



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

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 491)**

**ANNOUNCEMENT OF FINAL RESULTS  
FOR THE YEAR ENDED 30 JUNE 2008**

The Board of Directors (the “Board”) of See Corporation Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) for the year ended 30 June 2008, together with the comparative figures for the previous year, as follows:

## CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2008

	Notes	2008 HK\$'000	2007 HK\$'000
Turnover	4	40,455	43,792
Cost of sales		<u>(26,740)</u>	<u>(29,993)</u>
Gross profit		13,715	13,799
Other revenue		7,596	10,066
Other income		117	2,784
Distribution costs		(4,226)	(6,460)
Administrative expenses		(47,765)	(41,694)
Other operating expenses		(47,082)	(21,195)
Change in fair value of financial assets at fair value through profit or loss		<u>89,919</u>	<u>12,376</u>
Profit/(loss) from operations	6	12,274	(30,324)
Impairment loss recognised in respect of goodwill		(1,092)	–
Finance costs	7	(20,468)	(15,116)
Share of results of associates		–	(75,654)
Gain on disposal of subsidiaries		<u>2,082</u>	<u>–</u>
Loss before taxation		(7,204)	(121,094)
Taxation	8	<u>–</u>	<u>–</u>
Loss for the year		<u><u>(7,204)</u></u>	<u><u>(121,094)</u></u>
<b>Attributable to:</b>			
Equity holders of the Company		(7,204)	(120,033)
Minority interests		<u>–</u>	<u>(1,061)</u>
		<u><u>(7,204)</u></u>	<u><u>(121,094)</u></u>
<b>Loss per share attributable to equity holders of the Company</b>			
Basic and diluted	9	<u><u>HK\$(0.01)</u></u>	<u><u>HK\$(0.33)</u></u>

# CONSOLIDATED BALANCE SHEET

At 30 June 2008

	<i>Notes</i>	<b>2008</b> <i>HK\$'000</i>	2007 <i>HK\$'000</i>
<b>Non-current assets</b>			
Intangible assets		49	65
Leasehold land		14,263	14,280
Property, plant and equipment		10,246	10,596
Interests in associates		72,365	72,365
Goodwill		–	1,092
		<u>96,923</u>	<u>98,398</u>
<b>Current assets</b>			
Film rights		13,894	30,041
Film production in progress		106,149	17,910
Music production in progress		676	2,500
Inventories		400	331
Trade and other receivables, deposits and prepayments	<i>10</i>	50,713	41,373
Loan receivables		–	40,000
Financial assets at fair value through profit or loss		256,017	19,050
Held-to-maturity investments		–	17,341
Pledged bank deposits		763	743
Cash and bank balances		46,168	85,301
		<u>474,780</u>	<u>254,590</u>
<b>Less: Current liabilities</b>			
Trade and other payables	<i>11</i>	17,561	17,677
Short-term loan – unsecured		5,742	45,742
Bank overdraft – secured		9,938	9,894
		<u>33,241</u>	<u>73,313</u>
<b>Net current assets</b>		<u>441,539</u>	<u>181,277</u>
<b>Total assets less current liabilities</b>		<u>538,462</u>	<u>279,675</u>
<b>Less: Non-current liabilities</b>			
Convertible notes		250,613	144,939
<b>Net assets</b>		<u>287,849</u>	<u>134,736</u>
<b>Equity</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital		19,388	6,462
Reserves		268,461	128,274
		<u>287,849</u>	<u>134,736</u>
<b>Minority interests</b>		–	–
		<u>287,849</u>	<u>134,736</u>

# NOTES TO THE FINANCIAL STATEMENTS

30 June 2008

## 1. CORPORATE INFORMATION

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

The address of the registered office of the Company is Clarendon House, Church Street, Hamilton HM11, Bermuda and the address of the principal place of business of the Company is Office D & E, 20th Floor, EGL Tower, No. 83 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

## 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied, for the first time, the following new standards, amendments and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which are effective for the Group’s financial year beginning 1 July 2007.

HKAS 1 (Amendment)	Capital Disclosures <sup>1</sup>
HKFRS 7	Financial Instruments: Disclosures <sup>1</sup>
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment <sup>2</sup>
HK(IFRIC) – Int 11	HKFRS 2 – Group and Treasury Share Transactions <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2007

<sup>2</sup> Effective for annual periods beginning on or after 1 November 2006

<sup>3</sup> Effective for annual periods beginning on or after 1 March 2007

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has applied the disclosure requirements under HKAS 1 (Amendment) and HKFRS 7 retrospectively. Certain information presented in prior year under the requirements of HKAS 32 has been removed and the relevant comparative information based on the requirements of HKAS 1 (Amendment) and HKFRS 7 has been presented for the first time in the current year.

