenue and results

	Six months ended 31 December 2013 (Unaudited)					Consolidated HK\$'000
	Film and TV programme production HK\$'000	Event production HK\$'000	Artiste and model management HK\$'000	Music production HK\$'000	Investment in securities HK\$'000	
Segment revenue	<u>12,789</u>	<u>772</u>	<u>1,807</u>	<u>24</u>	<u>-</u>	<u>15,392</u>
Segment results	<u>3,306</u>	<u>66</u>	<u>490</u>	<u>21</u>	<u>-</u>	<u>3,883</u>
Interest income						58
Reversal of impairment loss in respect of trade and other receivables	1,270	-	-	13	-	1,283
Unallocated gains						37
Unallocated corporate expenses						(6,144)
Distribution costs	(2,700)	-	(574)	(132)	-	(3,406)
Administrative expenses	(5,179)	(35)	(528)	-	-	(5,742)
Other operating expenses	(4,504)	-	(1,457)	-	-	(5,961)
Change in fair value of financial assets at fair value through profit or loss	-	-	-	-	(1,562)	(1,562)
Loss from operations						(17,554)
Finance costs						(302)
Loss before taxation						(17,856)
Taxation						-
Loss for the period						<u>(17,856)</u>

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

## Six months ended 31 December 2012 (Unaudited)/(Restated)

	Film and TV programme production <i>HK\$'000</i>	Event production <i>HK\$'000</i>	Artiste and model management <i>HK\$'000</i>	Music production <i>HK\$'000</i>	Investment in securities <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue	<u>10,485</u>	<u>475</u>	<u>3,533</u>	<u>210</u>	<u>-</u>	<u>14,703</u>
Segment results	<u>2,847</u>	<u>127</u>	<u>1,129</u>	<u>182</u>	<u>-</u>	<u>4,285</u>
Interest income						55
Reversal of impairment loss in respect of trade and other receivables	-	-	1,035	-	-	1,035
Unallocated gains						115
Unallocated corporate expenses						(8,989)
Distribution costs	(2,033)	-	(193)	(540)	-	(2,766)
Administrative expenses	(5,206)	(67)	(208)	(16)	-	(5,497)
Other operating expenses	(9,559)	-	(401)	(113)	-	(10,073)
Change in fair value of financial assets at fair value through profit or loss	-	-	-	-	(462)	(462)
Loss from operations						(22,297)
Finance costs						(305)
Loss before taxation						(22,602)
Taxation						-
Loss for the period						<u>(22,602)</u>

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

(b) *Segment assets and liabilities*

	Film and TV programme production <i>HK\$'000</i>	Event production <i>HK\$'000</i>	Artiste and model management <i>HK\$'000</i>	Music production <i>HK\$'000</i>	Investment in securities <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>31 December 2013</b>						
Segment assets	230,508	–	887	582	3,061	235,038
Unallocated assets						83,350
Consolidated assets						318,388
Segment liabilities	47,582	–	6,960	832	5	55,379
Unallocated liabilities						25,829
Consolidated liabilities						81,208
<b>30 June 2013 (Restated)</b>						
Segment assets	227,645	–	1,239	688	4,624	234,196
Unallocated assets						70,286
Consolidated assets						304,482
Segment liabilities	37,487	1,387	6,727	900	5	46,506
Unallocated liabilities						17,491
Consolidated liabilities						63,997
<b>1 July 2012 (Restated)</b>						
Segment assets	245,386	–	4,081	733	2,813	253,013
Unallocated assets						124,342
Consolidated assets						377,355
Segment liabilities	39,320	644	10,144	658	2	50,768
Unallocated liabilities						31,407
Consolidated liabilities						82,175

For the purpose of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than interests in associates and other unallocated head office and corporate assets that are not attributable to segments; and
- all liabilities are allocated to reportable segments other than unallocated corporate financial liabilities that are not attributable to segments.

