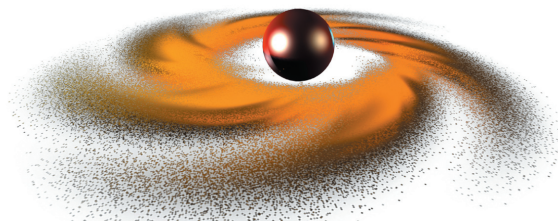


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漢傳媒集團有限公司*
SEE CORPORATION LIMITED

(Incorporated in Bermuda with limited liability)
(Stock Code: 491)

**INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2008**

The Board of Directors (the “Board”) of See Corporation Limited (hereinafter referred to as the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) for the six months ended 31 December 2008.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2008

		Six months ended 31 December	
		2008	2007
	Note	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Turnover	2	14,086	9,113
Cost of sales		<u>(10,867)</u>	<u>(5,563)</u>
Gross profit		3,219	3,550
Other revenue		1,149	7,229
Change in fair value of financial assets at fair value through profit or loss		(177,958)	(51,975)
Other operating expenses		(4,518)	(3,067)
Distribution costs		(2,608)	(531)
Administrative expenses		<u>(19,150)</u>	<u>(21,621)</u>
Loss from operations	3	(199,866)	(66,415)
Impairment loss recognized in respect of goodwill		–	(1,064)
Finance costs		<u>(10,312)</u>	<u>(9,300)</u>
Loss before taxation		(210,178)	(76,779)
Taxation	4	<u>–</u>	<u>–</u>
Loss for the period		<u><u>(210,178)</u></u>	<u><u>(76,779)</u></u>
Attributable to:			
Equity holders of the Company		(210,178)	(76,779)
Minority interests		<u>–</u>	<u>–</u>
		<u><u>(210,178)</u></u>	<u><u>(76,779)</u></u>
Loss per share			
– Basic and diluted	6	<u><u>HK\$(0.11)</u></u>	<u><u>HK\$(0.06)</u></u>

CONDENSED CONSOLIDATED BALANCE SHEET

As at 31 December 2008

	<i>Note</i>	31 December 2008 (Unaudited) HK\$'000	30 June 2008 (Audited) HK\$'000
Non-current Assets			
Intangible assets	7	41	49
Leasehold land		14,255	14,263
Property, plant and equipment	8	10,609	10,246
Interests in associates	9	<u>72,365</u>	<u>72,365</u>
		<u>97,270</u>	<u>96,923</u>
Current Assets			
Film rights		12,201	13,894
Film production in progress		121,144	106,149
Music production in progress		415	676
Inventories		621	400
Trade and other receivables, deposits and prepayments	10	50,539	50,713
Financial assets at fair value through profit or loss		78,059	256,017
Pledged bank deposits		764	763
Cash and bank balances		<u>23,346</u>	<u>46,168</u>
		<u>287,089</u>	<u>474,780</u>
Less: Current Liabilities			
Trade and other payables	11	30,791	17,561
Short-term loan – unsecured	12	5,742	5,742
Bank overdraft – secured		<u>9,858</u>	<u>9,938</u>
		<u>46,391</u>	<u>33,241</u>
Net current assets		<u>240,698</u>	<u>441,539</u>
Total assets less current liabilities		<u>337,968</u>	<u>538,462</u>
Less: Non-current Liabilities			
Convertible notes	14	<u>260,297</u>	<u>250,613</u>
		<u>260,297</u>	<u>250,613</u>
Net assets		<u><u>77,671</u></u>	<u><u>287,849</u></u>
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital	15	19,388	19,388
Reserves		<u>58,283</u>	<u>268,461</u>
		<u>77,671</u>	<u>287,849</u>
Minority Interests		<u>–</u>	<u>–</u>
		<u><u>77,671</u></u>	<u><u>287,849</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2008 (in HK Dollars)

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

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

The accounting policies used in the Interim Financial Statements are consistent with those followed in the preparation of the annual financial statements of the Company and its subsidiaries (the “Group”) for the year ended 30 June 2008.

