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Corporate Information

EXECUTIVE DIRECTORS

Yang Long-san, Rowell

(Chairman and Chief Executive Officer)

Wang Ming-chun, Morris *(Deputy Chairman)*

Chang Su-pong, Steve

Hui Siu-ling, Elina

INDEPENDENT NON-EXECUTIVE DIRECTORS

Lau Siu-ki, Kevin

Lee Chiu-kang, Alex

Liu Zixian

COMPANY SECRETARY

Chow Chi-shing

REGISTERED OFFICE

Clarendon House, 2 Church Street

Hamilton HM 11, Bermuda

PRINCIPAL PLACE OF BUSINESS

Unit 901, 9th Floor

Paul Y Centre

51 Hung To Road

Kwun Tong

Kowloon

Hong Kong

PRINCIPAL BANKERS

Agricultural Bank of China

Bank of China Limited

Bank of Communications

China Construction Bank Corporation

China Development Bank

China Minsheng Banking Corp., Ltd.

The Hongkong and Shanghai Banking

Corporation Limited

Wing Hang Bank Limited

AUDITOR

Deloitte Touche Tohmatsu

PRINCIPAL REGISTRARS AND TRANSFER OFFICE

The Bank of Bermuda Limited

Bank of Bermuda Building, 6 Front Street

Hamilton HM 11, Bermuda

BRANCH REGISTRARS AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited

46th Floor, Hopewell Centre

183 Queen's Road East

Wan Chai

Hong Kong

WEBSITE

<http://www.proview.com/Investors.aspx>



Financial Highlights

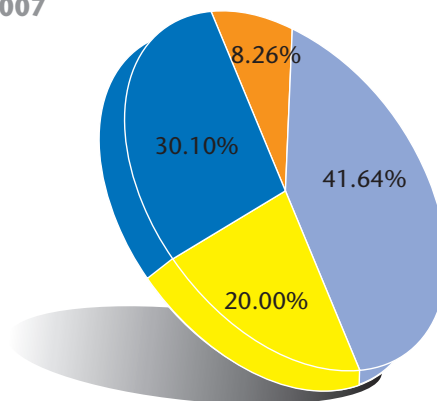
Year ended 30 June

	2003	2004	2005	2006	2007
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million
Revenue	6,945	8,696	12,143	16,178	15,650
Profit for the year attributable to equity holders of the Company	110	148	26	180	127
Earnings per share					
Basic	HK17.2 cents	HK23.2 cents	HK4.05 cents	HK27.93 cents	HK19.65 cents
Diluted	HK16.9 cents	HK23.0 cents	HK4.01 cents	HK27.93 cents	HK19.65 cents

REVENUE BY GEOGRAPHICAL AREA

Year ended 30 June 2007

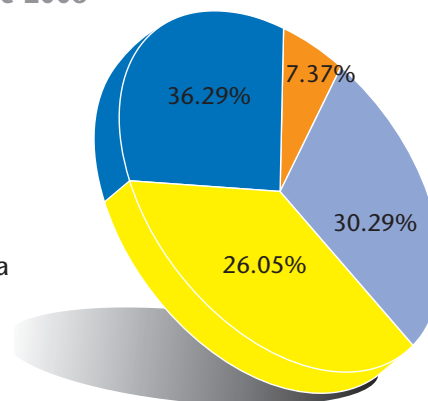
- Asia
- Europe
- North America
- Others



REVENUE BY GEOGRAPHICAL AREA

Year ended 30 June 2006

- Asia
- Europe
- North America
- Others



Chairman's Statement

On behalf of the board of directors (the "Board") of Proview International Holdings Limited (with its subsidiaries referred to hereafter collectively as the "Group"), I am pleased to present the 2007 annual report and the audited consolidated results of the Group for the financial year ended 30 June 2007.

OVERLOOK

During the year under review, the Group focused on aggressively developing its flat-panel digital TV business, further expanding its LCD monitor business, and at the same time maintaining and strategically adjusting its CRT monitor business.



Regarding monitor business, the Group recorded satisfactory growth of shipment of LCD monitors during the year under review. The Group recorded a turnover of approximately HK\$10.6 billion for the year, representing a decrease of 2.5% from HK\$10.9 billion recorded last year. This was mainly due to the slump in LCD panel prices which led to a steep decline in average unit price of LCD monitors. Technologies of the global LCD monitor industry become mature, and with the increased participation in the monitor industry of capital-rich panel factories who possess significant advantage in confined panel supply, the monitor market is witnessing more intense price competition. Regarding our traditional LCD monitor business, we have abandoned the strategy of pursuing explosive growth in shipment and we are now striving to obtain niche product orders with higher profit margin, such as flat-panel digital TV, core components of flat-panel digital TV and tablet monitor with handwriting recognition functionality. Microsoft's Windows Vista™ incorporates a handwriting recognition functionality for hundreds of world languages as its standard component, and we believe that, accordingly, the tablet handwriting monitor market will experience rapid growth. The Company, in collaboration with its strategic partner, has successfully completed the research and development of VisBoard™ and the production of which has already commenced. VisBoard™, a tablet monitor with handwriting recognition functionality, will be the focus of our future development. Tablet monitors with handwriting recognition functionality may become the flagship of our LCD monitor business in the future.

The slide in LCD panel prices has closed the gap between LCD and CRT monitor unit prices dramatically, resulting in a further diminution in global demand for CRT monitors. According to Display Search's forecast issued in March 2007, the global CRT monitor market will decline 34.4% from 32 million units in 2006 to 21 million units in 2007. Our CRT monitor shipment also dropped accordingly in the financial year under review compared with the previous financial year. Despite the fact that CRT monitors are still able to provide the Group with satisfactory operating margin, their importance to the Group's future development has declined relatively due to both suboptimal turnover and shipment of this product. Currently, the production of CRT monitors is only carried out by the Group's manufacturing facilities in Wuhan and in Brazil.

After years of persistent efforts, Proview's flat-panel digital TV and related operation has won both industry and customers' recognition. This operation is expected to contribute a more substantial turnover and profit than that of LCD monitor operation in the future and to become our core business. According to a report issued by Display Search in August 2007, the Group has already become the third largest



OEM flat-panel digital TV manufacturer in the world. During the period under review, our flat-panel digital TV shipment doubled as compared with the previous financial year; while turnover in this segment also experienced substantial growth from HK\$1.7 billion to HK\$3.7 billion. Our rapid development in flat-panel digital TV sector is mainly attributed to our cutting-edge technology in LCD integrated power supply which we possess a number of patents on it, our experience and production capacity in back-light, LCD module, standardization and modularization of parts and components, and the vertical integration of upstream and downstream operations. All these contributed to the cost competitiveness of our flat-panel digital TVs.

FORMULATING STRATEGIES FOR FUTURE SUCCESS

In order to maintain our success story in flat-panel digital TV business, the Group will implement the following major strategies: strengthening the research and development of core technologies; consolidating our existing prime client base over the world, stepping up our management over quality control and global logistics operation; and capitalizing cross-business cooperation opportunities between factories that carry out upstream panel manufacturing and downstream branded sales.

Meanwhile, our flat-panel digital TV business faces challenges in the forms of high prices for TV panels, less-than-generous payment terms provided by panel factories, and over-extended product supply chain. For this reason, the Group needs to maintain ample liquidity. On the other hand, a number of third-party patents are required in the production of flat-panel digital TVs, and thus patent royalties will inevitably lead to a surge in production cost. In respect of funding requirement, we have introduced strategic investment partners into our Group and continued to explore fundraising opportunities in capital market. On the management level, we will strengthen the collection of receivables, tighten stock control and optimize supply chain management.



Flat-panel digital TV market is expected to enjoy exponential growth over the next three years. Increase in outsourcing by TV brand owners will benefit our business development. The panel market is still expected to suffer from supply constraints in 2008, however, the Group's current resources allocation will be sufficient for our development purpose in next year and thus circumstance is still favourable to us. We have a full order book for 2008. As the production capacity of our Shenzhen factory cannot yet cope with the increasing sales orders of flat-panel digital TV business, in order to meet our new orders in 2008, we have commenced construction of new production facilities in Ningbo. These new facilities will occupy 62,000 square feet and it is expected that relevant construction works will be completed and these new facilities will commence production in November 2007.

We will make changes to operating strategies in the new financial year. In the past, we made shipments to overseas branches and overseas distribution represented a sizable proportion in our business. In the new financial year, we will rationalize and reduce the sales which are made through overseas distribution channels considerably and transform to the operation model in which the "factory sells directly to overseas customers", it will help to shorten our supply line, minimize our exposure over fluctuation in product prices and the risk of overstock.



Chairman's Statement

Our results for the year under review have proved that the Group's strategy of leveraging the LCD monitor business to initiate the rapid sales of flat-panel digital TVs is successful. Due to this strategy, and we therefore avoided the significant drop in LCD monitor sales and gross profit caused by falling panel prices. According to Display Search's forecast issued in March 2007, the global flat-panel digital TV market will increase from 46 million units in 2006 to 128 million units in 2010. We are confident that the Group will capitalize on these valuable opportunities, establish itself as the bellwether of the industry and explore opportunities arising from the expeditious development of the industry.

APPRECIATION

Lastly, on behalf of the Board, I would like to extend my gratitude and sincere appreciation to all our staff for their dedicated efforts, and to our shareholders and business associates for their continuous support.

On behalf of the Board

Yang Long-san, Rowell

Chairman and Chief Executive Officer

Hong Kong, 23 October 2007



Management Discussion and Analysis

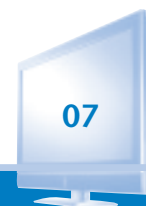
BUSINESS REVIEW

For the year ended 30 June 2007, the Group's consolidated turnover decreased by 3.3% to approximately HK\$15.7 billion (2006: HK\$16.2 billion). The profit attributable to equity holders of the Company decreased by 29.5% to approximately HK\$127.1 million (2006: HK\$180.3 million). The drop in both turnover and profit attributable to equity holders of the Company was mainly resulted from the decline in operating revenue contributed from our monitor business in the second half of the year. Meanwhile, the production of the increasing orders for flat-panel digital TVs, which contribute to the Group a relatively higher profit margin, has been carried out in large scale only after May due to postponement. As a result, our target on gross profit for the current financial year could not be met. However, the abovementioned decline is just temporary. Our operating revenue and profitability have already been restored to a rather satisfactory level in the first quarter of the 2008 financial year.

LCD monitor sales for the year under review amounted to approximately HK\$10.6 billion, which constituting about 68% of the Group's consolidated turnover. During the accounting year, the Group adopted a new strategy, no longer focused on achieving explosive sales growth, but rather on strengthening its product profitability. In view of the global downward adjustment in selling prices for LCD monitors, the Group re-examined its customer profile and accepted fewer of those sales orders which offered the Group a relatively low profit margin. Through this arrangement, the Group was able to preserve its competitiveness in an unfavorable market environment.

The Group sustained strong growth in flat-panel digital TV sales. During the year under review, the Group's sales of flat-panel digital TVs posted a record-breaking amount of approximately HK\$3.7 billion (2006: HK\$1.7 billion). This contributed about 23% of the Group's consolidated turnover and represented growth of 122% as compared to that of last year. The market demand for flat-panel digital TVs persistently increased as a result of the strong replacement needs of end customers. The Group is benefited from the new era of flat-panel digital TV and foresees that flat-panel digital TVs will continue to be an important driver of the Group's future growth in turnover and profit. In order to maintain the cutting edge, the Group has carried out further vertical integration and expanded its production facilities. Meanwhile, it was in alliance with the world's leading panel suppliers. According to a report issued by Display Search in August 2007, the Group has already become the third largest OEM flat-panel digital TV manufacturer in the world. The Group expects that we will play an even more important role in the global market of flat-panel digital TVs in the future.

The global market of CRT monitors has been declining since 2005. During the accounting year, CRT monitor sales was dropped to approximately HK\$1.3 billion (2006: HK\$3.6 billion), making up about 8% of the Group's consolidated turnover. The Group no longer positions CRT monitors as strategic products and thus this decline in the CRT monitor market is not expected to have a significant impact on the Group. During the year under review, the Group continued to sell CRT monitors to regions including South America and Asia. CRT monitors contributed the Group a stable and satisfactory profit.



Management Discussion and Analysis



The Group's geographical market mix was well managed and diversified. Sales to North America, Europe and Asia accounted for about 30%, 20% and 42% of the Group's consolidated turnover respectively. The Group will keep eyes closely on the customers from different regions so as to achieve diversification in our customer portfolio.

The gross profit margin of the Group decreased from 7.2% to 6.9%, which was mainly caused by the decreasing selling price of end products and the unfavorable fluctuation in panel costs. Thanks to the effect of consolidation of sales orders and vertical integration, the Group could still maintain its competitiveness. For the year under review, the gross profit margins contributed from the sales of LCD monitors, flat-panel digital TVs and CRT monitors were 6.8% (2006: 7.3%), 7.8% (2006: 8.2%) and 5.3% (2006: 6.2%) respectively. The net profit margin of the Group was 0.8% (2006: 1.1%).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2007, the Group held cash and bank balances (including pledged bank deposits) of approximately HK\$1.5 billion (2006: HK\$1.9 billion), with total equity attributable to equity holders of the Company standing at approximately HK\$1,175 million (2006: HK\$1,047 million).

Inventories grew to approximately HK\$2.9 billion (2006: HK\$1.9 billion), with inventory turnover days increased to 60 days (2006: 47 days). The increases in both inventory and inventory turnover days were due to the reason that the Group was focusing more on the manufacture of flat-panel digital TVs, whose production requires panels with a cost significantly higher than those of LCD monitors and CRT monitors. Additionally, as the sales of flat-panel digital TV in July and August 2007 has increased substantially when compared with the corresponding period in last year, the Group has stocked up at year end to meet the needs of production. The Group closely monitors its inventory risk and will continue to explore measures to ensure a stable supply of materials as well as to optimize its inventory level.

Trade and bills receivables increased to approximately HK\$2.0 billion (2006: HK\$1.9 billion). Trade and bills receivables turnover days slightly increased to 46 days (2006: 42 days), which was in line with the Group's business plan in developing the flat-panel digital TV market.

Trade and bills payables increased to approximately HK\$3.9 billion (2006: HK\$3.8 billion). In the year under review, our suppliers continued to provide strong support to the Group. Credits granted by suppliers increased which allowed the Group to achieve its growth in flat-panel digital TV sales. The payback period was improved slightly as compared to that of last year. Trade and bills payables turnover days increased to 96 days (2006: 91 days).



Management Discussion and Analysis

CAPITAL COMMITMENT AND CAPITAL STRUCTURE

During the year under review, the Group invested approximately HK\$270.9 million in the acquisition, maintenance and enhancement of production facilities. New production lines were set up in Ningbo, enabling the Group to cope with the increasing sales orders for flat-panel digital TVs. As at 30 June 2007, the Group's capital commitments amounted to approximately HK\$15.8 million (2006: HK\$19.6 million), which mainly represented the Group's efforts to further enhance its production facilities in the Ningbo region.

The Group closely monitored its loan portfolio and was actively seeking stable funds in low cost. During the year under review, bank borrowings increased to approximately HK\$2.4 billion (2006: HK\$1.7 billion), of which non-current bank borrowing increased to approximately HK\$229.5 million (2006: HK\$38.6 million). The additional funds raised were used to finance the Group's new production facilities in Ningbo and to support the development of the flat-panel digital TV business.

The Group's financial gearing, representing the ratio of total borrowings from banks and financial institutions to equity attributable to the equity holders of the Company, was around 2.1 (2006: 1.7). The increase in financial gearing was due to the additional bank borrowings being obtained during the year under review to finance the Group's business plan.

The Group believes that its future cash flow requirements can be satisfied by the funds generated from operations, facilities provided by banks and financial institutions as well as by the strong support of suppliers.

CONTINGENT LIABILITIES

During the year, the Group has been involved in several patent litigations. The concerned plaintiffs have not yet identified the amount of damages sought. The Group is vigorously defending itself against these complaints and the proceedings are still sub judice. The outcome of the litigations cannot be estimated with certainty at this stage, and the Court has not yet set the schedule for the cases.

FOREIGN EXCHANGE EXPOSURE

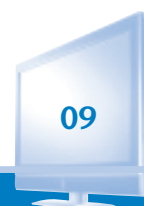
The Group mainly operates in the PRC and the exposure to foreign exchange rate risks mainly arises from fluctuations between the US dollars and Renminbi exchange rates. Exchange rate fluctuations and market trends have always been the concern of the Group. The Group currently does not have a foreign currency hedging policy. However, the management monitors these foreign exchange exposures and will consider hedging significant foreign currency exposure when the need arises.

CHARGES ON GROUP ASSETS

As of 30 June 2007, the Group's banking facilities were mainly collateralised by certain plant and machinery of the Group with a carrying amount of approximately HK\$4.0 million (2006: HK\$21.4 million), and first legal charges over certain land and buildings of the Group of approximately HK\$139.1 million (2006: HK\$132.0 million).

