2009

PROVIEW ANNUAL REPORT

Powered By Innovation, Geared For Growth.

For more information regarding Proview, see website http://www.proview.com

唯 冠 國 際 控 股 有 限 公 司

PROVIEW INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability) HK Stock Code:334

INTELLIGENT TECHNOLOGY

Creating optimal environment with outstanding technologies and elegant designs, PROVIEW continuously satisfies users with a wide range of customized, value-adding and integrated solutions to augment our display expertise.

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Corporate Information

EXECUTIVE DIRECTORS

Yang Long-san, Rowell
(Chairman and Chief Executive Officer)
Hui Siu-ling, Elina

NON-EXECUTIVE DIRECTORS

Chang I-hua
Huang Ying-che, Michael
Wang Kuei-ching, Will

INDEPENDENT NON-EXECUTIVE DIRECTORS

Lau Siu-ki, Kevin
Lee Chiu-kang, Alex
Liu Zixian

COMPANY SECRETARY

Yuen Suk-ching, Angie

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

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

AUDITOR

Deloitte Touche Tohmatsu

INTERNAL CONTROL REVIEW ADVISER

Shinewing Risk Services Limited

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
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

WEBSITE

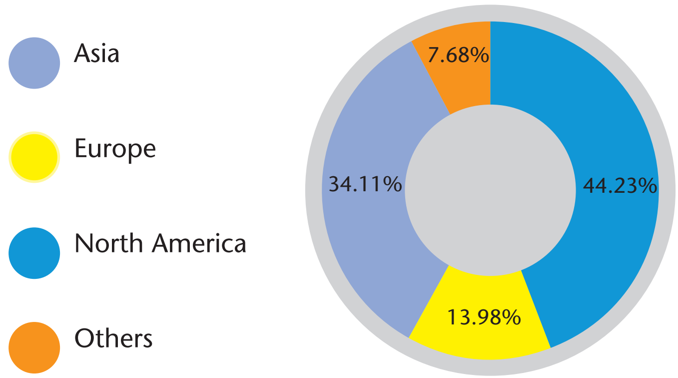
http://www.proview.com/Investors.aspx

Financial Highlights

	Year ended 30 June				
	2005 HK$ million	2006 HK$ million	2007 HK$ million	2008 HK$ million	**2009** **HK$ million**
Revenue	12,143	16,178	15,650	17,395	**4,455**
Profit (loss) for the year attributable to equity holders of the Company	26	180	127	(62)	**(2,905)**
Earnings (loss) per share					
Basic	HK4.05 cents	HK27.93 cents	HK19.65 cents	HK(8.36) cents	**HK(376.34) cents**
Diluted	HK4.01 cents	HK27.93 cents	HK19.65 cents	HK(8.36) cents	**HK(376.34) cents**

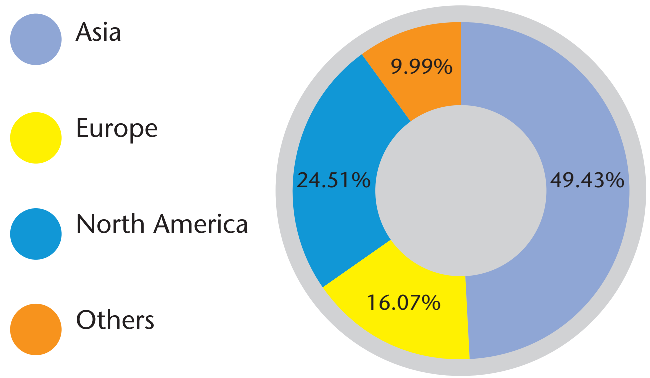
REVENUE BY GEOGRAPHICAL AREA

Year ended 30 June 2009



REVENUE BY GEOGRAPHICAL AREA

Year ended 30 June 2008



Chairman's Statement

On behalf of the board of Directors (the "Board") of Proview International Holdings Limited (the "Company", with its subsidiaries hereinafter collectively referred to as the "Group" or "Proview"), I am pleased to present the 2009 annual report and the audited consolidated results of the Group for the financial year ended 30 June 2009.

OVERVIEW

Due to the outbreak of the global financial turmoil, Proview's business operation has been substantially influenced. Tightened credit together with declined demands have caused the turnover of the Group to significantly drop by over 70%, which consequently cast an impact on the Group's cash flow. The market prices of the main material component, LCD panel, decreased noticeably in late 2008, which also resulted in a significant loss for the Group due to inventory purchases at higher prices. Since the fourth quarter in 2008, tightened funds constituted inefficiencies along the supply chain and resulted in default in payment to suppliers. Supply in several raw materials was hindered, and consequently we failed to meet just-in-time delivery, and hence default penalties is required to be paid to our customer. As sales dropped significantly, the burden of fixed costs and financing interests has become significant. During the most difficult period, the Shenzhen factory, the Group's primary manufacturing base, only managed to continue its operation with the assistance of the municipal government and the creditor banks in China.

Having learnt from this lesson, the management focused on the reform of management system and modification of our operation strategies. As such, the Group's human resources and expenses were reduced significantly. While actively realizing on inventories to acquire working capital, the Group has also largely cut back on orders with long trade receivables collection period and low profit margins. We also actively sought strategic production partners for cooperative production to ease pressures on our capital. As fruits are bearing in this aspect, the Group is also planning to enter into new businesses with higher profit margin, namely the LED lighting and mineral resources businesses. Despite the numerous challenges, the Group managed to weather the winter with streamlined operations and escorted by the management's effort and other external parties' support. Strategic production partnership with PRC enterprises, which helped smoothen the supply chain and relieve the pressure on our own capital, was also part of our efforts to steer through difficulties.

PROSPECTS

Being baptized by severe tests, the Group, backed by banks and suppliers, proceeded with a thorough internal reform. Subsequently, Proview is now faced with new challenges and opportunities. While encountering severe challenges arising from material debt repayment, we are embraced by warm supports as well. Under such environment, we expect to see a new start and to give birth to a new Proview, which focuses on three core businesses, in the next few years as follow:

I. LCD TV and Displays Business

Due to fundamental factors such as low profit margin of the industry, cost differences arisen from scale and significant requirements for upstream resources and substantial liquidity, the Group is handicapped rather than advantaged in the industry. Therefore, it chose to reduce the scale of this business and turn to focus on the marketing of new MVP product series, primarily with LED backlight, which will deliver higher added-value to the product portfolio. The business will be developed mainly by cooperative production with processing outsourced, so as to minimize demand on liquidity and underline the display segment's support of the Group.