**(c) Geographical information**

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

	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2013</b>	<b>2012</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Hong Kong	<b>3,254</b>	8,199
The People's Republic of China	<b>11,335</b>	3,175
Malaysia	<b>453</b>	1,578
Others	<b>350</b>	1,751
	<hr/>	<hr/>
	<b>15,392</b>	<b>14,703</b>
	<hr/> <hr/>	<hr/> <hr/>

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

### 3. LOSS FROM OPERATIONS

	Six months ended	
	31 December	
	2013	2012
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
		(Restated)
<b>Loss from operations has been arrived at after charging/(crediting):</b>		
Amortisation of film rights	9,483	7,638
Impairment loss recognised in respect of:		
– trade and other receivables, deposits and prepayments ( <i>Note</i> )	1,461	1,901
– film rights ( <i>Note</i> )	4,500	8,059
Write down on inventories ( <i>Note</i> )	–	113
Depreciation of property, plant and equipment	293	396
Operating leases in respect of land and buildings	1,287	977
Staff cost	5,773	7,008
Change in fair value of financial assets at fair value through profit or loss	1,562	462
Net exchange losses/(gains)	24	(2)
Reversal of impairment loss in respect of trade and other receivables	(1,283)	(1,035)
Gain on disposal of property, plant and equipment	–	(70)
	<u>          </u>	<u>          </u>

*Note:*

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

### 4. TAXATION

No provision for Hong Kong Profits Tax has been made in the Group’s condensed consolidated financial statements as the Group either incurred taxation loss or had no assessable profit for the period (2012: Nil).

### 5. INTERIM DIVIDEND

The Directors of the Company do not recommend the payment of an interim dividend for the current period (2012: Nil).

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

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

	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2013</b>	2012
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
		(Restated)
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per ordinary share	<u><b>(17,030)</b></u>	<u>(21,493)</u>
	<i>Number of shares</i>	<i>Number of shares</i>
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u><b>1,331,182,202</b></u>	<u>1,245,460,891</u>

For the six months ended 31 December 2013 and 2012, diluted loss per share is the same as the basic loss per share as there is no dilutive potential ordinary share.

## 7. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2013, the Group acquired items of property, plant and equipment with a cost of approximately HK\$70,000 (six months ended 31 December 2012: HK\$59,000). No items of property, plant and equipment were disposed of during the six months ended 31 December 2013. Property, plant and equipment with a net book value of approximately HK\$Nil were disposed of during the six months ended 31 December 2012, resulting in a gain on disposal of approximately HK\$70,000 for the six months ended 31 December 2012.

## 8. LOAN RECEIVABLE

	<b>31 December 2013 (Unaudited) HK\$'000</b>	30 June 2013 (Audited) HK\$'000
Loan to TVBP	<b>10,000</b>	10,000
Less: Amount due within one year and classified as current assets	<b>(10,000)</b>	–
Amount due after one year	<b>–</b>	<b>10,000</b>

The Group advanced a shareholder loan to TVBP in the sum of HK\$10,000,000 on 16 November 2009. The loan was unsecured and carried an interest rate of Hong Kong Interbank Offered Rate (“HIBOR”) plus 0.25% per annum. The loan shall be repayable by TVBP on 15 November 2014.

The Directors of the Company considered that the carrying amount of the Group’s loan receivable at 31 December 2013 was approximate to its fair value.

## 9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<b>31 December 2013 (Unaudited) HK\$'000</b>	30 June 2013 (Audited) HK\$'000	1 July 2012 (Audited) HK\$'000 (Restated)
Trade receivables, net	<b>112</b>	309	1,104
Other receivables, deposits and prepayments, net	<b>2,975</b>	4,540	4,713
	<b>3,087</b>	<b>4,849</b>	<b>5,817</b>

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

	<b>31 December</b>	30 June	1 July
	<b>2013</b>	2013	2012
	<b>(Unaudited)</b>	(Audited)	(Audited)
	<b>HK\$'000</b>	HK\$'000	HK\$'000
			(Restated)
0 to 90 days	<b>60</b>	205	885
91 to 180 days	<b>52</b>	104	219
Over 180 days	<b>10,200</b>	11,419	14,555
	<b>10,312</b>	11,728	15,659
<i>Less: Impairment loss recognised</i> in respect of trade receivables	<b>(10,200)</b>	(11,419)	(14,555)
	<b>112</b>	309	1,104

The Group allows an average credit period of 90 to 180 days (30 June 2013: 90 to 180 days, 1 July 2012: 90 to 180 days) to its trade customers.