EMPLOYEES AND REMUNERATION POLICIES

As of 30 June 2007, the Group employed approximately 16,000 full-time employees. Remuneration of the Group's employees is based largely on the prevailing industry practices in the countries in which it operates, as well as on individual merit. The Group also offers share options to employees to reward outstanding performance.



Corporate Governance Report

The board of directors ("Board") of the Company is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 30 June 2007.

CORPORATE GOVERNANCE PRACTICES

The Board of the Company believes that good corporate governance practices are increasingly important for maintaining and promoting shareholder value and investor confidence.

The Company has applied the principles as set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Throughout the year under review, the Company has complied with the code provisions set out in the CG Code, save for the deviations from code provisions A.1.1, A.2.1 and A.4.1 which are explained in the relevant paragraphs in this Report.

The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review its corporate governance practices from time to time to ensure they comply with the statutory and the CG Code and align with the latest developments.

THE BOARD

Responsibilities

The overall management of the Company's business is vested in the Board, which assumes the responsibility for leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. All directors should take decisions objectively in the interests of the Company.

Every director shall ensure that he carries out his duty in good faith and in compliance with the standards of applicable laws and regulations, and acts in the interests of the Company and its shareholders at all times.

Composition

The composition of the Board ensures a balance of skills and experience appropriate to the requirements of the business of the Company and to the exercising of independent judgement.

The Board currently comprises seven members, consisting of four executive directors and three independent non-executive directors.

The Board of the Company comprises the following directors:

Executive directors:

Yang Long-san, Rowell (*Chairman and Chief Executive Officer*)

Wang Ming-chun, Morris (*Deputy Chairman*)

Chang Su-pong, Steve

Hui Siu-ling, Elina

Independent non-executive directors:

Lau Siu-ki, Kevin

Lee Chiu-kang, Alex

Liu Zixian



Corporate Governance Report

The list of directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

None of the members of the Board is related to one another.

During the year ended 30 June 2007, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise.

The Company has received written annual confirmation from each independent non-executive director of his independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive directors to be independent in accordance with the independence guidelines set out in the Listing Rules.

The independent non-executive directors bring a wide range of business and financial expertise, experiences and independent judgement to the Board. Through participation in Board meetings, taking the lead in managing issues involving potential conflict of interests and serving on Board committees, all independent non-executive directors make various contributions to the effective direction of the Company.

Chairman and Chief Executive Officer

Code provision A.2.1 of the CG Code stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

Mr. Yang Long-san, Rowell currently holds the offices of Chairman and Chief Executive Officer of the Company. The Board considers that the current structure of vesting the roles of Chairman and Chief Executive Officer in the same person will not impair the balance of power and authority between the Board as the Chairman and Chief Executive Officer shared the power and authority with the Deputy Chairman and all major decisions are made in consultation with members of the Board as well as the top management of the Company.

The Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies.

Appointment and Re-election of Directors

Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

Although some independent non-executive directors are not appointed for a specific term, all directors of the Company are subject to retirement by rotation once every three years and any new director appointed to fill a casual vacancy shall submit himself/herself for re-election by shareholders at the first general meeting after appointment pursuant to the Company's Bye-laws.

The procedures and process of appointment, re-election and removal of directors are laid down in the Company's Bye-laws. No director is appointed and removed during the year. The Board as a whole is responsible for reviewing the Board composition, monitoring the appointment of directors and assessing the independence of independent non-executive directors, and the Board satisfied with their independency during the year.



Corporate Governance Report

The Board reviewed its own structure, size and composition regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. Where vacancies on the Board exist, the Board will carry out the selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, the Company's needs and other relevant statutory requirements and regulations.

In accordance with the Company's Bye-laws, Mr. Wang Ming-chun, Morris, Mr. Lee Chiu-kang, Alex and Mr. Liu Zixian, shall retire by rotation and being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The Board recommended the re-appointment of the directors standing for re-election at the forthcoming annual general meeting of the Company.

The Company's circular dated 31 October 2007 contains detailed information of the directors standing for re-election.

Induction and Continuing Development for Directors

Each newly appointed director receives comprehensive, formal and tailored induction on the first occasion of his/her appointment, so as to ensure that he/she has proper understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

The directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities. Continuing briefings and professional development to directors will be arranged whenever necessary.

BOARD MEETINGS

Practices and Conduct of Board Meetings

Annual meeting schedules and draft agenda of each meeting are normally made available to directors in advance.

Notices of regular Board meetings are served to all directors at least 14 days before the meetings. For other Board and committee meetings, reasonable notice is generally given.

Board papers together with all appropriate, complete and reliable information are sent to all directors at least 3 days before each Board meeting or committee meeting to keep the directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each director also have separate and independent access to the senior management whenever necessary.

The Chief Executive Officer, Chief Financial Officer, Qualified Accountant and Company Secretary attend all regular Board meetings and when necessary, other Board and committee meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Company.

The Company Secretary is responsible to take and keep minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to directors for comment within a reasonable time after each meeting and the final version is open for directors' inspection.



Corporate Governance Report

The Company's Bye-laws contains provisions requiring directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such directors or any of their associates have a material interest.

Number of Meetings and Directors' Attendance

Code Provision A.1.1 of the CG Code stipulates that the Company should hold at least four regular board meetings a year at approximately quarterly intervals with active participation of a majority of directors, either in person or through other electronic means of communication.

During the year ended 30 June 2007, as the Company did not announce its quarterly results, 25 Board meetings were held, out of which 3 were regular Board meetings for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

The attendance records of each director at the Board meetings during the year ended 30 June 2007 are set out below:

Name of Directors

Attendance/ No. of Meetings

Executive Directors

Yang Long-san, Rowell	24/25
Wang Ming-chun, Morris	17/25
Chang Su-pong, Steve	4/25
Lee Yi, Richard (<i>Note</i>)	21/25
Hui Siu-ling, Elina	22/25

Independent Non-Executive Directors

Lau Siu-ki, Kevin	3/25
Lee Chiu-kang, Alex	3/25
Liu Zixian	2/25

Note: Mr. Lee Yi, Richard resigned on 1 July 2007.

DELEGATION BY THE BOARD

The Board reserves for its decisions all major matters of the Company, including: the approval and monitoring of major policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

All directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. Each director is normally able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The day-to-day management, administration and operation of the Company are delegated to the executive directors. The delegated functions and work tasks are reviewed from time to time. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers.



Corporate Governance Report

The Board has established two committees, namely, the Remuneration Committee and Audit Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference which are available to shareholders upon request.

The Board also has the full support of the Chief Executive Officer and the senior management to discharge its responsibilities.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Company has established a formal and transparent procedure for formulating policies on remuneration and senior management of the Group. Details of the remuneration of each of the directors of the Company for the year ended 30 June 2007 are set out in the notes to the financial statements of the Company.

Remuneration Committee

The Remuneration Committee comprises three members, namely Mr. Lee Chiu-kang, Alex (Chairman), Mr. Wang Ming-chun, Morris and Mr. Lau Siu-ki, Kevin, the majority of them are independent non-executive directors.

The primary objectives of the Remuneration Committee include making recommendations on and approving the remuneration policy and structure and remuneration packages of the executive directors and the senior management. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no director or any of his/her associates will participate in deciding his/her own remuneration, which remuneration will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

The Remuneration Committee normally meets once a year for reviewing the remuneration policy and structure and determination of the annual remuneration packages of the executive directors and the senior management and other related matters. The Human Resources Department is responsible for collection and administration of the human resources data and making recommendations to the Remuneration Committee for consideration. The Remuneration Committee shall consult the Chairman and/or the Chief Executive Officer of the Company about these recommendations on remuneration policy and structure and remuneration packages.

The Remuneration Committee met once during the year ended 30 June 2007 for the aforesaid purposes and the attendance records are set out below:

Name of Directors	Attendance / Number of Meetings
Lee Chiu-kang, Alex	1/1
Wang Ming-chun, Morris	0/1
Lau Siu-ki, Kevin	1/1

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors, namely Mr. Lau Siu-ki, Kevin (Chairman), Mr. Lee Chiu-kang, Alex and Mr. Liu Zixian (including one independent non-executive director who possesses the appropriate professional qualifications or accounting or related financial management expertise). None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

Corporate Governance Report

The main duties of the Audit Committee include the following:

- To review the financial statements and reports and consider any significant or unusual items raised by the qualified accountant or external auditors before submission to the Board.
- To review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors.
- To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and associated procedures.

The Audit Committee provides supervision on the internal controls system of the Group and reported to the Board on any material issues and makes recommendations to the Board.

During the year, the Audit Committee has reviewed the Group's annual results and annual report for the year ended 30 June 2006 and interim results and interim report for the six months ended 31 December 2006, the financial reporting and compliance procedures, the report from the management on the Company's internal control and processes and the re-appointment of the external auditors.

There are no material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern.

The Audit Committee held five meetings during the year ended 30 June 2007 and the attendance records are set out below:

Name of Directors	Attendance / Number of Meetings
Lau Siu-ki, Kevin	5/5
Lee Chiu-kang, Alex	5/5
Liu Zixian	4/5

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the directors and the directors have confirmed that they have complied with the Model Code throughout the year ended 30 June 2007.

The Company also has established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company.

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.



Corporate Governance Report

RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 30 June 2007.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements.

The Management provides such explanation and information to the Board so as to enable the Board to make an informed assessment of the financial information and position of the Company put to the Board for approval.

AUDITOR'S REMUNERATION

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on page 30.

During the year, the remuneration paid to the Company's external auditor Messrs Deloitte Touche Tohmatsu, in respect of audit services and tax consultancy services amounted to approximately HK\$2,443,000 and HK\$84,500 respectively.

INTERNAL CONTROLS

During the year under review, the Board has conducted a review of the effectiveness of the internal control system of the Company.

The Board has overall responsibility for the internal control system of the Company and for reviewing its effectiveness. The Board is also responsible for maintaining an adequate internal control system to safeguard the interests of the shareholders and the assets of the Company.

The internal control system of the Group is designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks and to safeguard assets of the Group. The senior management shall review and evaluate the control process and monitor any risk factors on a regular basis and report to the Audit Committee on any findings and measures to address the variances and identified risks.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company believes that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Group also recognises the importance of transparency and timely disclosure of corporate information which enables shareholders and investors to make the best investment decision.

The general meetings of the Company provide an important channel for communication between the Board and the shareholders. The Chairman of the Board as well as chairmen of the Remuneration Committee and Audit Committee or, in their absence, other members of the respective committees and, where applicable, the independent Board committee, are available to answer questions at the shareholders' meetings.



Corporate Governance Report

The Company continues to enhance communications and relationships with its investors. Designated senior management maintains regular dialogue with institutional investors and analysts to keep them abreast of the Company's developments. Enquiries from investors are dealt with in an informative and timely manner.

To promote effective communication, the Company maintains a website at <http://www.proview.com/Investors.aspx> where up-to-date information and updates on the Company's financial information, corporate governance practices and other information are available for public access. Investors may write directly to the Company at its registered office Unit 901, 9th Floor, Paul Y Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong for any inquiries.

SHAREHOLDERS' RIGHTS

To safeguard the shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors.

The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meetings at which voting is taken on a poll are contained in the Company's Bye-laws. Details of such rights to demand a poll were included in all circulars to shareholders and will be explained during the proceedings of meetings.

Poll results will be published in newspapers on the business day following the shareholders' meeting and posted on the websites of the Company and of the Stock Exchange.

On behalf of the Board

Yang Long-san, Rowell

Chairman and Chief Executive Officer



Report of the Directors

The directors present their annual report and the audited consolidated financial statements of Proview International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 30 June 2007.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of the Company's principal subsidiaries, associates and a jointly controlled entity as at 30 June 2007 are set out in notes 43, 17 and 18 to the consolidated financial statements, respectively.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 June 2007 are set out in the consolidated income statement on page 31 of the consolidated financial statements. An interim dividend of HK2.50 cents per share amounting to approximately HK\$16,171,000 was paid to the shareholders during the year.

The directors have resolved to recommend the payment of a final dividend of HK1.5 cents per share for the year ended 30 June 2007, amounting to approximately HK\$11,580,000. The proposed final dividend, together with the interim dividend of HK2.5 cents per share, will make a total distribution of HK4.0 cents per share for the year. The proposed final dividend, if approved at the forthcoming Annual General Meeting, will be payable in cash on or before 7 December 2007 to members whose names appear on the Register of Members of the Company on 23 November 2007.

Details of the distribution are set out in note 12 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent approximately HK\$271 million on moulds and machinery and approximately HK\$22 million on furniture, equipment and motor vehicles to expand and upgrade its manufacturing and office facilities. The Group revalued its land and buildings at 30 June 2007, resulting in a revaluation surplus of approximately HK\$13.7 million.

Details of these and other movements in the property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

There were no movements in either the authorised or issued share capital of the Company during the year. Details of the share capital of the Company are set out in note 31 to the consolidated financial statements.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year.



DISTRIBUTABLE RESERVE OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 30 June 2007 consisted of contributed surplus of approximately HK\$162,374,000 (2006: HK\$162,374,000) and retained profits of approximately HK\$10,010,000 (2006: HK\$3,139,000). In addition, the Company's share premium account of approximately HK\$172,724,000 (2006: HK\$172,724,000) as at 30 June 2007 is available for distribution in the form of fully paid bonus shares.

The contributed surplus of the Company arose as a result of the Group reorganization scheme and represents the excess of the then combined net assets of the subsidiaries acquired, over the nominal value of the share capital of the Company issued in exchange thereof.

Under the Companies Act 1981 of Bermuda (as amended), the contributed surplus of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of the contributed surplus if

- (a) it is, or would after the payment be, unable to pay its liabilities as they become due; or
- (b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors:

Mr. Yang Long-san, Rowell

Mr. Wang Ming-chun, Morris

Mr. Chang Su-pong, Steve

Ms. Hui Siu-ling, Elina

Mr. Lee Yi, Richard

(resigned on 1 July 2007)

Independent non-executive directors:

Mr. Lau Siu-ki, Kevin

Mr. Lee Chiu-kang, Alex

Mr. Liu Zixian

In accordance with Bye-Law 111(A) of the Company's Bye-Laws, Mr. Wang Ming-chun, Morris, Mr. Lee Chiu-kang, Alex and Mr. Liu Zixian will retire and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.



Report of the Directors

DIRECTORS' SERVICE CONTRACTS

Mr. Yang Long-san, Rowell and Ms. Hui Siu-ling, Elina, the executive directors, have entered into service contracts with the Company for a term of three years commencing from 1 June 1997. Subsequent to 31 May 2000, the service contracts are renewable automatically for successive terms of one year, subject to their termination by either party giving not less than six months' notice in writing to the other party.

Mr. Chang Su-pong, Steve, an executive director, has entered into a service contract with the Company on 26 April 2001, for an initial term of three years. Subsequent to 25 April 2004, the service contract is renewable automatically for successive terms of one year, subject to his retirement by either party giving not less than six months' notice in writing to the other party.

Mr. Lee Chiu-kang, Alex, an independent non-executive director, has entered into a service contract with the Company on 29 October 2003, for an initial term of two years deemed to commence from 26 May 1997. This service contract is renewable automatically for successive terms of two years, subject to his retirement by rotation in accordance with the Company Bye-Laws. The service contract can also be terminated by either party giving not less than 90 days' notice in writing to the other party.

Except for Mr. Lee Chiu-kang, Alex, 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 within one year without payment of compensation, other than statutory compensation.

BIOGRAPHICAL DETAILS OF DIRECTORS

Executive directors

Mr. Yang Long-san, Rowell, aged 51, is the Chairman and Chief Executive Officer of the Company. He is the founder of the Group and has over 26 years' experience in the computer and electronics industry. He is responsible for the Group's overall strategic planning, policy making and financial decisions.

Mr. Wang Ming-chun, Morris, aged 53, is the Deputy Chairman of the Company. He joined the Group in February 1994. He holds a diploma in Electronic Engineering from Kun Sun Institute of Technology of Taiwan. He has over 25 years' experience in the computer monitor industry. Mr. Wang is responsible for the operation and development of monitor related business of the Group.

Mr. Chang Su-pong, Steve, aged 54, joined the Group in March 1991. He holds a diploma in Electronic Engineering from 國立台北工業專科學校 National Taipei Institute of Technology of Taiwan. He has over 25 years' experience in the computer monitor industry. Mr. Chang is responsible for the business development of the Group in Eastern China.

Ms. Hui Siu-ling, Elina, aged 49, joined the Group in May 1994. Ms. Hui is responsible for the administration of the Group.



BIOGRAPHICAL DETAILS OF DIRECTORS *(continued)*

Independent non-executive directors

Mr. Lau Siu-ki, Kevin, aged 49, joined the Company in September 2005, is currently an independent non-executive director for other eight public companies listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), namely, COL Capital Limited, Carry Wealth Holdings Limited, Comba Telecom Systems Holdings Limited, Embry Holdings Limited, Foxconn International Holdings Limited, Greenfield Chemical Holdings Limited, Samson Holding Ltd. and TCL Communication Technology Holdings Limited.