II. Expansion of new Lighting Business

Amidst intensifying greenhouse effect, environmental protection, energy saving and greenhouse gas reduction have become some of the major global concerns. As such, countries all over the world have established series of policies to address the problem, and therefore demand for LED public light applications surges rapidly and resulted in an unprecedented market expansion.

Proview is experienced in the LED technology related industry, and has been applying such technology on backlights of LCD TV and computer monitor products. We have also been paying close attention to the development of LED lighting technology, and endeavor to upgrade conventional lighting and research into energy saving applications.

As to the new business area of LED public lighting, Proview has the significant technology of high power LED lighting with high added-value. We believe such technology and our manufacturing experiences can help the Group to succeed in the future LED business.

The Group is establishing a subsidiary, 唯冠光電照明（深圳）有限公司, to engage specifically in LED lighting business. Meanwhile, it is actively seeking to secure order commitments from over ten cities in countries like the PRC, US, Brazil and Mexico. Production and preliminary sale are intended to commence in the first half year of 2010 once sales orders are secured.

Chairman's Statement

III. Exploration of New Mineral Resources Business

If the funding arrangement by the substantial shareholder be in placed, the Group will be provided with an opportunity to engage in the new business of mineral resources. The Group plans to start the business with trading by importing manganese minerals from Brazil and resell to customers in the PRC. The Group may also gradually engage in exploitation by itself to enhance profitability in the future, depending on the availability of funding. The mineral business is intended to be developed as one of the three core businesses for the Group in the future.

APPRECIATION

Finally, as the Chief Executive Officer, I assume responsibility for the regretful performance of the Group, and offer my apology to all shareholders. Nevertheless, I am still full of confidence in the Group's future development, and I hope shareholders will patiently offer the management an opportunity to achieve a turnaround. Furthermore, on behalf of the Board, I would like to extend my gratitude and sincere appreciation to all management and staff members of the Group for their dedicated efforts, and to the Company's shareholders and business associates for their continued support.

On behalf of the Board

Yang Long-san, Rowell
Chairman and Chief Executive Officer

Hong Kong, 23 October 2009

Management Discussion and Analysis

BUSINESS REVIEW

With economic downturn triggered by the global financial turmoil, the consumption market inevitably contracted. Impacted by both decline external and internal adverse factors, Proview recorded the most severe turnover decline and loss since its incorporation. For the year ended 30 June 2009, the Group's consolidated turnover dropped substantially by 74% to HK$4.5 billion (2008: HK$17.4 billion), and loss attributable to equity holders of the Company was HK$2.9 billion. Sales of flat-panel digital TVs amounted to HK$1.6 billion (2008: HK$8.0 billion), while sales of LCD monitors aggregated to HK$2.4 billion (2008: HK$7.6 billion), representing a decrease of 80% and 68% respectively as compared to last year.

The decline in total turnover and gross profit margin of the Group was primarily due to a number of factors.

The US sub-prime mortgage crisis and the failures of major financial institutions evolved into a worldwide economic slowdown and caused the consumer market to shrink. The exports of the Group were seriously hit because orders from the Group's major markets, i.e. North America and Western Europe, diminished significantly, resulting in the adverse performance of the Group for the year.

LCD panels are the main materials for both flat-panel digital TVs and LCD monitors. The contracted consumption market resulted in a drop in market prices of LCD panels and their finished products, which in turn caused our turnover to decrease significantly. Moreover, with the increase in average cost of panel inventories, cost of sales surged and value of inventories dropped noticeably, leading to a severe loss.

CRT monitor sales dropped by 94% to HK$73.5 million (2008: HK$1,283 million), as a result of the further decline in the global CRT monitor market. The management expects that CRT monitors will be completely replaced by LCD monitors within the coming four to five years. Hence, in order to release resources to develop other core businesses, the Group will scale down its existing production of CRT monitors in phases.

Due to the financial turmoil, the credit market also tightened with financial institutions significantly reducing financing. The Group's cash flow was therefore materially affected by clients' default in payment and the bankruptcy of two of our major clients in North America during the financial year. With stringent financial resources, the operation of the supply chain was affected, giving rise to our failure in just-in-time delivery, and hence a lower achievement rate in sales. As sales dropped significantly, the burden of fixed costs and financing interests became relatively heavy.

For the year ended 30 June 2009, sales to geographical markets of the Group including Asia, Europe and North America, which accounted for about 44% (2008: 49%), 14% (2008: 16%) and 34% (2008: 25%) of the Group's turnover respectively. In addition to seeking new business opportunities in emerging markets, the Group spent further resources to enlarge its market share in Mainland China, which is considered to be a region supported by strong domestic demand and is expected to be less affected by the global economic turmoil.

Management Discussion and Analysis

During the most difficult period in the financial year, the Shenzhen factory, the Group's primary manufacturing base, could only continue its operation with the assistance of the municipal government and the Bank of China and other creditor banks. Embracing the lesson, the management team has strengthened our management system and modified our operation strategies. We endeavored to sell and realize the cash value of existing inventories by assembling and restoring them, and to enhance sales in the PRC. Besides, the Group stringently controlled credits to clients and actively collected trade receivables. In order to improve our operation, the management proactively sought to build strategic production partnerships with leading PRC enterprises so as to smoothen supply chains and relieve the pressure on our own capital. With a view to reducing costs, the Group reinforced to streamlining human resources, and surrendering tenancy of certain factories not-in-use to reduce operating expenses.

PROSPECTS

With a severe operating environment ahead, the operation team commits itself to leading the Group's operation back onto the right track with every available innovative measure.

Continuous Support of Banking Facilities

The Group is working with a number of banks, led by the Bank of China, to ensure that the turnover of inventories, collection of trade receivables and other payments could proceed accordingly. We have also arranged for the settlement of relevant accounts with strategic production partners through this financial platform to ensure the interests of all parties. With continuing granting of facilities by the banks to the Group, the management expects our business operation to gradually return to normal. The banks may then increase facility lines granted to the Group, which will provide the momentum for expansion in new businesses.

Actively Seeking Strategic Investors

To improve its financial structure, the Group is in active negotiation with interested strategic investors, both to inject new funds into the Group and, through effective collaboration, to expand the business and strengthen the Group's operating capabilities and operation bases.

Ensuring a Smooth Supply Chain

With a view to financing production of materials for its factories despite limited financial resources, the Group has outsourced component production procedures as well as entered into agreements with strategic production partners to produce finished products and components to ensure just-in-time delivery. We also regularly communicate and negotiate with suppliers to win their continuous support.

Reforming Operations and Reducing Expenditures

Amid a contracted consumption market, both our production and sales levels have dropped drastically. Accordingly, Proview has trimmed its production size and focused on businesses with higher profitability. It has also selected clients with shorter payment periods so as to speed up trade receivables collection. With these measures of stringent expenses of control, manpower streamlining and localization of management members, the Group strives to reduce human resources costs. We have also respondeat promptly to the ever changing economic conditions with a "shortened, flattened and expedited" operational structure, we aim to implement our management-reform through a steady process.