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, which are effective for the Group’s financial period beginning on 1 July 2008.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of the new HKFRSs had no material effect on the results and the financial position of the Group for the current or prior accounting period. Accordingly, no prior period adjustment is required.

Standards, amendment or interpretations issued but not yet effective

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

HKFRSs (Amendments)	Improvements to HKFRSs ¹
HKAS 1 (Revised)	Presentation of Financial Statements ²
HKAS 23 (Revised)	Borrowing Costs ²
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ³
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation ²
HKAS 39 (Amendments)	Eligible Hedged Items ³
HKFRS 1 & HKAS 27 (Amendments)	Cost of an investment in a Subsidiary, Jointly Controlled Entity or Associate ²
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations ²
HKFRS 3 (Revised)	Business Combinations ³
HKFRS 8	Operating Segments ²
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate ²
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation ⁴
HK(IFRIC) – Int 17	Distribution of Non-cash Assets to Owners ³
HK(IFRIC) – Int 18	Transfer of Assets from Customers ⁵

¹ Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009

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

³ Effective for annual periods beginning on or after 1 July 2009

⁴ Effective for annual periods beginning on or after 1 October 2008

⁵ Effective for transfers on or after 1 July 2009

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The 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 2007/08 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information require for full set of financial statements prepared in accordance with HKFRSs.

2. SEGMENT INFORMATION

(a) Primary reporting format – business segments

During the period ended 31 December 2008, the Group was mainly engaged in (i) film and TV programme production, (ii) event production, (iii) artiste and model management, (iv) music production and (v) investment in securities.

Segment information about these businesses for the six months ended 31 December 2008 and 2007 is as follow:

	Six months ended 31 December 2008 (Unaudited)						Consolidated HK\$'000
	Film/TV programme production HK\$'000	Event production HK\$'000	Artiste and model management HK\$'000	Music production HK\$'000	Investment in securities HK\$'000	Others HK\$'000	
	Revenue from external customers	<u>10,159</u>	<u>-</u>	<u>3,579</u>	<u>348</u>	<u>-</u>	
Segment results	<u>2,094</u>	<u>-</u>	<u>1,084</u>	<u>41</u>	<u>-</u>	<u>-</u>	<u>3,219</u>
Interest income and unallocated gains							1,149
Unallocated corporate expenses							(21,758)
Other operating expenses	(3,742)	-	(737)	(16)	-	(23)	(4,518)
Change in fair value of financial assets at fair value through profit or loss					(177,958)		<u>(177,958)</u>
Loss from operations							(199,866)
Impairment loss recognized in respect of goodwill							-
Finance costs							<u>(10,312)</u>
Loss before taxation							(210,178)
Taxation							<u>-</u>
Loss for the period							<u><u>(210,178)</u></u>

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

	Six months ended 31 December 2007 (Unaudited)						Consolidated HK\$'000
	Film/TV programme production HK\$'000	Event production HK\$'000	Artiste and model management HK\$'000	Music production HK\$'000	Investment in securities HK\$'000	Others HK\$'000	
	Revenue from external customers	<u>955</u>	<u>210</u>	<u>7,835</u>	<u>113</u>	<u>-</u>	
Segment results	<u>880</u>	<u>96</u>	<u>2,461</u>	<u>113</u>	<u>-</u>	<u>-</u>	<u>3,550</u>
Interest income and unallocated gains							7,229
Unallocated corporate expenses							(22,152)
Other operating expenses	(3,067)	-	-	-	-	-	(3,067)
Change in fair value of financial assets at fair value through profit or loss					(51,975)		(51,975)
Loss from operations							(66,415)
Impairment loss recognized in respect of goodwill							(1,064)
Finance costs							(9,300)
Loss before taxation							(76,779)
Taxation							-
Loss for the period							<u>(76,779)</u>

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

(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:

	Six months ended 31 December 2008 (Unaudited)				
	North America HK\$'000	Hong Kong HK\$'000	China HK\$'000	Others HK\$'000	Consolidated HK\$'000
	Revenue from external customers	<u>8</u>	<u>8,745</u>	<u>5,292</u>	<u>41</u>