Mr. Lau has over 25 years' experience in corporate finance, financial advisory and management, accounting and auditing. Mr. Lau is currently a financial advisory consultant running his own management consultancy firm, Hin Yan Consultants Limited and also a consultant to the Corporate Finance division of PCP CPA Limited, a medium sized certified public accountant firm in Hong Kong. Previously, he worked at Ernst & Young for over 15 years.

Mr. Lau graduated from Hong Kong Polytechnic in 1981. He is a fellow member of both the Association of Chartered Certified Accountants (ACCA) and The Hong Kong Institute of Certified Public Accountants. Mr. Lau has been elected as a member of the world council of ACCA since 2002. He has also served on the executive committee of the Hong Kong branch of ACCA (ACCA Hong Kong) since 1995, and was the chairman of ACCA Hong Kong in 2000/2001.

Mr. Lee Chiu-kang, Alex, aged 57, has been in the investment business, both in Canada and Hong Kong, for over 20 years. He has worked as the head of investment operations for several financial institutions. For each of his previous employment, he was responsible for investment strategies and for recruiting, training and supervising staff. Mr. Lee holds a bachelor of arts degree in Economics from the Golden Gate University of the United States of America. He is currently appointed by Development Research Center of Guangdong Government of China as a research fellow. Mr. Lee is also holding a post as adjunct professor in City University of Hong Kong.

Mr. Liu Zixian, aged 57, is the director of the Management Committee of Shenzhen Grand Industrial Zone and the Management Committee of Guangdong Shenzhen Export Processing Zone. Mr. Liu graduated from the North Communications University, the PRC in 1974 and has over twenty years of experience in administrative management, international economics and corporate management.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2007, the interests and short positions held by the directors in the shares, underlying shares and debentures of the Company or 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 Part XV 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 (the "Model Code") contained in the Listing Rules Governing The Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:



Report of the Directors

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES *(continued)*

Long positions in shares of the Company

Name of director	Nature of interest	Number of ordinary shares held	Number of share options held	Total number of ordinary shares and share options held	% of issued share capital
Mr. Yang Long-san, Rowell	Beneficial owner	13,852,000	4,800,000	18,652,000	2.88%
	Interest of controlled corporation (Note)	224,710,724	–	224,710,724	34.74%
		238,562,724	4,800,000	243,362,724	37.62%
Mr. Wang Ming-chun, Morris	Beneficial owner	388,000	8,200,000	8,588,000	1.33%
Mr. Chang Su-pong, Steve	Beneficial owner	–	2,600,000	2,600,000	0.40%
Ms. Hui Siu-ling, Elina	Beneficial owner	–	800,000	800,000	0.12%
Mr. Lau Siu-ki, Kevin	Beneficial owner	–	200,000	200,000	0.03%
Mr. Lee Chiu-kang, Alex	Beneficial owner	200,000	800,000	1,000,000	0.15%
Mr. Liu Zixian	Beneficial owner	–	200,000	200,000	0.03%

Note: These shares are registered in the name of, and beneficially owned by, Peipus International Ltd., a company incorporated in the British Virgin Islands, the entire issued share capital of which is beneficially owned by Mr. Yang Long-san, Rowell.

Save as disclosed above and under the section headed "SHARE OPTIONS", none of the directors, chief executives or any of their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations, which were recorded in the register as required to be kept under Section 352 of Part XV of the SFO as at 30 June 2007.

SHARE OPTIONS

Pursuant to an ordinary resolution passed at the special general meeting of the Company held on 12 February 2003, the share option scheme adopted by the Company on 26 May 1997 (the "Old Scheme") was terminated and a new share option scheme (the "New Scheme") was adopted. Upon termination of the Old Scheme, no further share options can be granted thereunder but in all other respects, the provisions of the Old Scheme remained in force and all share options granted prior to such termination continued to be valid and exercisable in accordance therewith. At the date of this report, 39,546,412 ordinary shares are available for issue under the New Scheme, represent 5.12% of the issued share capital of the Company. All share options granted under the Old Scheme had been lapsed in prior years.

Particulars of the Old Scheme and the New Scheme are set out in note 32 to the consolidated financial statements.

Report of the Directors

SHARE OPTIONS *(continued)*

The movement of the company's share option under the New Scheme during the year is set out as follows:

During the year, no share options were granted. As at 30 June 2007, 15,450,000, 29,195,000 and 25,000,000 share options at the exercise price of HK\$1.04, HK\$2.05 and HK\$1.70 respectively, remained outstanding under the New Scheme and details of the movements of the said outstanding share options were as follows:

Date of share option granted (*note i*): 24 March 2003
 Exercise price (*note ii*): HK\$1.04

Name or category of participant	As at 1 July 2006	Number of share options			As at 30 June 2007	Exercisable period of share options
		Granted during the year	Exercised during the year	Lapsed/cancellation during the year		
Directors						
Mr. Yang Long-san, Rowell	2,400,000	-	-	-	2,400,000	24 September 2003 – 23 March 2013
	2,400,000	-	-	-	2,400,000	24 March 2004 – 23 March 2013
	4,800,000	-	-	-	4,800,000	
Mr. Wang Ming-chun, Morris	2,500,000	-	-	-	2,500,000	24 September 2003 – 23 March 2013
	2,500,000	-	-	-	2,500,000	24 March 2004 – 23 March 2013
	5,000,000	-	-	-	5,000,000	
Mr. Chang Su-pong, Steve	750,000	-	-	-	750,000	24 September 2003 – 23 March 2013
	750,000	-	-	-	750,000	24 March 2004 – 23 March 2013
	1,500,000	-	-	-	1,500,000	
Mr. Lee Chiu-kang, Alex	100,000	-	-	-	100,000	24 September 2003 – 23 March 2013
	100,000	-	-	-	100,000	24 March 2004 – 23 March 2013
	200,000	-	-	-	200,000	
Sub-total	11,500,000	-	-	-	11,500,000	
Other employees and a former director						
In aggregate	700,000	-	-	-	700,000	24 September 2003 – 23 March 2013
	750,000	-	-	-	750,000 ⁽ⁱⁱⁱ⁾	24 September 2003 – 18 May 2008
	1,750,000	-	-	-	1,750,000	24 March 2004 – 23 March 2013
	750,000	-	-	-	750,000 ⁽ⁱⁱⁱ⁾	24 March 2004 – 18 May 2008
	3,950,000	-	-	-	3,950,000	
Total	15,450,000	-	-	-	15,450,000	



Report of the Directors

SHARE OPTIONS *(continued)*

Date of share option granted (note i): 11 February 2004
 Exercise price (note ii): HK\$2.05

Name or category of participant	As at 1 July 2006	Number of share options			As at 30 June 2007	Exercisable period of share options
		Granted during the year	Exercised during the year	Lapsed/cancellation during the year		
Directors						
Mr. Wang Ming-chun, Morris	400,000	-	-	-	400,000	16 February 2005 – 10 February 2014
	400,000	-	-	-	400,000	16 August 2005 – 10 February 2014
	400,000	-	-	-	400,000	16 February 2006 – 10 February 2014
	1,200,000	-	-	-	1,200,000	
Mr. Chang Su-pong, Steve	166,000	-	-	-	166,000	16 February 2005 – 10 February 2014
	166,000	-	-	-	166,000	16 August 2005 – 10 February 2014
	168,000	-	-	-	168,000	16 February 2006 – 10 February 2014
	500,000	-	-	-	500,000	
Ms. Hui Siu-ling, Elina	66,000	-	-	-	66,000	16 February 2005 – 10 February 2014
	66,000	-	-	-	66,000	16 August 2005 – 10 February 2014
	68,000	-	-	-	68,000	16 February 2006 – 10 February 2014
	200,000	-	-	-	200,000	
Mr. Lee Chiu-kang, Alex	66,000	-	-	-	66,000	16 February 2005 – 10 February 2014
	66,000	-	-	-	66,000	16 August 2005 – 10 February 2014
	68,000	-	-	-	68,000	16 February 2006 – 10 February 2014
	200,000	-	-	-	200,000	
Sub-total	2,100,000	-	-	-	2,100,000	
Other employees and a former director						
In aggregate	9,566,000	-	-	(232,000)	9,334,000	16 February 2005 – 10 February 2014
	200,000	-	-	-	200,000 ^(iv)	16 February 2005 – 18 May 2008
	9,663,000	-	-	(240,000)	9,423,000	16 August 2005 – 10 February 2014
	200,000	-	-	-	200,000 ^(iv)	16 August 2005 – 18 May 2008
	7,856,000	-	-	(118,000)	7,738,000	16 February 2006 – 10 February 2014
	200,000	-	-	-	200,000 ^(iv)	16 February 2006 – 18 May 2008
	27,685,000	-	-	(590,000)	27,095,000	
Total	29,785,000	-	-	(590,000)	29,195,000	

Report of the Directors

SHARE OPTIONS *(continued)*

Date of share option granted (note i): 13 February 2006
 Exercise price (note ii): HK\$1.70

Name or category of participant	As at 1 July 2006	Number of share options			As at 30 June 2007	Exercisable period of share options
		Granted during the year	Exercised during the year	Lapsed/cancellation during the year		
Directors						
Mr. Wang Ming-chun, Morris	1,000,000	-	-	-	1,000,000	1 July 2006 – 31 December 2008
	1,000,000	-	-	-	1,000,000	1 January 2007 – 31 December 2008
	2,000,000	-	-	-	2,000,000	
Mr. Chang Su-pong, Steve	300,000	-	-	-	300,000	1 July 2006 – 31 December 2008
	300,000	-	-	-	300,000	1 January 2007 – 31 December 2008
	600,000	-	-	-	600,000	
Ms. Hui Siu-ling, Elina	300,000	-	-	-	300,000	1 July 2006 – 31 December 2008
	300,000	-	-	-	300,000	1 January 2007 – 31 December 2008
	600,000	-	-	-	600,000	
Mr. Lee Chiu-kang, Alex	200,000	-	-	-	200,000	1 July 2006 – 31 December 2008
	200,000	-	-	-	200,000	1 January 2007 – 31 December 2008
	400,000	-	-	-	400,000	
Mr. Liu Zixian	100,000	-	-	-	100,000	1 July 2006 – 31 December 2008
	100,000	-	-	-	100,000	1 January 2007 – 31 December 2008
	200,000	-	-	-	200,000	
Mr. Lau Siu-ki, Kevin	100,000	-	-	-	100,000	1 July 2006 – 31 December 2008
	100,000	-	-	-	100,000	1 January 2007 – 31 December 2008
	200,000	-	-	-	200,000	
Sub-total	4,000,000	-	-	-	4,000,000	
Other employees and a former director						
In aggregate	10,000,000	-	-	-	10,000,000	1 July 2006 – 31 December 2008
	500,000	-	-	-	500,000 ^(v)	1 July 2006 – 18 May 2008
	10,000,000	-	-	-	10,000,000	1 January 2007 – 31 December 2008
	500,000	-	-	-	500,000 ^(v)	1 January 2007 – 18 May 2008
	21,000,000	-	-	-	21,000,000	
Total	25,000,000	-	-	-	25,000,000	

Report of the Directors

SHARE OPTIONS *(continued)*

Notes:

- (i) The vesting period of share options is from the date of the grant until the commencement of the exercise period.
- (ii) The exercise price of share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.
- (iii) The amounts represent share options granted to Mr. Wong Kui-ming, Luffer, a former director of the Company, with the last date of the exercise period of share options changed from 23 March 2013 to 18 May 2008 as a result of his resignation on 19 May 2006.
- (iv) The amounts represent share options granted to Mr. Wong Kui-ming, Luffer, a former director of the Company, with the last date of the exercise period of share options changed from 10 February 2014 to 18 May 2008 as a result of his resignation on 19 May 2006.
- (v) The amounts represent share options granted to Mr. Wong Kui-ming, Luffer, a former director of the Company, with the last date of the exercise period of share options changed from 31 December 2008 to 18 May 2008 as a result of his resignation on 19 May 2006.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than as disclosed under the section headed "SHARE OPTIONS", at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE AND CONNECTED TRANSACTIONS

During the year, the Group paid operating lease rentals in respect of land and buildings and plant and machinery of approximately HK\$995,000 to ISystems Technology, Inc., a company of which Mr. Yang Long-san, Rowell and Mr. Yang Yun-tsai (father of Mr. Yang Long-san, Rowell) own 19.4% and 16.8% of the issued share capital, respectively. The value of the aggregate rental does not exceed the thresholds under Rule 14A.34 of the revised Listing Rules which came into effect on 31 March 2004.

The independent non-executive directors of the Company have reviewed and confirmed that the connected transactions during the year were:

- (i) conducted in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms;
- (iii) in accordance with the terms of the agreement governing such transactions that were fair and reasonable and in the interests of the shareholders of the Company as a whole; and
- (iv) the value of the aggregate rental does not exceed the thresholds under Rule 14A.34 of the revised Listing Rules which came into effect on 31 March 2004.

Other than as disclosed above, there were no other transactions which need to be disclosed as connected transactions in accordance with the requirements of the Listing Rules and no contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.



SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2007, the interests and short positions of the substantial shareholders in more than 5% of the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of Part XV of the SFO were as follows:

Name of substantial shareholder	Capacity and nature of interest	No. of ordinary shares held	Interest in underlying shares pursuant to share options held	Aggregated interest	% of issued share capital
Mr. Yang Long-san, Rowell	Beneficial owner of 13,852,000 shares and 4,800,000 share options and interest in controlled corporation of 224,710,724 shares (i)	238,562,724	4,800,000	243,362,724	37.62%
Peipus International Ltd. (i)	Beneficial owner	224,710,724	-	224,710,724	34.74%
San-Chih Asset International Holding Corp. ("San-Chih") (ii)	Beneficial owner	125,190,000	-	125,190,000	19.35%
Shan Chih Assets Developments Company Limited ("Shan Chih")	Interest in controlled corporation (ii)	125,190,000	-	125,190,000	19.35%
大同股份有限公司 ("Tatung")	Interest in controlled corporation (ii)	125,190,000	-	125,190,000	19.35%
Barclays Global Investors UK Holdings Limited ("Barclays UK")	Interest in controlled corporation (iii)	32,879,906	-	32,879,906	5.08%
Barclays PLC	Interest in controlled corporation (iii)	32,879,906	-	32,879,906	5.08%

Notes:

- (i) The entire issued share capital of Peipus International Ltd., is owned by Mr. Yang Long-san, Rowell. Accordingly, Mr. Yang Long-san, Rowell is deemed to be interested in all the shares in which Peipus International Ltd. is interested in pursuant to the SFO.
- (ii) The entire issued share capital of San-Chih is owned by Shan Chih which in turn, the entire issued share capital of Shan Chih is owned by Tatung. Accordingly, Shan Chih and Tatung are deemed to be interested in all the shares in which San-Chih is interested in pursuant to the SFO.
- (iii) Barclays PLC is deemed to be interested in all the shares in which Barclays UK is interested in which in turn, Barclays UK is deemed to be interested in all the shares aggregately in which its subsidiaries are interested in pursuant to the SFO.

Save as disclosed under the section headed "SHARE OPTIONS", the Company has not been notified of any other relevant interests or share positions in the issued share capital of the Company as at 30 June 2007, which were recorded in the register as required to be kept pursuant to Section 336 of Part XV of the SFO.



Report of the Directors

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest customers in aggregate accounted for approximately 33% of the total revenue of the Group and the largest customer accounted for approximately 12% of the total revenue of the Group. The aggregate purchases attributable to the Group's five largest suppliers during the year accounted for approximately 47% of the total purchases of the Group and the largest supplier accounted for approximately 19% of the total purchases of the Group.

At no time during the year did a director, an associate of a director or a shareholder of the Company, which to the knowledge of the directors owns more than 5% of the Company's issued share capital, have an interest in any of the five largest customers and suppliers of the Group.

EMOLUMENT POLICY

The Group mainly determines staff remuneration in accordance with market terms and individual qualifications.

The emoluments of the directors of the Company are decided by the board of directors, as authorised by the shareholders at the annual general meeting, having regard to the Group's operating results, individual performance and comparable market statistics.

The Company maintains a share option scheme, pursuant to which, share options are granted to selected eligible participants, with a view to provide incentive to the options holders to participate and contribute the growth of the Group.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Bye-Laws, or the Companies Act 1981 of Bermuda (as amended), which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the directors, the Company has complied throughout the year ended 30 June 2007 with most of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules. Please refer to the Corporate Governance Report as set out on pages 10 to 17 of this Annual Report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code regarding securities transactions by directors as set out in Appendix 10 to the Listing Rules during the relevant accounting period and all directors have complied with the required standard of dealings set out therein.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing Securities on the Stock Exchange. The Company considers all of the independent non-executive directors are independent.



