漢傳媒集團有限公司
SEE CORPORATION LIMITED

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

2011
ASIAN FILM FESTIVAL
This award is presented to
Sandra Ng
吳君如
"All about Love"
for excellence in
Best Actress
得閒炒飯

-CONTENTS-

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Dr. Ma Ho Man, Hoffman *(Chairman)* (appointed on 14 October 2010)
Mr. Wong Kui Shing, Danny *(Managing Director)*
Mr. Wong Chi Chiu (appointed on 21 December 2010)
Ms. Ng Yuk Yee, Feona (appointed on 13 June 2011)

Independent Non-executive Directors

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

COMPANY SECRETARY

Ms. Ng Yuk Yee, Feona

QUALIFIED ACCOUNTANT

Mr. Chow Chun Man, Jimmy

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

Ms. Ng Yuk Yee, Feona (appointed on 13 June 2011)
Mr. Li Fui Lung, Danny
Mr. Ng Hoi Yue, Herman
Mr. Heung Pik Lun

COMPLIANCE ADVISER

Optima Capital Limited

AUDITORS

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

LEGAL ADVISER

Reed Smith Richards Butler

PRINCIPAL BANKER

Bank of China (Hong Kong) Limited

REGISTERED OFFICE

Clarendon House
Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Office D & E, 20th Floor, EGL Tower
No. 83 Hung To Road, Kwun Tong
Kowloon, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

HSBC Securities Services (Bermuda) Limited
6 Front Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
26th Floor Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

WEBSITE

http://www.irasia.com/listco/hk/see

STOCK CODE

491

CHAIRMAN STATEMENT

On behalf of the board of Directors (the "Board"), I hereby announce the results of See Corporation Limited (hereafter referred to as the "Company") and its subsidiaries (the "Group") for the year ended 30 June 2011.

BUSINESS REVIEW AND PROSPECTS

Film and TV programme production and artiste & model management remained the core operations of the Group and accounted for the largest percentages of our turnover and gross profit during the year ended 30 June 2011. We expect this to remain the case for the foreseeable future.

Turover for the year were mainly contributed by six films and one TV programme released by the Group during the fiscal year ended 30 June 2010 and the fiscal year ended 30 June 2011, namely "All About Love – 得閒炒飯", "Marriage With A Liar – 婚前試愛", "MicroSex Office – 潮性辦公室", "The Future X-cops – 未來警察", "To Live And Die in Mongkok – 旺角監獄" and "Black Ransom – 撕票風雲", respectively for films and "The Dragon Gate – 龍門驛站" for TV programme.

Following the success of the "Night and Fog – 天水圍的夜與霧" at two overseas film festivals held last year, "All About Love – 得閒炒飯" released during the year received nominations for various local and overseas film awards and eventually won the "Best Actress – 最佳女演員" award at the 9th Asian Film Festival held in Italy this year.

The Group will continue to produce high quality films and TV programmes for the greater china region, especially for the Mainland China market. Given the continuous opening up and expansion of the film and TV production market as well as the continuous growth in the box office in Mainland China, management strongly believe that there is a great potential for the distribution of our film and TV production in Mainland China.

The result of the artiste and model management operation has improved during the year, and such improvement was mainly driven by new models and artistes signed by the Group recently.

Although our music production business yields only a small percentage of the Group's total earnings, it plays a significant role in raising the profile of our artistes and the Group as a whole.

We have organised a number of events during the year mostly featured with our artistes or models, such as promotional activities and live music shows.

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 in respect to our core operations as we monitor and control our cost and risk carefully.

We strongly believe that good stories and quality production are always well received by audience. We must therefore take the greatest care in choosing attractive stories and scripts for our film and TV programme production projects. The Group will reduce our exposure to such risks by forming joint venture projects to produce some of our medium-sized films and TV programmes in the next 12 months.

We will continue to enrol promising new talents in our artiste and model portfolio, while enhancing the professionalism of those we have already managed. In addition, we will make every effort to identify and secure more high-profile assignments for them.

APPRECIATION

In the final analysis, any company's success is due to the commitment and skills of its people, as well as the cooperation of its business associates and the backing of its shareholders. I therefore wish to close by expressing my sincere thanks to my fellow Directors, and all the staff of the Group and the Company for their exceptional efforts during the past year. In addition, I would like to thank our business associates for their proactive assistance, and our shareholders for their unstinting support.

On behalf of the Board
Dr. Ma Ho Man, Hoffman
Chairman

Hong Kong, 21 September 2011

THE JOY OF SIGHT

Results

The Group's total turnover during the year ended 30 June 2011 was approximately HK$30.0 million, representing a decrease of approximately 58.7% from approximately HK$72.7 million for the year ended 30 June 2010. The Group's gross profit for the year was approximately HK$10.9 million, representing a decrease of approximately 59.2% from approximately HK$26.7 million in the previous year. The decrease in turnover was mainly attributable to fewer blockbuster films were released during the year and the significant decrease in investment income during the year comparing to the fiscal year ended 30 June 2010. Net gains from the sale of investments at fair value through profit or loss in the fiscal year ended 30 June 2010 was approximately HK$9.9 million. The Group did not record any investment income during the year.

Meanwhile, the Group recorded a loss from operations for the year of approximately HK$56.0 million, compared with approximately HK$59.2 million in the previous year. Such decrease in the loss from operations was mainly attributable to the decrease in the impairment of loss in film rights from approximately HK$30.4 million in the fiscal year ended 30 June 2010 to approximately HK$22.5 million in the fiscal year ended 30 June 2011. The Group recorded a loss approximately HK$58.3 million for the year as compared with a profit of approximately HK$88.5 million in the fiscal year ended 30 June 2010. Such decline is mainly attributable to the absence of an one-off gain of approximately HK$165.9 million on partial disposal of associates in the fiscal year ended 30 June 2010.

Other operating expenses for the year decreased to approximately HK$27.4 million from approximately HK$41.7 million in the previous year. Such decrease was mainly contributed by the decrease in impairment loss recognised in respect of film rights during the year.

The loss attributable to owners for the year was approximately HK$52.4 million, compared with a profit of approximately HK$95.6 million in previous year. The loss per share for the year ended 30 June 2011 was HK$0.05 compared with the earnings per share of HK$0.24 for the year ended 30 June 2010.

REVIEW OF OPERATIONS

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) investment in a pay TV operation; and (vi) investment in securities.

Film and TV programme production

The Group generated turnover of approximately HK$17.6 million from film and TV programme production activities for the year ended 30 June 2011, representing a decrease of approximately 67.3% from approximately HK$53.8 million in the previous year. The gross profit derived from these activities was approximately HK$6.5 million, compared with approximately HK$13.3 million in the fiscal year ended 30 June 2010. Turnover of this segment for the year was mainly contributed by six films and one TV programme released during the fiscal year ended 30 June 2010 and the fiscal year ended 30 June 2011, namely "All About Love – 得閒炒飯", "Marriage With A Liar – 婚前試愛", "MicroSex Office – 潮性辦公室", "The Future X-cops – 未來警察", "To Live And Die in Mongkok – 旺角監獄" and "Black Ransom – 撕票風雲", respectively for films and "The Dragon Gate – 龍門驛站" for TV programme.

As of 30 June 2011, the total net book value of the Group's film rights stood at approximately HK$25.7 million. The impairment loss recognised in respect of film rights during the year amounted to approximately HK$22.5 million. The Group's total film and TV programme production in progress as of 30 June 2011 amounted to approximately HK$129.4 million.

Music production

The turnover of the Group's music album production business during the year was approximately HK$0.5 million, compared with approximately HK$0.3 million in the fiscal year ended 30 June 2010.

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 to 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 and live music shows featured with the Group's artistes or models. Turnover from the event production for the year was approximately HK$0.7 million compared with approximately HK$2.0 million in previous year.

Artiste and model management

The Group continued to manage a group of popular artistes and models including 謝婷婷, JJ 賈曉晨, 莊思敏, 趙彤, 伍允龍, Yellow, EO2 and 狄易達.

Turnover and gross profit of the artiste and model management operation for the year were approximately HK$11.2 million and HK$3.7 million respectively, compared with approximately HK$6.7 million and HK$2.5 million respectively in previous year.

Investment in a pay TV operation

The Group is entitled to 18% equity interest in TVBP and TVB Pay Vision Limited ("TVBPV") as at 30 June 2011. The directors of the Company consider that the Group has retained significant influence over TVBP and TVBPV. As the Group's voting interest remained at 38.5% as at 30 June 2011 and 2010, therefore the Group has continuously accounted for TVBP and TVBPV as its associates for the year ended 30 June 2011 and 2010.

Investment in securities

No turnover has been recorded in the investment in securities operation during the year compared with approximately HK$9.9 million in the previous year. The carrying value of the total segment assets of the investment in securities operation as of 30 June 2011 and 30 June 2010 were approximately HK$5.7 million and HK$6.0 million, respectively. The decrease in the carrying value mainly represented the loss in change in fair value of financial assets at fair value through profit or loss during the year.

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 approximately HK$22.6 million and HK$2.4 million, respectively, representing approximately 75.3% and 8.0% of the total turnover of the Group, respectively.

FUTURE BUSINESS PROSPECTS AND PLANS

The Group has dedicated its efforts in strengthening and opening up distribution channels for their 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.

Neither the Group has any future plans for material investments or capital assets and their expected sources of funding in the coming year nor the Group has introduced or announced any new business including new products and services during the year.

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 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 film and TV projects.

FINANCIAL REVIEW AND LIQUIDITY

As at 30 June 2011, the Group's net assets amounted to approximately HK$265.6 million, compared with approximately HK$288.7 million as at 30 June 2010. The current ratio, representing current assets divided by current liabilities was 4.09.

During the year, the Company raised approximately HK$37.3 million before expenses by way of placing of new shares pursuant to a general mandate granted by way of an ordinary resolution passed by the shareholders of the Company at the annual general meeting on 3 December 2010, issuing 207,000,000 ordinary shares at the subscription price of HK$0.18 per ordinary share.

The net proceeds from the placing of new shares were approximately HK$36.1 million which was planned to be retained at the bank and be used for the general working capital of the Group.

At the end of the reporting period, the Group had a 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 zero-coupon convertible note issued in August 2005 with face value of HK$170.0 million was redeemed fully at the date of its maturity during the year at 110% of the principal amount of the convertible note. The cash and bank balances of the Group were amounted to approximately HK$103.0 million. The gearing ratio, as a ratio of total borrowings over total assets, was 0.03.

The Group had contingent liabilities of approximately 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 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 and TV programme production, music album production, event production, artiste and model management and investment in securities were mainly dominated in Renminbi and Hong Kong dollars. Borrowings in terms of loans and convertible note 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 2011, the Group had 42 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 2011, certain assets of the Group with aggregate carrying value of approximately HK$20.6 million (2010: HK$20.8 million) were pledged to secure banking facilities granted to the Company.

MAJOR LITIGATION AND ARBITRATION PROCEEDINGS

1. The Company and its ex-subsidiary, 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).

   Bll Finance has not taken any steps to progress with the action since June 2006. The Company is prepared and ready to continue to defend Bll 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.

THE JOY OF MUSIC

狄易達
賈 曉晨
Jin tian
Jiang lai
BARRY
The Sixth Sense

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this Corporate Governance Report in the Company's annual report for the year ended 30 June 2011.

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

The Board is committed to maintaining high standards of corporate governance so as to ensure "Accountability, Responsibility and Transparency" towards the shareholders, stakeholders, investors as well as the employees of the Company.

The Board has adopted all the code provisions (the "Code Provisions") as set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as the code of the Company (the "Code"). During the year ended 30 June 2011, save and except as hereinafter mentioned in connection with the vacancy of the position of the Chairman of the Company during the period from 1 July 2010 to 13 October 2010 following the resignation of Mr. Yu Kam Kee, Lawrence, *B.B.S., M.B.E., J.P.*, the Company has complied with all the Code Provisions of the CG Code.

The Board reviews its Code from time to time to ensure its continuous compliance with the CG Code. The key corporate governance principles and practices of the Company are summarized as follows:

BOARD COMPOSITION

The Board currently comprises seven members (four Executive Directors including the Chairman and the Managing Director and three Independent Non-executive Directors) of which Dr. Ma Ho Man, Hoffman is the Chairman of the Company. Messrs. Li Fui Lung, Danny and Ng Hoi Yue, Herman have the appropriate accounting qualifications or related financial management expertise as required under Rule 3.21 of the Listing Rules.

The composition of the Board represents a mixture of expertise specializing in management, media and entertainment industry, accounts and finance and corporate development. All of the Directors have comprehensive qualifications and experience in and exposure to diversified businesses which is beneficial to the business development of the Company. Mr. Wong Kui Shing, Danny, the Managing Director, is the uncle of Mr. Wong Chi Chiu who is an Executive Director. Save as disclosed above, other Board members have no financial, business, family or other material/relevant relationship with each other.

BOARD COMPOSITION (Continued)

The Board is responsible for formulating and implementing the Company's strategic planning, promoting corporate development as well as policies and objectives setting. Each Executive Director is assigned with specific responsibilities to enhance the effectiveness of the Company:

– Dr. Ma Ho Man, Hoffman, Chairman, is responsible for formulating the Company's long term goal and strategy. He is the leader of the Board and takes the role of overseeing the effectiveness of the Board in achieving the Company's long term goal and strategy.

– Mr. Wong Kui Shing, Danny, Managing Director, is responsible for implementing the Company's strategy, managing and monitoring the performance of the management and overseeing the daily operation of the Company.

– Dr. Allan Yap, former Executive Director, is responsible for the Group's treasury management and soliciting securities investment and other investment opportunities for the Company. Ms. Ng Yuk Yee, Feona has been appointed as Executive Director and has assumed the aforesaid role since 13 June 2011.

– Mr. Wong Chi Chiu is responsible for overseeing the Group's general management.

Details of the composition of the Board, by category of Directors, including names of Chairman, Managing Director, Executive Directors and Independent Non-executive Directors and their respective experience and qualifications are included in the "Profile of The Directors" section of this annual report.

BOARD MEETINGS

The Board met regularly throughout the year to discuss the business development, operational and financial performance of the Company.

BOARD MEETINGS (Continued)

The attendance rates of Board members at the Board Meetings (either in person or by phone) held during the year ended 30 June 2011 are set out in the following table:

Attendance of Board Members

Name of Directors	Total Number of Board Meetings Held	Number of Board Meetings Attended by Individual Director
	6	
Executive Directors		
Ma Ho Man, Hoffman *(Chairman)*		5 *(Note 1)*
Wong Kui Shing, Danny *(Managing Director)*		6
Allan Yap		2 *(Note 2)*
Wong Yat Cheung		0 *(Note 3)*
Wong Chi Chiu		3 *(Note 4)*
Ng Yuk Yee, Feona		1 *(Note 5)*
Independent Non-executive Directors		
Li Fui Lung, Danny		6
Ng Hoi Yue, Herman		6
Heung Pik Lun		5

Notes:

1. Dr. Ma Ho Man, Hoffman was appointed as Chairman and Executive Director on 14 October 2010. After his appointment, there were 6 Board Meetings held during the year ended 30 June 2011.

2. Dr. Allan Yap resigned as Executive Director on 13 June 2011. Before his resignation, there were 5 Board Meetings held during the year ended 30 June 2011.

3. Mr. Wong Yat Cheung resigned as Executive Director on 1 December 2010. Before his resignation, there was 1 Board Meeting held during the year ended 30 June 2011.

4. Mr. Wong Chi Chiu was appointed as Executive Director on 21 December 2010. After his appointment, there were 4 Board Meetings held during the year ended 30 June 2011.

5. Ms. Ng Yuk Yee, Feona was appointed as Executive Director on 13 June 2011. After her appointment, there was 1 Board Meeting held during the year ended 30 June 2011.

All minutes of the Board Meetings are prepared and kept by the Company Secretarial Department and open for inspection by Directors at any time.

CHAIRMAN AND MANAGING DIRECTOR

Pursuant to Code Provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

The roles of Chairman and Managing Director of the Company are clearly segregated and performed by two Executive Directors of the Company. The role of Chairman is responsible for the Company's long term strategic planning and business development as well as the management of the full Board while that of Managing Director is responsible for implementing the Company's strategy, managing and monitoring the performance of the management and overseeing the daily operation of the Company.

Since the resignation of Mr. Yu Kam Kee, Lawrence, *B.B.S., M.B.E., J.P.*, as Chairman and Executive Director of the Company on 1 October 2009, the position of Chairman has been vacated. In order to ensure smooth operation, Mr. Wong Kui Shing, Danny as Managing Director is responsible for implementing the Company's strategy, managing and monitoring the performance of the management and overseeing the daily operations of the Company. Dr. Ma Ho Man, Hoffman has been appointed as Chairman of the Company and has assumed the role of Chairman since 14 October 2010.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has signed appointment letters with all of the Independent Non-executive Directors of the Company. Pursuant to such appointment letters, each of the Independent Non-executive Directors of the Company is appointed for a fixed term of directorship and is subject to retirement by rotation and re-election at the annual general meeting of the Company.

MANAGEMENT FUNCTIONS

In general, the daily management and administration functions of the Company have been delegated to the management except for certain matters specifically reserved to the Board for decision. Those matters include the setting of the overall strategic direction and long-term objectives of the Company, approval of annual business plan, material acquisitions and disposals of assets, investments, connected transactions and capital projects, key human resources issue, preliminary interim and final results announcements, determination of interim and final dividends, appointment of Directors and annual assessment of internal control system.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

A formal and transparent procedure has been put in place in selecting the Directors of the Company. Appointment of new Directors is reserved for the Board's approval. The Board takes into account of that person's skills, qualifications and expected contributions to the Company before the appointment.

During the year ended 30 June 2011, one Board Meeting was held in relation to the appointment of new Director which was attended (either in person or by phone) by four Directors for the time being, namely Dr. Ma Ho Man, Hoffman, Mr. Wong Kui Shing, Danny, Mr. Li Fui Lung, Danny and Mr. Ng Hoi Yue, Herman.

During the year ended 30 June 2011, Mr. Wong Chi Chiu was appointed by the Board as Executive Director in a Board Meeting on 21 December 2010 and Ms. Ng Yuk Yee, Feona was appointed by the Board as Executive Director pursuant to a written resolution on 13 June 2011.

Mr. Li Fui Lung, Danny and Mr. Ng Hoi Yue, Herman each has served the Company as Independent Non-executive Director of the Company for more than nine years. The Board considered that both of them have the required independence to fulfill their roles as Independent Non-executive Directors of the Company and they have retired and have been re-elected by a separate resolution approved by the shareholders at the last annual general meeting of the Company held on 3 December 2010.