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

HKAS 1 (Revised)	Presentation of Financial Statements <sup>1</sup>
HKAS 23 (Revised)	Borrowing Costs <sup>1</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>2</sup>
HKAS 32 & HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation <sup>1</sup>
HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets <sup>4</sup>
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations <sup>1</sup>
HKFRS 3 (Revised)	Business Combinations <sup>2</sup>
HKFRS 8	Operating Segments <sup>1</sup>
HK(IFRIC) – Int 12	Service Concession Arrangements <sup>3</sup>
HK(IFRIC) – Int 13	Customer Loyalty Programmes <sup>4</sup>
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction <sup>3</sup>
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate <sup>1</sup>
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation <sup>5</sup>

- <sup>1</sup> Effective for annual periods beginning on or after 1 January 2009  
<sup>2</sup> Effective for annual periods beginning on or after 1 July 2009  
<sup>3</sup> Effective for annual periods beginning on or after 1 January 2008  
<sup>4</sup> Effective for annual periods beginning on or after 1 July 2008  
<sup>5</sup> Effective for annual periods beginning on or after 1 October 2008

The Group is in the process of assessing the potential impact of these new HKFRSs but is not yet in position to determine whether these new HKFRSs will have a significant impact on how its results of operations and financial position are prepared and presented.

### 3. BASIS OF PREPARATION

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

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

### 4. TURNOVER

Turnover of the Group represents revenue from (i) film and TV programme production, (ii) event production, (iii) artiste and model management, (iv) music production and (v) investment in securities. The amounts of each significant category of turnover recognised during the year are as follows:

	<b>The Group</b>	
	<b>2008</b>	2007
	<i>HK\$’000</i>	<i>HK\$’000</i>
<b>Turnover</b>		
Film and TV programme production	<b>24,670</b>	23,805
Event production	<b>519</b>	1,047
Artiste and model management	<b>12,531</b>	18,721
Music production	<b>354</b>	219
Net gains from the sale of investments at fair value through profit or loss, net ( <i>note i</i> )	<b>2,381</b>	–
	<b>40,455</b>	43,792

*Note:*

- (i) Net gains from the sale of investments at fair value through profit or loss represents the proceeds from the sale of investments at fair value through profit or loss of HK\$36,696,000 (2007: Nil) less the cost of sales and carrying amount of the investments sold of HK\$34,315,000 (2007: Nil).

## 5. SEGMENT INFORMATION

### (a) Business segments

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

The following table presents revenue and results, certain assets, liabilities and expenditures information for the Group's business segments of 2008:

	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	Others HK\$'000	Consolidated HK\$'000
Segment revenue	<u>24,670</u>	<u>519</u>	<u>12,531</u>	<u>354</u>	<u>2,381</u>	<u>-</u>	<u>40,455</u>
Segment results	<u>7,897</u>	<u>382</u>	<u>3,011</u>	<u>44</u>	<u>2,381</u>	<u>-</u>	<u>13,715</u>
Interest income and unallocated gains							7,713
Unallocated corporate expenses							(51,991)
Other operating expenses	(38,125)	-	(2,020)	(3,414)	-	(3,523)	(47,082)
Change in fair value of financial assets at fair value through profit or loss	-	-	-	-	89,919	-	89,919
Profit from operations							12,274
Impairment loss recognised in respect of goodwill							(1,092)
Finance costs							(20,468)
Gain on disposal of subsidiaries							2,082
Loss before taxation							(7,204)
Taxation							-
Loss for the year							<u>(7,204)</u>
Attributable to:							
Equity holders of the Company							(7,204)
Minority interests							-
							<u>(7,204)</u>
Segment assets	<u>134,719</u>	<u>387</u>	<u>3,030</u>	<u>1,609</u>	<u>256,007</u>	<u>175,951</u>	<u>571,703</u>
Segment liabilities	<u>6,148</u>	<u>11,037</u>	<u>4,197</u>	<u>1,072</u>	<u>-</u>	<u>261,400</u>	<u>283,854</u>
Other segment information:							
Capital expenditures	903	-	306	-	-	33	1,242
Depreciation	107	130	111	-	-	875	1,223
Amortisation	13,183	-	16	-	-	17	13,216
Impairment loss recognised in respect of:							
Trade and other receivables, deposits and prepayments	6,207	-	2,020	-	-	3,523	11,750
Goodwill	-	-	-	-	-	1,092	1,092
Write down on:							
Film rights	28,297	-	-	-	-	-	28,297
Film production in progress	3,621	-	-	-	-	-	3,621
Music production in progress and inventories	-	-	-	3,414	-	-	3,414