The Directors of the Company considered that the carrying amounts of the Group's trade and other receivables, deposits and prepayments at 31 December 2013 were approximate to their fair values.

#### 10. TRADE AND OTHER PAYABLES

	<b>31 December</b>	30 June	1 July
	<b>2013</b>	2013	2012
	<b>(Unaudited)</b>	(Audited)	(Audited)
	<b>HK\$'000</b>	HK\$'000	HK\$'000
		(Restated)	(Restated)
Trade payables	<b>5,333</b>	5,477	2,519
Accruals	<b>26,568</b>	24,834	22,574
Deposits received from customers	<b>38,368</b>	22,846	42,603
Other payables	<b>962</b>	808	4,536
	<b>71,231</b>	53,965	72,232



The following is an aged analysis of trade payables:

	<b>31 December 2013 (Unaudited) HK\$'000</b>	30 June 2013 (Audited) HK\$'000 (Restated)	1 July 2012 (Audited) HK\$'000 (Restated)
0 to 90 days	72	178	–
91 days or above	<u>5,261</u>	<u>5,299</u>	<u>2,519</u>
	<u><b>5,333</b></u>	<u><b>5,477</b></u>	<u><b>2,519</b></u>

The Directors of the Company considered that the carrying amounts of Group's trade and other payables at 31 December 2013 were approximate to their fair values.

#### 11. PLEDGE OF ASSETS

At 31 December 2013, the Group's leasehold land and buildings with net book value of approximately HK\$14,170,000 (30 June 2013: HK\$14,178,000, and HK\$5,873,000 (30 June 2013: HK\$5,967,000), respectively were pledged to a bank for the bank overdraft granted to the Group.

#### 12. SHARE CAPITAL

	<b>Number of shares</b>	<b>Nominal value HK\$'000</b>
<b>Authorised:</b>		
Ordinary shares of HK\$0.01 each at 1 July 2013 and 31 December 2013	<u>50,000,000,000</u>	<u>500,000</u>
<b>Issued and fully paid:</b>		
Ordinary shares of HK\$0.01 each at 1 July 2013	1,245,460,891	12,455
Placing of shares ( <i>Note</i> )	<u>249,000,000</u>	<u>2,490</u>
<b>Ordinary shares of HK\$0.01 each at 31 December 2013</b>	<u><b>1,494,460,891</b></u>	<u><b>14,945</b></u>

*Note:*

On 29 October 2013, the Company issued 249,000,000 shares at the placing price of HK\$0.061 per ordinary share under the general mandate pursuant to an ordinary resolution passed by the shareholders of the Company at the annual general meeting held on 22 October 2012.

### **13. CONTINGENT LIABILITIES**

- (i) As at 30 June 2004, the Company provided corporate guarantees in the amount of approximately HK\$24 million to a financial institution in respect of banking facilities granted to Welback International Investments Limited and its subsidiaries (the “WIIL Group”), approximately HK\$5.5 million of which was utilised by members of the WIIL Group and such amount was claimed by the financial institution as disclosed in point (iii) below.
- (ii) The Company and its ex-subsiary, P.N. Electronics Limited (“PNE”) have been involved in arbitration proceedings with North American Foreign Trading Corporation (“NAFT”) in respect of a gross receivable of HK\$18 million and related damages from various parties for goods shipped by PNE and NAFT in 1996. The arbitration proceedings were initiated by NAFT against the Company and PNE claiming for alleged damages in New York, USA. The Company has upon legal advice, vigorously contested the alleged claims and has counterclaimed the said sum of HK\$18 million as well as other damages. The Company has not received any documents in relation to the arbitration proceedings for a substantial period of time and insofar as the Company is aware, the proceedings remain dormant.
- (iii) On 13 October 2003, a Writ of Summons and Statement of Claim was issued by BII Finance Company Limited (“BII Finance”) against the Company under a guarantee allegedly given by the Company in favour of BII Finance in respect of certain liabilities of Welback Enterprises Limited, a former subsidiary of the Company. The claim is for a sum of approximately HK\$3,583,000 and US\$248,000 (approximately HK\$1,936,000), together with interest.