According to the Bye-Laws of the Company, a newly appointed Director shall hold office until the next following general meeting of the Company (in case of filling a casual vacancy) or until the next following annual general meeting of the Company (in case of an addition to the Board) and shall then be eligible for re-election at that general meeting. In addition, at each annual general meeting one-third of the Directors (those appointed in that year shall not be counted in determining the number of Directors), including those appointed for specific terms, for the time being or if their number is not a multiple of three, the number nearest to but not greater than one-third, shall retire from office by rotation provided that notwithstanding anything herein, every Director shall be subject to retirement by rotation at least once every three years.

INDUCTION AND PROFESSIONAL DEVELOPMENT

Every newly appointed Director shall receive a comprehensive, formal and tailored induction on the first occasion of his appointment to make sure that he has a proper understanding of the operations and business of the Company and that he is fully aware of his responsibilities in the Company.

Continuing professional development is a vital part for Directors in this fast changing and competitive business environment. Seminar or training on any amendments of the Listing Rules will be held if necessary.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 of the Listing Rules issued by the Stock Exchange as its Code and Guidelines for the Directors and certain employees (who are likely to be in possession of unpublished price-sensitive information) of the Company to follow and observe in dealing with the securities of the Company.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Company's Code and Guidelines and the Model Code throughout the year ended 30 June 2011.

No incident of non-compliance of the Code and Guidelines by the employees was noted by the Company.

DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR ACCOUNTS

The Directors acknowledge their responsibility for preparing the financial statements for each financial period to give a true and fair view of the state of affairs of the Company. In preparing the financial statements for the year ended 30 June 2011, the Directors have selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis.

The statement of the external auditors of the Company regarding their reporting responsibilities on the financial statement of the Company is set out on pages 48 and 49 of this annual report.

REMUNERATION OF DIRECTORS

A remuneration committee was established on 26 October 2005, currently comprising one Executive Director, Ms. Ng Yuk Yee, Feona and three Independent Non-executive Directors, being Messrs. Li Fui Lung, Danny, Ng Hoi Yue, Herman and Heung Pik Lun. Ms. Ng Yuk Yee, Feona is the chairman of the remuneration committee.

The main duties and responsibilities of the remuneration committee are to determine the remuneration packages of all Executive Directors and Independent Non-executive Directors and senior management of the Company, make recommendations to the Board to improve the transparency of the Company's overall remuneration policy and to review and approve the compensation arrangements relating to any loss or termination of office of Directors and senior management. A Remuneration Committee Charter, which clearly defined the role, authority and function of the remuneration committee, has been adopted by the Company on 26 October 2005.

REMUNERATION OF DIRECTORS (Continued)

One remuneration committee meeting was held during the year ended 30 June 2011 to review the remuneration package of each Director and each member of senior management. The attendance rates of committee members at the remuneration committee meeting (either in person or by phone) held during the year ended 30 June 2011 are set out in the following table:

Attendance of Remuneration Committee Members

Name of Committee Members	Total Number of Remuneration Committee Meeting Held	Number of Remuneration Committee Meeting Attended by Individual Committee Member
	1	
Allan Yap		N/A *(Note 1)*
Ng Yuk Yee, Feona *(Chairman)*		1 *(Note 2)*
Li Fui Lung, Danny		1
Ng Hoi Yue, Herman		1
Heung Pik Lun		1

Notes:

1. Dr. Allan Yap resigned as chairman of the remuneration committee on 13 June 2011. Before his resignation, there was no remuneration committee meeting held during the year ended 30 June 2011.

2. Ms. Ng Yuk Yee, Feona was appointed as chairman of the remuneration committee on 13 June 2011. After her appointment, there was 1 remuneration committee meeting held during the year ended 30 June 2011.

All minutes of the remuneration committee meetings are prepared and kept by the Company Secretarial Department and open for inspection by Directors and remuneration committee members at any time.

REMUNERATION OF DIRECTORS (Continued)

The summary of the work performed by the remuneration committee during the year ended 30 June 2011 included:

- Reviewing and making recommendations to the Board on a discretionary increment on the monthly salary of all staff of the Company with effect from 1 January 2011 based on their individual performance and taking into account the recommendations of their immediate supervisor; and

- Reviewing and making recommendations to the Board on the remuneration package of each Director and each member of senior management.

AUDIT COMMITTEE

An audit committee currently comprising three Independent Non-executive Directors, being Messrs. Li Fui Lung, Danny, Ng Hoi Yue, Herman and Heung Pik Lun, was duly established. Mr. Li Fui Lung, Danny is the chairman of the audit committee. Amongst the audit committee members, two members have the appropriate professional qualifications and experience in financial matters as required by Rule 3.21 of the Listing Rules.

The main duties and responsibilities of the audit committee are to review the Company's financial information such as the interim and annual results, financial reporting principles and practices; to recommend the appointment and reappointment or removal of the external auditors, to determine their independence and objectivity as well as to review the scope of audit and the reporting obligation of the external auditors; and to oversee the financial reporting system and the internal control and risk management system of the Company.

An Audit Committee Charter, which clearly defines the role, authority and function of the audit committee, has been modified by the Company on 26 October 2005 and further revised by the Company on 23 March 2009 and 23 June 2009.

Four audit committee meetings were held during the year mainly to review the appointment of auditors, the financial performance of the Company for the year ended 30 June 2010 and for the six months ended 31 December 2010, the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting functions, their training program, budget and the internal control system and related issues.

AUDIT COMMITTEE (Continued)

The attendance rates of committee members at the audit committee meetings (either in person or by phone) held during the year ended 30 June 2011 are set out in the following table:

Attendance of Audit Committee Members

Name of Committee Members	Total Number of Audit Committee Meetings Held	Number of Audit Committee Meetings Attended by Individual Committee Member
	4	
Li Fui Lung, Danny *(Chairman)*		4
Ng Hoi Yue, Herman		4
Heung Pik Lun		3

All minutes of the audit committee meetings are prepared and kept by the Company Secretarial Department and open for inspection by Directors and audit committee members at any time.

PREVENTION OF BRIBERY COMMITTEE

A prevention of bribery committee ("POB Committee") was established on 28 June 2010, currently comprising three Executive Directors, being Mr. Wong Kui Shing, Danny, Dr. Ma Ho Man, Hoffman and Ms. Ng Yuk Yee, Feona. Mr. Wong Kui Shing, Danny is the chairman of the POB Committee.

Pursuant to its written terms of reference, the main duties and responsibilities of the POB Committee is to establish the criteria for application and approval process in connection with prevention of bribery matters taking into account provisions under the Prevention of Bribery Ordinance (Cap. 201). Two prevention of bribery committee meetings were held during the year to review and discuss prevention of bribery matters.

AUDITORS' REMUNERATION

The total auditors' remuneration in respect of statutory audit and non-audit services provided by HLB Hodgson Impey Cheng, the Company's external auditors, during the year ended 30 June 2011 are set out at the table below:

Services rendered	Fees paid/payable
Statutory audit fees	HK$600,000
Fees for non-audit services	HK$220,000
Total auditors' remuneration for the year	HK$820,000

INTERNAL CONTROL AND RISK MANAGEMENT

Internal control is fundamental to the successful operation and day-to-day running of a business and it assists a company in achieving its business objectives. While it aims to support the achievement of business objectives, it should serve as an early warning system of possible impediments to achieving those objectives. Internal control shall be useful to Directors, senior management and other key personnel that are accountable for control in the Company as well as acting as a tool in providing Directors and senior management with information of sufficient quality to make good business decisions and meet their regulatory obligations.

In light of the above, an Internal Control Policy and Procedures has been formulated and implemented within the Company with the primary objective of providing general guidance and recommendations on a basic framework of internal control and risk management. The key objectives of the internal control include:

– Safeguarding assets

– Ensuring completeness, accuracy and validity of financial records and reports

– Promoting adherence to policies, procedures, regulations and laws

– Promoting effectiveness and efficiency of operations

INTERNAL CONTROL AND RISK MANAGEMENT (Continued)

The Internal Control Policy and Procedures covers, amongst others, the following material activities – finance, operational and compliance controls:

Finance

Effective financial control is a vital element of internal control. It helps in identifying and managing liabilities to ensure that the Company is not unnecessarily exposed to avoidable financial risks. It also contributes to the safeguarding of assets from inappropriate use or loss, including the prevention and detection of fraud and errors.

In order to achieve effective financial control, a set of measures have been formulated and implemented to tighten the control on cash flow. All payments should be properly checked and approved. Proper accounting and financial records shall be maintained in supporting financial budgets, monthly management accounts and reports.

There should be a reliable interim and year-end reporting. The Company's assets should be properly recorded, maintained and used.

Operational

With regard to the Company's entertainment and media businesses, different sets of principles and procedures have been set up for different teams (film and TV programme production team, music production team, model management team and artiste management team) to follow. It is expected that through the implementation of the above principles and procedures, the production process and budget approval process should become more transparent and efficient.

These principles and procedures include the preparation of production plans and budgets, formulating a screening and approval process, setting up of an on-going monitoring system for production in progress and production cost spending and guidelines for music and movie products stocks keeping.

Compliance

The Company has fully complied with the Listing Rules requirements. Financial reports, announcements and circulars have been prepared and published in accordance with the requirements of the Listing Rules.

The Company has engaged Lak & Associates Consultancy Services Limited ("Lak & Associates") to undertake the role of reviewing and assessing the Company's internal control and risk management system and to evaluate its effectiveness and efficiency on the internal control. Lak & Associates has prepared a report to the Board and senior management on the findings of the internal control and risk management systems implemented by the Company and help to identify any significant areas of concern and made recommendations to the Board accordingly.

COMMUNICATION WITH SHAREHOLDERS

The Company continues to pursue a proactive policy of promoting investor relations and communications with shareholders.

The Company's senior management and the Company Secretarial Department have undertaken the role of establishing an effective communication system. They will respond to the enquiries from shareholders/investing public or the media from time to time. The Company also maintains a website (http://www.irasia.com/listco/hk/see) through which the Company's updated financial information, announcements and press releases can be accessed by the shareholders and investors. The Board believes that the Company's website provides an alternative means for the investing public to obtain information of the Company in a convenient and timely manner.

The annual general meeting also provides an important opportunity for constructive communication between the Board and the shareholders. The Chairman and the majority of the Board maintained an on-going dialogue with the shareholders and answered all questions raised by the shareholders throughout the last annual general meeting held on 3 December 2010.

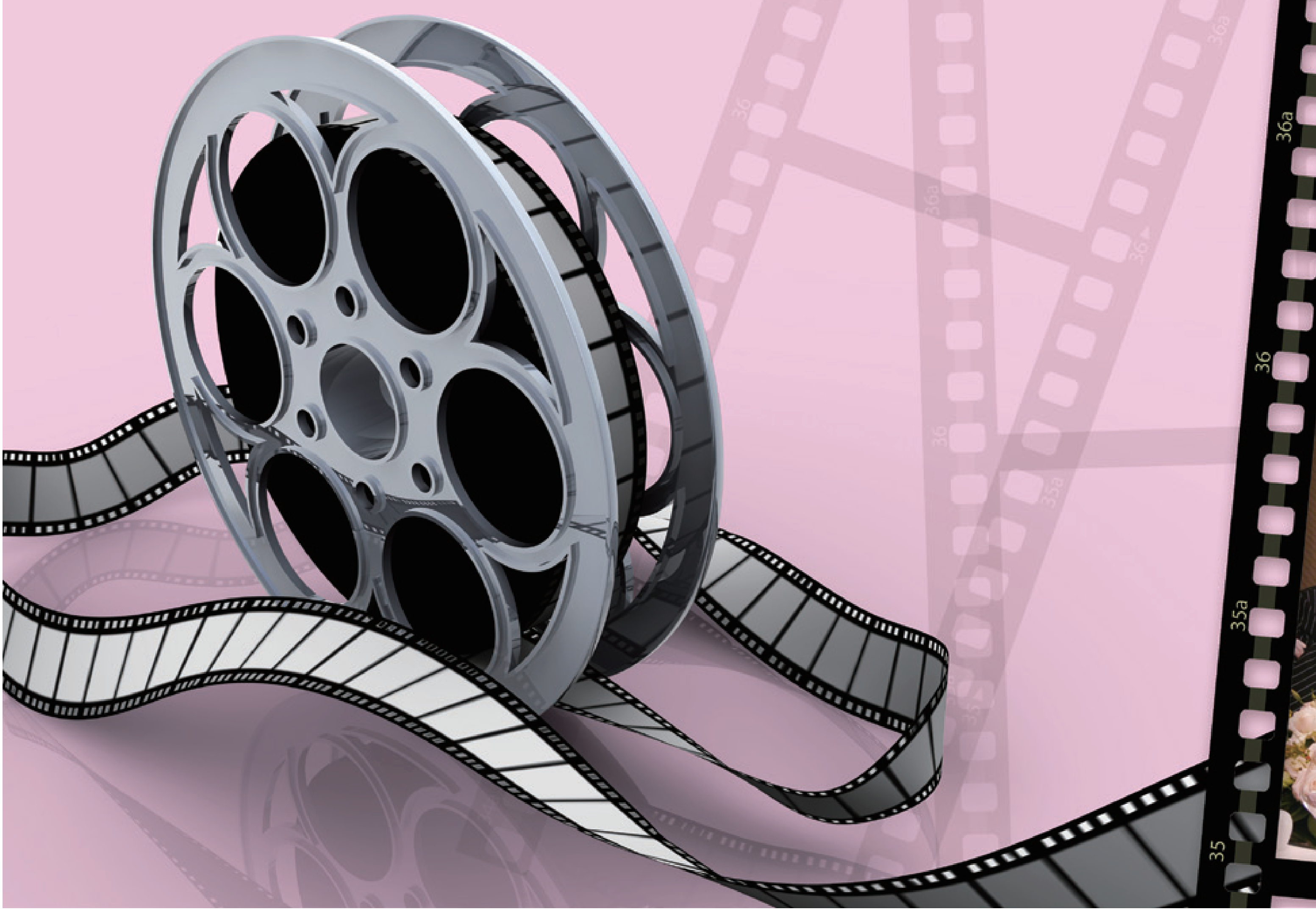
WHISTLE BLOWING POLICY

To deter wrongdoing and to promote standards of good corporate practices, the Company has adopted a whistle blowing policy at a Board Meeting held on 30 December 2008. The policy aims at encouraging and enabling employees of the Group at all levels and others to report violations or suspected violations and to raise serious concerns about possible improprieties in matters of financial reporting or other matters of the Group.

CODE OF CONDUCT

As a responsible corporation, the Company is committed to maintaining a high level of standard of integrity in its businesses. Therefore, the Company has on 28 June 2010 adopted a code of conduct to provide guidelines on the manner in which business should be conducted and outlined expected responsibilities and behaviors of all Directors, managers, officers, consultants and full time and part time employees. The major provisions include ethics, conflict of interest, prevention of bribery, intellectual property rights and confidential information, fraud, dealing in securities, record-keeping, financial controls and disclosures and whistle blowing.

THE JOY OF SENSE



潮性辦公室
MicroSex Office
婚前試愛
MARRIAGE WITH A LIAR
許鞍華作品
跨越男男女女界線求愛喜劇
得閒炒飯
all about love
吳君如
周慧敏
張兆輝
陳偉霆
8月26日 Happy Together !

REPORT OF THE DIRECTORS

The Directors hereby present the report of the Directors of the Group for the year ended 30 June 2011.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The Group is principally engaged in (i) film and TV programme production, (ii) event production, (iii) artiste and model management, (iv) music production, (v) investment in a pay TV operation and (vi) investment in securities. Details of the principal activities and other particulars of the Company's significant subsidiaries are set out in note 22 to the consolidated financial statements.

SEGMENT INFORMATION

An analysis of the Group's performance for the year by business and geographical segments is set out in note 8 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 June 2011 are set out in the consolidated statement of comprehensive income on page 50.

The states of affairs of the Group and the Company as at 30 June 2011 are set out in the consolidated statement of financial position and the statement of financial position on page 51 and page 53 respectively.

The consolidated statement of cashflows of the Group are set out on pages 55 and 56.

The Directors do not recommend a payment of dividend nor transfer of any amount to reserves for the year ended 30 June 2011.

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 142.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in note 19 to the consolidated financial statements.

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the share capital and share options of the Company during the year are set out in notes 33 and 12 to the consolidated financial statements respectively.

RESERVES

Details of movements in the reserve of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 54 and in note 34 to the consolidated financial statements respectively.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors in office during the financial year and up to the date of this report are:

Executive Directors

Dr. Ma Ho Man, Hoffman *(Chairman)*	*(appointed on 14 October 2010)*
Mr. Wong Kui Shing, Danny *(Managing Director)*	
Dr. Allan Yap	*(resigned on 13 June 2011)*
Mr. Wong Yat Cheung	*(resigned on 1 December 2010)*
Mr. Wong Chi Chiu	*(appointed on 21 December 2010)*
Ms. Ng Yuk Yee, Feona	*(appointed on 13 June 2011)*

Independent Non-executive Directors

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

Pursuant to Bye-law 86(2) of the Company's Bye-Laws, both Mr. Wong Chi Chiu and Ms. Ng Yuk Yee, Feona will hold office until the forthcoming annual general meeting of the Company; and they, being eligible, will offer themselves for re-election at that meeting.

Pursuant to Bye-law 87(2) of the Company's Bye-Laws, Mr. Heung Pik Lun shall retire from office by rotation at the forthcoming annual general meeting; and he, being eligible, will offer himself for re-election at that meeting.

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

The Company has received from each of the Independent Non-executive Directors an annual confirmation of independence in accordance with Rule 3.13 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Although Mr. Li Fui Lung, Danny and Mr. Ng Hoi Yue, Herman have served for more than nine years, the Directors are of the opinion that they continue to bring relevant experience and knowledge to the Board and that, notwithstanding their long service, they maintain an independent view of the Company's affairs. The Company considers that all the Independent Non-executive Directors are independent within the definition of the Listing Rules by reference to the factors stated in the Listing Rules and the annual confirmations of independence received from all the Independent Non-executive Directors.

PROFILE OF THE DIRECTORS

Profile of the Directors of the Company as at the date of this report are set out on pages 38 to 47.

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

Details of the related party transactions entered into during the year were disclosed in note 37 to the consolidated financial statements. These related party transactions did not constitute connected transactions under the Listing Rules. Save as the transactions aforementioned, no contracts of significance to which the Company or any of its subsidiaries or its holding company or any of its fellow subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, which subsisted at the end of the year or at any time during the year.