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

	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	Others HK\$'000	Consolidated HK\$'000
Segment revenue	<u>23,805</u>	<u>1,047</u>	<u>18,721</u>	<u>219</u>	<u>-</u>	<u>-</u>	<u>43,792</u>
Segment results	<u>7,848</u>	<u>307</u>	<u>5,613</u>	<u>31</u>	<u>-</u>	<u>-</u>	<u>13,799</u>
Interest income and unallocated gains							12,850
Unallocated corporate expenses							(48,154)
Other operating expenses	(14,985)	-	(2,270)	-	-	(3,940)	(21,195)
Change in fair value of financial assets at fair value through profit or loss	-	-	-	-	12,376	-	<u>12,376</u>
Loss from operations							(30,324)
Finance costs							(15,116)
Share of results of associates							<u>(75,654)</u>
Loss before taxation							(121,094)
Taxation							<u>-</u>
Loss for the year							<u>(121,094)</u>
Attributable to:							
Equity holders of the Company							(120,033)
Minority interests							<u>(1,061)</u>
							<u>(121,094)</u>
Segment assets	<u>75,358</u>	<u>894</u>	<u>8,436</u>	<u>3,168</u>	<u>4,783</u>	<u>260,349</u>	<u>352,988</u>
Segment liabilities	<u>2,596</u>	<u>10,877</u>	<u>3,269</u>	<u>1,142</u>	<u>10</u>	<u>200,358</u>	<u>218,252</u>
Other segment information:							
Capital expenditures	274	-	184	-	-	297	755
Depreciation	139	176	86	-	-	859	1,260
Amortisation	16,057	-	172	-	-	17	16,246
Impairment loss recognised in respect of trade and other receivables, deposits and prepayments	4,439	-	2,270	-	-	3,940	10,649
Write down on film rights	<u>10,546</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,546</u>

**(b) Geographical segments**

In determining the Group's geographical segments, revenue and results are attributed to the segments based on the location of the customers. More than 90% of the Group's assets and liabilities are located in the region of Hong Kong and Mainland China. Accordingly, analysis of segment assets and liabilities based on the geographical segments has not been disclosed. The following table presents revenue for the Group's geographical segments:

*For the year ended 30 June 2008*

	North America HK\$'000	Europe HK\$'000	Hong Kong HK\$'000	China HK\$'000	Others HK\$'000	Total HK\$'000
Revenue from external customers	<u>10</u>	<u>–</u>	<u>38,777</u>	<u>1,308</u>	<u>360</u>	<u>40,455</u>

*For the year ended 30 June 2007*

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

**6. PROFIT/(LOSS) FROM OPERATIONS**

	2008 HK\$'000	2007 HK\$'000
<b>Profit/(loss) from operations is stated after (crediting)/charging:</b>		
Cost of inventories (included in cost of sales)	310	188
Amortisation of film rights (included in cost of sales)	13,183	16,057
Auditors' remuneration	600	600
Amortisation of trademark	16	172
Amortisation of leasehold land	17	17
Depreciation of property, plant and equipment	1,223	1,260
Operating leases in respect of land and buildings	5,054	4,726
Impairment loss recognised in respect of trade and other receivables, deposits and prepayments	11,750	10,649
Write down on film production in progress	3,621	–
Write down on film rights	28,297	10,546
Write down on inventories	2,784	–
Write down on music production in progress	630	–
Loss on disposal of intangible assets	–	760
Loss on disposal of property, plant and equipment	369	224
Change in fair value of financial assets at fair value through profit or loss	<u>(89,919)</u>	<u>(12,376)</u>



## 7. FINANCE COSTS

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Interest on:		
Bank borrowings wholly repayable – within five years	684	810
Short-term borrowings	3,910	4,836
Imputed interest on convertible notes	15,732	9,269
Others	142	201
	<u>20,468</u>	<u>15,116</u>

## 8. TAXATION

No provision for Hong Kong profits tax has been made as the Company and its subsidiaries incurred taxation loss for the year (2007: Nil).

