



漢傳媒集團有限公司
SEE CORPORATION LIMITED

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



INTERIM REPORT
2014/2015

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Direk Lim (*Chairman*)
Mr. Hui Yuet Man
Mr. Yeung Man Kit, Dennis

Independent Non-executive Directors

Mr. Li Fui Lung, Danny
Mr. Ng Hoi Yue
Ms. Chan Sim Ling, Irene

COMPANY SECRETARY

Ms. Hui Wai Man, Shirley

EXECUTIVE COMMITTEE

Mr. Direk Lim (*Chairman*)
Mr. Hui Yuet Man
Mr. Yeung Man Kit, Dennis

AUDIT COMMITTEE

Mr. Li Fui Lung, Danny (*Chairman*)
Mr. Ng Hoi Yue
Ms. Chan Sim Ling, Irene

REMUNERATION COMMITTEE

Mr. Ng Hoi Yue (*Chairman*)
Mr. Li Fui Lung, Danny
Mr. Direk Lim

NOMINATION COMMITTEE

Mr. Direk Lim (*Chairman*)
Mr. Li Fui Lung, Danny
Mr. Ng Hoi Yue

AUDITOR

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit A, 2nd Floor
46-48 Morrison Hill Road
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Services Limited
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
The Hong Kong and Shanghai Banking
Corporation Limited

WEBSITE

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

STOCK CODE

Hong Kong Stock Exchange: 491

MANAGEMENT DISCUSSION AND ANALYSIS

The Board of Directors (the “Board” or “Directors”) of See Corporation Limited (hereinafter referred to as the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) for the six months ended 31 December 2014.

Results

For the six months ended 31 December 2014, the Group reported a turnover of HK\$12.1 million (2013: HK\$15.4 million), representing a decrease of 21.4% when compared with the same period last year. Such decrease was mainly attributable to the decrease in segment revenue from the business of film and TV programme production and investment, and artiste and model management. The loss from operations and the loss attributable to the owners of the Company for the period were HK\$27.8 million and HK\$26.3 million (2013: HK\$17.6 million and HK\$17.0 million) respectively. Increase in the loss from operations was mainly due to the increment of other operating expenses from HK\$6.0 million in the previous period to HK\$18.1 million in the current period. Basic and diluted loss per share for the period was HK\$0.018 (2013: HK\$0.013).

Review of Operations

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

Film and TV programme production and investment

The Group generated turnover of HK\$11.2 million from film and TV programme production and investment activities for the period, representing a decrease of 12.5% from HK\$12.8 million in the previous period. The gross profit derived from these activities was HK\$1.4 million (2013: HK\$3.3 million).

As of 31 December 2014, the carrying values of the Group's film rights and film production in progress were HK\$61.5 million and HK\$28.7 million (30 June 2014: HK\$64.3 million and HK\$18.5 million) respectively. During the current period, the Group has co-invested in several film production projects with a third party, out of which a film had been completed and released during the period. As at 31 December 2014, the carrying amount of the investment in this completed film was HK\$61.3 million. An impairment loss of HK\$17.7 million (2013: HK\$4.5 million) under this segment was recognised for the period.

Event and music production

During the period, the Group recorded a turnover of HK\$0.8 million from the event and music production segment as compared to HK\$0.8 million in the last corresponding period.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Review of Operations *(Continued)*

Artiste and model management

During the period, the Group recorded a turnover of HK\$0.1 million from the artiste and model management segment as compared to HK\$1.8 million in the last corresponding period.

Investment in securities

After the disposal of investment in securities during the year ended 30 June 2014, the Group did not hold any investment in securities during the period and at the end of the reporting period. Hence, no change in fair value of the investment in securities was recognised for the period (2013: HK\$1.6 million).

Future Business Prospects and Plans

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

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

In addition, the Group is always on lookout for different entertainment related investment opportunities in the market, such as the recent acquisition of 60% equity interest in Lucrative Skill Holdings Limited and its subsidiaries which principally carry out the business of provision of post production services.