Changing the Operation Model and Optimizing Capital Utilization

In order to optimize the utilization of limited working capital, the Group has modified its policies on goods delivery. We have adopted a free-on-board model in replacement of the existing VMI HUB practice in order to reduce inventory level and stagnant capital.

We have also scaled down the OEM business and enhanced brand and channel sales to boost profits. In addition, the Group has adopted a dual production arrangement with both in-house production and outsourcing in order to relieve pressure on inventories and capital.

Introducing new MVP Products with Cost Competitiveness

With an aim to reducing production costs, new MVP products have been manufactured in a modulized approach, with fewer number of parts, reduced processing time, and simplified procuring and stocking management. The new MVP products researched and developed by the Group have been highly recognized in the IFA Berlin show, which will definitely boost orders and sales.

Exploring the New Lighting Business

Amidst intensifying greenhouse effect, environmental protection, energy saving and greenhouse gas reduction have become major global concerns. Accordingly, demand for LED public light applications has surged rapidly around the world. Proview has been engaged in the LED technology related industry, and has been applying such technology to backlights of LCD TV and computer monitor products. We have also been paying close attention to the development of LED lighting technology, the upgrading of conventional lighting and research into energy saving applications.

Currently, the Group primarily produces monitor products, which carry poor profitability due to keen competition. For our long-term development, 唯冠光電照明(深圳)有限公司, is under establishment to accelerate the expansion of LED lighting business, which will serve as the major driver of our profit growth and financial performance in future.

Proview has connections with major strategic partners, which may provide distribution channels in the PRC market and financial supports. In global markets which the Group is more familiar with, such supports will help building inroads.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2009, the Group held cash and bank balances (including pledged bank deposits and restricted bank deposits) of approximately HK$274 million (2008: HK$1.3 billion), with total deficit attributable to equity holders of the Company standing at approximately HK$1,569 million (2008: equity attributable to equity holders of the Company at approximately HK$1,370 million).

The operation size of the Group diminished in current year. Since there are less sales order and less production activities, the Group intended to keep a minimal level of inventories. Thus, inventories decreased to approximately HK$1 billion (2008: HK$2.9 billion). The Group was more focused on producing flat-panel digital TVs, which are associated with a larger production lead time, also with the reduced in sales for the year, inventory turnover days increased to 118 days (2008: 65 days).

Trade and bills receivables decreased to approximately HK$282 million (2008: HK$1.9 billion), which in line with the decrease of turnover for the year. The Group continued to monitor closely the settlement status of the trade debts to enhance the cash flow. During the year, trade and bills receivables turnover days rose to 88 days (2008: 41 days).

Trade and bills payables decreased to approximately HK$2.5 billion (2008: HK$3.2 billion). In the meantime, trade and bills payables turnover days increased to 173 days (2008: 80 days). The increase in turnover days was mainly due to the insufficient cash flow of the Group. Proview actively negotiates with suppliers to assure a secure and steady supply and a longer credit period.

CAPITAL COMMITMENT AND CAPITAL STRUCTURE

The Group invested approximately HK$149.7 million in the acquisition, maintenance and enhancement of production facilities. These were mainly machinery used by the Group's factories in Shenzhen and Ningbo. The Group carefully controls its capital expenditures, with an aim to maximizing the return on assets as well as to prevent unnecessary borrowings. For this reason, none capital commitments was noted as at 30 June 2009 (2008: HK$1 million).

The Group relied on funding from banks and its investor to finance its business. With the continued granting of facilities by the banks, bank borrowings as at 30 June 2009 amounted to approximately HK$1.7 billion (2008: HK$2.7 billion), of which non-current bank borrowings amounted to approximately HK$305 million (2008: HK$397 million).

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 negative 1.1 (2008: 2.0). 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

Certain subsidiaries of the Company have been named as defendants in several PRC court actions in respect of default payments of payable to suppliers and creditors for an aggregate amount of approximately HK$436 million and interest thereof of approximately HK$3 million. The claimed amounts were fully recognised in the consolidated financial statements.

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. Foreign currency exposures are managed through using natural hedges and forward contracts. As at 30 June 2009, there were forward contracts in place to hedge against possible exchange risk from future net cash flows.

CHARGES ON GROUP ASSETS

As at 30 June 2009, the Group's banking facilities were mainly collateralised by certain plant and machinery of the Group with a carrying amount of approximately HK$298 million (2008: HK$33 million), and first legal charges over certain land and buildings of the Group of approximately HK$471 million (2008: HK$178 million).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2009, the Group employed approximately 3,000 full-time employees. Remuneration of the Group's employees is based largely on the prevailing industry practices in the countries in which it operates. The Group offers share options to selective senior executives, as well as monetary awards to reward employees with very outstanding performance.

The board of Directors (the "Board") of the Company is pleased to present this Corporate Governance Report in the Group's annual report for the year ended 30 June 2009.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to achieving high standard of corporate governance to safeguard the interests of all shareholders and to enhance corporate value and accountability.

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.

BOARD OF DIRECTORS

Board Composition

The Board of the Company currently comprises eight members, of which two are executive Directors namely Mr. Yang Long-san, Rowell (Chairman and Chief Executive Officer ("CEO")) and Ms. Hui Siu-ling, Elina, three are non-executive Directors namely Mr. Chang I-hua, Mr. Huang Ying-che, Michael and Mr. Wang Kuei-ching, Will, and three are independent non-executive Directors namely Mr. Lau Siu-ki, Kevin, Mr. Lee Chiu-kang, Alex and Mr. Liu Zixian. The Board included 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 at all times during the year ended 30 June 2009. None of the members of the Board is related to one another.

Role and Function

The Board is responsible for overall management of the Company's business, 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.

Delegation by the Board

The Board also reserves for its decisions on 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.

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.

The independent non-executive Directors bring a wide range of business and financial expertise, experiences and independent judgement to the Board. 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.

Board Meetings

Annual meeting schedules and draft agenda of each meeting are normally made available to Directors in advance. Notice of at least 14 days have been given to all Directors for all regular Board meetings and the Directors can include matters for discussion in the agenda if necessary. Agenda and accompanying Board papers in respect of regular Board meetings are sent out in full to all Directors within reasonable time before the meeting. Draft minutes of all Board meetings are circulated to Directors for comment within a reasonable time prior to confirmation.

Minutes of Board meetings and meetings of Board committees are kept by duly appointed secretaries of the respective meetings and all Directors have access to board papers and related materials, and are provided with adequate information on a timely manner, which enable the Board to make an informed decision on matters placed before it.