The Company has issued Third Party proceedings against Mr. Lee Chun Kwok and Mr. Fong Wing Seng, former directors of the Company, seeking a contribution to the extent of 49% of BII Finance’s claim in the event that the Company is found liable to BII Finance (which is denied).

BII Finance has not taken any steps to progress with the action since June 2006. The Company is prepared and ready to continue to defend BII Finance’s claim, and also continue to pursue the Third Party proceedings against Mr. Lee Chun Kwok and Mr. Fong Wing Seng.

Save as disclosed above, no member of the Group is engaged in any litigation or claims of material importance and no litigation or claims of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

## 14. OPERATING LEASE COMMITMENTS

### *The Group as lessee*

At 31 December 2013, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of land and building, which fall due as follows:

	<b>31 December 2013 (Unaudited) HK\$'000</b>	30 June 2013 (Audited) HK\$'000
Within one year	<b>979</b>	1,555
In the second to fifth year inclusive	<b>360</b>	840
	<b><u>1,339</u></b>	<b><u>2,395</u></b>

## 15. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset that are not based on observable market data (unobservable inputs).

	<b>Fair value as at 31 December 2013 (unaudited) HK\$'000</b>	Fair value as at 30 June 2013 (audited) HK\$'000	<b>Fair value hierarchy</b>	<b>Valuation technique and key input</b>	<b>Significant unobservable inputs</b>	<b>Relationship of unobservable inputs to fair value</b>
Financial assets	<b>3,053</b>	4,615	Level 1	Quoted bid prices in an active market	N/A	N/A
Fair value through profit or loss	<b><u>3,053</u></b>	<b><u>4,615</u></b>				

### ***Fair value measurements and valuation process***

The Directors of the Company have closely monitored and determined the appropriate valuation techniques and inputs for fair value measurements.

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

## **16. MATERIAL RELATED PARTY TRANSACTIONS**

Save as disclosed elsewhere in the Interim Financial Statements, the Group has entered into the following significant related party transactions.

### ***Compensation of key management personnel:***

The remuneration of Directors and other members of key management during the period was as follows:

	<b>Six months ended</b>	
	<b>31 December</b>	
	<b>2013</b>	2012
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Salaries and other benefits	<b>1,410</b>	2,246
Retirement benefit scheme contributions	<b>8</b>	15
	<b>1,418</b>	2,261

## **17. EVENTS AFTER THE END OF THE REPORTING PERIOD**

On 3 January 2014, the Company announced amongst other things a proposed capital reorganisation (the "Capital Reorganisation") and rights issue (the "Rights Issue").

### ***Proposed Capital Reorganisation***

The Capital Reorganisation would involve, amongst other things, ten (10) issued existing shares of par value HK\$0.01 each be consolidated into one (1) issued consolidated share of par value HK\$0.10 and the proposed capital reduction whereby the par value of each issued consolidated share will be reduced from HK\$0.10 to HK\$0.01 by cancelling the paid-up capital to the extent of HK\$0.09 on each issued consolidated share, thereby resulting in adjusted share of par value of HK\$0.01 each.