No provision for deferred tax liabilities has been made as the Group and the Company had no material temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The Group has not recognised deferred tax assets in respect of losses due to the unpredictability of the future profit streams.

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

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

	2008 <i>HK\$'000</i>	2007 <i>HK\$'000</i>
Loss attributable to equity holders of the Company for the purpose of basic loss per ordinary share	<u>7,204</u>	<u>120,033</u>
	<b>Number of shares '000</b>	<b>Number of shares '000</b>
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>1,462,912</u>	<u>365,360</u>

The weighted average number of ordinary shares for the purpose of basic loss per share for the year ended 30 June 2008 and 30 June 2007 has been adjusted for the rights issue on 15 November 2007.

For the year ended 30 June 2007 and 30 June 2008, diluted loss per share is the same as the basic loss per share as the outstanding convertible notes had anti-dilutive effect on the basic loss per share.

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

At 30 June 2008, the balances of trade and other receivables, deposits and prepayments included trade receivables of approximately HK\$5,210,000 (2007: HK\$12,484,000). An aged analysis of trade receivables prepared on the basis of sales invoice date is as follow:

	<b>The Group</b>	
	<b>2008</b>	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 90 days	3,978	3,112
91 to 180 days	439	9,372
Over 181 days	<u>10,076</u>	<u>6,107</u>
	<b>14,493</b>	18,591
Less: Impairment loss recognised in respect of trade receivables	<u>(9,283)</u>	<u>(6,107)</u>
Total	<u><b>5,210</b></u>	<u>12,484</u>

Trade receivable of approximately HK\$1,130,000 (2007: Nil) that were past due which over 180 days but not impaired for. These balances related to a number of customers that have good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been significant change in credit quality and the balances are still considered fully receivable. The Group does not hold any collateral over these balances.

In determining the recoverability of trade receivables, the directors of the Company considered any change in the credit quality of the trade receivables from the date credit were initially granted up to the reporting date. Accordingly, the directors of the Company considered provision for impairment in values be made in respect of trade receivables to their recoverable values and believe that there is no further credit provision required in excess of the allowance for doubtful debts.

Movement in the allowance for doubtful debts:

	<b>The Group</b>	
	<b>2008</b>	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at beginning of the year	6,107	3,674
Impairment losses recognised in respect of trade receivables	<u>3,176</u>	<u>2,433</u>
Balance at end of the year	<u><b>9,283</b></u>	<u>6,107</u>

## 11. TRADE AND OTHER PAYABLES

At 30 June 2008, the balances of trade and other payables included trade payables of approximately HK\$1,978,000 (2007: HK\$8,373,000). The following is an aged analysis of trade payables at the balance sheet date:

	<b>2008</b>	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 90 days	264	3,243
91 days or above	<u>1,714</u>	<u>5,130</u>
	<u><b>1,978</b></u>	<u>8,373</u>

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

## COMMENTARY ON ANNUAL RESULTS

### Results

The Group's total turnover during the year ended 30 June 2008 was HK\$40.5 million, a decrease of 8 percent on the figure of HK\$43.8 million for the financial year in 2007. The Group's gross profit was HK\$13.7 million, compared with HK\$13.8 million in the previous year. The lower turnover were mainly caused by the lower turnover in the artiste and model management operation.

Meanwhile, the Group's operations recorded a profit of HK\$12.3 million during the year under review, compared with a loss of HK\$30.3 million in the previous year. The improvement in the operating result was mainly contributed by (i) the substantial increase in the fair value of our financial assets, due to the buoyant stock market and (ii) the substantial decrease in the share of loss of our associates. The Group's share of the loss of our associates was HK\$0 million, compared with HK\$75.7 million in the previous year. Our loss on operations during the year was HK\$7.2 million, down from the 2007 figure of HK\$121.1 million.

The loss attributable to equity holders was HK\$7.2 million, compared with the HK\$120 million loss in previous year. The loss per share for the year ended 30 June 2008 was HK\$0.01, compared with HK\$0.33 in fiscal year 2007.