DIRECTORS' INTEREST IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2011, to the best knowledge, information and belief of the Company after making reasonable enquiries, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") were as follows:

(A) Shares

As at 30 June 2011, the interests of the Directors and chief executive in the share capital of the Company and its associated corporations as defined in the SFO were as follows:

Name of Director	Name of Company	Nature of Interest	Number of Shares	Approximate Percentage of Interest
Ma Ho Man, Hoffman	See Corporation Limited	Beneficial Owner	236,042,361	18.95%

(B) Share options

The Company has a share option scheme under which Directors may, at their discretion, grant options to employees, including any directors, of the Company or its subsidiaries to subscribe for shares in the Company, subject to the terms and conditions stipulated. During the year ended 30 June 2011, there were no outstanding share options granted to the Directors of the Company.

DIRECTORS' INTEREST IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

(B) Share options (Continued)

Save as aforesaid, as at 30 June 2011, to the knowledge of the Company:

(i) none of the Directors, or chief executive of the Company had or was deemed to have any interest or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors and the chief executive are taken or deemed to have under the provisions of the SFO); or (b) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules;

(ii) none of the Directors or chief executive or their spouses or children under 18 had any right to subscribe for the shares, underlying shares or debentures of the Company, or had exercised any right during the year ended 30 June 2011.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries or its holding company or any of its fellow subsidiaries a party to any arrangements to enable the Directors or the chief executive of the Company to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate and none of the Directors, the chief executive, their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right, save as the share options disclosed in the previous section headed "Directors' Interest in Shares, Underlying Shares and Debentures".

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2011, to the best knowledge, information and belief of the Company after making reasonable enquiries, shareholders (other than a Director or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register maintained pursuant to Section 336 of the SFO or otherwise notified to the Company and/or the Stock Exchange were as follows:

Name of Shareholder	Long Position/ Short Position	Capacity	Number of Shares Held/ Involved	Number of Underlying Shares Held/ Involved	Approximate Percentage of Interest
高榮顧問有限公司	Long Position	Beneficial Owner	72,000,000	–	6.90%

Save as disclosed above, the Company has not been notified of any other interests or short positions in the shares and underlying shares of the Company representing 5% or more of the issued share capital of the Company and recorded in the register maintained under Section 336 of the SFO or otherwise notified to the Company and/or the Stock Exchange as at 30 June 2011.

PLACING OF NEW SHARES UNDER GENERAL MANDATE

On 8 December 2010, the Company announced a "best effort" placing of 207,000,000 new ordinary shares (each a "Placing Share") in the Company at a price of HK$0.1800 per Placing Share to not fewer than six independent professional, institutional or other investors. The nominal value of the Placing Shares is HK$2,070,000. The gross proceeds from the placing was approximately HK$37.26 million. The net price for each Placing Share is approximately HK$0.1742. The closing price of the share on 8 December 2010, being the date on which the placing agreement was entered into, was HK$0.2180 per share.

One of the reasons for conducting the placing was to broaden the capital base of the Company and it was the most efficient way in terms of cost for the Company. The net proceeds from the placing were intended to be used for general working capital of the Group.

Placing of all 207,000,000 Placing Shares was completed on 21 December 2010.

CONVERTIBLE BONDS, SECURITIES, OPTIONS, WARRANTS OR SIMILAR RIGHTS

On 10 August 2005, the Company issued zero coupon convertible note (the "Convertible Note") in the aggregate principal amount of HK$170 million to Hanny Holdings Limited at the conversion price of HK$0.12 per share of HK$0.01 each of the share capital of the Company, subject to adjustment and upon the terms contained therein. The Convertible Note has been redeemed on 9 August 2010, the maturity date of the Convertible Note.

Details of the Convertible Note are set out in note 32 to the consolidated financial statements.

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

During the year, the Company purchased 4,568,000 ordinary shares of HK$0.01 each in the capital of the Company at prices ranging from HK$0.174 to HK$0.180 per share on the Stock Exchange.

Month/Year	Number of Shares Repurchased	Highest Price Per Share	Lowest Price Per Share	Aggregate Consideration Paid
		HK$	HK$	HK$'000
July 2010	4,568,000	0.180	0.174	821

The repurchased shares were cancelled and accordingly, the total issued share capital of the Company was reduced by the nominal value thereof. The Directors considered that such repurchase resulted in an enhancement of the net asset value of the Company and/or its earning per share, thus has benefited the Company and its shareholders.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-Laws or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, 34.5% of the Group's purchases were attributable to the Group's five largest suppliers with the largest supplier accounting for 24.5% of the Group's purchases. In addition, 40.6% of the Group's turnover was attributable to the Group's five largest customers with the largest customer accounting for 23.3% of the Group's turnover.

As at 30 June 2011, to the knowledge of the Directors of the Company, none of the Directors, their associates or any shareholders owning more than 5% of the Company's share capital had any beneficial interests in the Group's five largest suppliers and customers.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 30 June 2011, the following Director(s) were considered to have interests in the following businesses, being businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group as required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

Name of Director	Name of Entity the businesses of which are considered to compete or likely to compete with the businesses of the Group	Description of businesses of the Entity which are considered to compete or likely to compete with the businesses of the Group	Nature of Interests of the Director in the Entity
Wong Yat Cheung *(resigned on 1 December 2010)*	Affluence Pictures Limited	Film production and related business	As a director and a shareholder
	Bad Boy Film Culture Limited	Film production and related business	As a director
	Bob & Partners Co., Limited	Film production and related business	As a director
	Film Dynasty Limited	Film production and related business	As a director
	Jing's Production Limited	Film production and related business	As a director and a shareholder
	Most Valuable Productions Limited	Film production and related business	As a director and a shareholder
	Rich & Famous Film & TV Production Limited	Film production and related business	As a director and a shareholder
	Rich & Famous Talent Management Group Limited	Artiste management business	As a director and a shareholder
	Universal Media & Entertainment Group Limited	Function and artiste management business	As a director and a shareholder
	Storm Riders Management Co Limited	Film production and distribution	As a director and a shareholder
	Winning Partners Entertainment Company Limited	Import/Export	As a director and a shareholder

Save as disclosed above, during the year ended 30 June 2011, none of the Directors have any interest in business which competes or may compete with the business of the Group, or have or may have any other conflicts of interest with the Group.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors as at 21 September 2011, being latest practicable date prior to the issue of this report for the purposes of ascertaining certain information contained in this report, there is sufficient public float of the Company's issued shares as required under the Listing Rules throughout the year ended 30 June 2011.

EVENTS AFTER THE REPORTING PERIOD

Details of significant events after the reporting period are set out in note 38 to the consolidated financial statements.

AUDITORS

Messrs. HLB Hodgson Impey Cheng shall retire at the forthcoming annual general meeting and being eligible to offer themselves for re-appointment.

On behalf of the Board
Dr. Ma Ho Man, Hoffman
Chairman

Hong Kong, 21 September 2011

PROFILE OF THE DIRECTORS

EXECUTIVE DIRECTOR

Dr. Ma Ho Man, Hoffman, aged 38, was appointed as an Executive Director and Chairman of the Company on 14 October 2010 and a member of the prevention of bribery committee of the Company on 21 October 2010. Save as disclosed above, he does not hold any positions with the Company or any subsidiary of the Company.

Dr. Ma is currently an executive director and the deputy chairman of Success Universe Group Limited (shares of which are listed on the Main Board of the Stock Exchange). In addition, he is a director of Success Securities Limited, which is a licensed corporation under the SFO and a participant of the Stock Exchange. Dr. Ma has over 14 years of experience in the financial industry and extensive managerial experience. He was awarded Fellowship by Canadian Chartered Institute of Business Administration and Honorary Doctorate of Management by Lincoln University in 2009 and 2010 respectively. Save as disclosed in this report, Dr. Ma did not hold any other directorship in listed public companies in the last three years.

As at the date of this report, Dr. Ma does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company. As at the date of this report, he is interested in 236,042,361 shares of the Company, representing approximately 18.95% of the total issued share capital of the Company, within the meaning of Part XV of the SFO.

Dr. Ma has not entered into any director's service contract with the Company. He has not been appointed for a specific term of service and is subject to retirement by rotation and re-election pursuant to the Bye-Laws of the Company ("Bye-Laws"). Dr. Ma has not received any director's remuneration nor bonus payment nor other benefits by the Company for the year ended 30 June 2011. The amount of director's emolument will be reviewed by the remuneration committee of the Company with reference to his position, his level of responsibilities, the remuneration policy of the Company and prevailing market conditions.

Save as disclosed above, there are no other matters which are required to be brought to the attention of the shareholders of the Company, or to be disclosed pursuant to any of the requirements under Rule 13.51(2)(h) to (w) of the Listing Rules.

EXECUTIVE DIRECTOR (Continued)

Mr. Wong Kui Shing, Danny, aged 52, was appointed as an Executive Director and Managing Director of the Company on 21 December 2009 and the chairman of the prevention of bribery committee of the Company on 28 June 2010. Save as disclosed above, he does not hold any positions with the Company or any subsidiary of the Company.

Mr. Wong holds a Bachelor of Arts degree from the University of Hong Kong. He was appointed as an executive director and chief executive officer of SMI Corporation Limited ("SMI") (shares of which are listed on the Main Board of the Stock Exchange) on 5 August 2009 and re-designated as the chairman of SMI and ceased to be the chief executive officer of SMI on 25 November 2009. Due to redesignation of duties, Mr. Wong has ceased to be the executive director of SMI on 31 December 2009 and has been appointed as a non-executive director of SMI on 1 January 2010. He has remained as the chairman and non-executive director of SMI until 26 March 2010 when his resignation as the chairman and non-executive director of SMI took effect. Mr. Wong was a former executive director of China Oil and Gas Group Limited ("China Oil and Gas Group") (shares of which are listed on the Main Board of the Stock Exchange). He has extensive exposure in the financial and investment fields for over 20 years and is well experienced in the international investment market. Save as disclosed in this report, Mr. Wong did not hold any other directorship in listed public companies in the last three years.

Pursuant to the listing enforcement notice/announcement of the Stock Exchange dated 16 October 2008, Mr. Wong, together with another former director of China Oil and Gas Group, has admitted breaching the directors' declaration, undertaking and acknowledgement with regard to directors given by each of them to the Stock Exchange in the form set out in Appendix 5B to the Listing Rules in failing to use their best endeavours to procure China Oil and Gas Group's compliance with the Listing Rules in relation to the failure of China Oil and Gas Group to publish its annual results and annual report for the year ended 31 July 2005 by 30 November 2005 and interim results and interim report for the six months ended 31 January 2006 by 30 April 2006. Accordingly, the Listing Committee publicly criticised Mr. Wong and another former director of China Oil and Gas Group for their respective breaches mentioned above.

Save that Mr. Wong is the uncle of Mr. Wong Chi Chiu who is the Executive Director of the Company, Mr. Wong is not related to any directors, senior management, substantial or controlling shareholders of the Company. As at the date of this report, he does not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

Mr. Wong has not entered into any director's service contract with the Company. He has not been appointed for a specific term of service and is subject to retirement by rotation and re-election pursuant to the Bye-Laws. The amount of director's emolument (including his salary and employer's provident fund contribution) of Mr. Wong for the period from 1 January 2010 to 30 June 2011 was approximately HK$1,818,000 which was determined with reference to his position, his level of responsibilities, the remuneration policy of the Company and prevailing market conditions.

Save as disclosed above, there are no other matters which are required to be brought to the attention of the shareholders of the Company, or to be disclosed pursuant to any of the requirements under Rule 13.51(2)(h) to (w) of the Listing Rules.

EXECUTIVE DIRECTOR (Continued)

Dr. Allan Yap, aged 55, was appointed as an Executive Director and Chief Executive Officer of the Company on 8 June 2009. Dr. Yap was also appointed as the chairman of the remuneration committee of the Company on 1 October 2009 and a member of the prevention of bribery committee of the Company on 28 June 2010. He has resigned as the Chief Executive Officer of the Company on 21 December 2009 and the Executive Director of the Company, the chairman of the remuneration committee and a member of the prevention of bribery committee of the Company on 13 June 2011. Dr. Yap has also resigned as a director of TVB Pay Vision Holdings Limited and TVB Pay Vision Limited, all of which are associates of the Company. He is currently a director of Mega-Vision Productions Limited, Mega-Vision Pictures Limited and See Movie Limited, all of which are subsidiaries of the Company.

Dr. Yap obtained the Honorary degree of Doctor of Laws and has over 29 years' experience in finance, investment and banking. He is the chairman and executive director of Hanny Holdings Limited, and is an alternate director of Television Broadcasts Limited (shares of which are listed on the Main Board of the Stock Exchange).

Dr. Yap is also the chairman and chief executive officer of China Enterprises Limited, a company whose shares are traded on the OTC Securities Markets in the United States of America, as well as Burcon NutraScience Corporation, a company whose shares are listed on the Toronto Stock Exchange in Canada and the Frankfurt Stock Exchange in Germany. He is an executive chairman of PSC Corporation Ltd., Intraco Limited and Tat Seng Packaging Group Ltd., all of which are companies whose shares are listed on the Singapore Exchange Limited.

Dr. Yap was an executive director of Rosedale Hotel Holdings Limited (shares of which are listed on the Main Board of the Stock Exchange) until 25 May 2011 when his retirement as a director of the company took effect. He was also an executive director of Neo Telemedia Limited (shares of which are listed on the Growth Enterprise Market of the Stock Exchange) until 20 July 2009 when his resignation as a director of the company took effect. Dr. Yap was the chairman of MRI Holdings Limited ("MRI"), a company whose shares were listed on the Australian Securities Exchange. In December 2009, the directors of MRI recommended the return of capital to its shareholders by way of members' voluntary liquidation which was approved by its shareholders in April 2010. Save as disclosed in this report, Dr. Yap did not hold any other directorship in listed public companies in the last three years.

As at 13 June 2011, Dr. Yap did not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company. As at 13 June 2011, he did not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

EXECUTIVE DIRECTOR (Continued)

Dr. Yap has not entered into any director's service contract with the Company. He has not been appointed for a specific term of service and was subject to retirement by rotation and re-election pursuant to the Bye-Laws. The amount of director's emolument (including his salary and employer's provident fund contribution) of Dr. Yap for the period from 1 July 2010 to 13 June 2011 was approximately HK$964,000 which was determined with reference to his position, his level of responsibilities, the remuneration policy of the Company and prevailing market conditions.

Save as disclosed above, there are no other matters which are required to be brought to the attention of the shareholders of the Company, or to be disclosed pursuant to any of the requirements under Rule 13.51(2)(h) to (w) of the Listing Rules.

EXECUTIVE DIRECTOR (Continued)

Mr. Wong Yat Cheung, aged 56, was appointed as an Executive Director and Managing Director of the Company on 13 February 2007 and a member of the prevention of bribery committee of the Company on 28 June 2010. Mr. Wong has resigned as the Managing Director and the Executive Director of the Company on 8 June 2009 and 1 December 2010 respectively. He has ceased to be the member of the prevention of bribery committee of the Company with effect from 1 December 2010. Mr. Wong has also resigned as a director of Grand Class Investment Limited, Seethru Limited and See Base Limited on 1 December 2010 but continued to act as a director of Mega-Vision Productions Limited and Mega-Vision Pictures Limited, all of which are subsidiaries of the Company.

Mr. Wong is a prominent director, producer and scriptwriter in Hong Kong, both in terms of box-office success and breaking new grounds for film production. He graduated from the Chinese University of Hong Kong in 1978 and holds a bachelor's degree in Chinese Language and Literature. Having over 30 years experience in the Hong Kong film and television industry, Mr. Wong has produced over 100 films and TV drama-series. Some of his reputable film sequels are "The Romancing Star", "God of Gamblers" and "Young and Dangerous", all of which set new movie box-office records as well as new trends for the Hong Kong movie scene. He was recently awarded by UA Cinemas as the Movie Director with the Highest Box-Office Record between 1985 and 2005. Mr. Wong did not hold any directorship in listed public companies in the last three years.

As at 30 November 2010, Mr. Wong did not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company. Save that Mr. Wong held 2,000,000 ordinary shares in Mega-Vision Productions Limited, an indirect non wholly-owned subsidiary of the Company, he did not have any interests in the shares of the Company within the meaning of Part XV of the SFO as at 30 November 2010.

Mr. Wong has not entered into any director's service contract with the Company. He has not been appointed for a specific term of service and was subject to retirement by rotation and re-election pursuant to the Bye-Laws. The amount of director's emolument (including his salary, housing allowance, employer's provident fund contribution) of Mr. Wong for the period from 1 July 2010 to 30 November 2010 was approximately HK$930,000 which was determined with reference to his position, his level of responsibilities, the remuneration policy of the Company and prevailing market conditions.

Save as disclosed above, there are no other matters which are required to be brought to the attention of the shareholders of the Company, or to be disclosed pursuant to any of the requirements under Rule 13.51(2)(h) to (w) of the Listing Rules.

EXECUTIVE DIRECTOR (Continued)

Mr. Wong Chi Chiu, aged 33, was appointed as an Executive Director of the Company on 21 December 2010. Save as disclosed above, he does not hold any positions with the Company or any subsidiary of the Company.

Mr. Wong has over 10 years experience in corporate finance and auditing with participation in activities including mergers and acquisitions, initial public offerings and fund raising exercises. He holds a bachelor of business administration degree in accounting from Hong Kong University of Science and Technology. Mr. Wong was an executive director of KH Investment Holdings Limited (shares of which are listed on the Growth Enterprise Market of the Stock Exchange) until 1 November 2010 when his resignation as an executive director of the company took effect. Save as disclosed in this report, he did not hold any other directorship in listed public companies in the last three years.

Save that Mr. Wong is the nephew of Mr. Wong Kui Shing, Danny who is the Managing Director of the Company, Mr. Wong is not related to any directors, senior management, substantial or controlling shareholders of the Company. As at the date of this report, he does not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

Mr. Wong has not entered into any director's service contract with the Company. He has not been appointed for a specific term of service and is subject to retirement by rotation and re-election pursuant to the Bye-Laws. Mr. Wong has not received any director's remuneration nor bonus payment nor other benefits by the Company for the year ended 30 June 2011. The amount of director's emolument will be reviewed by the remuneration committee of the Company with reference to his position, his level of responsibilities, the remuneration policy of the Company and prevailing market conditions.

Save as disclosed above, there are no other matters which are required to be brought to the attention of the shareholders of the Company, or to be disclosed pursuant to any of the requirements under Rule 13.51(2)(h) to (w) of the Listing Rules.