### ***Proposed Rights Issue***

The effect of the Rights Issue would result in not less than 1,345,014,801 rights shares being issued on the basis of nine (9) rights shares for every adjusted share held on the record date at the subscription price of HK\$0.228 per rights share. The estimated net proceeds of the Rights Issue will be approximately HK\$294.5 million and the Company intends to utilise the entire net proceeds from the Rights Issue for operation of its existing business which includes the film and TV programme production or if different expansion opportunities in the entertainment business are identified, for expansion of its business to entertainment related investments

The proposed Rights Issue is conditional upon amongst other things the approval of the independent shareholders of the Company at a forthcoming special general meeting.

Details of the aforesaid are set out in the Company's announcement dated 3 January 2014.

Up to the date of issuance of the Interim Financial Statement, the Group had no other significant events noted after the end of the reporting period save as aforesaid.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Results

For the six months period ended 31 December 2013, the Group recorded a consolidated turnover of approximately HK\$15.4 million, representing an increase of approximately 4.8% as compared to approximately HK\$14.7 million for the corresponding period in 2012. Such increase was mainly attributable to the increase in turnover in the film and TV programme production business during the period as compared to those of the last corresponding period.

The Group recorded a loss attributable to owners of the Company of approximately HK\$17.0 million for the period as compared to a loss of approximately HK\$21.5 million for the corresponding period in 2012. The loss from operations for the period decreased to approximately HK\$17.6 million from approximately HK\$22.3 million in previous period. Such decrease in loss from operations was mainly attributable to the decrease in administrative expenses during the period to approximately HK\$11.9 million from approximately HK\$14.5 million in previous period. The distribution costs for the period and change in fair value loss in the Group's financial assets for the period was approximately HK\$3.4 million and approximately HK\$1.6 million respectively compared to approximately HK\$2.8 million and approximately HK\$0.5 million respectively in the corresponding period of last year. Basic and diluted loss per share for the period was HK\$0.01 while the basic and diluted loss per share for the last corresponding period was HK\$0.02.

### Review of Operations

During the period, the Group was principally engaged in the entertainment and media business. Our activities can be categorised as (i) film and TV programme production; (ii) event production; (iii) artiste and model management; (iv) music production; (v) investment in securities; and (vi) investment in a pay TV operation.

### ***Film and TV programme production***

During the period under review, turnover derived from the Group's film and TV programme production business was approximately HK\$12.8 million, representing an increase of approximately 21.9% as compared to the last corresponding period of approximately HK\$10.5 million. The Group recorded a gross profit of approximately HK\$3.3 million from the film and TV programme production business in the current period.

The total net book value of the Group's film rights stood at approximately HK\$108.7 million as at 31 December 2013. The impairment loss recognised in respect of film rights during the period amounted to approximately HK\$4.5 million. At 31 December 2013, the Group's total film and TV programme production in progress amounted to approximately HK\$111.5 million.

### ***Event production***

During the period, the Group has recorded turnover of approximately HK\$0.8 million from event productions as compared to approximately HK\$0.5 million for the last corresponding period.

### ***Artiste and model management***

The Group continued to manage a number of famous Hong Kong artistes and models during the period. For the period ended 31 December 2013, the turnover derived from the business of artiste and model management was approximately HK\$1.8 million, representing a decrease of approximately 48.6% as compared to approximately HK\$3.5 million for the corresponding period in 2012. Such decrease in turnover during the period was mainly due to keen competition in the market during the period. The Group recorded a gross profit of approximately HK\$0.5 million from artistes and model management in the current period.

### ***Music production***

Turnover from music production for the period amounted to approximately HK\$0.02 million as compared to approximately HK\$0.2 million for the last corresponding period. Although the turnover from the segment was not significant, it served to enhance the image and exposure of our artistes to the market.

### ***Investment in securities***

During the period, no turnover was recorded under investment in securities operation (2012: Nil). The carrying value of the segment assets of the investment in securities operation as of 31 December 2013 and 30 June 2013 were approximately HK\$3.0 million and approximately HK\$4.6 million, respectively. The decrease in the carrying value mainly represented the decrease in fair value of financial assets at fair value through profit or loss during the period which amounted to approximately HK\$1.6 million.