Disposal of Subsidiaries and a Joint Venture

On 22 October 2014, the Group disposed of certain subsidiaries and a joint venture at a consideration of HK\$0.75 million which resulted in a gain on disposal of HK\$1.2 million. Details of the disposal were set out in the Company's announcement dated 22 October 2014. These subsidiaries and joint venture were principally engaged in artiste management, music production and distribution and entertainment promotion services.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Event After the End of the Reporting Period

On 28 January 2015, the Group completed the acquisition of 60% equity interest in Lucrative Skill Holdings Limited at a consideration of HK\$122.5 million which was satisfied by the allotment and issue of 350,000,000 consideration shares by the Company at an issue price of HK\$0.35 each. Details of the acquisition were set out in the Company's circular dated 31 December 2014. Lucrative Skill Holdings Limited and its subsidiaries are principally engaged in provision of post production services which includes conducting post production work on advertisements, featured films, TV programmes, music videos, internet and mobile applications content, visual matters on corporate events, etc.

Financial Review and Liquidity

As at 31 December 2014, the Group's net assets amounted to HK\$457.6 million, as compared with HK\$484.4 million as of 30 June 2014. The current ratio, representing current assets divided by current liabilities, was 12.56 (30 June 2014: 11.10).

During the period, the Group had fully repaid the bank overdraft (30 June 2014: HK\$10.0 million). The Group had no other borrowing at the end of the reporting period. The Group's cash and bank balances as at 31 December 2014 amounted to HK\$165.6 million (30 June 2014: HK\$398.2 million). The gearing ratio, as a ratio of total borrowings over total assets was nil (30 June 2014: 0.02).

At the end of the reporting period, the Group had a corporate guarantee of HK\$24.0 million to a financial institution in respect of banking facilities granted to former subsidiaries. Approximately HK\$5.5 million of the banking facilities were utilised by those former subsidiaries and this amount was subject to a claim by the financial institution concerned. Details of the claim has been disclosed in point 2 under the section headed "Major Litigation and Arbitration Proceedings" below.

Exposure to Fluctuation in Exchange Rates and Related Hedges

Most of the Group's cash and bank balances, income and expenditure are primarily denominated in Hong Kong dollars and Renminbi. As the exchange rate between Hong Kong dollars and Renminbi is relatively stable, the Group's exposure to fluctuation in exchange rate is minimal.

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

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Employees and Remuneration Policy

As at 31 December 2014, the Group had 21 Hong Kong based employees (30 June 2014: 27). Total staff costs including Directors' remuneration for the period were HK\$6.0 million (2013: HK\$6.1 million). Employees' remuneration was determined in accordance with individual's responsibility, competence and skills, experience and performance as well as market pay level. Employees' benefits include the Mandatory Provident Fund scheme, in-house training programme, medical insurance scheme and discretionary bonuses.

Pledge of Assets

As at 31 December 2014, certain assets of the Group with an aggregate carrying value of HK\$19.8 million (30 June 2014: HK\$19.9 million) were pledged to a bank as security for the banking facilities granted to the Group.

Major Litigation and Arbitration Proceedings

1. The Company and its ex-subsiary, P.N. Electronic Limited ("PNE") have been involved in arbitration proceedings with North American Foreign Trading Corporation ("NAFT") in respect of a gross receivable of HK\$18.0 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\$18.0 million as well as other damages. The Company has not received any documents in relation to the arbitration proceedings for a substantial period of time and insofar as the Company is aware, the proceedings remain dormant.
2. On 13 October 2003, a Writ of Summons and Statement of Claim was issued by BII Finance Company Limited ("BII Finance") against the Company under a guarantee allegedly given by the Company in favour of BII Finance in respect of certain liabilities of Welback Enterprises Limited, a former subsidiary of the Company. The claim is for a sum of approximately HK\$3,583,000 and US\$248,000 (approximately HK\$1,936,000), together with interest.

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

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

ADDITIONAL INFORMATION REQUIRED BY THE LISTING RULES

Directors' Interests in Shares, Underlying Shares and Debentures

(A) *Shares*

As at 31 December 2014, none of the Directors and chief executive of the Company had any interests and short position in the shares, underlying shares and debentures of the Company or any of its associated corporate(s) (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 as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") of The Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange.

(B) *Share options*

The Company has in place a share option scheme under which the Directors of the Company may, at their discretion, grant options to employees, including any director of the Company or its subsidiaries to subscribe for shares in the Company, subject to the terms and conditions stipulated therein. During the six months ended 31 December 2014, there were no outstanding share options granted to the Directors of the Company.