Number of Meetings and Attendance Records

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 2009, as the Company did not announce its quarterly results, 39 Board meetings were held, out of which 2 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. Apart from the above regular Board meetings of the year, the executive Directors met in 36 Board meetings when a board-level decision on a particular matter was required. The attendance records of each Director are set out below:

Name of Director		No. of Meeting Attended/ Eligible to Attend
Executive Directors		
Mr. Yang Long-san, Rowell		39/39
Mr. Wang Ming-chun, Morris	(resigned on 21 January 2009)	12/25
Ms. Hui Siu-ling, Elina		39/39
Non-Executive Directors		
Mr. Chang I-hua		3/39
Mr. Huang Ying-che, Michael		3/39
Mr. Wang Kuei-ching, Will	(Re-designated from independent non-executive Director to non-executive Director on 6 February 2009)	3/39
Independent Non-Executive Directors		
Mr. Lau Siu-ki, Kevin		3/39
Mr. Lee Chiu-kang, Alex		3/39
Mr. Liu Zixian		3/39

CHAIRMAN AND CEO

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

Mr. Yang Long-san, Rowell currently holds the offices of Chairman and CEO of the Company. The Board considers that the current structure of vesting the roles of Chairman and CEO in the same person will not impair the balance of power as 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 CEO 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.

NON-EXECUTIVE 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.

None of the existing independent non-executive Director except for Mr. Lee Chiu-kang, Alex is appointed for specific term. Although some independent non-executive Directors are not appointed for a specific term, the Company believes that as 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, such practice meets the same objective and is no less exacting than those prescribed under the code provision of the CG Code.

BOARD COMMITTEE

Audit Committee

As at 30 June 2009, 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 at least one independent non-executive Director who possesses the appropriate professional qualifications, or accounting or related financial management expertise.

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 external auditor before submission to the Board.
- To review the relationship with the external auditor by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of external auditor.
- 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 control system of the Group and reports to the Board on any material issues and makes recommendations to the Board.

Corporate Governance Report

During the year ended 30 June 2009, the Audit Committee has reviewed the Group's annual results and annual report for the year ended 30 June 2008 and interim results and interim report for the six months ended 31 December 2008, the financial reporting and compliance procedures, the report on the Company's internal control and processes and the re-appointment of the external auditor.

The Audit Committee held four meetings during the year and the attendance records are set out below:

Name of Director	No. of Meeting Attended/ Eligible to Attend
Mr. Lau Siu-ki, Kevin	4/4
Mr. Lee Chiu-kang, Alex	4/4
Mr. Liu Zixian	4/4
Mr. Wang Kuei-ching, Will (resigned as Audit Committee member on 6 February 2009)	3/3

Remuneration Committee

The Company has established a formal and transparent procedure for formulating policies on remuneration of Directors and senior management of the Group. Details of the remuneration of each of the Directors of the Company for the year ended 30 June 2009 are set out in the notes to the financial statements of the Company.

The Remuneration Committee was established with written terms of reference, the primary objectives include making recommendations on and approving the remuneration policy and structure and remuneration packages of the 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.

As at 30 June 2009, the Remuneration Committee comprises three members, namely Mr. Lee Chiu-kang, Alex (Chairman), Mr. Lau Siu-ki, Kevin and Mr. Wang Kuei-ching, Will, the majority of them are independent non-executive Directors.

The Remuneration Committee held two meetings during the year ended 30 June 2009 to review the remuneration policy and structure and determine the annual remuneration packages of the Directors and the senior management and other related matters. In determining the emolument payable to Directors, the Remuneration Committee takes into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors and the desirability of performance based remuneration.

The attendance records of the meetings of the Remuneration Committee are set out below:

Name of Director		No. of Meeting Attended/ Eligible to Attend
Mr. Lee Chiu-kang, Alex		2/2
Mr. Wang Ming-chun, Morris	(resigned on 21 January 2009)	0/0
Mr. Lau Siu-ki, Kevin		2/2
Mr. Wang Kuei-ching, Will		2/2

NOMINATION OF DIRECTORS

The Company has not established a Nomination Committee. All Directors of the Company are responsible for making recommendations to the Board on nomination and appointment of Directors and Board succession, with a view to appoint to the Board individuals with suitable experience and capabilities to maintain and improve the competitiveness 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, including the independence status in the case of an independent non-executive Director, the Company's needs and other relevant statutory requirements and regulations.

During the year, no additional Director was appointed, therefore, no Board meeting was held to carry the selection process. A written resolution of the Board was passed to approve the re-designation of Mr. Wang Kuei-ching, Will as non-executive Director in February 2009.

DIRECTORS' 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. 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.

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 2009. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

AUDITOR'S REMUNERATION

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$3,440,000 and HK$36,500 respectively.

INTERNAL CONTROLS

The Board has overall responsibility for the system of internal controls of the Group and for reviewing its effectiveness. During the year under review, the Board has conducted a review of the effectiveness of the internal control system of the Company.

The Board is committed to implementing an effective and sound internal control system to safeguard the interest of shareholders and the Group's assets. The Board has delegated to executive management the implementation of the system of internal controls and reviewing of all relevant financial, operational, compliance controls and risk management function within an established framework.

DIRECTORS' RESPONSIBILITY STATEMENT

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 Directors are responsible for ensuring that suitable accounting policies have been selected and applied consistently. The Board acknowledges a qualify opinion on going-concern expressed by the auditor on the consolidated financial statements for year ended 30 June 2009. The Directors have been taking steps to improve the liquidity of the Group as stated in the Independent Auditor's Report. Accordingly, the Board has prepared the financial statements of the Company on the assumption that the Group will continue as a going concern.

INVESTOR RELATIONS AND COMMUNICATION

The Board is committed to provide clear and full information about the Group's performance to shareholders through the publication of interim results and annual results in a timely manner. In addition to dispatching circulars, notices and financial reports to shareholders, additional information is also available to shareholders on the website of the Company.

The annual general meeting provides a useful forum for shareholders to raise comments and exchange views with the Board. Shareholders are encouraged to attend annual general meetings for which the Company gives at least 20 clear days' notice.

The Chairman and Directors and external auditor are available to answer questions on the Company's businesses at the meeting.

Separate resolutions are proposed at the general meetings on each substantially separate issue, including the election of individual Directors. In addition, pursuant to the amendments to the Listing Rules, which came into force on 1 January 2009, any vote of shareholders at a general meeting must be taken by poll.

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 2009.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its principal subsidiaries, principal associates and a jointly controlled entity are set out in notes 45, 21 and 22, respectively to the consolidated financial statements.