Report of the Directors

AUDIT COMMITTEE

The Group's consolidated financial statements for the year ended 30 June 2007 have been reviewed by the Audit Committee of the Company, who are of the opinion that such statements comply with the applicable accounting standards and legal requirements, and that adequate disclosures have been made.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the directors, the directors confirm that the Company has maintained a sufficient public float as required under the Listing Rules during the year.

POST BALANCE SHEET EVENTS

Details of significant events occurring after the balance sheet date are set out in note 42 to the consolidated financial statements.

AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Yang Long-san, Rowell
Chairman and Chief Executive Officer

Hong Kong, 23 October 2007



Independent Auditor's Report

Deloitte. 德勤

TO THE MEMBERS OF PROVIEW INTERNATIONAL HOLDINGS LIMITED

唯冠國際控股有限公司

(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Proview International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 31 to 89, which comprise the consolidated balance sheet as at 30 June 2007, and the consolidated income statement, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements 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. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S 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 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 auditor's 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 auditor considers internal control relevant to the entity's preparation and true and fair presentation of the consolidated financial statements 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 state of affairs of the Group as at 30 June 2007 and of the Group's profit 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.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

23 October 2007



Consolidated Income Statement

For the year ended 30 June 2007

	NOTES	2007 HK\$'000	2006 HK\$'000
Revenue	5	15,650,016	16,177,812
Cost of sales		(14,568,602)	(15,017,743)
Gross profit		1,081,414	1,160,069
Other income	7	85,017	96,232
Selling and distribution expenses		(384,111)	(427,713)
Administrative expenses		(329,704)	(380,101)
Research and development costs		(76,762)	(65,468)
Other expenses		(1,330)	(1,086)
Share of results of associates		(1,407)	(4,080)
Gain on disposal of subsidiaries	33	-	10,342
Finance costs	8	(202,650)	(151,817)
Profit before taxation		170,467	236,378
Income tax expense	9	(27,679)	(39,112)
Profit for the year	10	142,788	197,266
Attributable to:			
Equity holders of the Company		127,103	180,328
Minority interests		15,685	16,938
		142,788	197,266
Dividends	12	32,342	16,155
Earnings per share – Basic and diluted	13	HK19.65 cents	HK27.93 cents



Consolidated Balance Sheet

At 30 June 2007

	NOTES	2007 HK\$'000	2006 HK\$'000
Non-current Assets			
Property, plant and equipment	14	918,594	719,263
Prepaid lease payments	15	64,353	41,980
Intangible assets	16	52,200	58,000
Interests in associates	17	38,747	39,251
Interest in a jointly controlled entity	18	–	–
Available-for-sale investments	19	198	116
Prepayments and deposits	20	11,314	6,827
		1,085,406	865,437
Current Assets			
Inventories	21	2,862,964	1,928,621
Properties held for sale	22	67,302	60,231
Trade and bills receivables	23	2,038,417	1,881,571
Prepayments, deposits and other receivables		375,716	332,542
Prepaid lease payments	15	1,717	1,221
Amount due from a jointly controlled entity	24	1,000	1,000
Pledged bank deposits	25	203,854	179,868
Bank balances and cash	26	1,267,930	1,703,225
		6,818,900	6,088,279
Current Liabilities			
Trade and bills payables	27	3,898,181	3,758,449
Accruals and other payables		211,009	211,676
Amount due to an associate	24	975	975
Amount due to a former associate	24	–	6,220
Taxation payable		56,341	52,417
Bank borrowings – due within one year	28	2,191,230	1,710,134
Obligations under finance leases – due within one year	29	4,963	4,997
		6,362,699	5,744,868
Net Current Assets			
		456,201	343,411
Total Assets Less Current Liabilities			
		1,541,607	1,208,848
Capital and Reserves			
Share capital	31	64,681	64,681
Reserves		1,109,885	982,281
Equity attributable to equity holders of the Company			
Minority interests		1,174,566	1,046,962
		73,615	63,866
Total Equity			
		1,248,181	1,110,828
Non-current Liabilities			
Bank borrowings – due after one year	28	229,498	38,591
Obligations under finance leases – due after one year	29	46,674	48,701
Deferred taxation	30	17,254	10,728
		293,426	98,020
		1,541,607	1,208,848

The consolidated financial statements on pages 31 to 89 were approved and authorised for issue by the Board of Directors on 23 October 2007 and are signed on its behalf by:

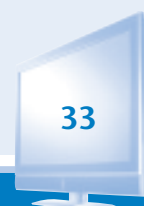
Yang Long-san, Rowell
DIRECTOR

Hui Siu-ling, Elina
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 30 June 2007

	Attributable to equity holders of the Company													Minority interests	Total
	Share capital	Share premium	Contributed surplus	Asset revaluation reserve	Investment revaluation reserve	Share-based compensation reserve	Exchange reserve	Capital reserve	Statutory reserve	Retained profits	Total	Minority interests			
												HK\$'000	HK\$'000		
At 1 July 2005	64,546	171,267	40,824	34,193	-	15,853	21,786	114,083	18,273	368,891	849,716	48,746	898,462		
Surplus on revaluation	-	-	-	4,978	-	-	-	-	-	-	4,978	1,795	6,773		
Deferred tax liability arising on revaluation of properties	-	-	-	(830)	-	-	-	-	-	-	(830)	(269)	(1,099)		
Exchange differences arising on translation of operations outside Hong Kong	-	-	-	-	-	-	13,744	-	-	-	13,744	1,792	15,536		
Share of exchange reserve of associates	-	-	-	-	-	-	(954)	-	-	-	(954)	-	(954)		
Net income recognised directly in equity	-	-	-	4,148	-	-	12,790	-	-	-	16,938	3,318	20,256		
Profit for the year	-	-	-	-	-	-	-	-	-	180,328	180,328	16,938	197,266		
Total recognised income for the year	-	-	-	4,148	-	-	12,790	-	-	180,328	197,266	20,256	217,522		
Transfer to capital reserve	-	-	-	-	-	-	-	79,560	-	(79,560)	-	-	-		
Recognition of equity-settled share-based payments	-	-	-	-	-	14,543	-	-	-	-	14,543	-	14,543		
Issue of shares on exercise of share options	105	987	-	-	-	-	-	-	-	-	1,092	-	1,092		
Issue of shares upon scrip dividends	30	470	-	-	-	-	-	-	-	-	500	-	500		
Transfer to statutory reserve	-	-	-	-	-	-	-	-	1,816	(1,816)	-	-	-		
Dividends paid to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(5,136)	(5,136)		
Interim dividend - 2006	-	-	-	-	-	-	-	-	-	(16,155)	(16,155)	-	(16,155)		
At 30 June 2006	64,681	172,724	40,824	38,341	-	30,396	34,576	193,643	20,089	451,688	1,046,962	63,866	1,110,828		
Surplus on revaluation	-	-	-	11,574	-	-	-	-	-	-	11,574	2,085	13,659		
Deferred tax liability arising on revaluation of properties	-	-	-	(4,624)	-	-	-	-	-	-	(4,624)	(1,902)	(6,526)		
Gains on fair value changes of available-for-sale investments	-	-	-	-	82	-	-	-	-	-	82	-	82		
Exchange differences arising on translation of operations outside Hong Kong	-	-	-	-	-	-	23,394	-	-	-	23,394	3,991	27,385		
Share of exchange reserve of associates	-	-	-	-	-	-	(1,427)	-	-	-	(1,427)	-	(1,427)		
Net income recognised directly in equity	-	-	-	6,950	82	-	21,967	-	-	-	28,999	4,174	33,173		
Profit for the year	-	-	-	-	-	-	-	-	-	127,103	127,103	15,685	142,788		
Total recognised income for the year	-	-	-	6,950	82	-	21,967	-	-	127,103	156,102	19,859	175,961		
Transfer to capital reserve	-	-	-	-	-	-	-	113,608	-	(113,608)	-	-	-		
Recognition of equity-settled share-based payments	-	-	-	-	-	3,844	-	-	-	-	3,844	-	3,844		
Release upon lapse of vested share options	-	-	-	-	-	(6,833)	-	-	-	6,833	-	-	-		
Transfer to statutory reserve	-	-	-	-	-	-	-	-	2,844	(2,844)	-	-	-		
Dividends paid to minority shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(10,110)	(10,110)		
Final dividend - 2006	-	-	-	-	-	-	-	-	-	(16,171)	(16,171)	-	(16,171)		
Interim dividend - 2007	-	-	-	-	-	-	-	-	-	(16,171)	(16,171)	-	(16,171)		
At 30 June 2007	64,681	172,724	40,824	45,291	82	27,407	56,543	307,251	22,933	436,830	1,174,566	73,615	1,248,181		



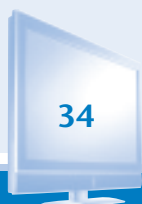
Consolidated Statement of Changes in Equity

For the year ended 30 June 2007

The contributed surplus of the Group arose as a result of the Group reorganisation in 1997 and represents the difference between the aggregate amount of the nominal values of the share capital of the subsidiaries acquired under the reorganisation scheme and the nominal value of the share capital of the Company issued in exchange.

The capital reserve of the Group represents capitalisation of retained profits of subsidiaries as the paid up capital of the respective subsidiaries. All such amounts were transferred to capital reserve of the Group on consolidation.

As stipulated by the relevant laws and regulations in the People's Republic of China (the "PRC"), certain subsidiaries of the Company in the PRC are required to maintain a statutory reserve fund which is non-distributable. Appropriations to this reserve fund are made out of net profit after taxation of the subsidiaries' PRC statutory financial statements which are prepared in accordance with the accounting principles generally accepted in the PRC. The amount and allocation basis are decided by the board of directors of the subsidiaries annually and is not less than 10% of the net profit after taxation of the subsidiaries for that year.



Consolidated Cash Flow Statement

For the year ended 30 June 2007

NOTE	2007 HK\$'000	2006 HK\$'000
OPERATING ACTIVITIES		
Profit before taxation	170,467	236,378
Adjustments for:		
Finance costs	202,650	151,817
Share of results of associates	1,407	4,080
Share-based payment expenses	3,844	14,543
Allowance for bad and doubtful debts	2,019	9,097
Allowance for obsolete inventories	9,926	16,836
Depreciation of property, plant and equipment	128,380	105,007
Release of prepaid lease payments	1,577	1,221
Amortisation of intangible assets	5,800	-
Loss (gain) on disposal of property, plant and equipment	1,300	(6,475)
Interest income	(28,502)	(40,614)
Gain on disposal of subsidiaries	-	(10,342)
Impairment loss on available-for-sale investments	-	36
Loss on disposal of available-for-sale investments	-	12
Operating cash flows before working capital changes	498,868	481,596
(Increase) decrease in inventories	(944,269)	472,433
(Increase) decrease in trade and bills receivables	(158,865)	98,265
Increase in prepayments, deposits and other receivables	(43,174)	(87,226)
Increase in trade and bills payables	139,732	739,713
(Decrease) increase in accruals and other payables	(667)	70,151
Increase in properties held for sale	-	(48,324)
Cash (used in) generated from operations	(508,375)	1,726,608
Hong Kong Profits Tax paid	(64)	-
Overseas tax paid	(23,691)	(21,016)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(532,130)	1,705,592
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(308,821)	(115,321)
Increase in pledged bank deposits	(23,986)	(117,846)
Additions to prepaid lease payments	(22,974)	-
Increase in prepayments and deposits	(11,314)	(6,827)
Investments in an associate	(2,330)	-
Interest received	28,502	40,614
Proceeds from disposal of property, plant and equipment	17,268	68,230
Acquisition of trademarks	-	(58,000)
Advance to a jointly controlled entity	-	(1,000)
Proceeds from disposal of subsidiaries, net of cash and cash equivalents disposed of	-	35,632
Proceeds from disposal of available-for-sale investments	-	365
NET CASH USED IN INVESTING ACTIVITIES	(323,655)	(154,153)

Consolidated Cash Flow Statement

For the year ended 30 June 2007

	2007 HK\$'000	2006 HK\$'000
FINANCING ACTIVITIES		
Repayments of bank borrowings	(4,198,592)	(5,089,644)
Interest paid on bank borrowings	(202,367)	(151,694)
Dividend paid to equity holders of the Company	(32,342)	(15,655)
Dividend paid to minority shareholders of subsidiaries	(10,110)	(5,136)
(Repayment to) advance from a former associate	(6,220)	6,220
Repayments of obligations under finance leases	(4,972)	(5,004)
Interest paid on finance leases	(283)	(123)
New bank borrowings raised	4,856,645	3,764,392
Repayment to an associate	-	(4,684)
Proceeds from issue of shares on exercise of share options	-	1,092
NET CASH FROM (USED IN) FINANCING ACTIVITIES	401,759	(1,500,236)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(454,026)	51,203
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	1,703,225	1,638,749
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	18,731	13,273
CASH AND CASH EQUIVALENTS CARRIED FORWARD, representing bank balances and cash	1,267,930	1,703,225

Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

1. GENERAL

The Company is a public company incorporated as an exempted company with limited liability in Bermuda. 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, 2 Church Street, Hamilton HM 11, Bermuda, and the principal place of business of the Company is Unit 901, 9th Floor, Paul Y. Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

The Company is an investment holding company. The principal activities of its principal subsidiaries, associates and a jointly controlled entity are set out in notes 43, 17 and 18, respectively.

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

In the current year, the Group has applied, for the first time, a number of new standard, amendments and interpretations (collectively referred to as “new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which are effective for the Group’s financial year beginning on 1 July 2006. The adoption of the new HKFRSs had no material effect on how the results and the financial position for the current or prior years have been prepared and presented. Accordingly, no prior year adjustment has been required.

The Group has not early applied the following new or revised standards, amendment and interpretations that have been issued but are not yet effective. The directors of the Company anticipate that the application of these standards, amendment or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Capital Disclosures ¹
HKAS 23 (Revised)	Borrowing Cost ²
HKFRS 7	Financial Instruments: Disclosures ¹
HKFRS 8	Operating Segments ²
HK(IFRIC) – INT 10	Interim Financial Reporting and Impairment ³
HK(IFRIC) – INT 11	HKFRS 2 – Group and Treasury Share Transactions ⁴
HK(IFRIC) – INT 12	Service Concession Arrangements ⁵
HK(IFRIC) – INT 13	Customer Loyalty Programmes ⁶
HK(IFRIC) – INT 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ⁵

¹ Effective for annual periods beginning on or after 1 January 2007

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

³ Effective for annual periods beginning on or after 1 November 2006

⁴ Effective for annual periods beginning on or after 1 March 2007

⁵ Effective for annual periods beginning on or after 1 January 2008

⁶ Effective for annual periods beginning on or after 1 July 2008



Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and properties, which are measured at fair values or revalued amounts, as appropriate, and are explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. 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.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has 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 income statement 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 intra-group transactions, balances, income and expenses are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are presented separately from the Group's equity therein. Minority interests in the net assets consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is 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 meet the conditions for recognition under HKFRS 3 "Business Combinations" are recognised at their fair values at the acquisition date.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations *(continued)*

Goodwill arising on acquisition is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognised.

Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost or fair value less subsequent accumulated depreciation and accumulated impairment losses.

Construction in progress represents property, plant and equipment in the course of construction for production or for its own use purposes and is stated at cost less any identified impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated balance sheet at their revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and any subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Any revaluation increase arising on revaluation of land and buildings is credited to the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised as an expense, in which case the increase is credited to the consolidated income statement to the extent of the decrease previously charged. A decrease in net carrying amount arising on revaluation of an asset is dealt with as an expense to the extent that it exceeds the balance, if any, on the asset revaluation reserve relating to a previous revaluation of that asset. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus is transferred to retained profits.

Depreciation is provided to write off the cost or fair value of items of property, plant and equipment, other than construction in progress, over their estimated useful lives and after taking into account their estimated residual value, using the straight-line method.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, where shorter, the term of the relevant lease.

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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Prepaid lease payments

Prepaid lease payments represent upfront premium paid for use of land. Prepaid lease payments are released to the consolidated income statement over the lease term on a straight-line basis.

To the extent that the allocation of the lease payments between land and buildings elements cannot be made reliably, the entire lease is generally treated as a finance lease.

Intangible assets

On initial recognition, intangible assets acquired separately are recognised at cost. After initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated income statement when the asset is derecognised.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development expenditure is recognised only if it is anticipated that the development costs incurred on a clearly-defined project will be recovered through future commercial activity. The resultant asset is amortised on a straight-line basis over its useful life, and carried at cost less subsequent accumulated amortisation and any accumulated impairment losses.

Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Interests in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture.

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 balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any identified impairment loss. 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 further 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.

Where a group entity transacts with an associate of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associate.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Interest in a 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 results and assets and liabilities of a jointly controlled entity are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investment in a jointly controlled entity is carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the jointly controlled entity, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in a jointly controlled entity), the Group discontinues recognising its share of further 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 jointly controlled entity.