EXECUTIVE DIRECTOR (Continued)

Ms. Ng Yuk Yee, Feona, aged 40, was appointed as an Executive Director of the Company and the chairman of the remuneration committee and a member of the prevention of bribery committee of the Company on 13 June 2011. Ms. Ng joined the Group since 5 August 2004 and is currently the company secretary, authorised representative of the Company, the Company' process agent under Part XI of the Companies Ordinance and director of about 26 subsidiaries of the Company.

Ms. Ng is a solicitor of the High Court of the Hong Kong Special Administrative Region and is experienced in handling legal and company secretarial matters. She holds a bachelor of laws with honors degree from City University of Hong Kong. Ms. Ng did not hold any directorship in listed public companies in the last three years.

As at the date of this report, Ms. Ng does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company. As at the date of this report, she does not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

Ms. Ng has not entered into any director's service contract with the Company. She has not been appointed for a specific term of service and is subject to retirement by rotation and re-election pursuant to the Bye-Laws. The amount of director's emolument (including her salary and employer's provident fund contribution) of Ms. Ng for the financial year ended 30 June 2011 was approximately HK$512,300, out of which an aggregate of HK$62,000 was attributable to Ms. Ng since her appointment as an Executive Director of the Company on 13 June 2011. Her director's emolument was determined with reference to her position, her level of responsibilities, the remuneration policy of the Company and prevailing market conditions.

Save as disclosed above, there are no other matters which are required to be brought to the attention of the shareholders of the Company, or to be disclosed pursuant to any of the requirements under Rule 13.51(2)(h) to (w) of the Listing Rules.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Li Fui Lung, Danny, aged 58, was appointed as an Independent Non-executive Director and the chairman of the audit committee of the Company on 23 October 2001 and a member of the remuneration committee of the Company on 26 October 2005. Save as disclosed above, he does not hold any positions with the Company or any subsidiary of the Company.

Mr. Li graduated with a Bachelor of Science Degree from the University of Hong Kong and subsequently obtained postgraduate certificate in accountancy from the University of Stirling in Scotland. He has over 30 years experience in the accounting profession and after qualifying as Chartered Accountant in 1980 with Ernst & Whinney in Scotland, has worked as finance manager, controller and internal auditor in major multinational companies. Mr. Li is the sole proprietor of Messrs. Danny Li & Company, a certified public accountants firm in Hong Kong, and has been practising as a certified public accountant in Hong Kong for more than 10 years. He is a member of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in Scotland and the Institute of Chartered Accountants in Australia. Mr. Li is also an independent non-executive director of Centraland Limited whose shares are listed on the Singapore Stock Exchange. Save as disclosed in this report, he did not hold any other directorship in listed public companies in the last three years.

As at the date of this report, Mr. Li does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company. As at the date of this report, he does not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

Mr. Li has entered into an appointment letter with the Company for a period of 3 years from 1 October 2010 to 30 September 2013. He is subject to retirement by rotation and re-election pursuant to the Bye-Laws. The amount of director's fee received by Mr. Li for the financial year ended 30 June 2011 was approximately HK$210,000 which was determined with reference to his duties and responsibilities in the Company and market benchmark.

Save as disclosed above, there are no other matters which are required to be brought to the attention of the shareholders of the Company, or to be disclosed pursuant to any of the requirements under Rule 13.51(2)(h) to (w) of the Listing Rules.

INDEPENDENT NON-EXECUTIVE DIRECTOR (Continued)

Mr. Ng Hoi Yue, Herman, aged 47, was appointed as an Independent Non-executive Director and a member of the audit committee of the Company on 16 May 2002 and a member of the remuneration committee of the Company on 26 October 2005. Save as disclosed above, he does not hold any positions with the Company or any subsidiary of the Company.

Mr. Ng is an associate member of The Institute of Chartered Accountants in England and Wales and a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. He has been practising as a certified public accountant in Hong Kong since 1989. Mr. Ng is an independent non-executive director of Greenfield Chemical Holdings Limited (shares of which are listed on the Main Board of the Stock Exchange). He was an independent non-executive director of Henry Group Holdings Limited (shares of which are listed on the Main Board of the Stock Exchange) until 19 February 2010 when his resignation as a director of the company took effect. Save as disclosed in this report, Mr. Ng did not hold any other directorship in listed public companies in the last three years.

As at the date of this report, Mr. Ng does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company. As at the date of this report, he does not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

Mr. Ng has entered into an appointment letter with the Company for a period of 3 years from 1 October 2010 to 30 September 2013. He is subject to retirement by rotation and re-election pursuant to the Bye-Laws. The amount of director's fee received by Mr. Ng for the financial year ended 30 June 2011 was approximately HK$185,000 which was determined with reference to his duties and responsibilities in the Company and market benchmark.

Save as disclosed above, there are no other matters which are required to be brought to the attention of the shareholders of the Company, or to be disclosed pursuant to any of the requirements under Rule 13.51(2)(h) to (w) of the Listing Rules.

INDEPENDENT NON-EXECUTIVE DIRECTOR (Continued)

Mr. Heung Pik Lun, aged 49, was appointed as an Independent Non-executive Director and a member of the audit committee and the remuneration committee of the Company on 20 March 2009. Save as disclosed above, he does not hold any positions with the Company or any subsidiary of the Company.

Mr. Heung graduated from the University of Windsor, Canada with a bachelor degree of Arts in 1985. He has started developing real estate projects in China since 1992 and has maintained a strong business network. Possessing in-depth knowledge in the South China market. Mr. Heung has participated over a hundred real estate development projects. Prior to China property development market, he has decades of property development in Canada and South East Asia. In addition, Mr. Heung has substantial experience in general management and administration affairs. He is an executive director of Hanny Holdings Limited (shares of which are listed on the Main Board of the Stock Exchange). Save as disclosed in this report, Mr. Heung did not hold any other directorship in listed public companies in the last three years.

As at the date of this report, Mr. Heung does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company. As at the date of this report, he does not have any interests in the shares of the Company within the meaning of Part XV of the SFO.

Mr. Heung has entered into an appointment letter with the Company for a period of 3 years from 20 March 2009 to 19 March 2012. He is subject to retirement by rotation and re-election pursuant to the Bye-Laws. The amount of director's fee received by Mr. Heung for the financial year ended 30 June 2011 was approximately HK$125,000 which was determined with reference to his duties and responsibilities in the Company and market benchmark.

Save as disclosed above, there are no other matters which are required to be brought to the attention of the shareholders of the Company, or to be disclosed pursuant to any of the requirements under Rule 13.51(2)(h) to (w) of the Listing Rules.

HLB 國衛會計師事務所
Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SEE CORPORATION LIMITED

(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of See Corporation Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 50 to 142, which comprise the consolidated and company statement of financial position as at 30 June 2011, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the Group's and of the Company's state of affairs as at 30 June 2011 and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng
Chartered Accountants
Certified Public Accountants

Hong Kong, 21 September 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2011

	Notes	2011 HK$'000	2010 HK$'000
Turnover	7	**30,003**	72,669
Cost of sales		**(19,140)**	(45,975)
Gross profit		**10,863**	26,694
Other revenue	9	**884**	422
Distribution costs		**(3,762)**	(11,962)
Administrative expenses		**(32,880)**	(31,542)
Other operating expenses	10	**(27,355)**	(41,714)
Change in fair value of financial assets at fair value through profit or loss		**(3,798)**	(1,136)
Loss from operations	10	**(56,048)**	(59,238)
Finance costs	11	**(2,291)**	(18,155)
Gain on partial disposal of associates	20(a)	**–**	165,864
(Loss)/profit before taxation		**(58,339)**	88,471
Taxation	13	**–**	–
(Loss)/profit for the year		**(58,339)**	88,471
Other comprehensive income for the year, net of tax		**–**	–
Total comprehensive (loss)/income for the year	14	**(58,339)**	88,471
(Loss)/profit for the year attributable to:			
Owners of the Company		**(52,362)**	95,585
Non-controlling interests		**(5,977)**	(7,114)
		(58,339)	88,471
Total comprehensive (loss)/income attributable to:			
Owners of the Company		**(52,362)**	95,585
Non-controlling interests		**(5,977)**	(7,114)
		(58,339)	88,471
(Loss)/earnings per share attributable to the owners of the Company	15		
– Basic and diluted		**HK$(0.05)**	HK$0.24

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2011

	Notes	At 30 June 2011 HK$'000	At 30 June 2010 HK$'000 (Restated)	At 1 July 2009 HK$'000 (Restated)
Non-current assets				
Intangible assets	18	**–**	17	33
Property, plant and equipment	19	**21,603**	22,675	23,751
Interests in associates	20	**26,583**	26,583	26,583
Loan receivable	23	**10,000**	10,000	–
		58,186	59,275	50,367
Current assets				
Film rights	24	**25,735**	41,282	31,986
Film production in progress	25	**129,414**	101,534	119,465
Music production in progress		**1,465**	556	370
Inventories	26	**55**	4	224
Trade and other receivables, deposits and prepayments	27	**9,249**	11,486	13,691
Financial assets at fair value through profit or loss	28	**5,716**	5,964	54,929
Cash and bank balances	29	**102,994**	300,134	31,547
		274,628	460,960	252,212
Assets held for sale		**–**	–	45,782
		274,628	460,960	297,994
Current liabilities				
Trade and other payables	30	**57,221**	36,131	64,881
Bank overdraft – secured	31	**9,953**	9,978	9,995
Convertible note	32	**–**	185,386	99,325
		67,174	231,495	174,201
Net current assets		**207,454**	229,465	123,793
Total assets less current liabilities		**265,640**	288,740	174,160
Non-current liabilities				
Convertible note	32	**–**	–	170,784
Net assets		**265,640**	288,740	3,376

Consolidated Statement of Financial Position (Continued)

At 30 June 2011

	Notes	At 30 June 2011 HK$'000	At 30 June 2010 HK$'000 (Restated)	At 1 July 2009 HK$'000 (Restated)
Equity				
Capital and reserves attributable to the owners of the Company				
Share capital	*33*	**12,455**	10,435	19,388
Reserves		**266,276**	285,419	(16,012)
		278,731	295,854	3,376
Non-controlling interests		**(13,091)**	(7,114)	–
		265,640	288,740	3,376

Approved and authorised for issue by the Board of Directors on 21 September 2011 and signed on its behalf by:

Mr. Wong Kui Shing, Danny
Executive Director

Dr. Ma Ho Man, Hoffman
Executive Director

The accompanying notes form an integral part of these consolidated financial statements.

STATEMENT OF FINANCIAL POSITION

At 30 June 2011

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Intangible assets	*18*	**–**	17
Property, plant and equipment	*19*	**470**	744
Investment in subsidiaries	*22*	**22,643**	185,543
		23,113	186,304
Current assets			
Trade and other receivables, deposits and prepayments	*27*	**534**	280
Cash and bank balances	*29*	**100,051**	230,047
		100,585	230,327
Current liabilities			
Trade and other payables	*30*	**15,611**	3,085
Convertible note	*32*	**–**	185,386
		15,611	188,471
Net current assets		**84,974**	41,856
Net assets		**108,087**	228,160
Equity			
Capital and reserves attributable to the owners of the Company			
Share capital	*33*	**12,455**	10,435
Reserves	*34*	**95,632**	217,725
		108,087	228,160

Approved and authorised for issue by the Board of Directors on 21 September 2011 and signed on its behalf by:

Mr. Wong Kui Shing, Danny
Executive Director

Dr. Ma Ho Man, Hoffman
Executive Director

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

At 30 June 2011

	Attributable to the owners of the Company								
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Capital Redemption reserve HK$'000	Convertible note reserves (note 34(b)) HK$'000	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 July 2009	19,388	500,040	–	–	55,978	(572,030)	3,376	–	3,376
Total comprehensive income for the year	–	–	–	–	–	95,585	95,585	(7,114)	88,471
Placing of shares	3,800	–	–	–	–	–	3,800	–	3,800
Premium arising from placing of shares	–	13,300	–	–	–	–	13,300	–	13,300
Shares issue expenses on placing of shares	–	(804)	–	–	–	–	(804)	–	(804)
Redemption of convertible note – equity component	–	–	–	–	(10,058)	10,058	–	–	–
Capital reduction	(22,028)	–	22,028	–	–	–	–	–	–
Amount transferred to write off accumulated losses	–	–	(22,028)	–	–	22,028	–	–	–
Issue of shares pursuant to rights issue	9,275	–	–	–	–	–	9,275	–	9,275
Premium arising from rights issue	–	176,229	–	–	–	–	176,229	–	176,229
Shares issue expenses on rights issue	–	(4,830)	–	–	–	–	(4,830)	–	(4,830)
Repurchase of shares	–	–	–	–	–	(77)	(77)	–	(77)
At 30 June 2010 and 1 July 2010	10,435	683,935	–	–	45,920	(444,436)	295,854	(7,114)	288,740
Loss for the year	–	–	–	–	–	(52,362)	(52,362)	(5,977)	(58,339)
Other comprehensive loss for the year	–	–	–	–	–	–	–	–	–
Total comprehensive loss for the year	–	–	–	–	–	(52,362)	(52,362)	(5,977)	(58,339)
Repurchase and cancellation of shares	(50)	(848)	–	–	–	77	(821)	–	(821)
Transfer to capital redemption reserve	–	(50)	–	50	–	–	–	–	–
Placing of shares	2,070	–	–	–	–	–	2,070	–	2,070
Premium arising from placing of shares	–	35,190	–	–	–	–	35,190	–	35,190
Share issue expenses on placing of shares	–	(1,200)	–	–	–	–	(1,200)	–	(1,200)
Redemption of convertible note – equity component	–	–	–	–	(45,920)	45,920	–	–	–
At 30 June 2011	**12,455**	**717,027**	**–**	**50**	**–**	**(450,801)**	**278,731**	**(13,091)**	**265,640**

The accompanying notes form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2011

	2011 HK$'000	2010 HK$'000 (Restated)
Cash flows from operating activities		
(Loss)/profit before taxation	**(58,339)**	88,471
Adjustments for:		
Gain on partial disposal of associates	**–**	(165,864)
Impairment loss recognised in respect of:		
– trade and other receivables, deposits and prepayments	**4,888**	7,005
– film rights	**22,466**	30,364
– film production in progress	**–**	4,126
Write down on inventories	**1**	219
Interest income	**(427)**	(202)
Interest expenses	**2,291**	18,155
Change in fair value of financial assets at fair value through profit or loss	**3,798**	1,136
Depreciation of property, plant and equipment	**890**	1,152
Amortisation of intangible assets	**17**	16
Amortisation of film rights	**11,081**	38,340
Loss on disposal of property, plant and equipment	**613**	–
Operating cash flows before working capital changes	**(12,721)**	22,918
Increase in film rights	**(18,000)**	(78,000)
(Increase)/decrease in film production in progress	**(27,880)**	13,805
Increase in music production in progress	**(909)**	(186)
(Increase)/decrease in inventories	**(52)**	1
Increase in trade and other receivables, deposits and prepayments	**(2,557)**	(4,693)
(Increase)/decrease in financial assets at fair value through profit or loss	**(3,550)**	47,829
Increase/(decrease) in trade and other payables	**21,167**	(28,881)
Cash used in operations	**(44,502)**	(27,207)
Income tax paid	**–**	–
Net cash used in operating activities	**(44,502)**	(27,207)

Consolidated Statement of Cash Flows (Continued)

For the year ended 30 June 2011

	2011 HK$'000	2010 HK$'000 (Restated)
Cash flows from investing activities		
Interest income received	**239**	96
Purchase of property, plant and equipment	**(431)**	(76)
Proceeds from partial disposal of associates	**–**	212,745
Cost of partial disposal of associates	**–**	(1,099)
Net cash (used in)/generated from investing activities	**(192)**	211,666
Cash flows from financing activities		
Proceeds from rights issue	**–**	185,504
Share issue expenses on rights issue	**–**	(4,830)
Proceeds from placing of shares	**37,260**	17,100
Share issue expenses on placing of shares	**(1,200)**	(804)
Payment for repurchase of shares	**(898)**	–
Redemption of convertible note	**(187,000)**	(102,000)
Increase in loan receivable	**–**	(10,000)
Interest expense paid	**(583)**	(825)
Net cash (used in)/generated from financing activities	**(152,421)**	84,145
Net (decrease)/increase in cash and cash equivalents	**(197,115)**	268,604
Cash and cash equivalents at the beginning of the year	**290,156**	21,552
Cash and cash equivalents at the end of the year	**93,041**	290,156
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	**102,994**	300,134
Bank overdraft	**(9,953)**	(9,978)
	93,041	290,156

The accompanying notes form an integral part of these consolidated financial statements.

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.

The Company acts as an investment holding company. The principal activities of its subsidiaries are set out in note 22 to the consolidated financial statements.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company and all values are rounded to the nearest thousand (HK$'000) except otherwise indicated.

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 2010.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010
HKAS 32 (Amendment)	Classification of Rights Issues
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 1 (Amendment)	Limitation Exemption from Comparative HKFRS 7 – Disclosures for First-time Adoptors
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments
HK-Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

The impact of the application of the above new HKFRSs is discussed below.

Amendments to HKAS 17 Leases

As part of Improvements to HKFRSs issued in 2009, HKAS 17 Leases has been amended in relation to the classification of leasehold land. Before the amendments to HKAS 17, the Group was required to classify leasehold land as operating leases and to present leasehold land as prepaid lease payments in the consolidated statement of financial position. The amendments to HKAS 17 have removed such a requirement. The amendments require that the classification of leasehold land should be based on the general principles set out in HKAS 17, that is, whether or not substantially all the risks and rewards incidental to ownership of a leased asset have been transferred to the lessee.

In accordance with the transitional provisions set out in the amendments to HKAS 17, the Group reassessed the classification of unexpired leasehold land as at 1 July 2010 based on information that existed at the inception of the leases. Leasehold land that qualifies for finance lease classification has been reclassified from prepaid lease payment to property, plant, and equipment retrospectively. This resulted in prepaid lease payments with the carrying amounts of approximately HK$14,246,000 and HK$14,229,000 as at 1 July 2009 and 30 June 2010 respectively being reclassified to property, plant and equipment. Certain comparative figures have been restated to conform with current year's presentation.

As at 30 June 2011, leasehold land that qualifies for finance lease classification with the carrying amount of approximately HK$14,212,000 has been included in property, plant and equipment. The application of the amendments to HKAS 17 has had no impact on the reported profit or loss and (loss)/earnings per share for the current and prior years.