RESULTS

The results of the Group for the year are set out in the consolidated income statement on page 34 of the annual report.

PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent HK$131,922,000 on moulds and machinery and HK$5,937,000 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 2009, resulting in a revaluation surplus of HK$38,662,000.

Details of these and other movements in the property, plant and equipment of the Group during the year are set out in note 18 to the consolidated financial statements.

SHARE CAPITAL

Details of the share capital of the Company are set out in note 35 to the consolidated financial statements.

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

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

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders in the form of cash or fully paid bonus shares include share premium, contributed surplus and retained profits. As at 30 June 2009, the Company is not able to declare or pay a dividend as a result of the accumulated losses of HK$675,397,000 (2008: HK$485,751,000 available for distribution to shareholders).

The contributed surplus of the Company arose as a result of the Group reorganisation 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 a company is available for distribution. However, a 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 account.

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
Ms. Hui Siu-ling, Elina
Mr. Wang Ming-chun, Morris (resigned on 21 January 2009)

Non-executive Directors:
Mr. Chang I-hua
Mr. Huang Ying-che, Michael
Mr. Wang Kuei-ching, Will (Re-designated from independent non-executive Director to non-executive Director on 6 February 2009)

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. Yang Long-san, Rowell, Mr. Lee Chiu-kang, Alex and Mr. Liu Zixian will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

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. 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's 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.

All non-executive Directors except for Mr. Wang Kuei-ching, Will were appointed for an initial term of two years commencing from 5 January 2008 and the service contracts are renewable automatically for successive terms of one year. During the year, Mr. Wang Kuei-ching, Will was re-designated as a non-executive Director in February 2009, he has entered into a service contract with the Company for an initial term of two years commencing from 6 February 2009 and the service contract is also renewable automatically for successive terms of one year for his re-designation.

Except for Mr. Yang Long-san, Rowell and 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 53, is the Chairman and Chief Executive Officer of the Company. He is the founder of the Group and has over 28 years' experience in the computer and electronics industry. He is responsible for the Group's overall strategic planning, policy making and financial decisions.

Ms. Hui Siu-ling, Elina, aged 51, joined the Group in May 1994. Ms. Hui is responsible for the administration of the Group.

BIOGRAPHICAL DETAILS OF DIRECTORS *(continued)*

Non-executive Directors

Mr. Chang I-hua, aged 57, joined the Group in January 2008. He is currently the president of Shan Chih Assets Development Company Limited ("Shan Chih"), a substantial shareholder of the Company, and a director of 大同股份有限公司 ("Tatung"), a company listed in Taiwan and the controlling shareholder of Shan Chih. He has over 33 years of experience in the electronic and home appliances trading and manufacturing industry and he served in Tatung as management, specialised in operating and marketing, for over 26 years. He holds a bachelor degree in Mechanical Engineering from Tatung University in Taiwan.

Mr. Huang Ying-che, Michael, aged 51, joined the Group in January 2008. He is the vice president of Tatung 3CBG Display BU of Global Logistics Headquarter and the chairman of the Tatung Information Technology Company in Jiangsu, the People's Republic of China ("PRC"). He has served in Tatung for over 26 years and is experienced in the electronic and telecommunication industry, and he is currently responsible for the management of research and development in Tatung. He holds a master degree in Electrical Engineering from the University of Missouri of the United States of America.

Mr. Wang Kuei-ching, Will, aged 56, joined the Group in January 2008. He has worked in banking industry, including commercial banks and investment banks, for over 16 years and he is currently the Advisor of Baring Private Equity Asia and Shan Chih. Prior to his current job, he had held the positions of Chief Consulting Officer of Capital Market Department, Polaris Securities Co., Ltd. and Chief Financial Officer in various sizable corporations, including listed companies in Taiwan and Hong Kong, and he had won the Outstanding Financial Executive Award sponsored by the Financial Executive Institute Taiwan in 1994. He holds a master degree in Finance from Michigan State University of the United States of America.

Independent non-executive Directors

Mr. Lau Siu-ki, Kevin, aged 51, joined the Company in September 2005, is currently an independent non-executive director for nine other public companies listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). 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. 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 global 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 59, 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 59, is a 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 20 years of experience in administrative management, international economics and corporate management.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2009, 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 (the "SFO")), as recorded in the register required to be kept by the Company under Section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

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	Percentage of issued share capital
Mr. Yang Long-san, Rowell	Beneficial owner	7,000,000	4,800,000	11,800,000	1.53%
Ms. Hui Siu-ling, Elina	Beneficial owner	–	5,200,000	5,200,000	0.67%
Mr. Lau Siu-ki, Kevin	Beneficial owner	–	200,000	200,000	0.03%
Mr. Lee Chiu-kang, Alex	Beneficial owner	200,000	600,000	800,000	0.10%
Mr. Liu Zixian	Beneficial owner	–	200,000	200,000	0.03%

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.

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 (the "Scheme") currently operated by the Company was approved and adopted. At the date of this report, 77,200,899 ordinary shares are available for issue under the Scheme, representing 10% of the issued share capital of the Company.

Particulars of the Scheme are set out in note 37 to the consolidated financial statements.

Report of the Directors

SHARE OPTIONS *(continued)*

As at 30 June 2009, 6,700,000, 11,110,000 and 5,600,000 share options at the exercise price of HK$1.04, HK$2.05 and HK$1.02 respectively, remained outstanding under the 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 2008	Granted during the year	Exercised during the year	Lapsed/ cancellation during the year	As at 30 June 2009	Exercisable period of share options
	Number of share options					
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. 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	5,000,000	–	–	–	5,000,000	
Other employees and a former Director						
In aggregate	3,950,000	–	–	(3,250,000)*(iii)*	700,000	24 September 2003 – 23 March 2013
	5,000,000	–	–	(4,000,000)*(iii)*	1,000,000	24 March 2004 – 23 March 2013
	8,950,000	–	–	(7,250,000)	1,700,000	
Total	13,950,000	–	–	(7,250,000)	6,700,000	

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 2008	Granted during the year	Exercised during the year	Lapsed/ cancellation during the year	As at 30 June 2009	Exercisable period of share options
	Number of share options					
Directors						
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	400,000	–	–	–	400,000	
Other employees and a former Director						
In aggregate	9,696,000	–	–	(5,836,000)*(iii)*	3,860,000	16 February 2005 – 10 February 2014
	9,778,000	–	–	(5,876,000)*(iii)*	3,902,000	16 August 2005 – 10 February 2014
	8,306,000	–	–	(5,358,000)*(iii)*	2,948,000	16 February 2006 – 10 February 2014
	27,780,000	–	–	(17,070,000)	10,710,000	
Total	28,180,000	–	–	(17,070,000)	11,110,000	

