

PROVIEW

PROVIEW INTERNATIONAL HOLDINGS LIMITED

唯冠國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 334)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2007

The Board of Directors (the “Board”) of Proview International Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the “Group”) for the six months ended 31 December 2007 together with the comparative figures for the corresponding period in 2006 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2007

	NOTES	Six months ended	
		31 December 2007 HK\$'000 (Unaudited)	31 December 2006 HK\$'000 (Unaudited)
Revenue		11,156,126	8,510,914
Cost of sales		<u>(10,371,552)</u>	<u>(7,885,314)</u>
Gross profit		784,574	625,600
Other income		27,483	11,418
Selling and distribution expenses		(292,500)	(266,773)
Administrative expenses		(229,182)	(146,901)
Research and development costs		(67,305)	(25,021)
Other expenses		(1,877)	(494)
Share of losses of associates		(873)	(285)
Share of profit of a jointly controlled entity		-	113
Finance costs		<u>(125,230)</u>	<u>(69,019)</u>
Profit before taxation		95,090	128,638
Income tax expense	4	<u>(9,581)</u>	<u>(17,485)</u>
Profit for the period	5	<u><u>85,509</u></u>	<u><u>111,153</u></u>
Attributable to:			
Equity holders of the Company		80,281	102,815
Minority interests		<u>5,228</u>	<u>8,338</u>
		<u><u>85,509</u></u>	<u><u>111,153</u></u>
Dividend paid	6	<u><u>11,580</u></u>	<u><u>16,171</u></u>
Earnings per share			
Basic	7	<u><u>HK11.50 cents</u></u>	<u><u>HK15.90 cents</u></u>
Diluted		<u><u>HK11.50 cents</u></u>	<u><u>HK15.87 cents</u></u>

CONDENSED CONSOLIDATED BALANCE SHEET

At 31 December 2007

	NOTES	31 December 2007 HK\$'000 (Unaudited)	30 June 2007 HK\$'000 (Audited)
Non-current Assets			
Property, plant and equipment		983,609	918,594
Prepaid lease payments		64,468	64,353
Intangible assets		49,300	52,200
Interests in associates		40,136	38,747
Interest in a jointly controlled entity		–	–
Available-for-sale investments		108	198
Prepayments and deposits		9,789	11,314
		<u>1,147,410</u>	<u>1,085,406</u>
Current Assets			
Inventories		2,687,622	2,862,964
Properties held for sale		72,551	67,302
Trade and bills receivables	8	3,545,904	2,038,417
Prepayments, deposits and other receivables		333,535	375,716
Prepaid lease payments		1,692	1,717
Amount due from a jointly controlled entity		1,000	1,000
Pledged bank deposits		241,233	203,854
Bank balances and cash		682,864	1,267,930
		<u>7,566,401</u>	<u>6,818,900</u>
Current Liabilities			
Trade and bills payables	9	4,251,427	3,898,181
Accruals and other payables		248,996	211,009
Amount due to an associate		975	975
Taxation payable		26,137	56,341
Bank borrowings – due within one year		2,275,742	2,191,230
Obligations under finance leases – due within one year		5,159	4,963
		<u>6,808,436</u>	<u>6,362,699</u>
Net Current Assets		<u>757,965</u>	<u>456,201</u>
Total Assets less Current Liabilities		<u>1,905,375</u>	<u>1,541,607</u>
Capital and Reserves			
Share capital		77,200	64,681
Reserves		1,355,439	1,109,885
Equity attributable to equity holders of the Company		1,432,639	1,174,566
Minority interests		85,275	73,615
Total Equity		<u>1,517,914</u>	<u>1,248,181</u>
Non-current Liabilities			
Bank borrowings – due after one year		324,468	229,498
Obligations under finance leases – due after one year		45,739	46,674
Deferred taxation		17,254	17,254
		<u>387,461</u>	<u>293,426</u>
		<u>1,905,375</u>	<u>1,541,607</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2007

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with Hong Kong Accounting Standard (“HKAS”) No. 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The Directors are responsible for the preparation of the Group’s condensed consolidated interim financial statements. These condensed consolidated financial statements are unaudited but have been reviewed by the Audit Committee of the Company.

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values or revalued amounts, as appropriate.

The accounting policies used in the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the annual financial statements of the Group for the year ended 30 June 2007.