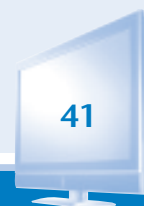
When a group entity transacts with a jointly controlled entity of the Group, unrealised profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity.

Leasing

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.

Assets held under finance leases are recognised as assets of the Group at their fair values at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated balance sheet when a group entity becomes a party to the contractual provisions of the instrument. 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 are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified into loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. The accounting policies adopted in respect of the relevant category of financial assets to the Group are set out below.

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 each balance sheet date subsequent to initial recognition, loans and receivables (including trade and bills receivables, deposits and other receivables, amount due from a jointly controlled entity, pledged bank deposits and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as 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. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction 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.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments. At each balance sheet date subsequent to initial recognition, available-for-sale financial assets are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss. Any impairment losses on available-for-sale financial assets are recognised in profit or loss. Impairment losses on available-for-sale equity investments will not reverse to profit and loss in subsequent periods.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted in respect of financial liabilities and equity instruments relevant to the Group are set out below.

Financial liabilities

The Group's financial liabilities (including trade and bills payables, other payables, amount due to an associate, amount due to a former associate and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, 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 directly in equity is recognised in profit or loss.

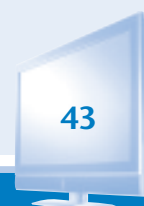
Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Properties held for sale

Properties held for sale are stated at the lower of cost and the net realisable value on an individual property basis.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes 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 balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date 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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Impairment losses

At each balance sheet date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount 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 in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of impairment loss is treated as a revaluation increase.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or recoverable.

Sales of goods are recognised as revenue when goods are delivered and title has passed.

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

Rental income under operating leases is recognised on a straight-line basis over the term of the relevant lease.

Borrowing costs

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

Retirement benefit costs

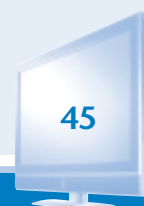
Payments to defined contribution retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contribution.

Share-based payment transactions

In relation to share options granted and vested before 1 July 2005, the Group did not recognise the financial effect of those share options until they were exercised.

For share options granted to directors and employees of the Group after 7 November 2002 and had not yet vested at 1 July 2005, the fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share-based compensation reserve).

At each balance sheet date, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates, if any, is recognised in profit or loss with a corresponding adjustment to share-based compensation reserve. At the time when the share options are exercised, the amount previously recognised in share-based compensation reserve will be transferred to share premium. When the share options are forfeited after vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based compensation reserve will be transferred to retained profits.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet 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 arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Company (i.e. Hong Kong dollars) at the rate of exchange prevailing at the balance sheet date, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised as a separate component of equity (the exchange reserve). Such exchange differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

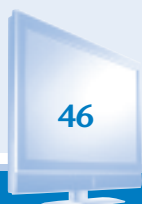
4. FINANCIAL INSTRUMENTS

4a. Financial risk management objectives and policies

The Group's major financial instruments include trade and bills receivables, deposits and other receivables, amount due from a jointly controlled entity, pledged bank deposits, bank balances, trade and bills payables, other payables, amount due to an associate and bank borrowings. 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. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 30 June 2007 is the carrying amount of the recognised financial assets as stated in the consolidated balance sheet. In order to minimise the credit risk, the management has implemented internal control procedures 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 and other debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

4. FINANCIAL INSTRUMENTS *(continued)*

4a. Financial risk management objectives and policies *(continued)*

Credit risk (continued)

Bank balances and deposited with a few banks, however, the credit risk on bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group has no significant concentration of credit risk on other financial assets, with exposure spread over a number of counterparties.

Market risk

(i) Currency risk

The Group mainly operates in the PRC and the exposure to foreign exchange rate risks mainly arises from fluctuations between the US dollars and Renminbi exchange rates. Exchange rate fluctuations and market trends have always been the concern of the Group. The Group currently does not have a foreign currency hedging policy. However, the management monitors these foreign exchange exposures and will consider hedging significant foreign currency exposure should the need arises.

(ii) Cash flow interest rate risk

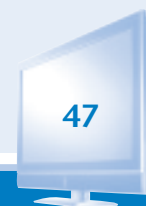
The Group's exposure to cash flow interest rate risks relates primarily to variable-rate bank borrowings. It is the Group's intention to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

(iii) Fair value interest rate risk

The Group's exposure to fair value interest rate risk relates primarily to fixed-rate pledged bank deposits and bank balances and fixed-rate bank borrowings. The Group currently does not have any interest rate hedging policy. However, management monitors interest exposure and will consider hedging significant interest rate exposure should the need arises. The interest rates and terms of repayments of bank borrowings of the Group are disclosed in notes 25 and 28.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group aims at maintaining the flexibility in funding by arranging banking facilities and other external financing.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

4. FINANCIAL INSTRUMENTS *(continued)*

4b. Fair value

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

- the fair value of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market bid prices; and
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions.

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate to their fair values.

5. REVENUE

Revenue represents amounts receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

6. SEGMENTAL INFORMATION

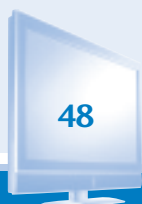
Segmental information is presented by way of two segment formats:

- on a primary segment reporting basis, by business segment; and
- on a secondary segment reporting basis, by geographical segment.

Business Segment

The Group's operating businesses are structured and managed separately, according to the nature of their operations, and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

- the CRT monitors segment, which engages in the manufacturing, trading and distribution of CRT monitors;
- the LCD monitors segment, which engages in the manufacturing, trading and distribution of LCD monitors;
- the TFT-LCD televisions segments, which engages in the manufacturing, trading and distribution of TFT-LCD televisions; and
- the Others segment, which engages in the manufacturing, trading and distribution of computer monitor components and non-TFT-LCD televisions.



Notes to the Consolidated Financial Statements

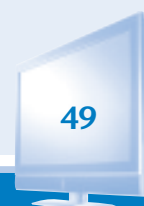
For the year ended 30 June 2007

6. SEGMENTAL INFORMATION *(continued)*

For the year ended 30 June 2007

	CRT monitors HK\$'000	LCD monitors HK\$'000	TFT-LCD televisions HK\$'000	Others HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
CONSOLIDATED INCOME STATEMENT						
REVENUE						
Sales to external customers	1,315,243	10,583,064	3,666,156	85,553	-	15,650,016
Inter-segment sales *	-	-	-	127,492	(127,492)	-
	1,315,243	10,583,064	3,666,156	213,045	(127,492)	15,650,016
RESULTS						
Segmental results	12,779	286,593	93,750	713	-	393,835
Unallocated corporate income						85,017
Unallocated corporate expenses						(104,328)
Finance costs						(202,650)
Share of results of associates	-	-	-	(1,407)	-	(1,407)
Profit before taxation						170,467
Income tax expense						(27,679)
Profit for the year						142,788

* Inter-segment sales were charged with reference to the prevailing market prices.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

6. SEGMENTAL INFORMATION *(continued)*

For the year ended 30 June 2006

	CRT monitors HK\$'000	LCD monitors HK\$'000	TFT-LCD televisions HK\$'000	Others HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
CONSOLIDATED INCOME STATEMENT						
REVENUE						
Sales to external customers	3,594,102	10,852,932	1,654,700	76,078	-	16,177,812
Inter-segment sales *	-	-	-	294,205	(294,205)	-
	<u>3,594,102</u>	<u>10,852,932</u>	<u>1,654,700</u>	<u>370,283</u>	<u>(294,205)</u>	<u>16,177,812</u>
RESULTS						
Segmental results	<u>66,366</u>	<u>319,621</u>	<u>45,312</u>	<u>5,543</u>	<u>-</u>	<u>436,842</u>
Unallocated corporate income						96,232
Unallocated corporate expenses						(151,141)
Finance costs						(151,817)
Share of results of associates	-	-	-	(4,080)	-	(4,080)
Gain on disposal of subsidiaries	-	-	-	10,342	-	<u>10,342</u>
Profit before taxation						236,378
Income tax expense						<u>(39,112)</u>
Profit for the year						<u><u>197,266</u></u>

* Inter-segment sales were charged with reference to the prevailing market prices.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

6. SEGMENTAL INFORMATION *(continued)*

For the year ended 30 June 2007

	CRT monitors HK\$'000	LCD monitors HK\$'000	TFT-LCD television HK\$'000	Others HK\$'000	Consolidated HK\$'000
CONSOLIDATED BALANCE SHEET					
ASSETS					
Segmental assets	635,453	3,138,424	2,094,766	404,432	6,273,075
Interests in associates	-	-	-	38,747	38,747
Unallocated corporate assets					<u>1,592,484</u>
Consolidated total assets					<u><u>7,904,306</u></u>
LIABILITIES					
Segmental liabilities	354,855	2,639,967	1,009,661	104,927	4,109,410
Bank borrowings					2,420,728
Obligations under finance leases					51,637
Unallocated corporate liabilities					<u>74,350</u>
Consolidated total liabilities					<u><u>6,656,125</u></u>
OTHER INFORMATION					
Capital additions	8,663	157,696	140,548	8,741	315,648
Depreciation of property, plant and equipment	12,816	58,660	38,401	18,503	128,380
Release of prepaid lease payments	350	1,058	161	8	1,577
Allowance for bad and doubtful debts	1,093	250	230	446	2,019
Allowance for obsolete inventories	4,382	3,718	585	1,241	9,926



Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

6. SEGMENTAL INFORMATION *(continued)*

For the year ended 30 June 2006

	CRT monitors	LCD monitors	TFT-LCD television	Others Consolidated	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
CONSOLIDATED BALANCE SHEET					
ASSETS					
Segmental assets	1,187,240	2,793,042	571,473	358,275	4,910,030
Interests in associates	–	–	–	39,251	39,251
Unallocated corporate assets					<u>2,004,435</u>
Consolidated total assets					<u><u>6,953,716</u></u>
LIABILITIES					
Segmental liabilities	793,649	2,641,052	426,532	102,498	3,963,731
Bank borrowings					1,748,725
Obligations under finance leases					53,698
Unallocated corporate liabilities					<u>76,734</u>
Consolidated total liabilities					<u><u>5,842,888</u></u>
OTHER INFORMATION					
Capital additions	50,003	114,761	21,675	3,596	190,035
Depreciation of property, plant and equipment	22,698	45,295	8,641	28,373	105,007
Release of prepaid lease payments	271	819	125	6	1,221
Allowance for bad and doubtful debts	1,671	6,723	526	177	9,097
Allowance for obsolete inventories	4,471	11,242	723	400	16,836

Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

6. SEGMENTAL INFORMATION *(continued)*

Geographical Segment

The following tables provide an analysis of the Group's revenue by geographical market, irrespective of the origin of the goods:

	2007 HK\$'000	2006 HK\$'000
North America	4,709,952	5,870,944
Europe <i>(Note i)</i>	3,129,184	4,214,688
Asia <i>(Note ii)</i>	6,517,424	4,900,467
Others	1,293,456	1,191,713
	15,650,016	16,177,812

The following is an analysis of the carrying amount of segmental assets, and additions to property, plant and equipment and intangible assets, analysed by the geographical area in which the assets are located:

	Carrying amount of segmental assets		Additions to property, plant and equipment and intangible assets	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
North America	610,442	747,018	25,585	34,601
Europe <i>(Note i)</i>	411,597	437,424	16,879	18,601
Asia <i>(Note ii)</i>	4,393,403	2,921,283	258,069	117,209
Others	857,633	804,305	15,115	19,624
	6,273,075	4,910,030	315,648	190,035

Notes:

- (i) Europe mainly includes Belgium, the United Kingdom, the Netherlands, Germany and France.
- (ii) Asia mainly includes Taiwan and the PRC (including Hong Kong).



Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

7. OTHER INCOME

Other income includes:

	2007 HK\$'000	2006 HK\$'000
Net exchange gain	27,607	29,923
Interest income	28,502	40,614
	27,607	28,502

8. FINANCE COSTS

	2007 HK\$'000	2006 HK\$'000
Interest on:		
Bank borrowings wholly repayable within five years	201,831	151,175
Bank borrowings not wholly repayable within five years	536	519
Finance leases	283	123
	202,650	151,817

9. INCOME TAX EXPENSE

	2007 HK\$'000	2006 HK\$'000
The charge comprises:		
Hong Kong Profits Tax		
Current year	–	219
Underprovision in prior years	125	26
	125	245
Other jurisdictions		
Current year	29,390	35,117
(Over)underprovision in prior years	(1,836)	3,750
	27,554	38,867
	27,679	39,112

Hong Kong Profits Tax is calculated at 17.5% (2006: 17.5%) of the estimated assessable profits for the year.

Taxation in other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

9. INCOME TAX EXPENSE *(continued)*

Pursuant to the relevant laws and regulations in the PRC, certain of the Company's subsidiaries operating in the PRC are entitled to an exemption from the PRC enterprise income tax for two years commencing from their first profit-making year of operation, followed by a 50% relief from the PRC enterprise income tax for the following three years. The reduced tax rate for the relief period is 7.5%. Accordingly, provision for the PRC enterprise income tax has been made after taking into account of these tax incentives during the year. Four and one (2006: Four and nil) of the subsidiaries of the Company are subject to PRC enterprise income tax at rates with a 50% relief and 100% exemption respectively during the year.

The domestic income tax rate applicable in Brazil is 40%. The Company's subsidiary operating in Brazil is eligible for a 75%, 50% and 25% relief from income tax for the period from November 1999 to 31 December 2004, for the five years ending 31 December 2009 and for the five years ending 31 December 2014, respectively.

There is no significant income tax exposures in other jurisdictions.

The income tax charge for the year can be reconciled to the profit before taxation per the consolidated income statement as follows:

	2007 HK\$'000	2006 HK\$'000
Profit before taxation	170,467	236,378
Tax at the domestic income tax rate of 15% (2006: 15%)	25,570	35,457
Tax effect of share of results of associates	211	612
Tax effect of expenses not deductible for tax purposes	5,200	7,651
Tax effect of income not taxable for tax purposes	(1,155)	(1,685)
(Over)underprovision in prior years	(1,711)	3,776
Tax effect of tax losses not recognised	3,710	3,782
Tax effect of deductible temporary differences not recognised	1,792	1,988
Utilisation of tax losses previously not recognised	(522)	(8,706)
Effect of concessionary tax rate granted to the PRC subsidiaries	(9,158)	(9,199)
Effect of different tax rates of subsidiaries operating in other jurisdictions	3,742	5,436
Tax charge for the year	27,679	39,112

Note: For tax reconciliation purpose the domestic tax rate in the PRC of 15% is used as the operations of the Group are substantially based there.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

9. INCOME TAX EXPENSE *(continued)*

Pursuant to the PRC enterprise income tax law passed by the Tenth National People's Congress on 16 March 2007, the new enterprise income tax rates for domestic and foreign enterprises are unified at 25% effective from 1 January 2008. Foreign enterprises which are entitled to special incentives will be given concessions throughout a 5-year transition period, if applicable. Management has assessed this change in tax law on the Group's results of operations and financial position and the impact on deferred taxation is set out in note 30.

Details of deferred taxation are set out in note 30.