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 2008	Granted during the year	Exercised during the year	Lapsed/ cancellation during the year	As at 30 June 2009	Exercisable period of share options
	Number of share options					
Directors						
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. 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)	–	
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)	–	
Sub-total	1,400,000	–	–	(1,400,000)	–	
Other employees and a former Director						
In aggregate	11,300,000	–	–	(11,300,000)*(iii)*	–	1 July 2006 – 31 December 2008
	11,300,000	–	–	(11,300,000)*(iii)*	–	1 January 2007 – 31 December 2008
	22,600,000	–	–	(22,600,000)	–	
Total	24,000,000	–	–	(24,000,000)	–	

SHARE OPTIONS *(continued)*

Date of share option granted *(note i)*: 14 November 2007
Exercise price *(note ii)*: HK$1.02

Name or category of participant	As at 1 July 2008	Granted during the year	Exercised during the year	Lapsed/ cancellation during the year	As at 30 June 2009	Exercisable period of share options
	Number of share options					
Directors						
Ms. Hui Siu-ling, Elina	2,500,000	–	–	–	2,500,000	1 December 2007 – 31 December 2013
	2,500,000	–	–	–	2,500,000	1 June 2008 – 31 December 2013
	5,000,000	–	–	–	5,000,000	
Mr. Lau Siu-ki, Kevin	100,000	–	–	–	100,000	1 December 2007 – 31 December 2013
	100,000	–	–	–	100,000	1 June 2008 – 31 December 2013
	200,000	–	–	–	200,000	
Mr. Lee Chiu-kang, Alex	100,000	–	–	–	100,000	1 December 2007 – 31 December 2013
	100,000	–	–	–	100,000	1 June 2008 – 31 December 2013
	200,000	–	–	–	200,000	
Mr. Liu Zixian	100,000	–	–	–	100,000	1 December 2007 – 31 December 2013
	100,000	–	–	–	100,000	1 June 2008 – 31 December 2013
	200,000	–	–	–	200,000	
Sub-total	5,600,000	–	–	–	5,600,000	
Other employees and a former director						
In aggregate	16,950,000	–	–	(16,950,000)*(iii)*	–	1 December 2007 – 31 December 2013
	16,950,000	–	–	(16,950,000)*(iii)*	–	1 June 2008 – 31 December 2013
	33,900,000	–	–	(33,900,000)	–	
Total	39,500,000	–	–	(33,900,000)	5,600,000	

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 balance includes the share options held by Mr. Wang Ming-chun, Morris, who resigned as an executive Director of the Company on 21 January 2009.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than as disclosed under the heading "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

Other than as disclosed under the heading "CONNECTED TRANSACTIONS", there were 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 2009, the interests and short positions of the substantial shareholders in more than 5% of the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of the SFO; or which were recorded in the register required to be kept under Section 336 of the SFO were as follows:

Long positions in shares of the Company

Name of substantial shareholder	Capacity and nature of interest	Number of ordinary shares held	Percentage of issued share capital
Peipus International Ltd. ("Peipus") *(note i)*	Beneficial owner	231,562,724	29.99%
Smartview Invest Limited ("Smartview")	Interest in controlled corporation *(note i)*	231,562,724	29.99%
Mr. Yang Christian Laurent Tan ("Christian")	Interest in controlled corporation *(note i)*	231,562,724	29.99%
San-Chih Asset International Holding Corp. ("San-Chih") *(note ii)*	Beneficial owner	125,190,000	16.22%
Shan Chih	Interest in controlled corporation *(note ii)*	125,190,000	16.22%
Tatung	Interest in controlled corporation *(note ii)*	125,190,000	16.22%
Pope Asset Management, LLC	Investment Manager	40,599,094	5.26%

SUBSTANTIAL SHAREHOLDERS' INTERESTS *(continued)*

Long positions in shares of the Company *(continued)*

Notes:

(i) The entire issued share capital of Peipus is owned by Smartview which in turn, approximately 99.85% of the issued share capital of Smartview is owned by Christian. Accordingly, Smartview and Christian are deemed to be interested in all the shares in which Peipus 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.

Save as disclosed under the heading "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 2009, which were recorded in the register as required to be kept pursuant to Section 336 of the SFO.

CONNECTED TRANSACTIONS

During the year, the Group entered into the following transactions which constituted "continuing connected transactions" or "connected transactions" under the Listing Rules.

(a) During the year, the Group paid operating lease rentals in respect of land and buildings and plant and machinery of HK$853,000 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) owns 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 Listing Rules.

(b) On 23 May 2008, the Company entered into three agreements in respect of the following continuing connected transactions with Tatung and its subsidiaries (collectively known as the "Tatung Group"), a substantial shareholder of the Company and it associates within the meaning of the Listing Rules, for a period of three years up to 30 June 2010. Details of these agreements are set out in the Company's announcement dated 26 May 2008 and circular dated 7 June 2008.

    (1) the Group supplies the liquid crystal display (the "LCD") television sets ("TVs"), the plasma display panel (the "PDP") TVs and the other related equipments to Tatung Group;

    (2) the Tatung Group supplies the LCD monitor panels, the LCD TV panels, the LCD TVs, the PDP TVs and the other related equipments to the Group; and

    (3) the Tatung Group provides the manufacturing and processing services for the Group's digital consumer products.

    Details of these continuing connected transactions for the year are set out in note 43 to the consolidated financial statements.

CONNECTED TRANSACTIONS *(continued)*

(b) *(continued)*

Pursuant to Rule 14A.38 of the Listing Rules, the board of Directors (the "Board") of the Company engaged the auditor of the Company to perform certain factual finding procedures on these continuing connected transactions of the Group to assist the independent non-executive Directors of the Company to evaluate whether such transactions:

(i) have received the approval of the Board;

(ii) were entered into in accordance with the pricing policies of the Group with reference to similar transactions with independent third parties;

(iii) have been entered into in accordance with the terms of the relevant agreements governing such transactions; and

(iv) have not exceeded the relevant cap amount for the year ended 30 June 2009 as set out in the circular of the Company dated 7 June 2008.

The auditor of the Company has reported the factual findings on these procedures to the Board.

The independent non-executive Directors of the Company have reviewed and confirmed that the continuing connected transactions as set out above have been entered into:

(i) in the ordinary and usual course of the business of the Group;

(ii) either on normal commercial terms or on terms no less favourable to the Group than terms available from independent third parties; and

(iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company, as a whole.