### ***Investment in a pay TV operation***

The Group's 5% interest in TVB Pay Vision Holdings Limited ("TVBP") and TVB Network Vision Limited (formerly known as TVB Pay Vision Limited) (the "TVBNV") has been continuously accounted for as associates of the Group. The Directors of the Company consider that the Group has retained significant influence over TVBP and TVBNV by the representation of the Group on the board of Directors of TVBP and TVBNV despite that the interest held by the Group is below 20%.

### **Geographical Review**

During the period under review, the Group's revenue was mainly derived from the Hong Kong and China markets which accounted for approximately 95% of the Group's total turnover.



## **Future Business Prospects and Plans**

The Group has dedicated its efforts in strengthening and opening up distribution channels for its film and TV production in Mainland China. Given the continued opening and expansion of the film and TV production market as well as the continuous growth in the box office in Mainland China, we strongly believe that there is a great potential for the distribution of our film and TV production in Mainland China.

Save for the intended use of proceeds for the proposed rights issue as disclosed in the Company's announcement dated 3 January 2014, the Group has no other plans for material investments or capital assets and their expected sources of funding in the coming year. The Group has not introduced or announced any new business including new products and services during the period.

Notwithstanding the aforesaid, the Group is always on lookout for different entertainment related investment opportunities in the market which may increase the income of the Group or provide synergy to the existing business of the Group.

We are facing a challenging year ahead with the volatile financial markets and uncertain recovery trends in the world's major economies. We are cautiously optimistic with respect to the prospects of the film and TV production industry in Hong Kong. The Group will be cautious in the selection of stories and scripts for the production of our films and TV programmes. Stringent measures will be adopted in the cost control and risk management for the Group's film and TV projects.

## **Financial Review and Liquidity**

As at 31 December 2013, the Group's net assets amounted to approximately HK\$237.2 million, as compared with approximately HK\$240.5 million as of 30 June 2013. The current ratio, representing current assets divided by current liabilities, was 3.57.

At the end of the reporting period, the Group had short-term bank overdraft of approximately HK\$10.0 million which bears interest at the lending bank's prime rate per annum or 1% per annum over Hong Kong Inter-bank Offer Rate ("HIBOR"), whichever is higher, and is repayable on demand. The cash and bank balances of the Group at the end of the reporting period amounted to approximately HK\$53.2 million. The gearing ratio, as a ratio of total borrowings over total assets was 0.03.

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

### **Foreign Exchange Exposure and Treasury Policies**

Most of the Group's cash balances, income and expenditure are primarily denominated in Hong Kong dollars and Renminbi. As the exchange rate between Hong Kong dollars and Renminbi is relatively stable, no hedging or other alternatives have been implemented for managing the exchange rate risk. The Group has not experienced any material difficulty or effect on its operations of liquidity as result of fluctuations in currency exchange rates. As at 31 December 2013, the Group did not have any outstanding hedging instruments.

### **Employee Schemes**

As at 31 December 2013, the Group had 31 Hong Kong based employees. The remuneration policy and package of the Group's employees are periodically reviewed and approved by the Executive Directors. Apart from provident fund scheme and in-house training programmes, medical insurance scheme, discretionary bonuses and share options may also be awarded to employees based on individual performance.

### **Pledge of Assets**

As at 31 December 2013, certain assets of the Group with aggregate carrying value of approximately HK\$20.0 million (30 June 2013: HK\$20.1 million) were pledged to secure the bank overdraft granted to the Group.