### REVIEW OF OPERATIONS

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

#### Film and TV programme production

The Group derived a turnover of HK\$24.7 million from film and TV programme production activities during the year ended 30 June 2008, a 4 percent increase on the figure of HK\$23.8 million for the previous year. The gross profit derived from these activities was HK\$7.9 million, compared with HK\$7.8 million in fiscal year 2007. Turnover of this segment for the year was mainly contributed by the movies produced and released during the year, namely "Bullet & Brain", "Beauty & the 7 Beasts" and "My Wife is the Gambling God", and these movies have been well-received in the market.

As of 30 June 2008, the total net book value of the Group's film rights stood at HK\$13.9 million. The write down on film rights during the year amounted to HK\$28.3 million. The Group's total investment in film and TV programme productions that were in progress on 30 June 2008 amounted to HK\$106.1 million. These included "The Way We Are – 天水圍的日與夜", "The Forbidden Legend: Sex & Chopsticks – 金瓶梅" and "The Vampire Who Admires Me – 有隻僵屍暗戀你" which will be released in the second half of 2008, as well as other films and TV programmes that are expected to be released in 2009, namely "Colour of Justice – 黑白戰警", "Night and Fog – 天水圍的夜與霧" and "The Underdog Knight – 硬漢" for films and "Rough Justice 十大奇冤" "The Kung Fu Master Huang Fei Hong – 仁者黃飛鴻" and "The Dragon Gate – 龍門驛站" for TV programmes.

#### Music production

The Group released three new music albums during the year, namely "潮音樂全主打" by various artistes, "Summer Never Ends" by 鄧穎芝 and "東瀛 • 遊記" by Wada Hiromi. The turnover of the Group's music album production business during the year was HK\$0.4 million, compared with HK\$0.2 million in fiscal year 2007.

New music albums namely “今天 將來” by JJ 賈曉晨 and “真心唱歌” by 高皓正 will be released in the second half of 2008. Although music production only accounts for a small portion of the Group’s total earnings, the Group will continue to produce music albums for our artistes as it will boost the popularity of our artistes as well as the Group’s image.

### **Event production**

The Group organised a number of events during the year. These mainly included promotional activities, live music shows and fashion shows featured with the Group’s artistes and models. Turnover from the event production for the year were HK\$0.5 million compared with the previous year’s figure of HK\$1.0 million.

### **Artiste and model management**

The Group continued to manage a group of top models and Hong Kong artistes including Kathy Chow, Meng Yao, Annie Man, Yedda Chao, EO2, JJ 賈曉晨, 高皓正, Wada Hiromi and 鄧穎芝.

Turnover and gross profit of our artiste and model management operation for the year were HK\$12.5 million and HK\$3.0 million respectively, compared with the previous year’s figures of HK\$18.7 million and HK\$5.6 million.

### **Pay TV operation**

The operating result of TVB Pay Vision, a paid TV operator in which the Group holds a 49% interest, improved significantly in 2008 as a result of the increase in its number of subscribers. Turnover of TVB Pay Vision grew by 26 percent to HK\$255.1 million from HK\$202.4 million during the 12 months up to 30 June 2008, and its net loss in the same period declined by 20 percent from HK\$298.2 million to HK\$239.8 million. The Group’s share of loss of TVB Pay Vision was nil in 2008 compare to HK\$75.7 million, in fiscal 2007.

### **Investment in securities**

Turnover of the investment in securities operation for the year were HK\$2.4 million compared with nil in fiscal 2007. The carrying value of the total segment assets of the investment in securities operation as at 30 June 2008 and 2007 were HK\$256.0 million and HK\$4.8 million, respectively.

## **GEOGRAPHICAL REVIEW**

During the year under review, the Group continued to focus on the Hong Kong and Mainland China markets. The revenue derived from Hong Kong and Mainland China amounted to HK\$38.8 million and HK\$1.3 million, respectively, representing 96 percent and 3 percent of our total turnover.

## **FUTURE BUSINESS PROSPECTS AND PLANS**

The Group has dedicated its efforts in strengthening and opening up distribution channels for their 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 sub-prime mortgage related credit crisis in United States as well as the austerity measures implemented in mainland China for preventing the overheating economy and inflation. 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 30 June 2008, the Group's net assets amounted to HK\$287.8 million, compared with HK\$134.7 million on the same date last year. The current ratio, representing current assets divided by current liabilities was 14.3. On 15 November 2007, the Group raised approximately HK\$100 million by way of rights issue of 1,292,534,660 rights shares at a price of HK\$0.12 each on the basis of two rights shares for every share held by the shareholders. The Group's cash and bank balances amounted to HK\$46.2 million on the balance sheet date. The Group issued convertible notes for principal amounts of HK\$170 million and HK\$100 million in August 2005 and in December 2007, respectively. On 30 June 2008, the fair value of the liability component of these convertible notes was approximately HK\$250.6 million. On the balance sheet date, the Group had a short-term loan from a third party 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 0.47.