Save as disclosed above, there were no other transactions which are required to be disclosed as connected transactions in accordance with the requirements of the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the five largest customers in aggregate accounted for approximately 47% of the total revenue of the Group and the largest customer accounted for approximately 17% of the total revenue of the Group. The aggregate purchases attributable to the Group's five largest suppliers during the year were less than 30% of the total purchases.

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, 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 providing 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 2009 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 11 to 16 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 Listing Rules. The Company considers all of the independent non-executive Directors are independent.

AUDIT COMMITTEE

The Group's consolidated financial statements for the year ended 30 June 2009 have been reviewed by the Audit Committee of the Company, which is 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 of the Company, the Directors confirm that the Company has maintained a sufficient public float as required under the Listing Rules during the year.

Report of the Directors

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 2009

Deloitte.
德勤

TO THE MEMBERS OF PROVIEW INTERNATIONAL HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We were engaged to audit the consolidated financial statements of Proview International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 34 to 103, which comprise the consolidated balance sheet as at 30 June 2009, 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. Except for the limitations in the scope of our work as explained below, 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. However, because of the matters described in the basis for disclaimer of opinion paragraphs, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

BASIS FOR DISCLAIMER OF OPINION

(a) Impairment of property, plant and equipment

Included in the property, plant and equipment as at 30 June 2009 were leasehold improvements, moulds and machinery, furniture, equipment and motor vehicles, and construction in progress with an aggregate carrying amount of HK$550,141,000. As set out in the consolidated income statement, the Group incurred a gross loss and a loss of HK$1,609,782,000 and HK$2,917,126,000, respectively, for the year ended 30 June 2009 and together with the fact that production activities of certain of the Group's facilities were suspended during the year, in our opinion this constituted an indicator of impairment. However, no impairment loss was recognised for the year ended 30 June 2009. We were unable to satisfy ourselves as to the appropriateness of the assumptions made by the directors of the Company in the preparation of their value-in-use calculation and accordingly, we were unable to assess whether the recoverable amounts of leasehold improvements, moulds and machinery, furniture, equipment and motor vehicles, and construction in progress exceeded their carrying amounts as at 30 June 2009 and whether any impairment loss should be recognised in accordance with Hong Kong Accounting Standard 36 "Impairment of Assets". Any adjustments found to be necessary would affect the Group's net liabilities as at 30 June 2009 and the Group's loss for the year then ended.

(b) Going concern

As set out in note 2 to the consolidated financial statements, the revenue of the Group significantly declined and the Group incurred a loss of HK$2,917,126,000 for the year ended 30 June 2009 and, as of that date, the Group's net current liabilities and net liabilities amounted to HK$2,323,936,000 and HK$1,482,259,000, respectively. In addition, as set out in note 33 to the consolidated financial statements, the Group defaulted on repayments of certain bank borrowings and related interest during the year. Accordingly, certain of the Group's major operating subsidiaries have entered into an agreement with the banks (the "Framework Agreement") to restructure these borrowings. The Framework Agreement allows the banks to appoint representatives to the management of the subsidiaries and monitor the subsidiaries' cash position and approve the use of the subsidiaries' cash. Under the Framework Agreement, the banks will not grant new loans to or demand repayment of the existing borrowings from the Group.

As set out in note 41 to the consolidated financial statements, during the year, certain of the Group's major operating subsidiaries also defaulted on repayments to their creditors and suppliers. Accordingly, these subsidiaries have been named as defendants in several court actions in the People's Republic of China, with amounts unpaid of HK$436,425,000 together with interest of HK$2,609,000 thereon as at 30 June 2009. The Group is currently negotiating with these suppliers and creditors to reschedule these payments.

The directors of the Company have been taking steps to improve the liquidity of the Group. These steps included (i) entering into agreement with bankers to reschedule the repayments of bank borrowings under the Framework Agreement referred to above; (ii) reducing manpower and production costs and discontinuing some non-core and unprofitable businesses; (iii) negotiating with the Group's suppliers to reschedule the payments of the Group's expenditures as described above; and (iv) exploring new business opportunities.

BASIS FOR DISCLAIMER OF OPINION *(continued)*

(b) Going concern *(continued)*

These matters therefore indicate the existence of material uncertainties which cast significant doubt about the Group's ability to continue as a going concern.

The validity of the going concern assumption on which the consolidated financial statements are prepared is dependent on the favourable outcomes of the steps being taken by the directors of the Company as described above. The consolidated financial statements have been prepared on the assumption that the Group will continue as a going concern and therefore do not include any adjustments relating to the realisation and classification of non-current assets that may be necessary if the Group is unable to continue as a going concern.

Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised at other than the amounts at which they are currently recorded in the consolidated balance sheet. In addition, the Group may have to provide for further liabilities that might arise, and to reclassify non-current assets as current assets.

DISCLAIMER OF OPINION

Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of affairs of the Group as at 30 June 2009 and of the loss and cash flows of the Group for the year then ended in accordance with Hong Kong Financial Reporting Standards and as to whether the consolidated financial statements 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 2009

Consolidated Income Statement

For the year ended 30 June 2009

	NOTES	2009 HK$'000	2008 HK$'000
Revenue	8	**4,454,891**	17,394,950
Cost of sales		**(6,064,673)**	(16,258,158)
Gross (loss) profit		**(1,609,782)**	1,136,792
Other income	9	**85,030**	87,956
Net foreign exchange gain	10	**75,352**	378,030
Selling and distribution expenses		**(447,013)**	(711,206)
Administrative expenses		**(481,184)**	(465,216)
Research and development costs		**(80,201)**	(94,148)
Impairment loss on intangible assets		**(20,600)**	–
(Impairment loss) reversal of impairment loss on trade receivables		**(205,789)**	3,277
Impairment loss on other receivables	11	**(49,023)**	–
Other expenses		**(5,166)**	(4,015)
Share of results of associates		**3,675**	(21,460)
Changes in fair value of derivative financial instruments	29	**23,259**	(80,728)
Finance costs	12	**(209,453)**	(279,364)
Loss before taxation		**(2,920,895)**	(50,082)
Income tax credit (expense)	13	**3,769**	(216)
Loss for the year	14	**(2,917,126)**	(50,298)
Attributable to:			
Equity holders of the Company		**(2,905,391)**	(61,642)
Minority interests		**(11,735)**	11,344
		(2,917,126)	(50,298)
Dividend recognised as distribution	16	**–**	11,580
		HK cents	HK cents
Loss per share – basic and diluted	17	**(376.34)**	(8.36)