10. PROFIT FOR THE YEAR

	2007 HK\$'000	2006 HK\$'000
Profit for the year has been arrived at after charging (crediting):		
Staff costs including directors' emoluments:		
Salaries and other benefits	394,061	372,342
Retirement benefits scheme contributions	15,650	14,089
Share-based payment expenses	3,844	14,543
	413,555	400,974
Allowance for bad and doubtful debts	2,019	9,097
Allowance for obsolete inventories	9,926	16,836
Amortisation of intangible assets	5,800	–
Auditor's remuneration	3,738	2,883
Cost of inventories recognised as an expense	14,558,676	15,000,907
Depreciation of property, plant and equipment	128,380	105,007
Loss (gain) on disposal of property, plant and equipment	1,300	(6,475)
Release of prepaid lease payments	1,577	1,221
Impairment loss on available-for-sale investments	–	36
Loss on disposal of available-for-sale investments	–	12

Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Director's emoluments

The emoluments paid or payable to each of the eight (2006: ten) directors were as follows:

2007

	Mr. Yang Long-san, Rowell HK\$'000	Mr. Wang Ming-chun, Morris HK\$'000	Mr. Chang Su-pong, Steve HK\$'000	Mr. Lee Yi, Richard HK\$'000 <i>(note i)</i>	Ms. Hui Siu-ling, Elina HK\$'000	Mr. Lau Siu-ki, Kevin HK\$'000	Mr. Lee Chiu-kang, Alex HK\$'000	Mr. Liu Zixian HK\$'000	Total HK\$'000
Fees	-	-	-	-	-	240	240	120	600
Other emoluments									
Salaries and other benefits	3,521	1,491	1,146	1,491	949	-	-	-	8,598
Retirement benefits scheme contributions	-	14	8	11	12	-	-	-	45
	3,521	1,505	1,154	1,502	961	240	240	120	9,243
Share-based payment expenses	-	307	92	-	92	31	62	31	615
Total emoluments	3,521	1,812	1,246	1,502	1,053	271	302	151	9,858

2006

	Mr. Yang Long-san, Rowell HK\$'000	Mr. Wang Ming-chun, Morris HK\$'000	Mr. Chang Su-pong, Steve HK\$'000	Mr. Wong Kui-ming, Luffer HK\$'000 <i>(note ii)</i>	Mr. Lee Yi, Richard HK\$'000 <i>(note i)</i>	Ms. Hui Siu-ling, Elina HK\$'000	Mr. Lau Siu-ki, Kevin HK\$'000	Mr. Lee Chiu-kang, Alex HK\$'000	Mr. Liu Zixian HK\$'000	Mr. Chan Mo-po, Paul HK\$'000 <i>(note iii)</i>	Total HK\$'000
Fees	-	-	-	-	-	-	200	240	120	40	600
Other emoluments											
Salaries and other benefits	4,025	1,360	1,026	1,300	244	949	-	-	-	-	8,904
Retirement benefits scheme contributions	-	14	8	11	1	12	-	-	-	-	46
	4,025	1,374	1,034	1,311	245	961	200	240	120	40	9,550
Share-based payment expenses	-	1,031	328	516	-	288	87	201	87	-	2,538
Total emoluments	4,025	2,405	1,362	1,827	245	1,249	287	441	207	40	12,088

Notes:

- (i) Mr. Lee Yi, Richard was appointed as an executive director of the Company on 19 May 2006 and resigned as an executive director of the Company on 1 July 2007.
- (ii) Mr. Wong Kui-ming, Luffer resigned as an executive director of the Company on 19 May 2006.
- (iii) Mr. Chan Mo-po, Paul resigned as an independent non-executive director of the Company on 1 September 2005.

None of the directors has waived any emoluments during the year (2006: nil).



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For the year ended 30 June 2007

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(continued)*

Employee's emoluments

Of the five individuals with the highest emoluments in the Group, three (2006: three) individuals were directors of the Company whose emoluments are included in the disclosure above. The emoluments of the remaining two (2006: two) individuals were as follows:

	2007 HK\$'000	2006 HK\$'000
Salaries and other benefits	2,774	2,730
Retirement benefits scheme contributions	–	–
	2,774	2,730

	2007 No. of employees	2006 No. of employees
The emoluments were within the following bands:		
HK\$1,000,001 to HK\$1,500,000	1	2
HK\$1,500,001 to HK\$2,000,000	1	–

12. DIVIDENDS

Dividend recognised as distribution during the year:

	2007 HK\$'000	2006 HK\$'000
Final – in respect of the immediately preceding financial year: HK2.5 cents (2006: Nil) per share	16,171	–
Interim – for the current financial year: HK2.5 cents (2006: HK2.5 cents) per share	16,171	16,155
	32,342	16,155

The final dividend of HK1.5 cents (2006: HK2.5 cents) per share has been proposed by the directors and subject to approval by the shareholders in the forthcoming annual general meeting.

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For the year ended 30 June 2007

13. EARNINGS PER SHARE

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

	2007 HK\$'000	2006 HK\$'000
Profit attributable to the equity holders of the Company for the purpose of basic and diluted earnings per share	127,103	180,328

	2007 Number of shares	2006 Number of shares
Number/weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	646,818,992	645,732,754

Note: The computation of diluted earnings per share does not assume the exercise of the Group's outstanding share options as the exercise prices of those options are higher than the average market price for both years.



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14. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings HK\$'000	Leasehold improvements HK\$'000	Moulds and machinery HK\$'000	Furniture, equipment and motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
COST OR VALUATION						
At 1 July 2005	281,672	38,121	673,726	125,209	9,685	1,128,413
Currency realignment	1,109	84	2,810	621	395	5,019
Additions	-	1,806	106,336	10,785	13,108	132,035
Transfer	408	237	3,151	8,050	(11,846)	-
Revaluation difference	(739)	-	-	-	-	(739)
Disposal of subsidiaries	-	-	-	(377)	-	(377)
Disposals	(40,800)	(2,567)	(22,696)	(11,936)	-	(77,999)
At 30 June 2006	241,650	37,681	763,327	132,352	11,342	1,186,352
Currency realignment	5,491	453	11,877	2,696	1,115	21,632
Additions	-	773	270,936	22,457	21,482	315,648
Transfer	3,532	-	9,264	-	(12,796)	-
Revaluation difference	6,246	-	-	-	-	6,246
Disposals	-	(1,055)	(20,725)	(12,836)	-	(34,616)
At 30 June 2007	256,919	37,852	1,034,679	144,669	21,143	1,495,262
Comprising:						
At cost	-	37,852	1,034,679	144,669	21,143	1,238,343
At valuation – 2007	256,919	-	-	-	-	256,919
	256,919	37,852	1,034,679	144,669	21,143	1,495,262
DEPRECIATION						
At 1 July 2005	-	25,676	289,922	68,973	-	384,571
Currency realignment	-	(18)	1,207	177	-	1,366
Provided for the year	7,512	3,193	76,518	17,784	-	105,007
Disposal of subsidiaries	-	-	-	(99)	-	(99)
Eliminated on revaluation	(7,512)	-	-	-	-	(7,512)
Eliminated on disposals	-	(1,050)	(8,038)	(7,156)	-	(16,244)
At 30 June 2006	-	27,801	359,609	79,679	-	467,089
Currency realignment	-	144	3,312	1,204	-	4,660
Provided for the year	7,413	3,482	98,239	19,246	-	128,380
Eliminated on revaluation	(7,413)	-	-	-	-	(7,413)
Eliminated on disposals	-	(1,055)	(8,718)	(6,275)	-	(16,048)
At 30 June 2007	-	30,372	452,442	93,854	-	576,668
CARRYING AMOUNT						
At 30 June 2007	256,919	7,480	582,237	50,815	21,143	918,594
At 30 June 2006	241,650	9,880	403,718	52,673	11,342	719,263

Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

14. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The above items of property, plant and equipment, other than construction in progress, are depreciated over their estimated useful lives and taking into account of their estimated residual value on a straight-line basis at the following rates per annum:

Freehold land	Nil
Leasehold land and buildings	Over the remaining period of the relevant leases, or 50 years, whichever is the shorter
Leasehold improvements	10% – 20%
Moulds and machinery	10% – 20%
Furniture, equipment and motor vehicles	10% – 30%

The carrying amount of properties shown above comprises:

	2007 HK\$'000	2006 HK\$'000
At valuation:		
Properties held under long leases or long-term land use rights outside Hong Kong	17,525	16,520
Properties held under medium-term leases or land use rights outside Hong Kong	208,194	195,130
Freehold land and buildings outside Hong Kong	31,200	30,000
Total	256,919	241,650

At 30 June 2007, the land and buildings of the Group were valued by BMI Appraisals Limited ("BMI"), a firm of independent professional valuer at HK\$256,919,000 (2006: HK\$241,650,000). BMI valued the land and buildings on the open market basis by the Comparison Approach assuming sale in the existing state with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant market. A revaluation surplus, net of minority interests, of approximately HK\$11,574,000 (2006: HK\$4,978,000) has been credited to the asset revaluation reserve.

If the land and buildings of the Group had not been revalued, they would have been included in these consolidated financial statements at historical cost less accumulated depreciation of approximately HK\$171,541,000 (2006: HK\$175,749,000).



Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

15. PREPAID LEASE PAYMENTS

	2007 HK\$'000	2006 HK\$'000
The Group's prepaid lease payments comprise:		
Leasehold lands held under long leases or land use rights outside Hong Kong	12,320	13,165
Leasehold lands held under medium-term leases or land use rights outside Hong Kong	53,750	30,036
	66,070	43,201
Analysed for reporting purposes as:		
Non-current assets	64,353	41,980
Current assets	1,717	1,221
	66,070	43,201

16. INTANGIBLE ASSETS

	Trademarks HK\$'000
COST	
At 1 July 2005	–
Additions	58,000
At 30 June 2006 and 30 June 2007	58,000
AMORTISATION	
At 1 July 2005 and 30 June 2006	–
Charge for the year	5,800
At 30 June 2007	5,800
CARRYING AMOUNT	
At 30 June 2007	52,200
At 30 June 2006	58,000

All of the Group's trademarks were acquired from a third party on 30 June 2006. They are registered in the PRC and solely and beneficially owned by the Group. The products covered under such trademarks, include liquid crystal displays, computer monitors, video compact disk players, projection televisions, computer speakers, liquid crystal display televisions, television sets, and audio speakers.

The above intangible assets have finite useful lives, and are amortised on a straight-line basis over a period of 10 years.

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For the year ended 30 June 2007

17. INTERESTS IN ASSOCIATES

	2007 HK\$'000	2006 HK\$'000
Cost of unlisted investments	41,248	38,918
Share of post-acquisition reserves	(2,501)	333
	38,747	39,251

Particulars of the Group's principal associates as at 30 June 2007 are as follows:

Name of associate	Form of business structure	Principal place of incorporation or establishment/ operations	Class of share held	Proportion of nominal value of issued/registered capital held by the Group	Principal activities
Shenzhen Protrans International Logistics Co., Ltd.	Established	PRC	Registered capital	45%	Provision of logistic services
Japan Opto Display Technology Co., Ltd.	Incorporated	Japan	Ordinary	44%	Manufacture and trading of monitor components and parts
寧波昇冠電子有限公司	Established	PRC	Registered capital	30%	Manufacture and trading of computer monitors

The above table includes the associates of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other associates would, in the opinion of directors, result in particulars of excessive length.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

17. INTERESTS IN ASSOCIATES *(continued)*

The combined summarised financial information in respect of the Group's associates is set out below:

	2007 HK\$'000	2006 HK\$'000
Financial position:		
Total assets	109,375	105,329
Total liabilities	(18,100)	(16,257)
Net assets	91,275	89,072
The Group's share of net assets of associates	38,747	39,251
Post-acquisition results:		
Revenue	46,562	55,632
Loss for the year	(3,208)	(10,308)
The Group's share of results of associates for the year	(1,407)	(4,080)

18. INTEREST IN A JOINTLY CONTROLLED ENTITY

	2007 HK\$'000	2006 HK\$'000
Cost of unlisted investment	-	-
Share of post-acquisition reserves	-	-
	-	-

Particulars of the Group's interest in a jointly controlled entity as at 30 June 2007 are as follows:

Name of entity	Form of business structure	Principal place of incorporation or establishment/ operations	Class of share held	Proportion of nominal value of issued capital/ registered capital held by the Group	Proportion of voting power held	Principal activity
MAG Vision Digital Limited	Incorporated	British Virgin Islands ("BVI")/ Hong Kong	Ordinary	50%	50%	Manufacture and trading of video and audio products

Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

18. INTEREST IN A JOINTLY CONTROLLED ENTITY *(continued)*

The Group had discontinued recognition of its share of the loss of the jointly controlled entity in the prior year. The Group would resume recognising its share of the profit of the jointly controlled entity only after its share of the profit equals the share of loss not recognised previously. The amount of unrecognised share of profit (loss) of the jointly controlled entity, both for the year and cumulatively, is as follows:

	2007 HK\$'000	2006 HK\$'000
Unrecognised share of profit (loss) of a jointly controlled entity for the year	678	(918)
Accumulated unrecognised share of loss of a jointly controlled entity	(240)	(918)

The summarised financial information of the jointly controlled entity in respect of the Group's interest is as follows:

	2007 HK\$'000	2006 HK\$'000
Non-current assets	75	36
Current assets	2,734	1,352
Current liabilities	(2,049)	(1,306)
	685	46
Non-current liabilities	(1,000)	(1,000)
Net liabilities	(240)	(918)
Income	21,979	2,504
Expenses	(21,301)	(3,422)
Profit (loss) for the year	678	(918)

19. AVAILABLE-FOR-SALE INVESTMENTS

	2007 HK\$'000	2006 HK\$'000
Equity securities listed overseas, at fair value	198	116

Fair value of investments has been determined by reference to bid price quoted in an active market.

20. PREPAYMENTS AND DEPOSITS

The prepayments and deposits were paid by the Group in connection with the acquisition of property, plant and equipment for production facilities in the PRC. Details of the related capital commitments are set out in note 35.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

21. INVENTORIES

	2007 HK\$'000	2006 HK\$'000
Raw materials	1,138,719	934,590
Work in progress	232,861	185,220
Finished goods	1,491,384	808,811
	2,862,964	1,928,621

22. PROPERTIES HELD FOR SALE

The Group's properties held for sale represent freehold properties held outside Hong Kong.

23. TRADE AND BILLS RECEIVABLES

	2007 HK\$'000	2006 HK\$'000
Trade and bills receivables	2,069,631	1,910,766
Less: accumulated impairment	(31,214)	(29,195)
	2,038,417	1,881,571

The Group's payment terms with customers are normally within 90 days from date of issuance of invoices, except for certain well established customers, where the terms are extended to 180 days. An aged analysis of trade and bills receivables at the balance sheet date is as follows:

	2007 HK\$'000	2006 HK\$'000
Within 90 days	1,956,318	1,708,396
Between 91 to 180 days	27,283	11,141
Over 181 days	54,816	162,034
	2,038,417	1,881,571

24. AMOUNT DUE FROM (TO) A JOINTLY CONTROLLED ENTITY/ AN ASSOCIATE/A FORMER ASSOCIATE

The amounts are unsecured, interest-free and recoverable within one year/repayable on demand.

25. PLEDGED BANK DEPOSITS

The amount represents deposits pledged to banks to secure banking facilities granted to the Group. The deposits have been pledged to secure short-term banking facilities and are therefore classified as current assets.

The deposits carry fixed interest rates at 2.25% to 2.90% (2006: 2.25%) per annum. The pledged bank deposits will be released upon the settlement of the relevant bank borrowings.

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26. BANK BALANCES AND CASH

The amount comprises bank balances and cash held by the Group and short-term bank deposits that carry interest at market interest rate. All bank deposits have a maturity of three months or less. The bank deposits carry fixed interest rates ranging from nil to 5.5% (2006: nil to 3.1%) per annum.

27. TRADE AND BILLS PAYABLES

An aged analysis of trade and bills payables at the balance sheet date is as follows:

	2007 HK\$'000	2006 HK\$'000
Within 90 days	3,324,566	2,731,191
Between 91 to 180 days	528,967	906,609
Over 181 days	44,648	120,649
	3,898,181	3,758,449

28. BANK BORROWINGS

	2007 HK\$'000	2006 HK\$'000
Bank loans and trust receipt loans	2,420,728	1,748,725
Analysed as:		
Secured	392,703	276,890
Unsecured	2,028,025	1,471,835
	2,420,728	1,748,725
The bank borrowings are repayable as follows:		
Within one year	2,191,230	1,710,134
More than one year, but not exceeding two years	100,564	25,294
More than two years, but not exceeding three years	22,537	1,037
More than three years, but not exceeding four years	2,038	1,066
More than four years, but not exceeding five years	1,277	1,097
More than five years	103,082	10,097
	2,420,728	1,748,725
Less: Amount due within one year shown under current liabilities	(2,191,230)	(1,710,134)
Amount due after one year	229,498	38,591



Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

28. BANK BORROWINGS (continued)

The exposure of the Group's fixed-rate borrowings and floating-rate borrowings and the contractual maturity dates are as follows:

	2007		Total HK\$'000
	Fixed-rate borrowings HK\$'000	Floating-rate borrowings HK\$'000	
Within one year	1,341,201	850,029	2,191,230
More than one year, but not exceeding two years	–	100,564	100,564
More than two years, but not exceeding three years	–	22,537	22,537
More than three years, but not exceeding four years	–	2,038	2,038
More than four years, but not exceeding five years	–	1,277	1,277
More than five years	–	103,082	103,082
	1,341,201	1,079,527	2,420,728

	2006		Total HK\$'000
	Fixed-rate borrowings HK\$'000	Floating-rate borrowings HK\$'000	
Within one year	1,277,467	432,667	1,710,134
More than one year, but not exceeding two years	–	25,294	25,294
More than two years, but not exceeding three years	–	1,037	1,037
More than three years, but not exceeding four years	–	1,066	1,066
More than four years, but not exceeding five years	–	1,097	1,097
More than five years	–	10,097	10,097
	1,277,467	471,258	1,748,725

Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

28. BANK BORROWINGS (continued)

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	2007	2006
Effective interest rate:		
Fixed-rate borrowings	4.6% to 7.1%	3.5% to 9.0%
Variable-rate borrowings	3.7% to 13.1%	3.5% to 11.0%

The Group's borrowings that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	Hong Kong Dollar equivalent of United States Dollar HK\$'000
As at 30 June 2007	1,946,808
As at 30 June 2006	1,190,391

During the year, the Group obtained new bank loans in an amount of approximately HK\$4,857 million (2006: HK\$3,764 million). These loans carry interest at prevailing market rates and are repayable by instalments over a period of one to ten years. The proceeds were used to finance the acquisition of property, plant and equipment, investments and for general working capital purpose of the Group.