	Six months ended 31 December 2007 (Unaudited)				
	North America HK\$'000	Hong Kong HK\$'000	China HK\$'000	Others HK\$'000	Consolidated HK\$'000
	Revenue from external customers	<u>372</u>	<u>7,537</u>	<u>667</u>	<u>537</u>

3. LOSS FROM OPERATIONS

	Six months ended	
	31 December	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss from operations has been arrived at after charging as following items:		
Amortisation of film rights	7,951	–
Amortisation of leasehold land	8	8
Amortisation of intangible assets	8	8
Written down on film rights	3,742	3,067
Impairment loss recognized in respect of goodwill	–	1,064
Impairment loss recognized in respect of trade and other receivables, deposits and prepayments	776	–
Depreciation of property, plant and equipment	774	638
Operating leases in respect of land and buildings	2,362	2,595
Staff cost	6,421	8,428
Change in fair value of financial assets at fair value through profit or loss	<u>177,958</u>	<u>51,975</u>

4. TAXATION

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group and the Company either incurred taxation loss or had no assessable profit for the period (2007: Nil).

5. INTERIM DIVIDEND

The directors of the Company do not recommend the payment of an interim dividend for the current period (2007: Nil).

6. LOSS PER SHARE

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

	Six months ended	
	31 December	
	2008	2007
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss for the period attributable to equity holders of the Company for the purpose of basic loss per ordinary share	<u>(210,178)</u>	<u>(76,779)</u>
	Number of shares '000	Number of shares '000
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>1,938,802</u>	<u>1,235,067</u>

The weighted average number of ordinary shares for the purpose of basic loss per share for the period ended 31 December 2007 has been adjusted for the rights issue on 15 November 2007.

For the period ended 31 December 2008 and 31 December 2007, diluted loss per share is the same as the basic loss per share as the outstanding convertible notes has anti-dilutive effect on the basic loss per share.

7. INTANGIBLE ASSETS

Intangible assets represent trademarks and artiste contract rights. The changes in the net book value of intangible assets for the six months ended 31 December 2008 are analysed as follow:

	<i>HK\$'000</i>
At 1 July 2008 (Audited)	49
Additions	–
Amortisation charged for the period	<u>(8)</u>
At 31 December 2008 (Unaudited)	<u><u>41</u></u>

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2008, the Group acquired property, plant and equipment for an amount of approximately HK\$1,137,000 (30 June 2008: HK\$1,242,000).

9. INTERESTS IN ASSOCIATES

	31 December 2008 (Unaudited) <i>HK\$'000</i>	30 June 2008 (Audited) <i>HK\$'000</i>
Share of net assets of associates	–	–
Goodwill arising on acquisition of associates	<u>72,365</u>	<u>72,365</u>
	<u><u>72,365</u></u>	<u><u>72,365</u></u>

At 31 December 2008, the directors of the Company assessed the recoverable amount of goodwill arising on the acquisition of associates by reference to the valuation as at 31 December 2008 performed by Norton Appraisals Limited (“Norton Appraisals”), an independent firm of professional valuers. According to the results of the valuation by Norton Appraisals, the directors of the Company are of the opinion that no impairment loss on goodwill was needed to provide during the period.

10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	31 December 2008 (Unaudited) <i>HK\$'000</i>	30 June 2008 (Audited) <i>HK\$'000</i>
Trade receivables, net	5,956	5,210
Other receivables, deposits and prepayments, net	<u>44,583</u>	<u>45,503</u>
	<u><u>50,539</u></u>	<u><u>50,713</u></u>

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

	31 December 2008 (Unaudited) HK\$'000	30 June 2008 (Audited) HK\$'000
0 to 90 days	2,207	3,978
91 to 180 days	1,917	439
Over 180 days	<u>11,675</u>	<u>10,076</u>
	15,799	14,493
Less: Impairment loss recognized in respect of trade receivables	<u>(9,843)</u>	<u>(9,283)</u>
	<u>5,956</u>	<u>5,210</u>

The Group allows an average credit period of 90-180 days (30 June 2008: 90-180 days) to its trade customers.

The directors of the Company considered that the carrying amounts of the Group's trade and other receivables at 31 December 2008 were approximate to their fair values.