HK-Int 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause

Hong Kong Interpretation 5 Presentation of Financial Statements – Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause ("HK Int 5") clarifies that term loans that include a clause that gives the lender the unconditional right to call the loans at any time ("repayment on demand clause") should be classified by the borrower as current liabilities. The Group has applied HK Int 5 for the first time in the current year. HK Int 5 requires retrospective application.

In order to comply with the requirements set out in HK Int 5, the Group has changed its accounting policy on classification of term loans with a repayment on demand clause. In the past, the classification of such term loans were determined based on the agreed scheduled repayment dates set out in the loan agreements. Under HK Int 5, term loans with a repayment on demand clause are classified as current liabilities. The application of HK Int 5 has had no material impact on the amounts reported for the current and prior years.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and revised Standards and Interpretations in issue 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 2010[1]
HKAS 1 (Amendment)	Presentation of Financial Statements[5]
HKAS 12 (Amendments)	Deferred Tax – Recovery of Underlying Assets[4]
HKAS 19 (2011)	Employee Benefits[6]
HKAS 24 (Revised)	Related Party Disclosures[2]
HKAS 27 (2011)	Separate Financial Statements[6]
HKAS 28 (2011)	Investments in Associates and Joint Ventures[6]
HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adoptors[3]
HKFRS 7 (Amendments)	Disclosures – Transfer of Financial Assets[3]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[6]
HKFRS 11	Joint Arrangements[6]
HKFRS 12	Disclosure of Interests in Other Entities[6]
HKFRS 13	Fair Value Measurement[6]
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[2]

1 Effective for annual periods beginning on or after 1 July 2010 or 1 January 2011, as appropriate.
2 Effective for annual periods beginning on or after 1 January 2011.
3 Effective for annual periods beginning on or after 1 July 2011.
4 Effective for annual periods beginning on or after 1 January 2012.
5 Effective for annual periods beginning on or after 1 July 2012.
6 Effective for annual periods beginning on or after 1 January 2013.

HKFRS 9 Financial Instruments (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 Financial Instruments (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and revised Standards and Interpretations in issue but not yet effective (Continued)

- Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

- In relation to financial liabilities, the significant change relates to financial liabilities that are designated as at fair value through profit or loss. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the presentation of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 9 that will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new Standard may have a significant impact on amounts reported in respect of the Groups' financial assets. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

The amendments to HKFRS 7 titled Disclosures – Transfers of Financial Assets increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and revised Standards and Interpretations in issue but not yet effective (Continued)

The directors do not anticipate that these amendments to HKFRS 7 will have a significant effect on the Group's disclosures regarding transfers of trade receivables previously effected. However, if the Group enters into other types of transfers of financial assets in the future, disclosures regarding those transfers may be affected.

HKAS 24 Related Party Disclosures (as revised in 2009) modifies the definition of a related party and simplifies disclosures for government-related entities.

The disclosure exemptions introduced in HKAS 24 (as revised in 2009) do not affect the Group because the Group is not a government-related entity. However, disclosures regarding related party transactions and balances in these consolidated financial statements may be affected when the revised version of the standard is applied in future accounting periods because some counterparties that did not previously meet the definition of a related party may come within the scope of the standard.

HKFRS 10 Consolidated Financial Instruments replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios including cases where an investor may control an investee with less than majority of voting rights. Overall, the application of HKFRS 10 requires extensive use of judgement.

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, there are two types of joint arrangements: joint ventures and joint operations. The classification in HKFRS 11 is based on parties' rights and obligations under the arrangements. In contrast, under HKAS 31, there are three different types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting. The application of HKFRS 11 might results in changes in the classification of the Group's joint arrangements and their accounting treatments.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (Continued)

New and revised Standards and Interpretations in issue but not yet effective (Continued)

HKFRS 12 Disclosure of Interests in Other Entities is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

HKFRS 13 Fair Value Measurement improves consistency and reduces complexity by providing, for the first time, a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs.

The directors of the Company are in the process of assessing the impact of these new or revised HKFRSs but is not yet in a position to state whether they would have a significant impact on its results of performance and financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements 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 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 the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All inter-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Prior to 1 July 2009, losses applicable to the non-controlling interests in excess of the non-controlling interests in the subsidiary's equity were allocated against the interests of the Group except to the extent that the non-controlling interests had a binding obligation and were able to make an additional investment to cover the losses.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries on or after 1 July 2009

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of consolidation (Continued)

Changes in the Group's ownership interests in existing subsidiaries (Continued)

Changes in the Group's ownership interests in existing subsidiaries on or after 1 July 2009 (Continued)

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Changes in the Group's ownership interests in existing subsidiaries prior to 1 July 2009

Increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. For decreases in interests in subsidiaries, regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss.

(c) Business combinations

Business combinations that took place on or after 1 July 2009

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Business combinations (Continued)

Business combinations that took place on or after 1 July 2009 (Continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Noncurrent Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transactionby-transaction basis. Other types of non-controlling interests are measured at their fair value or another measurement basis required by another Standard.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Business combinations (Continued)

Business combinations that took place on or after 1 July 2009 (Continued)

Where the consideration the Group transfers in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Changes in the value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Business combinations (Continued)

Business combinations that took place prior to 1 July 2009 (Continued)

Acquisition of businesses was accounted for using the purchase method. The cost of the acquisition was measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that met the relevant conditions for recognition were generally recognised at their fair value at the acquisition date.

Goodwill arising on acquisition was recognised as an asset and initially measured at cost, being the excess of the cost of the acquisition over the Group's interest in the recognised amounts of the identifiable assets, liabilities and contingent liabilities recognised. If, after assessment, the Group's interest in the recognised amounts of the acquiree's identifiable assets, liabilities and contingent liabilities exceeded the cost of the acquisition, the excess was recognised immediately in profit or loss.

The non-controlling interest in the acquiree was initially measured at the non-controlling interest's proportionate share of the recognised amounts of the assets, liabilities and contingent liabilities of the acquiree.

Contingent consideration was recognised, if and only if, the contingent consideration was probable and could be measured reliably. Subsequent adjustments to contingent consideration were recognised against the cost of the acquisition.

Business combinations achieved in stages were accounted for as separate steps. Goodwill was determined at each step. Any additional acquisition did not affect the previously recognised goodwill.

(d) Investment in subsidiaries

A subsidiary is an enterprise controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities.

In the Company's statement of financial position, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Interests in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of associates, less any identified impairment losses. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of future losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Interests in associates (Continued)

From 1 July 2009 onwards, upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with HKAS 39. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.

When a group entity transacts with an associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

(f) Interest in Jointly controlled entity

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The Group recognises its interest in jointly controlled entity using proportionate consolidation. The Group's share of each of the assets, liabilities, income and expenses of the jointly controlled entity are combined with the Group's similar line items, line by line, in the consolidated financial statements.

When a group entity transacts with a jointly controlled entity of the Group, profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Goodwill

Goodwill arising on an acquisition of a business is carried at cost less accumulated impairment losses, if any, and is presented separately in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Goodwill arising from acquisition of an associate is included in the carrying amount of the investment and is assessed for impairment as part of the investment.

(h) Property, plant and equipment

Property, plant and equipment including buildings and leasehold land held for administrative purposes are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Property, plant and equipment (Continued)

The cost of an asset comprises its purchase price, any directly attributable costs of bringing the asset to its present working condition and location for its intended use and the initial estimate of the costs of dismantling and removing the item and restoring the site on which is located. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the statement of comprehensive income in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalised as an additional cost of the asset.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives, using the straight-line method, at the following annual rates:

Leasehold land	:	Over the lease term
Buildings	:	40 years
Leasehold improvement	:	20%
Furniture, fixture and equipment	:	20%
Motor vehicles	:	20%

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the consolidated statement of comprehensive income.

(i) Film rights

Film rights represent films and television drama series produced or acquired by the Group for reproduction, distribution and sub-licensing, are stated at cost less accumulated amortisation and any identified impairment losses. Amortisation is charged to the consolidated statement of comprehensive income based on the proportion of actual income earned during the year to the total estimated income from the distribution of film rights. The amortisation of film rights will not exceed two years. In the case where there is any impairment in value, the unamortised balance is written down to its estimated recoverable amount.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Film and music production in progress

Film and music production in progress represent films, televisions drama series and music records under production, are stated at cost incurred to date, less any identified impairment losses. Cost is transferred to films and music production rights upon completion.

(k) Intangible assets

Intangible assets, which comprise artiste contract rights and trademarks, are stated at cost less accumulated amortisation and any identified impairment losses. The categories of the intangible assets are summarised as follows:

(i) Artiste contract rights

Artiste contract rights are stated at cost less accumulated amortisation and any identified impairment losses. Amortisation is charged to the consolidated statement of comprehensive income over the contract terms.

(ii) Trademarks

Trademarks are stated at cost less accumulated amortisation and any identified impairment losses. Amortisation is charged to the consolidated statement of comprehensive income over the estimated useful life.

(l) Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined on the first-in, first-out basis and comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present locations and conditions. Net realisable value represents the estimated selling price in the ordinary course of business less all costs to completion and costs to make the sale.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably, revenue is recognised in the consolidated statement of comprehensive income as follows:

(i) Sales of goods are recognised when goods are delivered and the significant risks and rewards of ownership of the goods has passed to the buyer.

(ii) Revenue from licensing of the distribution rights over films and television programmes is recognised when the master materials of films are delivered to customers and the title in relation to those materials has passed to the customers.

(iii) Revenue from provision of model and artiste services is recognised when services are rendered.

(iv) Revenue from event productions is recognised when the events are completed or the services are provided.

(v) Sale of securities investments are recognised on a trade date basis.

(vi) Interest income is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount on initial recognition.

(vii) Dividend income from investments is recognised when the shareholder's right to receive payment has been established.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings related to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see the accounting policies below);

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in a foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the rate of exchange prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Foreign currencies (Continued)

From 1 July 2010 onwards, on the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in the foreign currency translation reserve.

(o) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Leases (Continued)

Leasehold land and buildings

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

(p) Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the consolidated statement of comprehensive income.

i. Financial assets

The Group's financial assets are classified into financial assets at fair value through profit or loss and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales of financial assets that requires delivery of assets within the time frame established by regulation or convention in the marketplace.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Financial instruments (Continued)

i. Financial assets (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at financial assets at financial assets at fair value through profit or loss.

Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at financial assets at fair value through profit or loss.

A financial asset is classified as held for trading if:

(i) it has been acquired principally for the purpose of selling in the near future; or

(ii) on initial recognition it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

(iii) it is a derivative that is not designated and effective as a hedging instrument.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Financial instruments (Continued)

i. Financial assets (Continued)

Financial assets at fair value through profit or loss (Continued)

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss upon initial recognition if:

(i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

(ii) the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

(iii) it forms part of a contract containing one or more embedded derivatives, and HKAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at financial assets at fair value through profit or loss.

Financial assets at fair value through profit or loss are measured at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the "change in value of financial assets at fair value through profit or loss" line item in the consolidated statement of comprehensive income. Fair value is determined in the manner described in note 5.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At the end of the reporting period subsequent to initial recognition, loans and receivables (including trade and other receivables, deposits and prepayments and cash and bank balances) are carried at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Financial instruments (Continued)

i. Financial assets (Continued)

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

The objective evidence of impairment could include:

(i) significant financial difficulty of the issuer or counterparty; or

(ii) breach of contract, such as default or delinquency in interest or principal payments; or

(iii) it becoming probable that the borrower will enter bankruptcy or financial reorganisation; or

(iv) the disappearance of an active market for that financial asset because of financial difficulties

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 to 180 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Financial instruments (Continued)

i. Financial assets (Continued)

Impairment of financial assets (Continued)

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

ii. Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Financial instruments (Continued)

ii. Financial liabilities and equity instruments (Continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount upon initial recognition.

Interest expense is recognised on an effective interest basis other than those financial liabilities designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated at fair value through profit or loss on initial recognition.

A financial liability is classified as held for trading if:

(i) it has been acquired principally for the purpose of repurchasing in the near term; or

(ii) on initial recognition it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

(iii) it is a derivative that is not designated and effective as a hedging instrument.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Financial instruments (Continued)

ii. Financial liabilities and equity instruments (Continued)

Financial liabilities at fair value through profit or loss (Continued)

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if:

(i) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

(ii) the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

(iii) it forms part of a contract containing one of more embedded derivatives, and HKAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are measured at fair value, with any gains or losses arising on remeasurement recognised directly in the consolidated statement of comprehensive income in the period in which they arise. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Other financial liabilities

Other financial liabilities including trade and other payables and secured bank overdraft are subsequently measured at amortised cost, using the effective interest method.

Convertible notes

Convertible notes issued by the Company that contain both financial liability and equity components are classified separately into respective liability and equity components on initial recognition. On initial recognition, the fair value of the liability component is determined using the prevailing market interest rate of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible notes and the fair value assigned to the liability component, representing the embedded call option for the holder to convert the notes into equity, is included in equity (convertible notes – equity reserve). Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Financial instruments (Continued)

ii. Financial liabilities and equity instruments (Continued)

Convertible notes (Continued)

In subsequent periods, the liability component of the convertible notes is carried at amortised cost using the effective interest method. The equity component, representing by the option to convert the liability component into ordinary shares of the Company, will remain in convertible notes reserve until the embedded option is exercised (in which case the balance stated in convertible notes – equity reserve will be transferred to share capital and share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible notes – equity reserve will be released to retained profits. No gain or loss is recognised in statement of comprehensive income upon conversion or expiration of the option.

If the conversion option of convertible notes exhibits characteristics of an embedded derivative, it is separated from its liability component. On initial recognition, the derivative component of the convertible notes is measured at fair value and presented as part of derivative financial instruments. Any excess of proceeds over the amount initially recognized as the derivative component is recognised as the liability component. Transaction costs are apportioned between the liability and derivative components of the convertible notes based on the allocation of proceeds to the liability and derivative components when the instruments are initially recognised. The portion of the transaction costs relating to the liability component is recognised initially as part of the liability. The portion relating to the derivative component is recognised immediately in the consolidated statement of comprehensive income.

Transaction costs relating to the liability component are included in the carrying amount of the liability component and amortised over the period of the convertible notes using the effective interest method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Financial instruments (Continued)

ii. Financial liabilities and equity instruments (Continued)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset or retains a residual interest that does not result in the retention of substantially all the risks and rewards of ownership and the Group retains control), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is calculated based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investment in subsidiaries, interests in associates and interests in jointly control entity except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not be reversed in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

(s) Cash and cash equivalents

Cash and cash equivalents comprises cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated statement of financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(u) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of comprehensive income over the period of the borrowing using the effective interest method.

(v) Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably. A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, they will then be recognised as a provision.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Contingent liabilities and contingent assets (Continued)

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group. A contingent asset is not recognised but is disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

(w) Employee benefits

(i) Salaries, annual bonuses, paid annual leaves, leave passage and the cost to the Group of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Contributions to Mandatory Provident Funds are required under the Hong Kong Mandatory Provident Funds Schemes Ordinance are recognised as an expense in the consolidated statement of comprehensive income as incurred.

(iii) The fair value of the employee services received in exchange for the grant of the share options and restricted share awards is recognised as an expense in the consolidated statement of comprehensive income. The total amount to be expensed over the vesting period is determined with reference to the fair value of the share options and restricted share awards granted. At the end of the reporting period, the Company revises its estimates of the number of share options that are expected to become exercisable and the number of restricted share awards that become vested. It recognises the impact of the revision of original estimates, if any, in the consolidated statement of comprehensive income, and a corresponding adjustment to equity in the consolidated statement of financial position will be made over the remaining vesting period.

(iv) Termination benefits are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Related parties

A party is considered to be related to the Group if:

(i) the party, directly or indirectly through one or more intermediaries, (a) controls, is controlled by, or is under common control with, the Group; (b) has an interest in the Group that gives it significant influence over the Group; or (c) has joint control over the Group;

(ii) the party is an associate;

(iii) the party is a jointly-controlled entity;

(iv) the party is a member of the key management personnel of the Group or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

(y) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key source of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty of the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(i) *Impairment of trade and other receivables*

The provision of impairment loss on trade and other receivables of the Group is based on the evaluation of collectability and aging analysis of accounts and on management's judgement. In determining whether impairment is required, the Group takes into consideration the aging status and likelihood of collection. When recoverability of trade and other receivables are called into doubts, specific provision of impairment loss on trade and other receivables is made on the difference between the estimated future cash flow expected to receive being discounted using the original effective interest rate and the carrying value.

(ii) *Impairment of film and music production in progress*

The management of the Group reviews an aging analysis at the end of each reporting period, and identify the slow-moving film and music production in progress that are no longer suitable for use in production. The management estimates the net realisable value for such film and music production in progress based primarily on the recoverable amount. In addition, the Group carries out review on each film and music record at the end of the reporting period and makes allowance for any film and music production in progress that production is no longer proceed.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key source of estimation uncertainty (Continued)

(iii) Impairment of films rights

At the end of each reporting period, the management of the Group performs review of the carrying amount of each film rights by reference to its estimated total projected revenues from each film, which is based on the historical performance and incorporating factors such as the past box office record of the lead actors and actress, the genre of the film, pre-release market research, the expected number of theatres that the film will be released to and the anticipated performance in the home entertainment, television and other ancillary markets, and agreement for future sales. The residual values of each film rights are continually evaluated based on the changes in consumer demand.

(iv) Useful lives of property, plant and equipment

In accordance with HKAS 16, the Group estimates the useful lives of property, plant and equipment in order to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experience, the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands or service output of the assets. The Group also performs annual reviews on whether the assumptions made on useful lives continue to be valid.

5. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2011 HK$'000	2010 HK$'000
Financial assets		
Loans and receivables (including cash and bank balances)	**121,268**	320,865
Financial assets designated as at fair value through profit or loss	**5,716**	5,964
Financial liabilities		
Amortised cost	**67,174**	231,495

(b) Financial risk management objectives and policies

The Group's major financial instruments include loan receivable, trade and other receivables, deposits and prepayments, financial assets at fair value through profit or loss, cash and bank balances, trade and other payables, secured bank overdraft and convertible note. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Foreign currency risk management

Certain assets and liabilities of the Group are denominated in foreign currencies, which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy in respect of foreign current assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

5. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Foreign currency risk management (Continued)

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Liabilities		Assets	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Renminbi ("RMB")	**6,124**	5,908	**5,977**	7,836

Sensitivity analysis

The Group is mainly exposed to the effects of fluctuation in Renminbi.