In the current interim period, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards (“HKFRSs”), amendments to HKAS (“HKAS (Amendments)”) and interpretations (“HK(IFRIC) – INTs”) (hereinafter collectively referred to as “new HKFRSs”) issued by the HKICPA, which are effective for the Group’s financial periods beginning on or after 1 July 2007. The adoption of these new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

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

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKFRS 8	Operating Segments ¹
HK(IFRIC)-INT 12	Service Concession Arrangements ²
HK(IFRIC)-INT 13	Customer Loyalty Programmes ³
HK(IFRIC)-INT 14	HKAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction ²

¹ Effective for annual periods beginning on or after 1st January, 2009.

² Effective for annual periods beginning on or after 1st January, 2008.

³ Effective for annual periods beginning on or after 1st July, 2008.

3. SEGMENTAL INFORMATION

Business Segment

The Group's primary format for reporting segmental information is 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:

- (a) the CRT monitors segment, which engages in the manufacturing, trading and distribution of CRT monitors;
- (b) the LCD monitors segment, which engages in the manufacturing, trading and distribution of LCD monitors;
- (c) the TFT-LCD televisions segment, which engages in the manufacturing, trading and distribution of TFT-LCD televisions; and
- (d) the Others segment, which engages in the manufacturing, trading and distribution of computer monitor components and non-TFT-LCD televisions.

Six months ended 31 December 2007

	CRT monitors <i>HK\$'000</i> (Unaudited)	LCD monitors <i>HK\$'000</i> (Unaudited)	TFT-LCD televisions <i>HK\$'000</i> (Unaudited)	Others <i>HK\$'000</i> (Unaudited)	Elimination <i>HK\$'000</i> (Unaudited)	Consolidated <i>HK\$'000</i> (Unaudited)
REVENUE						
Sales to external customers	410,363	5,563,366	5,088,935	93,462	-	11,156,126
Inter-segment sales*	-	-	-	1,764	(1,764)	-
	<u>410,363</u>	<u>5,563,366</u>	<u>5,088,935</u>	<u>95,226</u>	<u>(1,764)</u>	<u>11,156,126</u>
RESULTS						
Segmental results	<u>4,044</u>	<u>143,547</u>	<u>132,214</u>	<u>1,192</u>	<u>-</u>	280,997
Unallocated corporate income						27,483
Unallocated corporate expenses						(87,287)
Share of losses of associates	-	-	-	(873)	-	(873)
Share of profit of a jointly controlled entity	-	-	-	-	-	-
Finance costs						<u>(125,230)</u>
Profit before taxation						95,090
Income tax expense						<u>(9,581)</u>
Profit for the period						<u>85,509</u>

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

Six months ended 31 December 2006

	CRT monitors HK\$'000 (Unaudited)	LCD monitors HK\$'000 (Unaudited)	TFT-LCD televisions HK\$'000 (Unaudited)	Others HK\$'000 (Unaudited)	Elimination HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
REVENUE						
Sales to external customers	975,988	5,536,001	1,842,677	156,248	–	8,510,914
Inter-segment sales*	–	–	–	121,469	(121,469)	–
	<u>975,988</u>	<u>5,536,001</u>	<u>1,842,677</u>	<u>277,717</u>	<u>(121,469)</u>	<u>8,510,914</u>
RESULTS						
Segmental results	<u>14,249</u>	<u>131,203</u>	<u>40,170</u>	<u>1,594</u>	<u>–</u>	187,216
Unallocated corporate income						11,418
Unallocated corporate expenses						(805)
Share of losses of associates	–	–	–	(285)	–	(285)
Share of profit of a jointly controlled entity	–	–	–	113	–	113
Finance costs						<u>(69,019)</u>
Profit before taxation						128,638
Income tax expense						<u>(17,485)</u>
Profit for the period						<u>111,153</u>

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

4. INCOME TAX EXPENSE

	Six months ended	
	31 December 2007 HK\$'000 (Unaudited)	31 December 2006 HK\$'000 (Unaudited)
Current Tax		
Hong Kong	–	64
Other jurisdictions	<u>9,581</u>	<u>17,421</u>
	<u>9,581</u>	<u>17,485</u>

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is 17.5% for the six months ended 31 December 2007 (2006: 17.5%).

Taxation arising in other jurisdictions is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is calculated at the rates prevailing in the relevant jurisdictions.

5. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after crediting (charging) the following items:

	Six months ended	
	31 December	31 December
	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Release of prepaid lease payments	846	710
Amortisation of intangible assets	2,900	2,900
Depreciation and amortisation of property, plant and equipment	60,732	65,500
Cost of inventories recognised as an expense	10,359,599	7,846,130
Loss (gain) on disposal of property, plant and equipment	2,910	(1,162)
Interest income	(5,745)	(5,547)
	<u><u> </u></u>	<u><u> </u></u>

6. DIVIDENDS

On 7 December 2007, a dividend of HK1.5 cents per share (2006: HK2.5 cents per share) was paid to shareholders as the final dividend for the year ended 30 June 2007.

No interim dividend is proposed by the Directors for the six months ended 31 December 2007 (2006: HK2.5 cents per share).

7. 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:

	Six months ended	
	31 December 2007 HK\$'000 (Unaudited)	31 December 2006 HK\$'000 (Unaudited)
Profit attributable to the equity holders of the Company for the purpose of basic and diluted earnings per share	80,281	102,815
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	697,847,525	646,818,992
Effect of dilutive potential ordinary shares – share options (<i>Note</i>)	–	1,189,790
Weighted average number of ordinary shares for the purpose of diluted earnings per share	697,847,525	648,008,782

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 the six months ended 31 December 2007.

8. TRADE AND BILLS RECEIVABLES

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:

	31 December 2007 HK\$'000 (Unaudited)	30 June 2007 HK\$'000 (Audited)
Within 90 days	3,338,839	1,956,318
Between 91 to 180 days	135,001	27,283
Over 181 days	72,064	54,816
	3,545,904	2,038,417

9. TRADE AND BILLS PAYABLES

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

	31 December	30 June
	2007	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Audited)
Within 90 days	4,123,473	3,324,566
Between 91 to 180 days	104,750	528,967
Over 181 days	23,204	44,648
	<hr/> 4,251,427 <hr/>	<hr/> 3,898,181 <hr/>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the six-month period ended 31 December 2007, Proview International Holdings Limited (the “Company”) and its subsidiaries (hereafter collectively referred as the “Group” or “Proview”) experienced a strong growth in sales, which was driven by the burgeoning global demand for flat-panel digital TV products. The Group recorded a consolidated turnover of approximately HK\$11.2 billion (2006: HK\$8.5 billion). This represents a 31% increase as compared with that of the same period last year. However, profit attributable to equity holders of the Company was decreased to approximately HK\$80 million (2006: HK\$103 million). Meanwhile, the net profit margin for the period decreased from 1.2% to 0.7%. The drop in both profit attributable to equity holders of the Company and net profit margin was resulted from the unfavorable changes in business environment, including rise in operating expenses. Apart from that, the Group obtained additional borrowings to finance its growing flat-panel digital TV business. This in turn led to an increase in finance costs, which also lowered the profit attributable to equity holders of the Company and net profit margin of the Group.

During the period, there was a dramatic growth in flat-panel digital TV sales and the management expects that flat-panel digital TVs will soon overtake LCD monitors to be the Group’s most important strategic products. Management holds an optimistic view on the future development of flat-panel digital TV market. According to research by Digitimes, the global demand for flat-panel digital TVs will grow at double-digit rate over the coming three years. The management therefore believes that flat-panel digital TVs will continue to be an important profit driver for the Group in the immediate future. For the six months ended 31 December 2007, flat-panel digital TV sales posted a record-breaking amount of approximately HK\$5.1 billion (2006: HK\$1.8 billion), which contributed about 46% (2006: 22%) of the Group’s consolidated turnover. The increase in flat-panel digital TV sales was remarkable. It accounts for a growth of 176% over the same period last year. In order to strengthen our position in the global flat-panel digital TV market, the Group will continue to enhance its existing production facilities with an aim to stay ahead of the rapidly growing market.

LCD monitors continued to provide the Group with stable and promising income. The demand of LCD monitor remains strong. For the six months ended 31 December 2007, LCD monitor sales amounted to approximately HK\$5.6 billion (2006: HK\$5.5 billion), which contributed about 50% (2006: 65%) of the Group's consolidated turnover. The Group is dedicated to improve the profitability of LCD monitors. During the period, we introduced innovative products so as to differentiate ourselves from other competitors. Over the past six months, the first shipment of VisBoard™ has been made. VisBoard™ is a new-generation tablet monitor equipped with electromagnetic technology and handwriting recognition functionality. It can be potentially used for a wide range of purposes, including word processing, presentation, art and design as well as gaming. VisBoard™ is now contributing to the Group with a profit margin much higher than the traditional LCD monitors. The Group expects that the total shipment of VisBoard™ will gradually increase starting from 2008. VisBoard™ will help to provide the Group with new source of income.