11. TRADE AND OTHER PAYABLES

	31 December 2008 (Unaudited) HK\$'000	30 June 2008 (Audited) HK\$'000
Trade payables	6,011	1,978
Other payables	<u>24,780</u>	<u>15,583</u>
	<u>30,791</u>	<u>17,561</u>

The following is an aged analysis of trade payables:

	31 December 2008 (Unaudited) HK\$'000	30 June 2008 (Audited) HK\$'000
0 – 90 days	780	264
91 days or above	<u>5,231</u>	<u>1,714</u>
	<u>6,011</u>	<u>1,978</u>

The directors of the Company considered that the carrying amounts of the Group's trade and other payables at 31 December 2008 were approximate to their fair values.

12. SHORT-TERM LOAN – UNSECURED

The short-term loan is unsecured, chargeable with interest at 2% over the best lending rate of Hong Kong dollar and repayable on demand. The carrying amount of the short-term loan is denominated in Hong Kong dollars.

The directors of the Company considered that the carrying amount of the short-term loan was approximate to its fair value.

13. PLEDGE OF ASSETS

At 31 December 2008, the Group's leasehold land and buildings with net book value of approximately HK\$14,255,000 (30 June 2008: HK\$14,263,000) and HK\$6,817,000 (30 June 2008: HK\$6,912,000), respectively were pledged to a bank for the bank overdraft granted to the Group.

At 31 December 2008, the Group's bank deposits amounted to approximately HK\$764,000 (30 June 2008: HK\$763,000) was pledged to a bank to secure its bank guarantees given as rental deposits of certain operating leases in respect of land and buildings.

14. CONVERTIBLE NOTES

	Liability component of the convertible notes HK\$'000	Equity component of the convertible notes HK\$'000
At 30 June 2008 and 1 July 2008		
2005 Convertible Notes (<i>Note i</i>)	157,336	45,920
2007 Convertible Notes (<i>Note ii</i>)	93,277	10,058
Imputed interest expenses	<u>9,684</u>	<u>—</u>
At 31 December 2008	<u>260,297</u>	<u>55,978</u>

Notes:

i. HK\$170,000,000 convertible notes due issued in 2005 and due in 2010 (the “2005 Convertible Notes”)

On 21 April 2005, the Company entered into a subscription agreement (the “2005 Subscription Agreement”) in relation of issuance of HK\$170,000,000 zero-coupon convertible notes due on 9 August 2010 to Hanny Holdings Limited (“Hanny”).

Pursuant to the 2005 Subscription Agreement, Hanny may at any business date after the date of issue of the 2005 Convertible Notes up to and including the date prior to the fifth anniversary of the date of issue of the 2005 Convertible Notes convert the whole or any part in an amount or integral multiple of HK\$500,000 of the principal amount of the 2005 Convertible Notes into shares of HK\$0.01 each in the share capital of the Company, at the conversion price of HK\$0.12 per share (as adjusted after the rights issue, share consolidation and issuing of convertible notes of the Company in prior year and current year). The effective interest rate of the liability component is 8.55% per annum to the Company. Unless previously converted by Hanny, the 2005 Convertible Notes will be redeemed on the date of maturity at the principal amount of the 2005 Convertible Notes then outstanding.

The conversion price of the 2005 Convertible Notes of HK\$170,000,000 had been adjusted from HK\$0.12 per share to HK\$0.0406 per share as a result of the right issue taken place on 30 June 2006.

The conversion price of the 2005 Convertible Notes had been further adjusted from HK\$0.0406 per share to HK\$4.06 per share as a result of the share consolidation taken place on 31 October 2006.

The conversion price of the 2005 Convertible Notes had been further adjusted from HK\$4.06 per share to HK\$1.69 per share as a result of the rights issue taken place on 16 May 2007.

The conversion price of the 2005 Convertible Notes had been further adjusted from HK\$1.69 per share to HK\$1.09 per share as a result of the rights issue taken place on 15 November 2007.

The conversion price of the 2005 Convertible Notes had been further adjusted from HK\$1.09 per share to HK\$1.08 per share as a result of the issue of the 2007 Convertible Notes taken place on 5 December 2007.