Other Persons' Interests and Short Positions

As at 31 December 2014, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company were as follows:

Long Position in the shares of the Company

Name	Capacity	Number of Shares	Approximate percentage
Tse Nicholas	Beneficial Owner	350,000,000	18.98%

Note: The percentage of shareholding in the Company is calculated with reference to the number of the enlarged issued shares immediately after completion of the very substantial acquisition in relation to the acquisition of 60% equity interest in Lucrative Skill Holdings Limited on 28 January 2015.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING RULES *(Continued)*

Other Persons' Interests and Short Positions *(Continued)*

The interests stated above represent long positions. As at 31 December 2014, no short positions were recorded in the SFO register of the Company.

Save as disclosed above, as at 31 December 2014 and so far as is known to the Directors or chief executive of the Company, no other person (not being a Director or chief executive of the Company) had any interests or deemed to have any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or otherwise notified to the Company.

Purchase, Sale or Redemption of the Company's Listed Securities

During the six months ended 31 December 2014, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

Corporate Governance Code

The Company is committed to ensuring high standard of corporate governance in the interests of shareholders and devotes considerable effort to identifying and formalising best practices. During the six months ended 31 December 2014, the Company had complied with all applicable code provisions under the Corporate Governance Code as set out in Appendix 14 of the Listing Rules.

Model Code for Directors' Securities Transactions

The Company had adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Specific enquiry had been made with all Directors of the Company and the Directors of the Company confirmed that they had complied with the required standard as set out in the Model Code throughout the six months ended 31 December 2014.

Directors' Updated Information pursuant to Rule 13.51B(1)

The changes in Directors' information since the date of the 2014 Annual Report of the Company which were required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below, details of which were disclosed in the announcements of the Company dated 3 October 2014, 13 November 2014 and 28 January 2015:–

ADDITIONAL INFORMATION REQUIRED BY THE LISTING RULES *(Continued)*

Directors' Updated Information pursuant to Rule 13.51B(1) *(Continued)*

1. Mr. Direk Lim

- was re-elected as Director by the shareholders of the Company ("Shareholders") at the annual general meeting of the Company held on 13 November 2014 ("AGM")
- was appointed on 13 November 2014 as Chairman of the Board, the Chairman of Nomination Committee and a member of the Prevention of Bribery Committee (which was subsequently dissolved on 28 January 2015)
- was appointed as the Chairman of the Executive Committee and a member of the Remuneration Committee on 28 January 2015
- is also a director of certain subsidiaries of the Company

2. Mr. Hui Yuet Man

- was appointed as Executive Director on 3 October 2014
- was re-elected as Director by the Shareholders at the AGM
- was appointed as a member of the Executive Committee on 28 January 2015
- is also a director of certain subsidiaries of the Company

3. Mr. Yeung Man Kit, Dennis

- was appointed as Executive Director and a member of the Executive Committee on 28 January 2015
- is also a director of certain subsidiaries of the Company

4. Dr. Ma Ho Man, Hoffman

- retired as Chairman of the Board and Director on 13 November 2014 and automatically ceased to act as the Chairman of the Nomination Committee and a member of the Prevention of Bribery Committee

5. Mr. Wong Kui Shing, Danny

- resigned as Director on 28 January 2015
- according to his service contract with the Company dated 1 April 2012, the Company shall pay him director's emolument of HK\$1,200,000 per annum for a period of 3 years from 1 April 2012 to 31 March 2015; however, he waived his emoluments thereunder amounting to HK\$3,300,000 for the period from 1 July 2012 to 31 March 2015

ADDITIONAL INFORMATION REQUIRED BY THE LISTING RULES *(Continued)*

Directors' Updated Information pursuant to Rule 13.51B(1) *(Continued)*

6. Mr. Wong Chi Chiu

- resigned as Director on 3 October 2014

7. Mr. Li Fui Lung, Danny

- was re-elected as Director by the Shareholders at the AGM

8. Mr. Ng Hoi Yue

- was re-elected as Director by the Shareholders at the AGM

9. Ms. Chan Sim Ling, Irene

- was re-elected as Director by the Shareholders at the AGM
- was appointed as a member of the Audit Committee on 28 January 2015

10. Mr. Heung Pik Lun

- resigned as Director on 28 January 2015 and automatically ceased to act as a member of the Audit Committee, the Remuneration Committee and the Nomination Committee

Review of Interim Report

The condensed consolidated financial statements as set out in this Interim Report had not been audited nor reviewed by the Company's auditor, HLB Hodgson Impey Cheng Limited, but had been reviewed by the Audit Committee of the Company, which comprises the three Independent Non-executive Directors of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2014