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29. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2007 HK\$'000	2006 HK\$'000	2007 HK\$'000	2006 HK\$'000
The obligations under finance leases are repayable as follows:				
Within one year	5,417	5,129	4,963	4,997
More than one year, but not exceeding two years	5,417	5,129	4,806	4,698
More than two years, but not exceeding three years	5,417	5,129	4,653	4,549
More than three years, but not exceeding four years	5,317	5,129	4,431	4,405
More than four years, but not exceeding five years	5,297	5,029	4,273	4,191
More than five years	40,653	43,452	28,511	30,858
Less: future finance charges	67,518 (15,881)	68,997 (15,299)	51,637 N/A	53,698 N/A
Present value of lease obligations	51,637	53,698	51,637	53,698
Less: Amount due within one year shown under current liabilities			(4,963)	(4,997)
Amount due after one year			46,674	48,701

It is the Group's policy to lease certain of its land and buildings and furniture, equipment and motor vehicles under finance leases. The lease terms range from three to fifteen years (2006: three to fifteen years). For the year ended 30 June 2007, the average effective borrowing rate was 4.0% (2006: 5.4%). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis.

All of the financial lease obligations are denominated in the functional currencies of the relevant group entities.

The carrying values of land and buildings and furniture, equipment and motor vehicles of the Group includes amounts of approximately HK\$91,900,000 (2006: HK\$84,300,000) and HK\$261,000 (2006: HK\$474,000) respectively in respect of assets held under finance leases.



Notes to the Consolidated Financial Statements

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30. DEFERRED TAXATION

The following are the deferred tax liabilities recognised and movements thereon during the current and prior years:

	Revaluation of properties HK\$'000
At 1 July 2005	9,629
Charge to equity for the year	1,099
At 30 June 2006	10,728
Change in tax rate credited to equity	3,635
Charge to equity for the year	2,891
At 30 June 2007	<u>17,254</u>

At the balance sheet date, the Group has unused tax losses of approximately HK\$125 million (2006: HK\$104 million) available for offsetting against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately HK\$30 million (2006: HK\$33 million) and HK\$30 million (2006: HK\$24 million) that will expire in twenty years and five years, respectively, since the dates of incurrence. Other losses may be carried forward indefinitely.

At the balance sheet date, the Group has deductible temporary differences arising from allowances for bad and doubtful debts and inventories of HK\$131,353,000 (2006: HK\$119,408,000). No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

31. SHARE CAPITAL

	Number of ordinary shares of HK\$0.10 each	Amount HK\$'000
Authorised:		
At 1 July 2005, 30 June 2006 and 30 June 2007	2,000,000,000	200,000
Issued and fully paid:		
At 1 July 2005	645,464,129	64,546
Issue of shares pursuant to scrip dividend scheme for 2006 interim dividends	304,863	30
Issue of shares on exercise of share options	1,050,000	105
At 30 June 2006 and 30 June 2007	<u>646,818,992</u>	<u>64,681</u>

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32. SHARE BASED PAYMENT TRANSACTIONS

Equity-settled share option schemes:

The Company currently operates a share option scheme (the "New Scheme") under which eligible participants may be granted options to subscribe for shares in the Company.

The Company had operated another share option scheme (the "Old Scheme") under which eligible participants may also be granted options to subscribe for shares in the Company.

Details of these schemes are set out below:

Old Scheme

The Company adopted the Old Scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Old Scheme include any employee of the Company or any of its subsidiaries (including any director of the Company or any of its subsidiaries). The Old Scheme became effective on 26 May 1997 and was replaced by the New Scheme on 12 February 2003.

The maximum number of shares in respect of which options may be granted under the Old Scheme is not permitted to exceed 10% of the issued share capital of the Company at any point in time. The number of shares in respect of which options may be granted to any individual at the grant date is not permitted to exceed 25% of the number of shares issued and issuable under the Old Scheme. Options granted must be taken up within 21 days of the date of grant, upon payment of HK\$1 for each lot of share options granted. Options may generally be exercised at any time from the date of offer to the 10th anniversary of the date of offer. In each grant of options, the Board of Directors may at their discretion determine the specific exercise period. The exercise price is determined by the directors of the Company, and will not be less than the higher of the nominal value of the shares of the Company nor 80% of the average closing price of the shares for the five business days immediately preceding the date of grant.

All share options granted under the Old Scheme had either lapsed or been cancelled at the expiry of their exercise period on 31 December 2005.

The following tables disclose details of the Company's share options under the Old Scheme held by employees (including directors) and movements for the current and prior year:

Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$ (note ii)	As at 1 July 2005	Number of share options			As at 30 June 2006 and 30 June 2007
				Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	
(note i)							
25 June 1999	1 January 2001 – 31 December 2005	1.20	4,250,000	-	-	(4,250,000)	-
Exercisable at the end of the year							-
Weighted average exercise price			1.20	-	-	1.20	-

Notes to the Consolidated Financial Statements

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32. SHARE BASED PAYMENT TRANSACTIONS *(continued)*

Old Scheme *(continued)*

Details of the share options held by the directors included in the above table are as follows:

Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$ <i>(note ii)</i>	As at 1 July 2005	Number of share options			As at 30 June 2006 and 30 June 2007
				Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	
Directors							
25 June 1999	1 January 2001 – 31 December 2005	1.20	2,900,000	-	-	(2,900,000)	-
Directors resigned during the year ended 30 June 2006							
25 June 1999	1 January 2001 – 31 December 2005	1.20	575,000	-	-	(575,000)	-
			3,475,000	-	-	(3,475,000)	-
Exercisable at the end of the year							-
Weighted average exercise price			1.20	-	-	1.20	-

Notes:

- (i) The vesting period of share options is from the date of the grant until the commencement of the exercise period.
- (ii) The exercise price of share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

New Scheme

In compliance with the amendments to the Listing Rules, the directors consider that it is in the interest of the Company to terminate the Old Scheme and to adopt the New Scheme. An ordinary resolution was passed at the Special General Meeting of the Company held on 12 February 2003 for the approval of the adoption of the New Scheme and termination of the Old Scheme.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

32. SHARE BASED PAYMENT TRANSACTIONS *(continued)*

New Scheme *(continued)*

The New Scheme was adopted for the purpose of providing incentives and rewards to eligible participants for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds any equity interest (the "Invested Entity"). Eligible participants of the New Scheme include the directors and employees of the Company, its subsidiaries or any Invested Entity, suppliers and customers of the Group or any Invested Entity, any person or entity that provides research, development or other technological support to the Group or any Invested Entity, and any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity. The New Scheme should, unless otherwise terminated or amended, remain in force for ten years until February 2013.

The maximum number of the shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the New Scheme and any other share option schemes of the Company must not exceed 30% of the total number of shares in issue from time to time. The total number of shares which may be issued upon exercise of all share options to be granted under the New Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the total number of shares in issue on 12 February 2003. Share options which lapse in accordance with the terms of the New Scheme or any other share option schemes of the Company will not be counted for the purpose of calculating the 10% limit. The Company may seek approval of the shareholders in general meeting for refreshing the 10% limit under the New Scheme save that the total number of shares which may be issued upon exercise of all share options to be granted under the New Scheme and any other share option schemes of the Company under the limit as refreshed shall not exceed 10% of the total number of shares in issue as at the date of approval of the limit as refreshed. Share options previously granted under the New Scheme or any other share option schemes of the Company (including share options outstanding, cancelled, lapsed or exercised in accordance with the terms of the New Scheme or any other share option scheme of the Company) will not be counted for the purpose of calculating the limit as refreshed. The total number of shares issued and to be issued upon exercise of the share options granted to each eligible participant (including exercised, cancelled and outstanding options) in any 12-month period up to and including the date of such grant or further granted in aggregate shall not exceed 1% of the total number of shares in issue. Otherwise, prior approval by the shareholders in general meeting must be sought.

Each grant of the share options to a director, chief executive or substantial shareholder of the Company, or to any of their associates, under the New Scheme must comply with the requirements of Rule 17.04 of the Listing Rules and must be subject to approval by the independent non-executive directors to whom share options have not been granted. In addition, any grant of share options to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, which would result in the shares issued and to be issued upon exercise of all share options already granted and to be granted (including share options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant in excess of 0.1% of the total number of shares of the Company in issue and with an aggregate value (based on the closing price of the Company's shares at the date of each grant) in excess of HK\$5 million, are subject to prior approval from shareholders in a general meeting.

The offer of a grant of share options shall be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, save that such period shall not be more than ten years from the date of the offer of the share options subject to the provisions for early termination set out in the New Scheme. There is no minimum period for which an opinion must be held before the exercise of the subscription right attaching thereto except otherwise imposed by the board of directors.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

32. SHARE BASED PAYMENT TRANSACTIONS *(continued)*

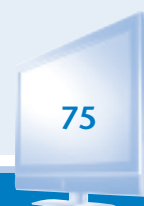
New Scheme *(continued)*

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheet on the date of the offer of the share options, which must be a trading day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of the offer, and (iii) the nominal value of the Company's shares.

During the year ended 30 June 2007, there was nil (2006: 30,000,000) share options granted under the New Scheme while 590,000 (2006: 13,181,000) share options were either lapsed or were cancelled. As at 30 June 2007, 39,546,412 ordinary shares are available for issue under the New Scheme, represents 6.11% of the issued share capital of the Company.

The following tables disclose details of the Company's share options under the New Scheme held by employees (including directors) and movements in such holdings during the year:

Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$ <i>(note ii)</i>	As at 1 July 2006	Number of share options			As at 30 June 2007
				Granted during the year	Exercised during the year	Lapsed/cancelled during the year	
<i>(note i)</i>							
24 March 2003	24 September 2003 – 23 March 2013	1.04	7,200,000	-	-	-	7,200,000
24 March 2003	24 March 2004 – 23 March 2013	1.04	8,250,000	-	-	-	8,250,000
11 February 2004	16 February 2005 – 10 February 2014	2.05	10,464,000	-	-	(232,000)	10,232,000
11 February 2004	16 August 2005 – 10 February 2014	2.05	10,561,000	-	-	(240,000)	10,321,000
11 February 2004	16 February 2006 – 10 February 2014	2.05	8,760,000	-	-	(118,000)	8,642,000
13 February 2006	1 July 2006 – 31 December 2008	1.70	12,500,000	-	-	-	12,500,000
13 February 2006	1 January 2007 – 31 December 2008	1.70	12,500,000	-	-	-	12,500,000
			70,235,000	-	-	(590,000)	69,645,000
Exercisable at the end of the year							69,645,000
Weighted average exercise price			1.70	-	-	2.05	1.70



Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

32. SHARE BASED PAYMENT TRANSACTIONS *(continued)*

New Scheme *(continued)*

Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$ <i>(note ii)</i>	As at 1 July 2005	Number of share options			As at 30 June 2006
				Granted during the year <i>(note v)</i>	Exercised during the year <i>(note iii)</i>	Lapsed/ cancelled during the year	
<i>(note i)</i>							
24 March 2003	24 September 2003 – 23 March 2013	1.04	8,325,000	–	(1,050,000)	(75,000)	7,200,000
24 March 2003	24 March 2004 – 23 March 2013	1.04	9,075,000	–	–	(825,000)	8,250,000
11 February 2004	16 February 2005 – 10 February 2014	2.05	13,140,000	–	–	(2,676,000)	10,464,000
11 February 2004	16 August 2005 – 10 February 2014	2.05	12,985,000	–	–	(2,424,000)	10,561,000
11 February 2004	16 February 2006 – 10 February 2014	2.05	10,941,000	–	–	(2,181,000)	8,760,000
13 February 2006	1 July 2006 – 31 December 2008	1.70	–	15,000,000	–	(2,500,000)	12,500,000
13 February 2006	1 January 2007 – 31 December 2008	1.70	–	15,000,000	–	(2,500,000)	12,500,000
			54,466,000	30,000,000	(1,050,000)	(13,181,000)	70,235,000
Exercisable at the end of the year							45,235,000
Weighted average exercise price			1.46	1.70	1.04	1.85	1.70

Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

32. SHARE BASED PAYMENT TRANSACTIONS (continued)

New Scheme (continued)

Details of the share options held by the directors included in the above table are as follows:

Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$ (note ii)	As at 1 July 2006	Number of share options			As at 30 June 2007
				Granted during the year	Exercised during the year	Lapsed/cancelled during the year	
(note i)							
Directors							
24 March 2003	24 September 2003 – 23 March 2013	1.04	5,750,000	-	-	-	5,750,000
24 March 2003	24 March 2004 – 23 March 2013	1.04	5,750,000	-	-	-	5,750,000
11 February 2004	16 February 2005 – 10 February 2014	2.05	698,000	-	-	-	698,000
11 February 2004	16 August 2005 – 10 February 2014	2.05	698,000	-	-	-	698,000
11 February 2004	16 February 2006 – 10 February 2014	2.05	704,000	-	-	-	704,000
13 February 2006	1 July 2006 – 31 December 2008	1.70	2,000,000	-	-	-	2,000,000
13 February 2006	1 January 2007 – 31 December 2008	1.70	2,000,000	-	-	-	2,000,000
			17,600,000	-	-	-	17,600,000
Exercisable at the end of the year							17,600,000
Weighted average exercise price			1.31	-	-	-	1.31



Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

32. SHARE BASED PAYMENT TRANSACTIONS *(continued)*

New Scheme *(continued)*

Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$	As at 1 July 2005	Number of share options			As at 30 June 2006
				Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	
<i>(note i)</i>		<i>(note ii)</i>		<i>(note v)</i>		<i>(note iv)</i>	
Directors							
24 March 2003	24 September 2003 – 23 March 2013	1.04	5,750,000	-	-	-	5,750,000
24 March 2003	24 March 2004 – 23 March 2013	1.04	5,750,000	-	-	-	5,750,000
11 February 2004	16 February 2005 – 10 February 2014	2.05	698,000	-	-	-	698,000
11 February 2004	16 August 2005 – 10 February 2014	2.05	698,000	-	-	-	698,000
11 February 2004	16 February 2006 – 10 February 2014	2.05	704,000	-	-	-	704,000
13 February 2006	1 July 2006 – 31 December 2008	1.70	-	2,000,000	-	-	2,000,000
13 February 2006	1 January 2007 – 31 December 2008	1.70	-	2,000,000	-	-	2,000,000
			13,600,000	4,000,000	-	-	17,600,000

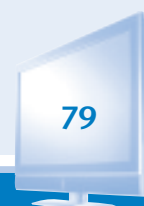
Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

32. SHARE BASED PAYMENT TRANSACTIONS *(continued)*

New Scheme *(continued)*

Date of grant of share options	Exercise period of share options	Exercise price of share options HK\$ <i>(note ii)</i>	As at 1 July 2005	Number of share options			As at 30 June 2006
				Granted during the year <i>(note v)</i>	Exercised during the year	Lapsed/ cancelled during the year <i>(note iv)</i>	
Directors resigned during the year ended 30 June 2006							
24 March 2003	24 September 2003 – 23 March 2013	1.04	825,000	-	-	(75,000)	750,000
24 March 2003	24 March 2004 – 23 March 2013	1.04	825,000	-	-	(75,000)	750,000
11 February 2004	16 February 2005 – 10 February 2014	2.05	250,000	-	-	(50,000)	200,000
11 February 2004	16 August 2005 – 10 February 2014	2.05	250,000	-	-	(50,000)	200,000
11 February 2004	16 February 2006 – 10 February 2014	2.05	250,000	-	-	(50,000)	200,000
13 February 2006	1 July 2006 – 31 December 2008	1.70	-	500,000	-	-	500,000
13 February 2006	1 January 2007 – 31 December 2008	1.70	-	500,000	-	-	500,000
			2,400,000	1,000,000	-	(300,000)	3,100,000
			16,000,000	5,000,000	-	(300,000)	20,700,000
Exercisable at the end of the year							15,700,000
Weighted average exercise price			1.22	1.70	-	1.46	1.31



Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

32. SHARE BASED PAYMENT TRANSACTIONS *(continued)*

New Scheme *(continued)*

Notes:

- (i) The vesting period of share options is from the date of the grant until the commencement of the exercise period.
- (ii) The exercise price of share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.
- (iii) The weighted average closing market price per share immediately before the dates of which the share options were exercised was ranged from HK\$0.853 to HK\$1.028. The closing market price per share at the date which the share options were exercised was ranged from HK\$1.3 to HK\$1.8.
- (iv) The share options granted to Mr. Chan Mo-po, Paul were lapsed on 1 September 2005 followed his resignation. The exercise period of those share options granted to Mr. Wong Kui-ming, Luffer were changed to 18 May 2008 followed his resignation on 19 May 2006.
- (v) The weighted average closing market price per share immediately before the dates of which the share options were granted was ranged from HK\$0.98 to HK\$1.7.