The Group continued to sell CRT monitors to regions including South America and Asia. For the six months ended 31 December 2007, CRT monitor sales dropped by 58% to approximately HK\$410 million (2006: HK\$976 million), as compared with that of the same period last year. The management foresees that the global market for CRT monitors will be further retrenched as time passes. By the reason that CRT monitor sales took up only less than 4% of the Group's consolidated turnover, we do not expect that the further decline of CRT monitor market will have significant impact on the Group's overall performance.

The Group's geographical market mix is well managed and diversified. Major market of the Group includes North America, Western Europe and Asia. During the period, the Group continued to seek for new business opportunities elsewhere over the world. It was especially to the emerging market including Eastern Europe, South America and Middle East.

The gross profit margin of the Group decreased from 7.4% to 7.0% as compared with that of the same period last year. This was mainly caused by the unfavorable selling price adjustment on end products. For the six months ended 31 December 2007, the gross profit margin contributed by sales of flat-panel digital TVs, LCD monitors and CRT monitors was 7.5% (2006: 8.1%), 6.7% (2006: 7.4%) and 5.3% (2006: 6.1%) respectively.

PROSPECTS

Leveraging on the strong dynamic of market, the Group is confident to achieve continuous growth in sales. The management will further strengthen our core competency in system integration, research and development, supply chain management, product design, standardization of parts and components and customer service. The focuses of our strategy in the years to come will be as follows:

Marketing strategy for flat-panel digital TVs and LCD monitors

The Group is now implementing different marketing strategy for our two core products. For flat-panel digital TVs, the Group is adopting a strategy for achieving a larger market share. The management believes that this strategy will allow the Group to strengthen its market influence and to obtain greater economies of scale in production. According to a report issued by Display Search in August 2007, Proview is now the third largest OEM flat-panel digital TV manufacturer in the world. The Group will not rest on its laurels and is committed to play an even more important role in the global market.

For LCD monitors, the Group is now focusing on product profitability as opposed to the quantity growth in sale. The management is aware that functionality and innovation are two key factors to improve the product profitability. For this reason, the Group has invested considerable resources to develop our cutting-edge technology in integrated power supplies. This technology has allowed us to create value for customers and enable us to significantly differentiate ourselves from our competitors. In the meantime, new products such as VisBoard™ have been launched, which opened up a new horizon in the market.

The Group also realizes that the manufacture and sale of components used for making display products, not necessarily the fully built up LCD monitors and flat-panel digital TVs, provides the Group with satisfactory profit. The Group will actively seek out business opportunities for sale of backlights and power supply components.

Loan and working capital management

The management is aware of the importance of maintaining a well-diversified loan portfolio. The Group is working on plan to extend the overall tenor of borrowings so as to reduce the Group's reliance on short-term borrowings. In order to lower the gearing ratio and the finance costs resulted from borrowings, the Group will carefully control future capital expenditure. Meanwhile, the Group will continue to tighten the management of inventory and account receivables, with an objective to enhance the overall working capital sufficiency.

Strategic alliance with Tatung

A well-known Taiwan based business conglomerate, 大同股份有限公司 and its subsidiaries (hereafter collectively referred as “Tatung”), has invested into the Group in October 2007. The management believes that this arrangement helped to lay down platform for future cooperation. Tatung has direct control over one of the world’s leading panel suppliers, Chunghwa Picture Tubes Ltd. Meanwhile, Tatung also has a strong base in home appliance market. The management expects that our alliance with Tatung will let Proview further secure our panel supply as well as strengthen our sales position in the market. In long run, this will provide a win-win solution to both Tatung and Proview in the highly competitive business environment.

Implement of new ERP system

Timely and comprehensive management information is vital in enhancing the Group’s competitiveness. During the period, the Group rolled out a project for the implementation of a new ERP system, Oracle® Applications. Oracle® is a world-leading icon for solution in database management and enterprise resource planning. The management expects that the new ERP system will improve the overall efficiency of the Group and speed up the decision making process.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2007, the Group’s cash and bank balances (including pledged bank deposits) stood at approximately HK\$0.9 billion (30 June 2007: HK\$1.5 billion), with total equity attributable to equity holders of the Company standing at approximately HK\$1,433 million (30 June 2007: HK\$1,175 million).