The following table details the Group's sensitivity to a 5% increase and decrease in Hong Kong dollars against RMB. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit where the Hong Kong dollars strengthen 5% against the relevant currency. For a 5% weakening of the Hong Kong dollars against the relevant currency, there would be an equal and opposite impact on the profit, and the balance below would be positive.

	Impact of RMB	
	2011	2010
	HK$'000	HK$'000
Profit or loss *(note)*	**7**	96

Note:

This is mainly attributable to the exposure to outstanding receivables and payables denominated in RMB not subject to cash flow hedge at the end of the reporting period.

5. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Interest rate risk management

The Group's cash flow interest rate risk relates primarily to secured bank overdraft *(note 31)*. It is the Group's policy to keep its borrowings at floating rate of interest so as to minimize the fair value interest rate risk. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for secured bank overdraft at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended 30 June 2011 would decrease/increase by approximately HK$50,000 (2010: profit increase/decrease approximately HK$50,000). This is mainly attributable to the Group's exposure to interest rates on its secured bank overdraft.

(iii) Other price risks

The Group is exposed to equity price risk mainly through its investment in listed equity securities. The management manages this exposure by maintaining a portfolio of investments with different task and return profiles. The Group's equity price risk is mainly concentrated on equity securities operating in ship construction and securities trading business quoted in The Stock Exchange of Hong Kong Limited. In addition, the Group monitors the price risk and will consider hedging the risk exposure should the need rise.

5. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(iii) Other price risks (Continued)

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the end of the reporting period.

If equity prices had been 5% higher/lower, the Group's:

- loss for the year ended 30 June 2011 would decrease/increase by approximately HK$286,000 (2010: profit increase/decrease by approximately HK$298,000). This is mainly due to the changes in fair value of financial assets at fair value through profit or loss.

Credit risk management

As at 30 June 2011, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt and debt investments at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regards, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group does not have any other significant concentration of credit risk. Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas.

5. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk management

The Group manages liquidity risk by maintaining adequate bank deposits and cash, monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The liquidity risk is under continuous monitoring by management. Reports with maturity dates of bank borrowings and thus the liquidity requirement are provided to management for review periodically. Management will raise or refinance bank borrowings whenever necessary.

The following tables details remaining contractual maturity for its non-derivative financial liabilities. The tables below have been drawn up based on the undiscounted cash flows (included interest payment computed using contractual rates, if floating, based on weighted average effective rates) and the earliest date of the Group required to pay.

The Group

	Weighted average effective interest rate	Within 1 year HK$'000	Within 2 to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
At 30 June 2011						
Non-derivative financial liabilities						
Trade and other payables	**–**	**57,221**	**–**	**–**	**57,221**	**57,221**
Bank overdraft – secured	**5%**	**10,451**	**–**	**–**	**10,451**	**9,953**
Total		**67,672**	**–**	**–**	**67,672**	**67,714**
At 30 June 2010						
Non-derivative financial liabilities						
Trade and other payables	–	36,131	–	–	36,131	36,131
Bank overdraft – secured	5%	10,477	–	–	10,477	9,978
Convertible note	8%	187,000	–	–	187,000	185,386
Total		233,608	–	–	233,608	231,495

5. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk management (Continued)

The Company

	Weighted average effective interest rate	Within 1 year HK$'000	Within 2 to 5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Total carrying amount HK$'000
At 30 June 2011						
Non-derivative financial liabilities						
Trade and other payables	**–**	**15,611**	**–**	**–**	**15,611**	**15,611**
At 30 June 2010						
Non-derivative financial liabilities						
Trade and other payables	–	3,085	–	–	3,085	3,085
Convertible note	8%	187,000	–	–	187,000	185,386
Total		190,085	–	–	190,085	188,471

(c) Fair value of financial instruments

The fair value of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices and ask prices respectively.

- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

5. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value of financial instruments (Continued)

- The fair values of other financial assets and financial liabilities (excluding those designated above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded in the consolidated financial statements approximate to their fair values:

	2011		2010	
	Carrying amount HK$'000	**Fair value HK$'000**	Carrying amount HK$'000	Fair value HK$'000
Financial liabilities				
Convertible note	–	–	185,386	185,000

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for asset or liability, 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 or liability that are not based on observable market data (unobservable inputs).

5. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value of financial instruments (Continued)

Fair value measurements recognised in the consolidated statement of financial position (Continued)

The following table shows an analysis of financial instruments recorded at fair value by the fair value hierarchy:

	At 30 June 2011			
	Level 1	**Level 2**	**Level 3**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**
Financial assets at fair value through profit or loss	**5,716**	**–**	**–**	**5,716**

	At 30 June 2010			
	Level 1	Level 2	Level 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Financial assets at fair value through profit or loss	5,964	–	–	5,964

There were no transfers between Levels 1 and 2 in both years.

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.

6. CAPITAL MANAGEMENT

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of debt (which includes secured bank overdraft and convertible loan note), cash and bank balances and equity attributable to owners of the Company, comprising issued share capital and reserves.

Gearing ratio

The directors of the Group review the capital structure on a continuous basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through issue of new shares, raise new borrowings and repayment of borrowings.

The gearing ratios as at 30 June 2011 and 2010 were as follows:

	2011	2010
	HK$'000	HK$'000
Total debt *(note i)*	**9,953**	195,364
Less: Cash and bank balances	**(102,994)**	(300,134)
Net debt	**(93,041)**	(104,770)
Equity *(note ii)*	**278,731**	295,854
Net debt to equity ratio	**N/A**	N/A
Total debt to equity ratio	**4%**	66%

Notes:

(i) Debt comprises secured bank overdraft and convertible note as detailed in notes 31 and 32 respectively.

(ii) Equity includes all capital and reserves attributable to owners of the Group.

7. 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:

	2011	2010
	HK$'000	HK$'000
Turnover		
Film and TV programme production	**17,611**	53,798
Event production	**684**	1,958
Artiste and model management	**11,172**	6,697
Music production	**536**	296
Net gains from the sale of financial assets at fair value through profit or loss *(note i)*	**–**	9,920
	30,003	72,669

Note:

(i) Net gains from the sale of financial assets at fair value through profit or loss for the year ended 30 June 2010 represents the gross proceeds from the disposal of investment in securities of approximately HK$58,078,000 less the carrying value of the securities sold and related cost of disposal amounted to approximately HK$47,829,000 and HK$329,000 respectively.

8. 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

8. SEGMENT INFORMATION (Continued)

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

(a) Segment revenue and results

	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$'000	Consolidated HK$'000
2011						
Segment revenue	17,611	684	11,172	536	–	30,003
Segment results	6,530	106	3,730	497	–	10,863
Interest income						427
Unallocated gains						457
Unallocated corporate expenses						(21,424)
Distribution costs	(3,121)	–	(55)	(586)	–	(3,762)
Administrative expenses	(8,249)	(97)	(2,886)	(224)	–	(11,456)
Other operating expenses	(26,179)	–	(1,175)	(1)	–	(27,355)
Change in fair value of financial assets at fair value through profit or loss					(3,798)	(3,798)
Loss from operations						(56,048)
Finance costs						(2,291)
Loss before taxation						(58,339)
Taxation						–
Loss for the year						(58,339)

8. SEGMENT INFORMATION (Continued)

(a) Segment revenue and results (Continued)

	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$'000	Consolidated HK$'000
2010						
Segment revenue	53,798	1,958	6,697	296	9,920	72,669
Segment results	13,338	663	2,482	291	9,920	26,694
Interest income						202
Unallocated gains						220
Unallocated corporate expenses						(19,212)
Distribution costs	(11,700)	–	(192)	(60)	–	(11,952)
Administrative expenses	(6,706)	(829)	(4,637)	(168)	–	(12,340)
Other operating expenses	(40,215)	–	(570)	(219)	(710)	(41,714)
Change in fair value of financial assets at fair value through profit or loss	–	–	–	–	(1,136)	(1,136)
Loss from operations						(59,238)
Finance costs						(18,155)
Gain on partial disposal of associates						165,864
Profit before taxation						88,471
Taxation						–
Profit for the year						88,471

Segment revenue reported above represented revenue generated from external customers. There were no inter-segment sales in the current year (2010: Nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies as described in notes 3 to the consolidated financial statements. Segment result represents the profit earned by each segment without allocation of central administration costs including directors' salaries, corporate legal professional fee and financial costs. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

8. SEGMENT INFORMATION (Continued)

(b) Segment assets and liabilities

	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$'000	Consolidated HK$'000
2011						
Segment assets	**165,639**	**71**	**1,620**	**1,605**	**5,716**	**174,651**
Unallocated assets						**158,163**
Consolidated assets						**332,814**
Segment liabilities	**32,635**	**10,037**	**8,541**	**565**	**–**	**51,778**
Unallocated liabilities						**15,396**
Consolidated liabilities						**67,174**
2010						
Segment assets	163,415	120	5,030	172	5,964	174,701
Unallocated assets						345,534
Consolidated assets						520,235
Segment liabilities	24,852	10,063	8,146	562	–	43,623
Unallocated liabilities						187,872
Consolidated liabilities						231,495

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

– all assets are allocated to reportable segments other than financial assets that are not attributable to segments; and

– all liabilities are allocated to reportable segments other than current tax liabilities and other financial liabilities that are not attributable to segments.

8. SEGMENT INFORMATION (Continued)

(c) Other segment information

	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$'000	Unallocated HK$'000	Consolidated HK$'000
2011							
Other segment information:							
Additions to non-current assets	**408**	**–**	**12**	**–**	**–**	**11**	**431**
Depreciation	**200**	**97**	**48**	**–**	**–**	**545**	**890**
Amortisation of intangible assets	**–**	**–**	**–**	**–**	**–**	**17**	**17**
Impairment loss recognised in respect of:							
– trade and other receivables, deposits and prepayments	**3,713**	**–**	**1,175**	**–**	**–**	**–**	**4,888**
– film rights	**22,466**	**–**	**–**	**–**	**–**	**–**	**22,466**
Write down on inventories	**–**	**–**	**–**	**1**	**–**	**–**	**1**
Loss on disposal of property, plant and equipment	**322**	**–**	**137**	**–**	**–**	**154**	**613**
2010 (Restated)							
Other segment information:							
Additions to non-current assets	76	–	–	–	–	–	76
Depreciation	239	130	118	–	–	665	1,152
Amortisation of intangible assets	–	–	–	–	–	16	16
Impairment loss recognised in respect of:							
– trade and other receivables, deposits and prepayments	5,725	–	570	–	–	710	7,005
– film rights	30,364	–	–	–	–	–	30,364
– film production in progress	4,126	–	–	–	–	–	4,126
Write down on inventories	–	–	–	219	–	–	219

8. SEGMENT INFORMATION (Continued)

(d) Geographical information

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

	2011 HK$'000	2010 HK$'000
Hong Kong	**22,650**	44,527
The People's Republic of China (The "PRC")	**2,373**	23,204
Others	**4,980**	4,938
	30,003	72,669

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.

(e) Information about major customers

Included in revenues arising from film and TV programme production of approximately HK$17,611,000 (2010: HK$53,798,000) are revenue of approximately HK$6,980,000 (2010: HK$12,336,000) which contributed from the largest customer of the Group. No other single customers contributed 10% or more to the Group's revenue for the year ended 30 June 2011 and 2010.

9. OTHER REVENUE

	2011 HK$'000	2010 HK$'000
Bank interest income	**–**	63
Other interest income	**427**	139
Reversal of impairment loss in respect of trade and other receivables	**226**	–
Sundry income	**231**	220
	884	422

10. LOSS FROM OPERATIONS

	2011 HK$'000	2010 HK$'000 (Restated)
Loss from operations has been arrived at after charging:		
Cost of inventories (included in cost of sales)	**39**	5
Amortisation of film rights (included in cost of sales)	**11,081**	38,340
Auditors' remuneration	**600**	600
Amortisation of intangible assets	**17**	16
Depreciation of property, plant and equipment	**890**	1,152
Operating leases in respect of land and buildings	**2,163**	3,096
Impairment loss recognised in respect of:		
– trade and other receivables, deposits and prepayments*	**4,888**	7,005
– film rights*	**22,466**	30,364
– film production in progress*	**–**	4,126
Write down on inventories*	**1**	219
Loss on disposal of property, plant and equipment	**613**	–

* *The aggregation of these items represented "Other operating expenses" in the consolidated statement of comprehensive income.*

11. FINANCE COSTS

	2011 HK$'000	2010 HK$'000
Interest on:		
Bank borrowings wholly repayable within five years	**572**	573
Imputed interest on convertible notes	**1,614**	17,277
	2,186	17,850
Bank charges	**105**	305
	2,291	18,155

12. EMPLOYEE BENEFIT EXPENSES

	2011	2010
	HK$'000	HK$'000
Employee benefit expenses are analysed as follows:		
Salaries and other benefits	**11,784**	11,504
Contributions to retirement benefit schemes	**579**	549
	12,363	12,053

Retirement Benefit Scheme

Prior to 1 December 2000, the Group operated a defined contribution retirement benefits scheme ("Defined Contribution Scheme") for its qualifying employees in Hong Kong. The assets of the scheme were held separately from those of the Group in funds under the control of an independent trustee. Where there are employees who leave the Defined Contribution Scheme prior to vesting fully in the contributions, the amount of the forfeited contributions would be used to reduce the contributions payable by the Group. The Defined Contribution Scheme was terminated on 1 December 2000.

Effective from 1 December 2000, the Group joined the Mandatory Provident Fund Scheme (the "MPF Scheme") for all of its employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the Group and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. No forfeited contribution is available to reduce the contribution payable in the future years.

The employees of the Company's subsidiary in the PRC are members of the state-sponsored retirement benefit scheme organised by the relevant local government authority in the PRC. The subsidiary is required to contribute, based on a certain percentage of the basic salary of its employees, to the retirement benefit scheme and has no further obligations for the actual payment of pension or post-retirement benefits beyond the annual contributions. The state-sponsored retirement benefit scheme represent the entire pension obligations payable to retired employees.

The Group does not have any other pension schemes for its employees in respect of its subsidiaries outside Hong Kong and the PRC.

12. EMPLOYEE BENEFIT EXPENSES (Continued)

Equity Compensation Benefits

Share Options

The Company operates a share option scheme (the "Share Option Scheme"). Further details of which are set out under the heading "Share Options" in note 33 to the consolidated financial statements.

13. TAXATION

Current tax

No provision for Hong Kong profits tax has been made as the Company and its subsidiaries incurred taxation loss for the year (2010: Nil).

The tax charge for the year can be reconciled to the (loss)/profit before taxation per the consolidated statement of comprehensive income as follows:

	2011		2010	
	HK$'000	**%**	HK$'000	%
(Loss)/profit before taxation	**(58,339)**		88,471	
Tax at the Hong Kong profits tax rate of 16.5% (2010: 16.5%)	**(9,626)**	**(16.5)**	14,598	16.5
Tax effect of expenses not deductible for tax purpose	**27,536**	**47.2**	10,257	11.6
Tax effect of income not taxable for tax purpose	**(22,996)**	**(39.4)**	(29,194)	(33.0)
Tax effect of tax losses not recognised	**5,093**	**8.7**	4,339	4.9
Utilisation of tax losses previously not recognised	**(7)**	**–**	–	–
Taxation charge for the year	**–**	**–**	–	–

Deferred tax

At 30 June 2011, the Group had unused tax losses of approximately HK$159,393,000 (2010: HK$189,600,000) available for offset against future profits that may be carried forward indefinitely. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

14. (LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

Of the Group's loss for the year of approximately HK$58,339,000 (2010: profit of approximately HK$88,471,000), approximately loss of HK$155,312,000 (2010: loss of HK$34,664,000) has been dealt with in the financial statements of the Company.

15. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	2011	2010
	HK$'000	HK$'000
(Loss)/earnings attributable to owners of the Company for the purpose of basic and diluted (loss)/earnings per ordinary share	**(52,362)**	95,585

	Number of shares	Number of shares
	'000	'000
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share	**1,147,539**	406,069

For the year ended 30 June 2011, the diluted loss per share was the same as the basic loss per share as there was no dilutive potential ordinary share.

For the year ended 30 June 2010, the diluted earnings per share was the same as the basic earnings per share as the conversion of the Company's outstanding convertible notes during the year ended 30 June 2010 would be anti-dilutive.

The weighted average number of ordinary shares for the calculation of basic and diluted earnings per share for the year ended 30 June 2010 have been adjusted for the effect of share consolidation and bonus elements of the rights issue of the Company completed in January 2010 and March 2010 respectively.

16. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the year ended 30 June 2011 (2010: Nil).

17. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' emoluments

The emoluments paid or payable to each of the six (2010: four) executive directors and three (2010: three) independent non-executive directors are as follows:

	Fees HK$'000	Salaries HK$'000	Housing HK$'000	Provident fund contributions HK$'000	Total HK$'000
Name of Director					
2011:					
Executive directors					
Dr. Ma Ho Man, Hoffman (1)	**–**	**–**	**–**	**–**	**–**
Mr. Wong Kui Shing, Danny (2)	**–**	**1,800**	**–**	**18**	**1,818**
Mr. Wong Chi Chiu, Michael (3)	**–**	**–**	**–**	**–**	**–**
Ms. Ng Yuk Yee, Feona (4)	**–**	**61**	**–**	**1**	**62**
Dr. Allan Yap (5)	**–**	**952**	**–**	**12**	**964**
Mr. Wong Yat Cheung (6)	**–**	**750**	**175**	**5**	**930**
Independent non-executive directors					
Mr. Li Fui Lung, Danny	**210**	**–**	**–**	**–**	**210**
Mr. Ng Hoi Yue, Herman	**185**	**–**	**–**	**–**	**185**
Mr. Heung Pik Lun	**125**	**–**	**–**	**–**	**125**
	520	**3,563**	**175**	**36**	**4,294**
Name of Director					
2010:					
Executive directors					
Mr. Yu Kam Kee, Lawrence (7)	300	–	–	–	300
Mr. Wong Kui Shing, Danny (2)	–	–	–	–	–
Dr. Allan Yap (5)	–	1,010	–	11	1,021
Mr. Wong Yat Cheung (6)	–	1,800	420	12	2,232
Independent non-executive directors					
Mr. Li Fui Lung, Danny	180	–	–	–	180
Mr. Ng Hoi Yue, Herman	160	–	–	–	160
Mr. Heung Pik Lun	100	–	–	–	100
	740	2,810	420	23	3,993

(1) Dr. Ma Ho Man, Hoffman appointed as Chairman and Executive Director on 14 October 2010.