The 2005 Convertible Notes are denominated in Hong Kong dollar, contain two components, liability and equity elements. The Company determined the fair value of the liability component using an equivalent market interest rate for a similar note without a conversion option. The residual amount is assigned as the equity component and included in shareholder's equity named as convertible notes reserves.

ii. HK\$100,000,000 convertible notes due issued in 2007 and due in 2009 (the "2007 Convertible Notes")

On 20 June 2007, the Company entered into another subscription agreement (the "2007 Subscription Agreement") in relation of issuance of HK\$100,000,000 1% convertible notes due in 2009 to Hanny. The 2007 Convertible Notes were issued on 5 December 2007.

Pursuant to the 2007 Subscription Agreement, Hanny may at any business date after the date of issue of the 2007 Convertible Notes up to and including the date prior to the second anniversary of the date of issue of the 2007 Convertible Notes convert the whole or any part in an amount or integral multiple of HK\$1,000,000 of the principal amount of the 2007 Convertible Notes into shares of HK\$0.01 each in the share capital of the Company, at the conversion price of HK\$0.40 per share (as adjusted after the right issue, share consolidation and issuing of convertible notes of the Company in prior year and current year). The effective interest rate of the liability component is 7.07% per annum to the Company. Unless previously converted by Hanny, the 2007 Convertible Notes will be redeemed on the date of maturity at the principal amount of the 2007 Convertible Notes then outstanding.

The 2007 Convertible Notes are denominated in Hong Kong dollar, contains two components, liability and equity elements. The Company determined the fair value of the liability component based on the valuations performed by Norton Appraisals using an equivalent market interest rate for a similar note without a conversion option. The residual amount is assigned as the equity component and included in shareholder's equity named as convertible notes reserves.

15. SHARE CAPITAL

	Number of shares '000	Nominal value HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each at beginning and at end of period	<u>50,000,000</u>	<u>500,000</u>
Issued and fully paid:		
Ordinary shares of HK\$0.01 each at beginning and end of period	<u>1,938,802</u>	<u>19,388</u>

16. CONTINGENT LIABILITIES AND COMMITMENTS

- (i) As at 30 June 2006, the Company provided corporate guarantees amounting to approximately HK\$24 million to a financial institution in respect of banking facilities granted to WIIL group, approximately HK\$5.5 million of which was utilised by members of the WIIL group and such amount was claimed by the financial institution as disclosed in point (iii) below.
- (ii) The Company and its ex-subsiary, P.N. Electronics Ltd. ("PNE") have been involved in arbitration proceeding with North American Foreign Trading Corporation ("NAFT") in respect of a gross receivable of HK\$18 million and related damages from various parties for goods shipped by PNE and NAFT in 1996. The arbitration proceedings were initiated by NAFT against the Company and PNE claiming for alleged damages in New York, USA. The Company has upon legal advice, vigorously contested the alleged claims and has counterclaimed the said sum of HK\$18 million as well as other damages. The arbitration proceeding have been dormant for a substantial period of time.

- (iii) On 13 October 2003, a Writ of Summons and Statement of Claim was issued by BII Finance Company Limited (“BII Finance”) against the Company under a guarantee allegedly given by the Company in favour of BII Finance in respect of certain liabilities of Welback Enterprises Limited. The claim is for a sum of approximately HK\$3,583,000 and US\$248,000 (approximately HK\$1,936,000), together with interest.

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

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

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

17. OPERATING LEASE COMMITMENTS

The Group as lessee

At 31 December 2008, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of land and building, which fall due as follows:

	31 December 2008 (Unaudited) HK\$’000	30 June 2008 (Audited) HK\$’000
Within one year	2,047	6,469
In the second to fifth year inclusive	<u>3,615</u>	<u>12,272</u>
	<u><u>5,662</u></u>	<u><u>18,741</u></u>

During the period, the Group shortened the leasing period and surrendered certain of its operating leases in respect of land and buildings in Hong Kong by agreements with a landlord and respective sub tenants. Upon completion of these agreements, the Group’s operating lease commitments was reduced by approximately HK\$10,239,000 as of 31 December 2008.