As compared with 30 June 2007, inventories reduced to approximately HK\$2.7 billion (30 June 2007: HK\$2.9 billion). Inventory turnover days also decreased to 49 days (30 June 2007: 60 days). This was because inventory level was dropped down after the peak season of the industry. In the meantime, the Group devoted considerable effort to standardize components and shorten the supply chain, which in turn helped to reduce buffer stock.

Aligning with the Group’s growth in flat-panel digital TV products, trade and bills receivables increased to approximately HK\$3.6 billion (30 June 2007: HK\$2.0 billion). The Group continued to monitor closely the settlement status of trade debts. During the period, trade and bills receivable turnover days remained at 46 days (30 June 2007: 46 days), a satisfactory situation in line with the Group’s existing credit policy.

Trade and bills payables increased to approximately HK\$4.3 billion (30 June 2007: HK\$3.9 billion). Meanwhile, trade and bills payables turnover days decreased to 72 days (30 June 2007: 96 days). During the period, the Group continued to obtain strong support from our suppliers, which was expressed in terms of high material quality, timely delivery, competitive price and favorable credit terms. Our relationship with suppliers is long lasting and mutually beneficial.

CAPITAL COMMITMENT AND CAPITAL STRUCTURE

For the reporting period, the Group invested approximately HK\$135 million in the acquisition, maintenance and enhancement of production facilities. The new machineries and equipments were mainly used to expand the Group’s existing production capacity in Shenzhen and Ningbo region. As at 31 December 2007, the Group’s capital commitment amounted to approximately HK\$34 million (30 June 2007: HK\$16 million).

In order to finance the Group's business plan, additional bank borrowings were raised during the period. As at 31 December 2007, the total bank borrowings of the Group amounted to approximately HK\$2.6 billion (30 June 2007: HK\$2.4 billion). The Group monitors closely its loan portfolio and is actively seeking for stable funds in low cost.

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 1.8 (30 June 2007: 2.1). 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.

CHARGES ON GROUP ASSETS

As at 31 December 2007, the Group's banking facilities and loans were mainly supported by certain plant and machinery of the Group with a net book value of approximately HK\$19 million (30 June 2007: HK\$4 million), and first legal charges over certain land and buildings of the Group of approximately HK\$138 million (30 June 2007: HK\$139 million).

CONTINGENT LIABILITIES

During the reporting period, 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.

FOREIGN EXCHANGE EXPOSURE

The Group's sales and purchases were mainly denominated in US dollars, with some transactions made in RMB, pound sterling, Brazilian Real, Hong Kong dollars, Euro and NTD. As the Hong Kong dollar is pegged to the US dollar, the Group's exposure to US dollar exchange risk does not have any adverse effect on the finance position of the Group.

The Group does not currently use any financial instruments or derivatives for hedging purpose. The management monitors the foreign exchange exposures and will consider hedging significant foreign currency exposure should the need arises.

EMPLOYEES AND REMUNERATION POLICIES

As of 31 December 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.

PRE-EMPTIVE RIGHTS

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

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

During the six months ended 31 December 2007, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

CORPORATE GOVERNANCE

During the six months ended 31 December 2007, the Company has complied with the code provision set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") with certain deviations which have been disclosed in the Corporate Governance Report in the immediately preceding 2007 Annual Report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code and its code of conduct regarding directors' securities transactions during the review period.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors of the Company, namely Mr. Lau Siu-ki, Kevin, Mr. Lee Chiu-kang, Alex and Mr. Liu Zixian, with written terms of reference in line with the CG Code.

The Group's unaudited condensed consolidated financial statements for the period ended 31 December 2007 have been reviewed by the audit committee, who are of the opinion that such statements comply with the applicable accounting standards and legal requirements, and that adequate disclosures have been made.

By order of the Board
Yang Long-san, Rowell
Chairman and Chief Executive Officer

Hong Kong, 26 March 2008

** For identification purpose only*

As at the date of this announcement, the executive Directors of the Company are Mr. Yang Long-san, Rowell, Mr. Wang Ming-chun, Morris and Ms. Hui Siu-ling, Elina. The non-executive Directors are Mr. Chang I-hua and Mr. Huang Ying-che, Michael. The independent non-executive Directors are Mr. Lee Chiu-kang, Alex, Mr. Lau Siu-ki, Kevin, Mr. Liu Zixian and Mr. Wang Kuei-ching, Will.

This announcement is available for viewing on the website of HKExnews at www.hkexnews.hk under "Latest Information" and on the website of the Company at www.proview.com/Investors.aspx.