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

## **EXPOSURE TO FLUCTUATION IN EXCHANGE RATES AND RELATED HEDGES**

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

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

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

## **EMPLOYEE SCHEMES**

As at 30 June 2008, the Group has 51 employees (All based in Hong Kong). The remuneration policy and package of the Group's employees are periodically reviewed and approved by the executive directors. Apart from provident fund scheme and in-house training programmes, medical insurance scheme, discretionary bonuses and share options may also be awarded to employees according to the assessment of individual performances.

## **PLEDGE OF ASSETS**

As at 30 June 2008, certain assets of the Group with aggregate carrying value of HK\$21 million (2007: HK\$21 million) were pledged to secure banking facilities granted to the Company.

## **MAJOR LITIGATION AND ARBITRATION PROCEEDINGS**

1. The Company and its ex-subsiary, P.N. Electronics Ltd. (“PNE”) have been involved in arbitration proceedings with North American Foreign Trading Corporation (“NAFT”) in respect of a gross receivable of HK\$18 million and related damages from various parties for goods shipped by PNE 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.
2. On 13 October 2003, a Writ of Summons and Statement of Claim was issued by BII Finance Company Limited (“BII Finance”) against the Company under a guarantee allegedly given by the Company in favour of BII Finance in respect of certain liabilities of Welback Enterprises Limited. The claim is for a sum of approximately HK\$3,583,000 and US\$248,000 (approximately HK\$1,936,000), together with interest.

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

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

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

## **DIVIDENDS**

The Directors do not recommend the payment of a final dividend for the year ended 30 June 2008 (2007: Nil).

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

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company’s listed securities during the year.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

During the year, save and except as hereinafter mentioned, the Company has complied with all the code provisions as set out in the Code on Corporate Governance Practices (“CG Code”) contained in Appendix 14 to the Listing Rules.

Pursuant to code provision A.1.3 of the CG Code, notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. Notices of all Board Meetings are served to all directors at least 14 days before Board Meetings except for one Board Meeting which was held with shorter notice period due to an ad hoc and important issue. All directors present consented to short notice convening the aforesaid meeting.

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 he has designated Mr. Wong Yat Cheung, the Managing Director, to attend the AGM on his behalf. Mr. Wong Yat Cheung together with other directors maintained an on-going dialogue with shareholders and answered all questions raised by the shareholders throughout the AGM.

On 16 October 2008, the Company made an announcement regarding the late disclosure of various acquisitions (the “Acquisitions”) made by the Group during the year. The Directors, when approved the Acquisitions at the material time, considered that the Acquisitions shall be exempted under Rule 14.04(1)(g) of the Listing Rules.

However, after further discussions and exchange of the Company’s view on the Listing Rules implications on the Acquisitions with the Stock Exchange, the Stock Exchange considered that the Acquisitions were within the scope of Chapter 14 of the Listing Rules pursuant to Rule 14.04(1)(a) of the Listing Rules. As a result, the late disclosure of the Acquisitions is considered as non-compliance with such provision of the Listing Rules.

The late disclosure of the Acquisitions was unintentional and primarily attributable to the different interpretation of the relevant provisions of the Listing Rules. The Company will prepare and dispatch a circular containing, among other things, further details of the Acquisitions to the Shareholders as soon as practicable.

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

## **REVIEW OF ANNUAL RESULTS**

The annual results for the year have been reviewed by the audit committee of the Company. The audit committee has also reviewed with management and the external auditors the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the Group’s audited annual financial statements for the financial year ended 30 June 2008.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This results announcement is published on the designated website of the Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk) and on the website of the Company at [www.irasia.com/listco/hk/see](http://www.irasia.com/listco/hk/see). The annual report of the Company for the year ended 30 June 2008 containing all the information required by the Listing Rules will be despatched to the shareholders and available on the same websites in due course.

## **APPRECIATION**

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

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

Hong Kong, 24 October 2008

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. Fong Shing Kwong, Michael

\* *for identification purpose only*