No share options were granted under the New Scheme during the year ended 30 June 2007.

During the year ended 30 June 2006, options were granted under the New Scheme on 13 February 2006. The estimated fair value of the options granted on that date was HK\$0.59 per option.

The above fair value was calculated using The Black-Scholes pricing model. The inputs into the model were as follows:

	Date of grant 13 February 2006
Share price per share at grant date	HK\$1.69
Exercise price	HK\$1.70
Expected volatility	58.06%
Expected life	2.83 years
Risk-free rate	4.175%
Expected dividend yield	2.83%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 250 trading days before the date of grant. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non transferability, exercise restrictions and behavioural considerations.

The value of an option varies with different variables of certain subjective assumptions. Any change in the variables so adopted may materially affect the estimation of the fair value of an option.

The Group recognised a total expense of approximately HK\$3,844,000 (2006: HK\$14,543,000) for the year in relation to share options granted by the Company.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

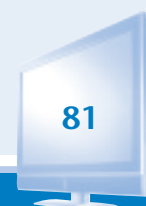
33. DISPOSAL OF SUBSIDIARIES

	2006 HK\$'000
Net assets disposed of:	
Interests in associates	25,886
Property, plant and equipment	278
Trade and bills receivable	84
Prepayments, deposits and other receivables	845
Bank balances and cash	4,368
Trade and bills payables	(744)
Accruals and other payables	(1,059)
Net assets	29,658
Gain on disposal of subsidiaries	10,342
	<u>40,000</u>
Satisfied by:	
Cash	<u>40,000</u>
Net cash inflow arising on disposal:	
Cash consideration received	40,000
Bank balances and cash disposed of	(4,368)
	<u>35,632</u>

The subsidiaries disposed of during the year ended 30 June 2006 did not contribute significantly to the revenue, operating results or cash flows of the Group.

34. MAJOR NON-CASH TRANSACTIONS

During the year ended 30 June 2006, the Group entered into finance leases in respect of motor vehicles with a total capital value at the inception of the leases of HK\$375,000. No new finance lease was entered into during the year ended 30 June 2007.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

35. CAPITAL COMMITMENTS

	2007 HK\$'000	2006 HK\$'000
Capital commitments contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment	15,750	19,582

36. OPERATING LEASE COMMITMENTS

The Group as lessee

Minimum lease payments paid under operating leases during the year in respect of premises and moulds and machinery was approximately HK\$40,857,000 (2006: HK\$38,696,000).

At the balance sheet date, the Group had commitments for future minimum lease payments under non-cancellable operating leases in respect of premises and moulds and machinery which fall due as follows:

	2007 HK\$'000	2006 HK\$'000
Within one year	39,894	40,580
In the second to fifth year inclusive	72,919	57,357
	112,813	97,937

The lease terms for the rented premises range from one to four years and for the moulds and machinery is one year. Rentals are fixed and no arrangements have been entered into for contingent rental payments.

The Group as lessor

Property rental income earned during the year was HK\$496,000 (2006: HK\$525,000). At the balance sheet date, the Group had no commitments under operating leases.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

37. PLEDGE OF ASSETS

At 30 June 2007, the following assets were pledged to banks to secure the general credit facilities granted to the Group:

- (i) certain moulds and machinery of the Group with a carrying amount of approximately HK\$4,070,000 (2006: HK\$21,364,000);
- (ii) pledge of bank deposits with an aggregate amount of approximately HK\$203,854,000 (2006: HK\$179,868,000); and
- (iii) first legal charges over certain land and buildings of the Group of approximately HK\$139,100,000 (2006: HK\$132,000,000).

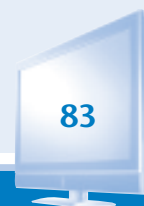
38. CONTINGENT LIABILITIES

During the year, the Group has been involved in two patent litigations.

In June 2005, a third party company ("Plaintiff A") filed a complaint in the United States of America against the Company and two of its subsidiaries. The complaint claimed for damages related to alleged infringement of patents in respect of wide-view angle display of TFT-LCD panels.

In April 2006, a third party company ("Plaintiff B") filed a complaint in the United States of America against a subsidiary of the Company. The complaint claimed for damages related to alleged infringement of patents in respect of timing control of pixels in LCD display panel.

Up to the date of report, both Plaintiff A and Plaintiff B have not yet identified the amounts of damages sought. The Group is vigorously defending itself against the complaints and legal proceedings are still ongoing. In the opinion of the directors, the outcome of the litigations cannot be estimated with certainty at this stage.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

39. RETIREMENT BENEFITS SCHEMES

Effective from 1 December 2000, the Group has participated in a Mandatory Provident Fund Scheme ("MPF Scheme") for all its employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. 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 employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. No forfeited contributions are available to reduce the contribution payable in the future years.

The Group is also required to make contributions to state pension schemes in the PRC and a pension plan in Taiwan based on certain percentages of the monthly salaries of the employees of the Group's subsidiaries operating in the PRC and in Taiwan, respectively. The Group has no other obligations under these pension schemes/plans other than the contribution payments.

During the year, the total amounts contributed by the Group to the relevant retirement benefits schemes are as follows:

	2007 HK\$'000	2006 HK\$'000
MPF Scheme	649	606
State pension schemes	13,648	12,427
Pension plan	1,353	1,056
	15,650	14,089

Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

40. RELATED PARTY DISCLOSURES

(a) Related party transactions

During the year, the Group entered into the following significant transactions with related companies:

Related party	Nature of transaction	2007 HK\$'000	2006 HK\$'000
A related party (Note 1)	Rental expense (Note 2)	995	997
A jointly controlled entity	Purchase of materials (Note 3)	1,278	-

Notes:

- The related party is Isystems Technology, Inc. ("Isystems"), a company of which Mr. Yang Long-san, Rowell and Mr. Yang Yun-tsai (father of Mr. Yang Long-san, Rowell) have interests of 19.4% and 16.8% respectively in its issued capital.
- The rentals were charged in accordance with the terms of the tenancy agreement entered into between the Group and Isystems.
- The transactions were carried out at market prices.

(b) Related party balances

Details of the Group's outstanding balances with related parties are set out on the consolidated balance sheet and in note 24.

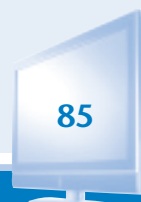
(c) Bank facilities

In addition to the pledge of the Group's assets and those set out in note 37, certain of the Group's bank facilities as at the balance sheet date were also secured by the personal guarantees from a director of the Company and a director of a subsidiary of the Company.

(d) Compensation of key management personnel

The remuneration of the key management during the year is as follows:

	2007 HK\$'000	2006 HK\$'000
Short-term benefits	9,198	9,504
Post-employment benefits	45	46
Share-based payment expenses	615	2,538
	9,858	12,088



Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

41. BALANCE SHEET OF THE COMPANY

	2007 HK\$'000	2006 HK\$'000
Total assets	795,857	749,381
Total liabilities	(358,661)	(316,067)
	437,196	433,314
Capital and Reserves		
Share capital	64,681	64,681
Reserves (Note)	372,515	368,633
	437,196	433,314

Note:

	Share premium HK\$'000	Contributed surplus HK\$'000	Share- based compensation reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 July 2005	171,267	162,374	15,853	10,288	359,782
Recognition of equity- settled share-based payments	-	-	14,543	-	14,543
Issue of shares on exercise of share options	987	-	-	-	987
Issue of shares upon scrip dividends	470	-	-	-	470
Profit for the year	-	-	-	9,006	9,006
Interim dividend – 2006	-	-	-	(16,155)	(16,155)
At 30 June 2006	172,724	162,374	30,396	3,139	368,633
Recognition of equity- settled share-based payments	-	-	3,844	-	3,844
Release upon lapse of vested share options	-	-	(6,833)	6,833	-
Profit for the year	-	-	-	32,380	32,380
Final dividend – 2006	-	-	-	(16,171)	(16,171)
Interim dividend – 2007	-	-	-	(16,171)	(16,171)
At 30 June 2007	172,724	162,374	27,407	10,010	372,515

Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

42. POST BALANCE SHEET EVENTS

On 10 May 2007 and 9 July 2007, the Company entered into a subscription agreement (the "Subscription Agreement") and a supplemental agreement, respectively, with Shan Chih Assets Development Company Limited (the "Subscriber"), a company incorporated in Taiwan with limited liability and a wholly-owned subsidiary of 大同股份有限公司 ("Tatung"), a listed company in Taiwan, for the allotment and issue of 125,190,000 shares (the "Subscription Shares") of the Company in cash, at the subscription price of HK\$1.25 per share (the "Subscription Price"), which was arrived at after arm's length negotiations with reference to the recent trading performance of the shares, to San-Chih Asset International Holding Corp. (the "Nominee"), nominee of the Subscriber, pursuant to the general mandate passed as an ordinary resolution on the annual general meeting of the Company held on 28 November 2006 (collectively referred to as the "Subscription").

The Subscription Price of HK\$1.25 per share represents (i) a discount of approximately 19.35% to the closing price of HK\$1.55 per share of the Company as quoted on the Stock Exchange on the date of which the terms of Subscription Agreement were fixed, (ii) a premium of approximately 0.81% over the average closing price of HK\$1.24 per share the Company as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement, and (iii) a premium of approximately 6.56% over the average closing price of approximately HK\$1.173 per share the Company as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the entering into of the Subscription Agreement.

Details of these are disclosed in announcements of the Company dated 11 May 2007 and 9 July 2007.

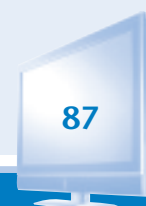
Up to the date of report, all the conditions precedent for the completion of the Subscription were fulfilled and the Company allotted and issued the Subscription Shares to the Nominee for a cash consideration of approximately HK\$155 million. The new issued shares rank equally in all respects among themselves and with the shares in issue on the date of allotment and issue of the Subscription Shares.

The Subscription Shares represented approximately 19.35% of the issued share capital of the Company as at 30 June 2007 and approximately 16.22% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The changes of the shareholding structure of the Company as a result of the Subscription are as follows:

Shareholders	Immediately before the completion of the Subscription		Immediately after the completion of the Subscription	
	No. of ordinary shares held	Approximate Percentage	No. of ordinary shares held	Approximate Percentage
Mr. Yang Long-san, Rowell (i)	13,852,000	2.14%	13,852,000	1.79%
Peipus International Ltd. (i)	224,710,724	34.74%	224,710,724	29.11%
San-Chih Asset International Holding Corp. (ii)	-	-	125,190,000	16.22%
Public Shareholders	408,256,268	63.12%	408,256,268	52.88%
Total	646,818,992	100%	772,008,992	100%

Notes:

- (i) The entire issued share capital of Peipus International Ltd., is owned by Mr. Yang Long-san, Rowell. Accordingly, Mr. Yang Long-san, Rowell is deemed to be interested in all the shares in which Peipus International Ltd. is interested pursuant to the Section 336 of Part XV of the Securities and Futures Ordinance (the "SFO"). Mr. Yang Long-san, Rowell is also the beneficial owner of 4,800,000 share options.
- (ii) The entire issued share capital of the Nominee is owned by the Subscriber, which in turn, the entire issued share capital of the Subscriber is owned by Tatung. Accordingly, the Subscriber and Tatung is deemed to be interested in all the shares in which the Nominee is interested in pursuant to the SFO.



Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 30 June 2007 are as follows:

Name of subsidiary	Principal place of incorporation or establishment/ operations	Issued and fully paid share/ registered capital	Proportion of nominal value of issued/registered capital held by the Company		Principal activities
			Directly	Indirectly	
Essex Monitor (H.K.) Company Limited	Hong Kong	Non-voting deferred HK\$40,000,000 Ordinary HK\$100	–	100%	Investment holding and leasing of machinery
Gaintle Limited	Hong Kong	Ordinary HK\$2	–	100%	Provision of shipping services
Delighton Limited	BVI/Hong Kong	Ordinary US\$1	–	100%	Holding of trademarks
Ningbo Prowell Electronic Co., Ltd. ("NPE") (note i)	PRC	Registered US\$7,000,000	–	100%	Manufacture and trading of computer monitors
Proview Electronica do Brasil Ltda.	Brazil	Registered R\$34,638,900	–	100%	Manufacture and trading of computer monitors and televisions
Proview Electronics Co., Ltd.	Taiwan	Registered NT\$119,600,000	–	100%	Manufacture and trading of computer monitors and monitor components and parts
Proview Group (L) Limited	Labuan	Ordinary US\$2	–	100%	Trading of computer monitors, televisions and monitor components and parts
Proview Group Limited	BVI	Ordinary US\$3,000	100%	–	Investment holding
Proview International (U.K.) Limited	The United Kingdom	Ordinary GBP2	–	100%	Trading of computer monitors and televisions
Proview Product Europe S.A.	Belgium	Ordinary Euro100,000	–	51%	Trading of computer monitors and televisions
PGL Europe B.V.	The Netherlands	Ordinary Euro 18,000	–	100%	Trading of computer monitors and televisions

Notes to the Consolidated Financial Statements

For the year ended 30 June 2007

43. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

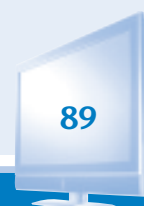
Name of subsidiary	Principal place of incorporation or establishment/ operations	Issued and fully paid share/ registered capital	Proportion of nominal value of issued/registered capital held by the Company		Principal activities
			Directly	Indirectly	
Proview Optronics (Shenzhen) Co., Ltd. ("POS") (Note i)	PRC	Registered US\$50,000,000	-	100%	Manufacture and trading of computer monitors, televisions and monitor components and parts
Proview Services Limited	Labuan	Ordinary US\$1	-	100%	Provision of financial services
Proview Technology (Wuhan) Co., Ltd. ("Proview Wuhan") (Note ii)	PRC	Registered capital US\$12,000,000 Paid-up capital RMB99,590,400	-	62%	Manufacture and trading of computer monitors and televisions
Proview Technology (Shenzhen) Co., Ltd. ("PTS") (Note i)	PRC	Registered US\$50,000,000	-	100%	Manufacture and trading of computer monitors, televisions and computer components and parts
Proview Technology, Inc.	United States of America	Ordinary US\$4,300,000	-	100%	Trading of computer monitors and televisions
Yoke Technology (Shenzhen) Co., Ltd. ("Yoke") (Note i)	PRC	Registered US\$15,500,000	-	100%	Manufacture and trading of computer monitor components

Notes:

- (i) NPE, POS, PTS and Yoke are established in the PRC as wholly foreign owned enterprises.
- (ii) Proview Wuhan is an equity joint venture established by the Group and a joint venture partner in the PRC.

None of the subsidiaries had any debt securities outstanding at the end of the year or any time during the year.

The above table includes 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.



Financial Summary

Set out below is a financial summary of the Group for five years ended 30 June 2007:

RESULTS

	For the year ended 30 June				2007 HK\$'000
	2003 HK\$'000	2004 HK\$'000	2005 HK\$'000	2006 HK\$'000	
Revenue	6,945,251	8,695,499	12,143,348	16,177,812	15,650,016
Profit before taxation	130,971	176,274	53,816	236,378	170,467
Income tax expense	(17,428)	(25,460)	(32,437)	(39,112)	(27,679)
Profit for the year	113,543	150,814	21,379	197,266	142,788
Attributable to					
Equity holders of the Company	109,575	148,438	26,068	180,328	127,103
Minority interests	3,968	2,376	(4,689)	16,938	15,685
	113,543	150,814	21,379	197,266	142,788

ASSETS AND LIABILITIES

	As at 30 June				2007 HK\$'000
	2003 HK\$'000	2004 HK\$'000	2005 HK\$'000	2006 HK\$'000	
Property, plant and equipment	537,216	766,136	743,842	719,263	918,594
Prepaid lease payments	-	-	42,889	41,980	64,353
Intangible assets	-	-	-	58,000	52,200
Interests in associates	-	3,988	70,171	39,251	38,747
Available-for-sale investments	-	-	-	116	198
Investments in securities	182	187	156	-	-
Prepayments and deposits	14,456	10,405	16,339	6,827	11,314
Deposit paid for investment in a subsidiary	-	10,169	-	-	-
Current assets	3,139,775	5,113,516	6,367,214	6,088,279	6,818,900
Total assets	3,691,629	5,904,401	7,240,611	6,953,716	7,904,306
Current liabilities	(2,921,466)	(4,971,225)	(6,242,266)	(5,744,868)	(6,362,699)
Non-current liabilities	(39,969)	(42,500)	(99,883)	(98,020)	(293,426)
Total liabilities	(2,961,435)	(5,013,725)	(6,342,149)	(5,842,888)	(6,656,125)
	730,194	890,676	898,462	1,110,828	1,248,181
Equity attributable to equity holders of the Company	686,379	817,728	849,716	1,046,962	1,174,566
Minority interests	43,815	72,948	48,746	63,866	73,615
	730,194	890,676	898,462	1,110,828	1,248,181