18. SUBSEQUENT EVENTS

No significant subsequent event took place subsequent to 31 December 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

For the period ended 31 December 2008, the Group recorded a consolidated turnover of approximately HK\$14.1 million, representing an increase of approximately 55% as compared to approximately HK\$9.1 million for the corresponding period in 2007. Such increase was mainly due to the fact that more films and TV programmes were released to the market during the period.

The Group recorded a loss attributable to equity holders of the Company of approximately HK\$210.2 million (2007: HK\$76.8 million), representing an increase in the loss of approximately 174% as compared to that of 2007. The loss from operations was mainly due to the impairment loss of approximately HK\$178.0 million in the Group's financial assets. Loss per share for the period was HK\$0.11 as compared with HK\$0.06 for the last corresponding period.

Review of Operations

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

Film and TV programme production

During the period under review, turnover derived from the Group's film and TV programme production business was approximately HK\$10.2 million, representing an increase of approximately 920% as compared to the last corresponding period of approximately HK\$1.0 million. The Group recorded a gross profit of approximately HK\$2.1 million from the film and TV programme production business in the current period.

The total net book value of the Group's film rights remained approximately HK\$12.2 million as at 31 December 2008, and the write down on film rights during the period amounted to approximately HK\$3.7 million which was reflected in the income statement. As at 31 December 2008, the Group's total investment in film and TV programme production that were in progress amounted to approximately HK\$121.1 million.

Music production

The Group released new music albums “今天將來” by JJ 賈曉晨 and “真心唱歌” by 高皓正 during the period. The turnover of the Group's music production business for the period amounted to approximately HK\$0.3 million. Although the turnover of the Group's music production business was not significant, it served to enhance the image and exposure of our artistes to the market.

Event production

During the period, the Group has not recorded any turnover from event productions, representing a 100% decrease as compared to approximately HK\$0.2 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 2008, the turnover derived from the business of artiste and model management was approximately HK\$3.6 million, representing a decrease of approximately 54% as compared to approximately HK\$7.8 million for the corresponding period in 2007. Such decrease was mainly due to the loss of management contracts with a few top models and Hong Kong artistes as a result of the keen competition in the market. The Group recorded a gross profit of approximately HK\$1.1 million from artistes and model management in the current period.

Investment in securities

During the period, no turnover was recorded in the investment in securities operation (2007: Nil). The carrying values of the segment assets of the investment in securities operation outstanding as of 31 December 2008 and 30 June 2008 were approximately HK\$78.0 million and HK\$256.0 million respectively. The decrease in the carrying value represented the change in fair value of financial assets at fair value through profit and loss during the period which amounted to approximately HK\$178.0 million.

Associates

The recent results of TVB Pay Vision Holdings Limited for the six months ended 31 December 2008 has improved slightly. At 30 June 2008, the net assets of associates was nil. As such, for the period ended 31 December 2008, share of loss of associates was not required.

At 31 December 2008, the goodwill arising on acquisition of associates amounted to HK\$72.4 million. The directors of the Group assessed the recoverable amount of goodwill by reference to the valuation as at 31 December 2008 performed by an independent firm of professional valuers, and considered no impairment loss was required.

Geographical Review

During the period under review, the Group's revenue was mainly derived from Hong Kong and China market which accounted for over 90% of the Group's total turnover.

Future Business Prospects and Plans

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

We are facing a challenging year ahead with the recent global economic uncertainties caused by the global financial turmoil. We are cautiously optimistic in respect to the prospects of the film and TV production industry in Hong Kong. The Group will be cautious in the selection of stories and scripts for the production of our films and TV programmes. Stringent measures will be adopted in the cost control and risk management for the Group's Films and TV projects.

Financial Review and Liquidity

As at 31 December 2008, the Group's net assets amounted to HK\$77.7 million, as compared with HK\$287.8 million on 30 June 2008. The current ratio, representing current assets divided by current liabilities, was 6.2. The Group issued convertible notes in the principal amount of HK\$170 million in August 2005 and HK\$100 million in December 2007. On 31 December 2008, the total amount of fair value of the liability component of these two convertible notes was approximately HK\$260.3 million. On the balance sheet date, the Group had a short-term loan from third parties of HK\$5.7 million and short-term bank borrowing of HK\$9.9 million. The gearing ratio, as a ratio of total borrowings over total assets was 0.72.