(2) Mr. Wong Kui Shing, Danny appointed as Managing Director and Executive Director on 21 December 2009.

(3) Mr. Wong Chi Chiu, Michael appointed as Executive Director on 21 December 2010.

(4) Ms. Ng Yuk Yee, Feona appointed as Executive Director on 13 June 2011.

(5) Dr. Allan Yap appointed as Chief Executive Officer on 8 June 2009 and resigned as Chief Executive Officer while remaining as Executive Director on 21 December 2009. Dr. Yap resigned as Executive Director on 13 June 2011.

(6) Mr. Wong Yat Cheung resigned as Managing Director while remaining as Executive Director on 8 June 2009. Mr. Wong resigned as Executive Director on 1 December 2010.

(7) Mr. Yu Kam Kee, Lawrence resigned as Chairman and Executive Director on 1 October 2009.

17. DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (Continued)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included two (2010: two) directors of the Company, details of whose emoluments are set out above. The aggregate emoluments of the remaining three (2010: three) individuals are as follows:

	2011	2010
	HK$'000	HK$'000
Salaries and other allowance *(note)*	**3,438**	1,809
Retirement benefit scheme contributions	**36**	35
	3,474	1,844

The emoluments of those individuals are within the following bands:

	Number of individuals	
	2011	2010
Nil to HK$1,000,000	**2**	3
HK$2,000,001 to HK$2,500,000 *(note)*	**1**	–
	3	3

For the year ended 30 June 2011 and 2010, no emoluments were paid by the Group to the five highest paid individuals, including the director, as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any emolument during the year.

Note:

The director's salaries and housing paid by the Company to Mr. Wong Yat Cheung during the period from 1 July 2010 to 30 November 2010 as set out in (a) above, has been included in the total salaries and other allowance paid to the remaining three highest paid individuals by the Group during the year ended 30 June 2011. For the year ended 30 June 2010, Mr. Wong Yat Cheung was one of the highest paid directors of the Company as set out in (a) above.

18. INTANGIBLE ASSETS

The Group

	Trademarks HK$'000	Artiste contract rights HK$'000	Total HK$'000
Cost:			
At 1 July 2009, 30 June 2010, 1 July 2010 and 30 June 2011	81	120	201
Accumulated amortisation and impairment:			
At 1 July 2009	48	120	168
Charge for the year	16	–	16
At 30 June 2010 and 1 July 2010	64	120	184
Charge for the year	17	–	17
At 30 June 2011	**81**	**120**	**201**
Net book value:			
At 30 June 2011	**–**	**–**	**–**
At 30 June 2010	17	–	17

Notes:

(i) The amortisation expense has been included in the line item administrative expenses in the consolidated statement of comprehensive income.

(ii) The following useful lives are used in the calculation of amortisation:

Trademarks	5 years
Artiste contract rights	Over the contract terms

18. INTANGIBLE ASSETS (Continued)

The Company

	Trademarks	
	2011	2010
	HK$'000	HK$'000
Cost:		
At the beginning and at the end of the year	**81**	81
Accumulated amortisation and impairment:		
At the beginning of the year	**64**	48
Charge for the year	**17**	16
At the end of the year	**81**	64
Net book value:		
At the end of the year	**–**	17

Note:

The above intangible assets have definite useful lives. Such intangible assets are amortised on a straight-line basis over five years.

19. PROPERTY, PLANT AND EQUIPMENT

The Group (Restated)

	Leasehold land in Hong Kong under long-term lease HK$'000	Buildings HK$'000	Leasehold improvement HK$'000	Furniture, Fixtures and equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
Cost:						
At 1 July 2009	14,321	7,558	1,363	2,866	650	26,758
Additions	–	–	15	61	–	76
Disposals	–	–	–	(20)	–	(20)
At 30 June 2010 and 1 July 2010	14,321	7,558	1,378	2,907	650	26,814
Additions	–	–	186	245	–	431
Disposals	–	–	(862)	(319)	–	(1,181)
At 30 June 2011	**14,321**	**7,558**	**702**	**2,833**	**650**	**26,064**
Accumulated depreciation and impairment:						
At 1 July 2009	75	835	281	1,393	423	3,007
Charge for the year	17	189	274	542	130	1,152
Written back on disposals	–	–	–	(20)	–	(20)
At 30 June 2010 and 1 July 2010	92	1,024	555	1,915	553	4,139
Charge for the year	17	189	172	415	97	890
Written back on disposals	–	–	(389)	(179)	–	(568)
At 30 June 2011	**109**	**1,213**	**338**	**2,151**	**650**	**4,461**
Net book value:						
At 30 June 2011	**14,212**	**6,345**	**364**	**682**	**–**	**21,603**
At 30 June 2010	14,229	6,534	823	992	97	22,675
At 1 July 2009	14,246	6,723	1,082	1,473	227	23,751

At 30 June 2011, the Group's leasehold land with the carrying amount of approximately HK$14,212,000 (2010: HK$14,229,000) and buildings with the carrying amount of approximately HK$6,345,000 (2010: HK$6,534,000) have been pledged to secure the banking facilities granted to the Group.

19. PROPERTY, PLANT AND EQUIPMENT (Continued)

The Company

	Leasehold improvement HK$'000	Furniture, Fixtures and equipment HK$'000	Total HK$'000
Cost:			
At 1 July 2009	513	1,645	2,158
Disposals	–	(20)	(20)
At 30 June 2010 and 1 July 2010	513	1,625	2,138
Additions	–	11	11
At 30 June 2011	**513**	**1,636**	**2,149**
Accumulated depreciation and impairment:			
At 1 July 2009	101	920	1,021
Charge for the year	102	291	393
Written back on disposals	–	(20)	(20)
At 30 June 2010 and 1 July 2010	203	1,191	1,394
Charge for the year	102	183	285
At 30 June 2011	**305**	**1,374**	**1,679**
Net book value:			
At 30 June 2011	**208**	**262**	**470**
At 30 June 2010	310	434	744

20. INTERESTS IN ASSOCIATES

	The Group	
	2011	2010
	HK$'000	HK$'000
Share of net assets of associates *(note a)*	**–**	–
Goodwill arising on acquisition of associates *(note b & note c)*	**26,583**	26,583
	26,583	26,583

Notes:

(a) Particulars of the Group's interest in associates as at 30 June 2011 and 2010 are as follows:

Name of associate	**Place of incorporation**	**Registered capital** HK$	**Attributable to equity interest of the Group** %	**Profit sharing** %	**Principal activities**
TVB Pay Vision Holdings Limited ("TVBP")	Hong Kong	1,085,867,759	18	18	Investment holding in Hong Kong
TVB Pay Vision Limited ("TVBPV")	Hong Kong	2*	18	18	Domestic pay television programme service In Hong Kong

* *an associate held indirectly by the Group*

On 30 June 2009, Enjoy Profits Limited, a wholly-owned subsidiary of the Company, entered into a conditional agreement to dispose of 31% entire issued ordinary share capital of TVB Pay Vision Holdings Limited ("TVBP") (the "Disposal") at a cash consideration of approximately HK$212,745,000. The Disposal was completed during the year ended 30 June 2010 and a gain on the Disposal of approximately HK$165,864,000 was recorded in the consolidated statement of comprehensive income during the year ended 30 June 2010. Details of the Disposal were set out in the Company's announcement and circular dated 6 July 2009 and 23 October 2009 respectively.

The Group is entitled to 18% equity interest in TVBP and TVBPV as at 30 June 2011. The directors of the Company consider that the Group has retained significant influence over TVBP and TVB Pay Vision Limited ("TVBPV"). As the Group's voting interest remained at 38.5% as at 30 June 2011 and 2010, therefore the Group has continuously accounted for TVBP and TVBPV as its associates for the year ended 30 June 2011 and 2010.

20. INTERESTS IN ASSOCIATES (Continued)

(b) Movement of goodwill arising on acquisition of associates is as follow:

	2011	2010
	HK$'000	HK$'000
At the beginning and at the end of the year	**26,583**	26,583

(c) At 30 June 2011, the directors of the Company assessed the recoverable amount of goodwill arising on the acquisition of associates by reference to the valuation as at 30 June 2011 performed by Norton Appraisals Limited ("Norton Appraisals"), an independent firm of professional valuers, and considered that no impairment loss should be made (2010: Nil) to the consolidated statement of comprehensive income. The valuation of the goodwill was determined based on the present value of the expected future cash flow arising from the business of the associates.

The recoverable amount of the Cash Generated Unit ("CGU") is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a period of five years. Cash flows beyond the 5-year period are represented by its continuing value using zero growth rate (2010: 0%).

Key assumptions used for value-in-use calculations:

	2011	2010
Discount rate	**12.26%**	14.63%

The management determined the budgeted growth rate based on past performance and its expectation for market development. The discount rate used is after-tax and reflects specific risks relating to the CGU.

20. INTERESTS IN ASSOCIATES (Continued)

(d) The Group has discontinued recognition of its share of losses of associates. The amounts of unrecognised share of loss of the associates, extracted from the unaudited management account of the associates are as follows:

	2011 HK$'000	2010 HK$'000
Unrecognised share of loss of the associates for the year	**23,595**	50,974
Accumulated unrecognised share of loss of associates	**367,191**	343,596

(e) The summarised financial information in respect of the Group's interests in associates for the year ended 30 June 2011 and 2010 are set out below:

	2011 HK$'000	2010 HK$'000
Total assets	**284,839**	276,473
Total liabilities	**(1,186,092)**	(1,046,642)
Net liabilities	**(901,253)**	(770,169)
Group's share of net liabilities of associates	**–**	–
Turnover	**248,896**	274,989
Loss for the year	**(131,084)**	(173,412)
Group's share of loss of associates	**–**	–

21. INTEREST IN A JOINTLY CONTROLLED ENTITY

As at 30 June 2011 and 2010, the Group had interest in the following jointly controlled entity:

Name of entity	Form of entity	Place of incorporation/ operations	Class of shares held	Proportion of Issued share capital held by the Group	Principal activities
SSA Amusement Limited	Incorporated	Hong Kong	Ordinary	50%	Provision of entertainment and promotion services

The summarised financial information in respect of the Group's interest in a jointly controlled entity which is accounted for using proportionate consolidation with the line-by-line reporting format is set out below:

	2011 HK$'000	2010 HK$'000
Assets		
Current assets	**398**	1,006
Non-current assets	**1**	210
	399	1,216
Liabilities		
Current liabilities	**(2,405)**	(2,634)
Net liabilities	**(2,006)**	(1,418)

21. INTEREST IN A JOINTLY CONTROLLED ENTITY (Continued)

	2011 HK$'000	2010 HK$'000
Turnover	**1,145**	3,303
Cost of sales	**(883)**	(1,985)
Gross profit	**262**	1,318
Distribution costs	**(22)**	(149)
Administrative expenses	**(698)**	(1,119)
Other operating expenses	**(130)**	(183)
Loss from operations	**(588)**	(133)
Finance costs	**–**	(1)
Loss before taxation	**(588)**	(134)
Taxation	**–**	–
Loss for the year	**(588)**	(134)

22. INVESTMENT IN SUBSIDIARIES

The Company

	2011 HK$'000	2010 HK$'000
Unlisted shares, at cost	**1**	1
Less: Impairment loss recognised	**(1)**	(1)
	–	–
Amounts due from subsidiaries	**656,326**	684,154
Less: Impairment loss recognised	**(633,683)**	(498,611)
	22,643	185,543

22. INVESTMENT IN SUBSIDIARIES (Continued)

The Company (Continued)

The amounts due from subsidiaries are unsecured, non-interest bearing and have no fixed repayment terms. In the opinion of the directors of the Company, the amounts due from subsidiaries are not expected to be repaid within the next twelve months from the end of the reporting period. The carrying amount of these amounts due from subsidiaries approximates to their fair values.

Impairment loss recognised in respect of investments in subsidiaries and amounts due from subsidiaries were recognized based on the recoverable amounts which were determined based on the present value of the estimated discounted future cash flows from these subsidiaries using the prevailing market rate.

Particulars of the Company's principal subsidiaries as at 30 June 2011 are set out as follows:

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued shares/ registered capital	Proportion of nominal value of issued shares/ registered capital held by the Company		Principal activities
			Direct	Indirect	
Anyone Holdings Limited	The British Virgin Islands	US$1	100%	–	Property holding
Cross Challenge Limited	The British Virgin Islands	US$1	100%	–	Investment holding
Day Achieve Limited	The British Virgin Islands	US$1	100%	–	Investment holding
Ease Strong Limited	Hong Kong	HK$1	100%	–	Provision of secretarial services
Enjoy Profits Limited	The British Virgin Islands	US$1	100%	–	Investment holding
Future Alliance Limited	The British Virgin Islands	US$1	100%	–	Investment holding
Grand Class Investment Limited	The British Virgin Islands	US$1	100%	–	Investment holding
Icon International Model Management Limited	Hong Kong	HK$500,000	–	100%	Provision of modelling agency services

22. INVESTMENT IN SUBSIDIARIES (Continued)

The Company (Continued)

Name of subsidiary	Place of incorporation/ operation	Nominal value of issued shares/ registered capital	Proportion of nominal value of issued shares/ registered capital held by the Company Direct	Indirect	Principal activities
Media Platform Limited	The British Virgin Islands	US$1	100%	–	Investment holding
Mega-Vision Pictures Limited	Hong Kong	HK$1	–	80%	Investment in, production and distribution of film and TV programme production
Mega-Vision Productions Limited	Hong Kong	HK$10,000,000	–	80%	Investment in, production and distribution of film and TV programme production
See Entertainment Limited	Hong Kong	HK$1	–	100%	Provision of event management services
See Movie Limited	Hong Kong	HK$1	–	100%	Investment in, production and distribution of film and TV programme production
See Music Limited	Hong Kong	HK$1	–	100%	Production of music record and provision of promotion services
See People Limited	Hong Kong	HK$1	–	100%	Provision of artiste management services
Shineidea Limited	The British Virgin Islands	US$1	100%	–	Investment in securities
Snazz Artistes Limited	Hong Kong	HK$100	–	100%	Provision of artiste management services
Snazz Entertainment Group Limited	The British Virgin Islands	HK$7,800	–	100%	Investment holding
Snazz Music Limited	Hong Kong	HK$100	–	100%	Production of music records and provision of artiste promotion services
Talent Bang Limited	Hong Kong	HK$100	–	100%	Provision of modelling agency services
Wise Novel Investments Limited	The British Virgin Islands	US$1	100%	–	Investment holding

22. INVESTMENT IN SUBSIDIARIES (Continued)

The Company (Continued)

Notes:

(i) All are ordinary share capital unless otherwise stated.

(ii) None of the subsidiaries had any loan capital subsisting at the end of the year or at any time during the year.

(iii) The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

23. LOAN RECEIVABLE

	The Group	
	2011	2010
	HK$'000	HK$'000
Loan to TVBP	**10,000**	10,000

Upon completion of the Disposal as disclosed in the Company's announcement and circular dated 6 July 2009 and 23 October 2009, the Group advanced a shareholder loan to TVBP in the sum of HK$10,000,000 on 16 November 2009 under a term of the Disposal Agreement. The loan was unsecured and carried at interest rate of HIBOR plus 0.25% per annum. The loan shall be repayable on the fifth anniversary year and therefore the loan receivable was classified as non-current assets.

24. FILM RIGHTS

	The Group	
	2011	2010
	HK$'000	HK$'000
Cost:		
At the beginning of the year	**260,182**	182,182
Additions	**18,000**	78,000
At the end of the year	**278,182**	260,182
Accumulated amortisation and impairment:		
At the beginning of the year	**218,900**	150,196
Amortisation provided for the year	**11,081**	38,340
Impairment loss recognised *(note 10)*	**22,466**	30,364
At the end of the year	**252,447**	218,900
Carrying amount:		
At the end of the year	**25,735**	41,282

In accordance with note 3(i) of the Group's accounting policy, the directors of the Company reassessed the recoverable amount of film rights at 30 June 2011 and 2010 by reference to the valuation performed by Norton Appraisals and determined an impairment loss of approximately HK$22,466,000 (2010: HK$30,364,000) was recognised in the consolidated statement of comprehensive income for the year ended 30 June 2011.

The valuation was determined based on the present value of the expected future cash flow arising from the sub-licensing and distribution of film rights and subsequent to the completion of film production, which was derived from discounting the projected future cash flows.

Key assumptions used for value-in-use calculations:

	The Group	
	2011	2010
Discount rate	**13.53%**	12.28%

25. FILM PRODUCTION IN PROGRESS

	The Group	
	2011	2010
	HK$'000	HK$'000
At the beginning of the year	**101,534**	119,465
Additions	**45,880**	64,195
Transfer to film rights	**(18,000)**	(78,000)
Impairment loss recognised *(note 10)*	**–**	(4,126)
At the end of the year	**129,414**	101,534

26. INVENTORIES

	The Group	
	2011	2010
	HK$'000	HK$'000
Finished goods	**55**	4

The amount of inventories written down for the year ended 30 June 2011 was approximately HK$1,000 (2010: HK$219,000) *(note 10)*.

27. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade receivables, net	**3,409**	7,104	**–**	–
Other receivables, deposits and prepayments	**5,840**	4,382	**534**	280
	9,249	11,486	**534**	280

27. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

The Group allows an average credit period of 90 to 180 days (2010: 90 to 180 days) to its customers. The aged analysis of the trade receivables is as follows:

	The Group		The Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
0 to 90 days	**2,508**	6,737	**–**	–
91 to 180 days	**901**	125	**–**	–
Over 181 days	**13,517**	9,972	**25**	25
	16,926	16,834	**25**	25
Less: Impairment loss recognised in respect of trade receivables	**(13,517)**	(9,730)	**(25)**	(25)
Total	**3,409**	7,104	**–**	–

Trade receivables of approximately HK$ nil (2010: HK$242,000) 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, the 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 recoverable. The Group does not hold any collateral over these balances.

Trade receivables of approximately HK$13,517,000 (2010: HK$9,730,000) that were past due which over 180 days and impaired for. 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 and 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.

27. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

Movement in the allowance for doubtful debts:

	The Group	
	2011	2010
	HK$'000	HK$'000
At the beginning of the year	**9,730**	7,430
Impairment loss recognised in respect of trade receivables	**4,201**	4,489
Amounts written off during the year	**(188)**	(2,189)
Reversal of impairment loss during the year	**(226)**	–
At the end of the year	**13,517**	9,730

28. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	The Group	
	2011	2010
	HK$'000	HK$'000
Listed securities:		
– Equity securities listed in Hong Kong at fair value	**5,176**	5,964

At the end of the reporting period, all financial assets at fair value through profit or loss are stated at fair value by reference to the quoted market bid prices available on the Stock Exchanges.