## Major Litigation and Arbitration Proceedings

1. The Company and its ex-subsiary, P.N. Electronic Limited (“PNE”) have been involved in arbitration proceedings with North American Foreign Trading Corporation (“NAFT”) in respect of a gross receivable of HK\$18 million and related damages from various parties for goods shipped by PNE and NAFT in 1996. The arbitration proceedings were initiated by NAFT against the Company and PNE claiming for alleged damages in New York, USA. The Company has upon legal advice, vigorously contested the alleged claims and has counterclaimed the said sum of HK\$18 million as well as other damages. The Company has not received any documents in relation to the arbitration proceedings for a substantial period of time and insofar as the Company is aware, the proceedings remain dormant.
2. On 13 October 2003, a Writ of Summons and Statement of Claim was issued by BII Finance Company Limited (“BII Finance”) against the Company under a guarantee allegedly given by the Company in favour of BII Finance in respect of certain liabilities of Welback Enterprises Limited, a former subsidiary of the Company. The claim is for a sum of approximately HK\$3,583,000 and US\$248,000 (approximately HK\$1,936,000), together with interest.

The Company has issued Third Party proceedings against Mr. Lee Chun Kwok and Mr. Fong Wing Seng, former directors of the Company, seeking a contribution to the extent of 49% of BII Finance’s claim in the event that the Company is found liable to BII Finance (which is denied).

BII Finance has not taken any steps to progress with the action since June 2006. The Company is prepared and ready to continue to defend BII Finance’s claim, and also continue to pursue the Third Party proceedings against Mr. Lee Chun Kwok and Mr. Fong Wing Seng.

Save as disclosed above, no member of the Group is engaged in any litigation or claims of material importance and no litigation or claims of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

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

During the six months ended 31 December 2013, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## **CORPORATE GOVERNANCE CODE**

The Company is committed to ensuring high standards of corporate governance in the interests of shareholders and devotes considerable effort to identifying and formalising best practices. Save as the deviation with Code Provision A.4.1 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules ("the Corporate Governance Code") specified below, throughout the six months ended 31 December 2013 the Company has complied with all applicable code provisions under the Corporate Governance Code.

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. After the expiration of the specific terms from 1 April 2012 to 30 September 2013 under their respective appointment letters, Mr. Li Fui Lung Danny and Mr. Ng Hoi Yue Herman continued to act as Independent Non-executive Directors without a specific term but are, in any event, subject to retirement by rotation and re-election pursuant to the Bye-Laws. As it is proposed that Mr. Li and Mr. Ng will retire at the forthcoming annual general meeting for the 2014 financial year and being eligible, stand for re-election at that meeting, the Company has deferred entering into with them new appointment letters specifying their respective appointment terms until the forthcoming annual general meeting when separate resolutions will be proposed in respect of their respective further appointments in compliance with the code provisions under the Corporate Governance Code. As Mr. Li and Mr. Ng were not appointed for a specific term for part of the six months interim period, this constitutes a deviation from Code Provision A.4.1 of the Corporate Governance Code.

## **MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Specific enquiry has been made with all Directors of the Company and the Directors of the Company confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 31 December 2013.

## AUDIT COMMITTEE

The Company has established an audit committee in compliance with Rule 3.21 of the Listing Rules which comprises three Independent Non-executive Directors, namely Mr. Li Fui Lung, Danny, the chairman of the audit committee, Mr. Ng Hoi Yue, Herman and Mr. Heung Pik Lun with the terms of reference adopted by the Directors of the Company.

Both Mr. Li Fui Lung, Danny and Mr. Ng Hoi Yue, Herman are certified public accountants.

The audit committee has reviewed the Group's unaudited interim financial statements for the six months ended 31 December 2013. In addition, the audit committee and the Group's external auditors have discussed with management on the Group's accounting policy and discussed internal control and financial reporting matters regarding the Group's unaudited interim financial statements for the six months ended 31 December 2013.

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

Hong Kong, 24 February 2014

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

*Executive Directors:*

Dr. Ma Ho Man, Hoffman (*Chairman*)  
Mr. Wong Kui Shing, Danny (*Managing Director*)  
Mr. Wong Chi Chiu

*Independent Non-executive Directors:*

Mr. Li Fui Lung, Danny  
Mr. Ng Hoi Yue, Herman  
Mr. Heung Pik Lun

\* *for identification purpose only*