	Notes	Six months ended 31 December	
		2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Turnover	2	12,112	15,392
Cost of sales		<u>(9,828)</u>	<u>(11,509)</u>
Gross profit		2,284	3,883
Other revenue		219	1,378
Distribution costs		(776)	(3,406)
Administrative expenses		(11,381)	(11,886)
Other operating expenses	3	(18,106)	(5,961)
Change in fair value of financial assets at fair value through profit or loss		<u>–</u>	<u>(1,562)</u>
Loss from operations	3	(27,760)	(17,554)
Finance costs		(271)	(302)
Gain on disposal of subsidiaries and a joint venture	4	<u>1,194</u>	<u>–</u>
Loss before taxation		(26,837)	(17,856)
Taxation	5	<u>–</u>	<u>–</u>
Loss and total comprehensive loss for the period		<u>(26,837)</u>	<u>(17,856)</u>
Loss and total comprehensive loss for the period attributable to:			
Owners of the Company		(26,279)	(17,030)
Non-controlling interests		<u>(558)</u>	<u>(826)</u>
		<u>(26,837)</u>	<u>(17,856)</u>
Loss per share	7		
– Basic and diluted		<u>HK\$(0.018)</u>	<u>HK\$(0.013)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

		31 December 2014 (Unaudited) HK\$'000	30 June 2014 (Audited) HK\$'000
	Notes		
Non-current assets			
Property, plant and equipment	8	20,166	20,348
Investment in film production		61,253	–
Interests in associates		7,384	7,384
Interest in a joint venture	4	–	–
		<u>88,803</u>	<u>27,732</u>
Current assets			
Film rights		61,539	64,349
Film production in progress		28,739	18,538
Music production in progress		–	455
Trade and other receivables, deposits and prepayments	9	144,799	10,348
Loan receivable	10	–	10,000
Cash and bank balances		165,597	398,175
		<u>400,674</u>	<u>501,865</u>
Current liabilities			
Trade and other payables	11	31,897	35,219
Bank overdraft – secured		–	9,961
		<u>31,897</u>	<u>45,180</u>
Net current assets		<u>368,777</u>	<u>456,685</u>
Total assets less current liabilities		<u>457,580</u>	<u>484,417</u>
Net assets		<u>457,580</u>	<u>484,417</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

As at 31 December 2014

	31 December 2014 (Unaudited) HK\$'000	30 June 2014 (Audited) HK\$'000
Equity		
Capital and reserves attributable to the owners of the Company		
Share capital	14,945	14,945
Reserves	<u>459,501</u>	<u>485,780</u>
	474,446	500,725
Non-controlling interests	<u>(16,866)</u>	<u>(16,308)</u>
	<u><u>457,580</u></u>	<u><u>484,417</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2014 (Unaudited)

	Attributable to the owners of the Company						Non-controlling interests	Total
	Share capital	Share premium	Capital redemption reserve	Contributed surplus	Retained profits	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2014	14,945	280,982	50	58,658	146,090	500,725	(16,308)	484,417
Loss and total comprehensive loss for the period	-	-	-	-	(26,279)	(26,279)	(558)	(26,837)
At 31 December 2014	<u>14,945</u>	<u>280,982</u>	<u>50</u>	<u>58,658</u>	<u>119,811</u>	<u>474,446</u>	<u>(16,866)</u>	<u>457,580</u>

For the six months ended 31 December 2013 (Unaudited)

	Attributable to the owners of the Company						Non-controlling interests	Total
	Share capital	Share premium	Capital redemption reserve	Contributed surplus	Accumulated losses	Sub-total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2013	12,455	717,027	50	-	(470,958)	258,574	(18,089)	240,485
Loss and total comprehensive loss for the period	-	-	-	-	(17,030)	(17,030)	(826)	(17,856)
Placing of shares	2,490	12,699	-	-	-	15,189	-	15,189
Share issue expenses on placing of shares	-	(638)	-	-	-	(638)	-	(638)
At 31 December 2013	<u>14,945</u>	<u>729,088</u>	<u>50</u>	<u>-</u>	<u>(487,988)</u>	<u>256,095</u>	<u>(18,915)</u>	<u>237,180</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2014