29. CASH AND BANK BALANCES

	The Group		The Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Cash and bank balances	**102,994**	300,134	**100,051**	230,047

Notes:

(a) At the end of the reporting period, the cash and bank balances of the Group and the Company are denominated in Hong Kong dollars.

(b) Cash at bank earn interests at floating rates based on daily bank deposit rates. Short-term deposits were made during the year ended 30 June 2011 for varying period between one day and three months, depending on the immediate cash requirements of the Group, and earn interests at the respective short-term deposit rates.

30. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2011	2010	**2011**	2010
	HK$'000	HK$'000	**HK$'000**	HK$'000
Trade payables	**4,046**	4,672	**–**	–
Accruals	**19,517**	14,694	**6,185**	1,800
Deposits received from customers	**29,131**	14,563	**9,426**	1,285
Other payables	**4,527**	2,202	**–**	–
	57,221	36,131	**15,611**	3,085

30. TRADE AND OTHER PAYABLES (Continued)

The following is an aged analysis of trade payables of the Group at the end of the reporting period:

	The Group	
	2011	2010
	HK$'000	HK$'000
0 to 90 days	**1,720**	3,217
91 days or above	**2,326**	1,455
	4,046	4,672

31. BANK OVERDRAFT – SECURED

The Group

During the year ended 30 June 2011, the Group had been granted an overdraft facility from a bank. At 30 June 2011, the bank overdraft is secured by the Group's leasehold land with a carrying amount of approximately HK$14,212,000 (2010: HK$14,229,000) and buildings with a carrying amount of approximately HK$6,345,000 (2010: HK$6,534,000), chargeable with interest at the lending bank's prime rate per annum or 1% per annum over Hong Kong Inter-bank Offer Rate, whichever is higher and repayable on demand.

The carrying amount of the bank overdraft is denominated in Hong Kong dollars.

32. CONVERTIBLE NOTE

	The Group and the Company	
	2011	2010
	HK$'000	HK$'000
Liability component		
2005 Convertible Note *(note i)*	–	185,386
Less: Amount due within one year and classified as current liabilities	–	(185,386)
Amount due after one year	–	–
Equity component 2005 Convertible Note *(note i)*	–	45,920

Notes:

(i) HK$170,000,000 convertible note issued in 2005 and due in 2010 (the "2005 Convertible Note")

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 note 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 Note up to and including the date prior to the fifth anniversary of the date of issue of the 2005 Convertible Note convert the whole or any part in an amount or integral multiple of HK$500,000 of the principal amount of the 2005 Convertible Note into shares of HK$0.01 each in the share capital of the Company, at the conversion price of HK$0.12 per share at inception date. The effective interest rate of the liability component is 8.55% per annum to the Company. Unless previously converted by Hanny, the 2005 Convertible Note is redeemable on the date of maturity at 110% of the principal amount of the 2005 Convertible Note then outstanding.

The conversion price of the 2005 Convertible Note 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 Note 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.

32. CONVERTIBLE NOTE (Continued)

(i) HK$170,000,000 convertible note issued in 2005 and due in 2010 (the "2005 Convertible Note") (Continued)

The conversion price of the 2005 Convertible Note 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 Note had been further adjusted from HK1.69 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 Note 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 Note taken place on 5 December 2007.

The conversion price of the 2005 Convertible Note had been further adjusted from HK$1.08 per share to HK$21.60 per share as a result of capital reorganization taken place on 6 January 2010.

The conversion price of the 2005 Convertible Note had been further adjusted from HK$21.60 per share to HK$5.66 per share as a result of the rights issue taken place on 18 March 2010.

The 2005 Convertible Note 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 note reserves.

The 2005 Convertible Note has been redeemed on 9 August 2010, the maturity date of the 2005 Convertible Note.

The movement of the liability component of the 2005 Convertible Note for the year ended 30 June 2011 is as follow:

	2011	2010
	HK$'000	HK$'000
At the beginning of the year	**185,386**	170,784
Imputed interest expenses	**1,614**	14,602
Redeemed during the year	**(187,000)**	–
At the end of the year	**–**	185,386

32. CONVERTIBLE NOTE (Continued)

(ii) HK$100,000,000 convertible note issued in 2007 and due in 2009 (the "2007 Convertible Note")

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 note due in 2009 to Hanny. The 2007 Convertible Note 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 Note up to and including the date prior to the second anniversary of the date of issue of the 2007 Convertible Note 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 Note into shares of HK$0.01 each in the share capital of the Company, at the conversion price of HK$0.40 per share. The effective interest rate of the liability component is 7.07% per annum to the Company. Unless previously converted by Hanny, the 2007 Convertible Note is redeemable on the date of maturity at the principal amount of the 2007 Convertible Note then outstanding plus interest.

The 2007 Convertible Note 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 note reserves.

The 2007 Convertible Note has been redeemed on the maturity date by the Company during 2010.

The movement of the liability component of the 2007 Convertible Note for the year ended 30 June 2010 is as follow:

	2011	2010
	HK$'000	HK$'000
At the beginning of the year	–	99,325
Imputed interest expenses	–	2,675
Redeemed during the year	–	(102,000)
At the end of the year	–	–

33. SHARE CAPITAL

	Number of shares	Nominal value HK$'000
Authorised:		
Ordinary shares of HK$0.01 each		
At 1 July 2009, 30 June 2010, 1 July 2010 and 30 June 2011	50,000,000,000	500,000
Issued and fully paid:		
Ordinary shares of HK$0.01 each		
At 1 July 2009	1,938,801,990	19,388
Placing of shares *(note i)*	380,000,000	3,800
Share consolidation *(note ii)*	(2,202,861,891)	–
Capital reduction *(note iii)*	–	(22,028)
Rights issue *(note iv)*	927,520,792	9,275
At 30 June 2010 and 1 July 2010	1,043,460,891	10,435
Placing of shares *(note v)*	207,000,000	2,070
Cancellation of shares repurchased *(note vi)*	(5,000,000)	(50)
At 30 June 2011	**1,245,460,891**	**12,455**

Notes:

(i) Pursuant to an ordinary resolution passed by the shareholders of the Company at the annual general meeting on 11 November 2009, the Company issued 380 million shares at the placing price of HK$0.045 per ordinary share. The placing of shares was completed on 3 December 2009.

(ii) Pursuant to an ordinary resolution passed by the shareholders of the Company at a special general meeting on 6 January 2010, every 20 issued shares of HK$0.01 each were consolidated into one consolidated share of HK$0.20 each. The share consolidation took effect on 7 January 2010.

(iii) Pursuant to an ordinary resolution passed by the shareholders of the Company at a special general meeting on 6 January 2010, the nominal value of each consolidated share was reduced from HK$0.20 to HK$0.01 by cancelling the Company's paid up capital to the extent of HK$0.19 on each consolidated share resulted from the share consolidation in note (ii) above. The capital reduction took effect on 7 January 2010.

33. SHARE CAPITAL (Continued)

(iv) Pursuant to an ordinary resolution passed by the shareholders of the Company at a special general meeting on 23 February 2010, rights issue of 927,520,792 rights shares at price of HK$0.20 each on the basis that eight rights shares for every existing share has been approved by the shareholders. The rights issue has been completed on 18 March 2010.

(v) On 21 December 2010, the Company issued 207,000,000 shares at the placing price of HK$0.18 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 3 December 2010.

(vi) 5,000,000 ordinary shares repurchased by the Company in June 2010 (432,000 shares) and July 2010 (4,568,000 shares) were cancelled during the year. Nominal value of the cancelled ordinary shares amounted to HK$50,000 was transferred from the share premium account to the capital redemption reserve. The premium of the repurchased shares together with the direct attributable expenses relating to the shares repurchased amounted to approximately HK$848,000 were charged against the share premium account.

Share options

The Company has adopted a Share Option Scheme on 23 November 2001 under which the directors may grant options to employees, including any directors of the Company, its subsidiaries or any entity in which any member of the Group holds an equity interest to subscribe for shares in the Company as incentive or rewards for their contribution to the Group. The subscription price will be determined by the directors (subject to adjustment), and will not be less than (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheet for trades in one or more board lots of shares on the date of offer of the options; (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of offer of the options; or (iii) the nominal value of the shares of the Company, whichever is the highest. The maximum number of shares in respect of which options may be granted under this scheme may not exceed 30% of the issued share capital of the Company from time to time.

The amount paid on acceptance of an option was HK$1. An option may be exercised at any time before the expiration of ten years from the date of grant of the option. The maximum entitlement of each participant under the Share Option Scheme in any 12-month period is 1% of the shares of the Company in issue from time to time. As at the date of this report, a total of 124,546,089 shares of the Company (representing 10% of the existing issued share capital of the Company as at 30 June 2011) are available for issue under the Share Option Scheme. The Share Option Scheme will expire on 23 November 2011 and a new Share Option Scheme will be announced at the coming annual general meeting subject to the shareholders' approval. During the year, no share option was granted.

34. RESERVES

The Company

	Share premium HK$'000	Contributed surplus HK$'000	Capital redemption reserves HK$'000	Convertible Note reserves (Note (b)) HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 July 2009	500,040	–	–	55,978	(509,475)	46,543
Loss for the year	–	–	–	–	(34,664)	(34,664)
Other comprehensive income for the year	–	–	–	–	–	–
Total comprehensive loss for the year	–	–	–	–	(34,664)	(34,664)
Premium arising from placing of shares *(note a)*	13,300	–	–	–	–	13,300
Shares issue expenses on placing of shares	(804)	–	–	–	–	(804)
Redeemed convertible note – equity component *(note b)*	–	–	–	(10,058)	10,058	–
Capital reduction *(note c)*	–	22,028	–	–	–	22,028
Amount transferred to write off accumulated losses *(note c)*	–	(22,028)	–	–	22,028	–
Premium arising from rights issue *(note d)*	176,229	–	–	–	–	176,229
Shares issue expenses on rights issue	(4,830)	–	–	–	–	(4,830)
Repurchase of shares *(note e)*	–	–	–	–	(77)	(77)
At 30 June 2010 and 1 July 2010	683,935	–	–	45,920	(512,130)	217,725
Loss for the year	–	–	–	–	(155,312)	(155,312)
Other comprehensive income for the year	–	–	–	–	–	–
Total comprehensive loss for the year	–	–	–	–	(155,312)	(155,312)
Repurchase and cancellation of shares *(note f)*	(848)	–	–	–	77	(771)
Transfer to capital redemption reserve *(note f)*	(50)	–	50	–	–	–
Premium arising from placing of shares *(note g)*	35,190	–	–	–	–	35,190
Share issue expenses on placing of shares	(1,200)	–	–	–	–	(1,200)
Redemption of convertible note – equity component *(note b)*	–	–	–	(45,920)	45,920	–
At 30 June 2011	**717,027**	**–**	**50**	**–**	**(621,445)**	**95,632**

34. RESERVES (Continued)

Notes:

(a) Pursuant to an ordinary resolution passed by the shareholders of the Company at the annual general meeting on 11 November 2009, the Company issued 380 million shares at the placing price of HK$0.045 per ordinary share. The placing of shares was completed on 3 December 2009.

(b) The convertible note reserve represents the equity component (conversion rights) of the HK$170,000,000 zero-coupon convertible note issued on 21 April 2005 and HK$100,000,000 1% convertible note issued on 5 December 2007.

In accordance with HKAS 32, convertible notes issued are split into their liability and equity components at initial recognition by recognising the liability component at its fair value which is determined using market interest rate for equivalent non-convertible notes and attributing to the equity component the difference between the proceeds from issue and the fair value of the liability component. The liability component is subsequently carried at amortised cost. The equity component is recognised in the convertible notes reserve until the notes are either converted (in which case it is transferred to share premium) or the notes are redeemed (in which case it is released directly to accumulated losses). The 2007 Convertible Note and the 2005 Convertible Note were fully redeemed during the year ended 30 June 2010 and 30 June 2011 respectively. The corresponding convertible notes reserves were then released during 2010 and 2011 accordingly.

(c) Pursuant to a resolution passed by the shareholders of the Company at a special general meeting held on 6 January 2010, a capital reduction which involves (i) the nominal value of each consolidated share was reduced from HK$0.20 to HK$0.01 by cancelling the Company's paid up capital to the extent of HK$0.19 on each consolidated share, and (ii) transferring the amount to write off the accumulated losses. The capital reduction and the write off became effective on 7 January 2010.

(d) On 11 January 2010, the Company proposed to raise approximately HK$185.5 million before expenses by way of issuing 927,520,792 rights shares at a price of HK$0.20 each on the basis that eight rights shares for every existing share held on the record date. The rights issue was approved by the shareholders at the special general meeting held on 23 February 2010 and completed on 18 March 2010.

(e) On 29 June 2010 and 30 June 2010, the Company repurchased in total of 432,000 ordinary shares of the Company through the Stock Exchange of Hong Kong Limited (the "Stock Exchange") at an aggregate consideration of approximately HK$77,000, which had been deducted from accumulated losses within shareholder's equity.

34. RESERVES (Continued)

(f) During the year ended 30 June 2011, the Company repurchased 4,568,000 of its own shares through the Stock Exchange and cancelled a total number of 5,000,000 ordinary shares in aggregate of which 432,000 shares which were repurchased in June 2010 as disclosed in note (e) above.

The 432,000 repurchased shares during the year ended 30 June 2010 were cancelled in July 2010. Consideration of the 432,000 repurchased shares but not yet cancelled amounted to approximately HK$77,000 was temporarily charged to accumulated losses during the year ended 30 June 2010. Such amount was then transferred from the accumulated losses and charged against share capital and share premium amounted to approximately HK$4,000 and HK$73,000, respectively upon cancellation of the 432,000 repurchased shares in July 2010.

The 4,568,000 repurchase shares during the year ended 30 June 2011 were cancelled in July 2010. Total consideration of the 4,568,000 repurchased shares amounted to approximately HK$821,000 was charged against share capital and share premium amounted to approximately HK$46,000 and HK$775,000, respectively upon cancellation of the 4,568,000 repurchased shares in July 2010.

Upon cancellation of the total 5,000,000 repurchased shares during the year ended 30 June 2011, an amount equivalent to the nominal value of these shares of HK$50,000 was transferred from share premium account to the capital redemption reserve account accordingly.

(g) Pursuant to an ordinary resolution passed by the shareholders of the Company at the annual general meeting on 3 December 2010, the Company issued 207,000,000 shares at the placing price of HK$0.18 per ordinary share. The placing of shares was completed on 21 December 2010.

35. OPERATING LEASES

The Group as lessee

	The Group	
	2011	2010
	HK$'000	HK$'000
Minimum lease payments paid under operating leases for premises recognised in the consolidated statement of comprehensive income for the year	**2,163**	3,096

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases, in respect of land and buildings, which fall due as follows:

	The Group	
	2011	2010
	HK$'000	HK$'000
Within one year	**1,919**	1,669
In the second to fifth year inclusive	**1,436**	1,566
	3,355	3,235

36. CONTINGENT LIABILITIES

(i) As at 30 June 2004, the Company provided corporate guarantees amounting to 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-subsidiary, P.N. Electronic 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 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.

36. CONTINGENT LIABILITIES (Continued)

(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 will 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 of the Company to be pending or threatened by or against any member of the Group.

37. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclose elsewhere in these consolidated financial statements, the Group had the following material related party transactions:

(a) Entities with common directors:

	2011	2010
	HK$'000	HK$'000
Travelling service expenses *(note i)*	**–**	697
Film/TV Programme production cost *(note i)*	**–**	1,494
Management fee paid to entities with common directors *(note i)*	**1,460**	–

Note:

(i) The transactions were carried at price agreed between the parties.

37. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Shareholders:

	2011 HK$'000	2010 HK$'000
Management fee paid to a shareholder	**300**	600
Convertible note issued to a shareholder *(note i)*	**–**	185,386
Imputed interest expenses in respect of convertible notes issued to a shareholder *(note i)*	**1,614**	17,277
Redemption of the 2007 Convertible Note *(note ii)*	**–**	102,000
Redemption of the 2005 Convertible Note *(note iii)*	**187,000**	–

Note:

(i) At 30 June 2010, the convertible note comprised of the 2005 Convertible Note with carrying amount of approximately HK$185,386,000. The details of the convertible notes and related imputed interest expenses are set out in note 32 to the consolidated financial statements.

(ii) The 2007 Convertible Note has been redeemed on 4 December 2009.

(iii) The 2005 Convertible Note has been redeemed on 9 August 2010.

(c) Compensation of key management personnel:

	2011 HK$'000	2010 HK$'000
Salaries and other benefits	**4,258**	3,970
Mandatory provident fund contributions	**36**	23
	4,294	3,993

38. EVENTS AFTER THE END OF THE REPORTING PERIOD

Up to the date of the issuance of the consolidated financial statements, no significant events noted after the end of the reporting period.

39. AUTHORISATION FOR ISSUE OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 21 September 2011.

FIVE YEAR FINANCIAL SUMMARY

The following is a summary of the published results and the assets and liabilities of the Group for the five years ended 30 June 2011:

RESULTS

	Year ended 30 June				
	2007 HK$'000	2008 HK$'000	2009 HK$'000	2010 HK$'000	**2011** **HK$'000**
Turnover	43,792	40,455	55,455	72,669	**30,003**
(Loss)/profit for the year from continuing operations	(121,094)	(7,204)	(284,473)	88,471	**(58,339)**
Loss for the year from discontinued operations	–	–	–	–	**–**
(Loss)/profit for the year	(121,094)	(7,204)	(284,473)	88,471	**(58,339)**
(Loss)/profit attributable to:					
Owners of the Company	(120,033)	(7,204)	(284,473)	95,585	**(52,362)**
Non-controlling interests	(1,061)	–	–	(7,114)	**(5,977)**
	(121,094)	(7,204)	(284,473)	88,471	**(58,339)**

ASSETS AND LIABILITIES

	At 30 June				
	2007 HK$'000	2008 HK$'000	2009 HK$'000	2010 HK$'000	**2011** **HK$'000**
Total assets	352,988	571,703	348,361	520,235	**332,814**
Total liabilities	(218,252)	(283,854)	(344,985)	(231,495)	**(67,174)**
Net assets	134,736	287,849	3,376	288,740	**265,640**
Capital and reserves attributable to the owners of the Company	134,736	287,849	3,376	295,854	**278,731**
Non-controlling interests	–	–	–	(7,114)	**(13,091)**
	134,736	287,849	3,376	288,740	**265,640**