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

Exposure to Fluctuation in Exchange Rates and Related Hedges

During the period, the revenue and cost for film and TV programme, music and event productions were mainly denominated in Renminbi and Hong Kong dollars. The revenue and cost for the artiste and model management services were also mainly denominated in Renminbi and Hong Kong dollars. Borrowings in terms of loans and convertible notes were denominated in Hong Kong dollars.

As the exchange rate of Hong Kong dollars against Renminbi was relatively stable during the period, the Group's exposure to fluctuations in exchange rates was minimal.

The Group will closely monitor the foreign currency exposure and will arrange for hedging facilities when necessary.

Employee Schemes

As at 31 December 2008, the Group had 51 Hong Kong based employees. The remuneration policy and package of the Group's employees are periodically reviewed and approved by the executive directors. Apart from provident fund scheme and in-house training programmes, medical insurance scheme, discretionary bonuses and share options may also be awarded to employees according to individual performance.

Major Litigation and Arbitration Proceedings

The Company and its ex-subsiary, P.N. Electronics Ltd. ("PNE") have been involved in arbitration proceedings with North American Foreign Trading Corporation ("NAFT") in respect of a gross receivable of HK\$18 million and related damages from various parties for goods shipped by PNE and NAFT in 1996. The arbitration proceedings were initiated by NAFT against the Company and PNE claiming for alleged damages in New York, USA. The Company has upon legal advice, vigorously contested the alleged claims and has counterclaimed the said sum of HK\$18 million as well as other damages. The arbitration proceedings have been dormant for a substantial period of time.

On 13 October 2003, a Writ of Summons and Statement of Claim was issued by BII Finance Company Limited (“BII Finance”) against the Company under a guarantee allegedly given by the Company in favour of BII Finance in respect of certain liabilities of Welback Enterprises Limited. The claim is for a sum of approximately HK\$3,583,000 and US\$248,000 (approximately HK\$1,936,000), together with interest. The Company has issued Third Party proceedings against Mr. Lee Chun Kwok and Mr. Fong Wing Seng, former directors of the Company, seeking a contribution to the extent of 49% of BII Finance’s claim in the event that the Company is found liable to BII Finance (which is denied). The Company will continue to defend BII Finance’s claim, and will also continue to pursue the Third Party proceedings against Mr. Lee Chun Kwok and Mr. Fong Wing Seng. BII Finance has not taken any steps to progress with the action since June 2006.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the six months ended 31 December 2008, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to ensuring high standards of corporate governance in the interests of shareholders and devotes considerable effort to identifying and formalizing best practices. Throughout the six months ended 31 December 2008, save and except as hereinafter mentioned, the Company has complied with all applicable code provisions (“Code Provisions”) under the Code on Corporate Governance Practices (“CG Code”) as set out in Appendix 14 to the Listing Rules.

Pursuant to Code Provision E.1.2 of the CG Code, the chairman of the board should attend the annual general meeting. However, the chairman of the Board was absent from the annual general meeting (“AGM”) due to his prior business engagement and Mr. Wong Yat Cheung as elected chairman of the AGM together with other directors maintained an on-going dialogue with shareholders and answered all questions raised by the shareholders throughout the AGM.

MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors’ securities transactions. Specific enquiry has been made with all directors and the directors confirmed that they have complied with the required standard set out in the Model Code throughout the six months ended 31 December 2008.

AUDIT COMMITTEE

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

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

The audit committee and the Group's external auditors have discussed with management on the Group's accounting policy and discussed internal control and financial reporting matters regarding the Group's unaudited interim financial statements for the six months ended 31 December 2008.

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

Hong Kong, 23 March 2009

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

Executive Directors:

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

Mr. Wong Yat Cheung (*Managing Director*)

Independent Non-executive Directors:

Mr. Li Fui Lung, Danny

Mr. Ng Hoi Yue, Herman

Mr. Heung Pik Lun

* *for identification purpose only*