	Six months ended 31 December	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Net cash (used in)/from operating activities	(233,581)	5,889
Net cash from/(used in) investing activities	719	(70)
Net cash from financing activities	10,245	14,249
(Decrease)/increase in cash and cash equivalents	(222,617)	20,068
Cash and cash equivalents at the beginning of the period	388,214	23,156
Cash and cash equivalents at the end of the period	165,597	43,224
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	165,597	53,201
Bank overdraft – secured	–	(9,977)
	165,597	43,224

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2014

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

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

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

The accounting policies used in the Interim Financial Statements are consistent with those followed in the preparation of the annual financial statements of the Group for the year ended 30 June 2014, except a new accounting policy being adopted during the current interim period as below:

Investment in film production

Investment in film production represents investment in a production house for co-financing of the production of a film. The investment is governed by the relevant agreement entered into between the Group and the production house whereby the Group is entitled to benefits generated from the distribution of the related film.

The investment is stated at cost less accumulated amortisation and accumulated impairment losses (if any). Amortisation is charged to the consolidated statement of profit or loss based on the proportion of actual income earned during the period to the total estimated income from the distribution of the film. Estimated income are reviewed at regular intervals. An impairment loss is made if there has been a change in the estimated income to determine the recoverable amount and the carrying amount exceeds the recoverable amount.

Income from investment in film production is recognised when the Group's entitlement to such payments has been established which is subject to the terms of the relevant agreement.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2014

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

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

HKAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010 – 2012 Cycle
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011 – 2013 Cycle
HK(IFRIC*) – Int 21	Levies

* IFRIC represents the International Financial Reporting Interpretations Committee

The application of these new and revised standards, amendments or interpretations has had no material effect on the amounts reported in the Interim Financial Statements and/ or disclosures set out in the Interim Financial Statements.

Standards, amendments or interpretations issued but not yet effective

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

HKAS 16 and HKAS 38 (Amendments)	Clarification of Acceptable Methods of Depreciation and Amortisation ³
HKAS 16 and HKAS 41 (Amendments)	Agriculture: Bearer Plants ³
HKAS 27 (Amendments)	Equity Method in Separate Financial Statements ³
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ¹
HKFRS 9	Financial Instruments ⁵
HKFRS 9, HKFRS 7 and HKAS 39 (Amendments)	Hedge Accounting and Amendments to HKFRS 9, HKFRS 7 and HKAS 39 ¹

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2014

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)

Standards, amendments or interpretations issued but not yet effective (Continued)

HKFRS 11 (Amendments)	Accounting for Acquisitions of Interests in Joint Operations ³
HKFRS 14	Regulatory Deferral Accounts ²
HKFRS 15	Revenue from Contracts with Customers ⁴

¹ No mandatory effective date yet determined but is available for adoption.

² Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.

³ Effective for annual periods beginning on or after 1 January 2016.

⁴ Effective for annual periods beginning on or after 1 January 2017.

⁵ Effective for annual periods beginning on or after 1 January 2018.

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

2. SEGMENT INFORMATION

For the purposes of resource allocation and performance assessment, information reported to the Executive Directors of the Company, being the Chief Operating Decision Maker (the "CODM") focuses on types of goods or services delivered or provided.

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2014

2. SEGMENT INFORMATION (Continued)

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

Segment revenue and results

	Six months ended 31 December 2014 (Unaudited)				Consolidated HK\$'000
	Film and TV programme production and investment HK\$'000	Event and music production HK\$'000	Artiste and model management HK\$'000	Investment in securities HK\$'000	
Segment revenue	<u>11,204</u>	<u>831</u>	<u>77</u>	<u>-</u>	<u>12,112</u>
Segment results	<u>1,434</u>	<u>831</u>	<u>19</u>	<u>-</u>	<u>2,284</u>
Interest income					148
Reversal of impairment loss in respect of trade and other receivables	-	-	17	-	17
Unallocated gains					54
Unallocated corporate expenses					(7,266)
Distribution costs	(776)	-	-	-	(776)
Administrative expenses	(4,103)	(7)	(5)	-	(4,115)
Other operating expenses	(17,815)	-	(291)	-	(18,106)
Loss from operations					(27,760)
Finance costs					(271)
Gain on disposal of subsidiaries and a joint venture					1,194
Loss before taxation					(26,837)
Taxation					-
Loss for the period					<u>(26,837)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2014

2. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

	Six months ended 31 December 2013 (Unaudited)				Consolidated HK\$'000
	Film and TV programme production and investment HK\$'000	Event and music production HK\$'000	Artiste and model management HK\$'000	Investment in securities HK\$'000	
Segment revenue	<u>12,789</u>	<u>796</u>	<u>1,807</u>	<u>-</u>	<u>15,392</u>
Segment results	<u>3,306</u>	<u>87</u>	<u>490</u>	<u>-</u>	<u>3,883</u>
Interest income					58
Reversal of impairment loss in respect of trade and other receivables	1,270	13	-	-	1,283
Unallocated gains					37
Unallocated corporate expenses					(6,144)
Distribution costs	(2,700)	(132)	(574)	-	(3,406)
Administrative expenses	(5,179)	(35)	(528)	-	(5,742)
Other operating expenses	(4,504)	-	(1,457)	-	(5,961)
Change in fair value of financial assets at fair value through profit or loss	-	-	-	(1,562)	<u>(1,562)</u>
Loss from operations					<u>(17,554)</u>
Finance costs					<u>(302)</u>
Loss before taxation					<u>(17,856)</u>
Taxation					<u>-</u>
Loss for the period					<u><u>(17,856)</u></u>

There were no inter-segment sales in the current period (2013: HK\$Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2014

3. LOSS FROM OPERATIONS

	Six months ended 31 December	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss from operations has been arrived at after charging/(crediting):		
Amortisation of film rights	9,770	9,483
Impairment loss recognised in respect of:		
– trade and other receivables, deposits and prepayments (Note)	441	1,461
– film rights and investment in film production (Note)	17,665	4,500
Depreciation of property, plant and equipment	175	293
Loss on disposal of property, plant and equipment	8	–
Interest income from:		
– bank deposits	(79)	–
– loan receivable	(69)	(58)
Reversal of impairment loss in respect of trade and other receivables	(17)	(1,283)
	<u> </u>	<u> </u>

Note:

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2014

4. DISPOSAL OF SUBSIDIARIES AND A JOINT VENTURE

On 22 October 2014, the Group disposed of Snazz Entertainment Group Limited together with its subsidiaries, Snazz Artistes Limited and Snazz Music Limited and a 50% owned joint venture, SSA Amusement Limited (collectively referred to as the "Disposed Companies") which are principally engaged in artiste management, music production and distribution and entertainment promotion services. The carrying values of the identifiable assets and liabilities of the Disposed Companies as at the date of disposal are as follows:

	(Unaudited) HK\$'000
Property, plant and equipment	4
Interest in a joint venture	–
Music production in progress	455
Trade and other receivables, deposits and prepayments	750
Cash and bank balances	60
Trade and other payables	<u>(1,783)</u>
Net liabilities disposed of	<u>(514)</u>
Gain on disposal	<u>1,194</u>
Total consideration	<u><u>680</u></u>
Satisfied by:	
Cash consideration	750
Less: Professional fee	<u>(70)</u>
Total cash consideration received	<u><u>680</u></u>
Net cash inflow arising on disposal:	
Total cash consideration received	680
Less: Cash and bank balances disposed of	<u>(60)</u>
	<u><u>620</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2014

5. TAXATION

No provision for Hong Kong Profits Tax has been made in the Group's condensed consolidated financial statements as the Group either incurred taxation loss or had no assessable profit for the period (2013: HK\$Nil).

6. INTERIM DIVIDEND

The Directors of the Company do not recommend the payment of an interim dividend for the current period (2013: HK\$Nil).

7. LOSS PER SHARE

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

	Six months ended	
	31 December	
	2014	2013
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss for the period attributable to the owners of the Company for the purpose of basic and diluted loss per share	<u>(26,279)</u>	<u>(17,030)</u>
	Number	Number
	of shares	of shares
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	<u>1,494,460,890</u>	<u>1,331,182,202</u>

For the six months ended 31 December 2014 and 2013, diluted loss per share was the same as the basic loss per share since there was no dilutive potential ordinary share for both periods.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2014

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 December 2014, the Group acquired items of property, plant and equipment with a cost of HK\$5,000 (2013: HK\$70,000). Property, plant and equipment with a net book value of HK\$8,000 were disposed of during the six months ended 31 December 2014 (2013: HK\$Nil), resulting a loss on disposal of HK\$8,000.

On 22 October 2014, the Group disposed subsidiaries with property, plant and equipment which had a net book value of HK\$4,000 (see note 4).

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	31 December 2014 (Unaudited) HK\$'000	30 June 2014 (Audited) HK\$'000
Trade receivables, net	3,432	365
Other receivables, deposits and prepayments, net	141,367	9,983
	144,799	10,348

The Group allows an average credit period of 90 to 180 days (30 June 2014: 90 to 180 days) to its customers. The ageing analysis of the Group's trade receivables at the end of the reporting period is as follows:

	31 December 2014 (Unaudited) HK\$'000	30 June 2014 (Audited) HK\$'000
0 to 90 days	3,432	365
91 to 180 days	–	–
Over 180 days	6,785	6,860
	10,217	7,225
Less: Impairment loss recognised in respect of trade receivables	(6,785)	(6,860)
	3,432	365

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2014

10. LOAN RECEIVABLE

	31 December 2014 (Unaudited) HK\$'000	30 June 2014 (Audited) HK\$'000
Loan to TVB Pay Vision Holdings Limited ("TVBP")	<u>–</u>	<u>10,000</u>

The loan was unsecured and carried an interest rate of Hong Kong Interbank Offered Rate ("HIBOR") plus 0.25% per annum. The loan was fully repaid by TVBP on 15 November 2014.

11. TRADE AND OTHER PAYABLES

	31 December 2014 (Unaudited) HK\$'000	30 June 2014 (Audited) HK\$'000
Trade payables	7,440	8,084
Accruals	18,311	22,564
Deposits received from customers	5,736	4,021
Other payables	410	550
	<u>31,897</u>	<u>35,219</u>

The ageing analysis of the Group's trade payables at the end of the reporting period is as follows:

	31 December 2014 (Unaudited) HK\$'000	30 June 2014 (Audited) HK\$'000
0 to 90 days	–	506
Over 90 days	7,440	7,578
	<u>7,440</u>	<u>8,084</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2014

12. FAIR VALUE MEASUREMENTS ON FINANCIAL INSTRUMENTS

The Directors of the Company consider that the carrying amounts of all financial assets and financial liabilities recorded at amortised cost at the respective end of the reporting periods approximate their fair values.

13. PLEDGE OF ASSETS

As at 31 December 2014, the Group's leasehold land and buildings with a net book value of HK\$14,153,000 (30 June 2014: HK\$14,161,000) and HK\$5,684,000 (30 June 2014: HK\$5,778,000), respectively were pledged to a bank as security for the bank overdraft granted to the Group.

14. CONTINGENT LIABILITIES

- (i) As at 30 June 2004, the Company provided a corporate guarantee in the amount of approximately HK\$24.0 million to a financial institution in respect of banking facilities granted to Welback International Investments Limited and its subsidiaries (the "WIIIL Group"), approximately HK\$5.5 million of which was utilised by members of the WIIIL Group and such amount was claimed by the financial institution as disclosed in point (iii) below.

- (ii) The Company and its ex-subsiary, P.N. Electronics Limited. ("PNE") have been involved in arbitration proceedings with North American Foreign Trading Corporation ("NAFT") in respect of a gross receivable of HK\$18.0 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\$18.0 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2014

14. 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 also continue to pursue the Third Party proceedings against Mr. Lee Chun Kwok and Mr. Fong Wing Seng.

15. MATERIAL RELATED PARTY TRANSACTIONS

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

Compensation of key management personnel

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

	Six months ended 31 December	
	2014 (Unaudited) HK\$'000	2013 (Unaudited) HK\$'000
Salaries and other benefits	1,689	1,410
Retirement benefit scheme contributions	9	8
	<u>1,698</u>	<u>1,418</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

For the six months ended 31 December 2014

16. EVENT AFTER THE END OF THE REPORTING PERIOD

On 28 January 2015, the Group completed the acquisition of 60% equity interest in Lucrative Skill Holdings Limited from an independent third party at a consideration of HK\$122,500,000. The consideration was satisfied by the allotment and issue of 350,000,000 consideration shares by the Company at an issue price of HK\$0.35 each.

Lucrative Skill Holdings Limited and its subsidiaries are principally engaged in provision of post production services which includes conducting post production work on advertisements, featured films, TV programmes, music videos, internet and mobile applications content, visual matters on corporate events, etc.

Details of the aforesaid acquisition were set out in the Company's circular dated 31 December 2014.

17. APPROVAL OF INTERIM FINANCIAL REPORT

The Interim Financial Statements were approved and authorised for issue by the Board of Directors on 12 February 2015.

By Order of the Board
See Corporation Limited
Direk Lim
Chairman

Hong Kong, 12 February 2015