Consolidated Balance Sheet

At 30 June 2009

	NOTES	2009 HK$'000	2008 HK$'000
Non-current Assets			
Property, plant and equipment	18	**1,063,537**	1,125,538
Prepaid lease payments	19	**76,220**	66,478
Intangible assets	20	**20,000**	46,400
Investments in associates	21	**2,816**	22,379
Investment in a jointly controlled entity	22	**–**	–
Available-for-sale investments	23	**–**	13,478
Bonds receivables	24	**67,861**	–
Prepayments and deposits	25	**4,473**	3,474
		1,234,907	1,277,747
Current Assets			
Inventories	26	**993,234**	2,920,257
Properties held for sale	27	**19,430**	86,999
Trade and bills receivables	28	**282,342**	1,861,423
Prepayments, deposits and other receivables	28	**365,238**	486,884
Prepaid lease payments	19	**1,980**	1,802
Derivative financial instruments	29	**23,730**	37,195
Tax recoverable		**5,164**	1,901
Pledged bank deposits	30	**80,709**	152,856
Restricted bank deposits	30	**83,836**	–
Bank balances and cash	30	**109,000**	1,146,938
		1,964,663	6,696,255
Current Liabilities			
Trade and bills payables	31	**2,522,680**	3,221,356
Accruals and other payables		**321,369**	346,679
Amount due to an associate	32	**975**	975
Taxation payable		**19,863**	28,160
Derivative financial instruments	29	**471**	117,923
Bank borrowings – due within one year	33	**1,418,109**	2,301,576
Obligations under finance leases – due within one year	34	**5,132**	5,315
		4,288,599	6,021,984
Net Current (Liabilities) Assets		**(2,323,936)**	674,271
Total Assets less Current Liabilities		**(1,089,029)**	1,952,018

Consolidated Balance Sheet

At 30 June 2009

	NOTES	2009 HK$'000	2008 HK$'000
Capital and Reserves			
Share capital	35	**77,200**	77,200
Reserves		**(1,645,967)**	1,292,696
(Deficit) equity attributable to equity holders of the Company		**(1,568,767)**	1,369,896
Minority interests		**86,508**	101,198
Total (Deficit) Equity		**(1,482,259)**	1,471,094
Non-current Liabilities			
Bank borrowings – due after one year	33	**304,724**	397,119
Obligations under finance leases – due after one year	34	**41,118**	46,380
Deferred taxation	36	**47,388**	37,425
		393,230	480,924
		(1,089,029)	1,952,018

The consolidated financial statements on pages 34 to 103 were approved and authorised for issue by the Board of Directors on 23 October 2009 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 2009

	Attributable to equity holders of the Company												
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Asset revaluation reserve HK$'000	Investment revaluation reserve HK$'000	Share-based compensation reserve HK$'000	Exchange reserve HK$'000	Capital reserve HK$'000	Statutory reserve HK$'000	Retained profits (accumulated losses) HK$'000	Total HK$'000	Minority interests HK$'000	Total HK$'000
At 1 July 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
Surplus on revaluation	–	–	–	49,706	–	–	–	–	–	–	49,706	17,306	67,012
Deferred tax liabilities arising on revaluation of properties	–	–	–	(15,845)	–	–	–	–	–	–	(15,845)	(4,326)	(20,171)
Loss on fair value changes of available-for-sale investments	–	–	–	–	(82)	–	–	–	–	–	(82)	–	(82)
Exchange differences arising on translation of operations outside Hong Kong	–	–	–	–	–	–	59,275	–	–	–	59,275	7,912	67,187
Share of exchange reserves of associates	–	–	–	–	–	–	5,476	–	–	–	5,476	–	5,476
Net income (expense) recognised directly in equity	–	–	–	33,861	(82)	–	64,751	–	–	–	98,530	20,892	119,422
(Loss) profit for the year	–	–	–	–	–	–	–	–	–	(61,642)	(61,642)	11,344	(50,298)
Total recognised income (expense) for the year	–	–	–	33,861	(82)	–	64,751	–	–	(61,642)	36,888	32,236	69,124
Recognition of equity-settled share-based payments	–	–	–	–	–	13,535	–	–	–	–	13,535	–	13,535
Release upon lapse of vested share options	–	–	–	–	–	(983)	–	–	–	983	–	–	–
Transfer to statutory reserve	–	–	–	–	–	–	–	–	3,525	(3,525)	–	–	–
New shares issued *(note 35)*	12,519	143,968	–	–	–	–	–	–	–	–	156,487	–	156,487
Capital contribution by a minority shareholder of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	2,986	2,986
Dividend paid to a minority shareholder of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	(7,639)	(7,639)
Dividend recognised as distribution	–	–	–	–	–	–	–	–	–	(11,580)	(11,580)	–	(11,580)
At 30 June 2008	77,200	316,692	40,824	79,152	–	39,959	121,294	307,251	26,458	361,066	1,369,896	101,198	1,471,094
Surplus (deficit) on revaluation	–	–	–	41,037	–	–	–	–	–	–	41,037	(2,375)	38,662
Deferred tax liabilities arising on revaluation of properties	–	–	–	(10,557)	–	–	–	–	–	–	(10,557)	594	(9,963)
Gain on fair value changes of available-for-sale investments	–	–	–	–	425	–	–	–	–	–	425	–	425
Exchange differences arising on translation of operations outside Hong Kong	–	–	–	–	–	–	(59,021)	–	–	–	(59,021)	(1,174)	(60,195)
Share of exchange reserves of associates	–	–	–	–	–	–	(73)	–	–	–	(73)	–	(73)
Net income (expense) recognised directly in equity	–	–	–	30,480	425	–	(59,094)	–	–	–	(28,189)	(2,955)	(31,144)
Loss for the year	–	–	–	–	–	–	–	–	–	(2,905,391)	(2,905,391)	(11,735)	(2,917,126)
Reserve released upon dissolution of an associate	–	–	–	–	–	–	(4,658)	–	–	–	(4,658)	–	(4,658)
Transfer to profit or loss on sale of available-for-sale investments	–	–	–	–	(425)	–	–	–	–	–	(425)	–	(425)
Total recognised income (expense) for the year	–	–	–	30,480	–	–	(63,752)	–	–	(2,905,391)	(2,938,663)	(14,690)	(2,953,353)
Release upon lapse of vested share options	–	–	–	–	–	(32,503)	–	–	–	32,503	–	–	–
Transfer to statutory reserve	–	–	–	–	–	–	–	–	853	(853)	–	–	–
At 30 June 2009	77,200	316,692	40,824	109,632	–	7,456	57,542	307,251	27,311	(2,512,675)	(1,568,767)	86,508	(1,482,259)

Consolidated Statement of Changes in Equity

For the year ended 30 June 2009

The contributed surplus of the Group which arose as a result of the Group reorganisation in 1997 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 the 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 2009

	2009 HK$'000	2008 HK$'000
OPERATING ACTIVITIES		
Loss before taxation	**(2,920,895)**	(50,082)
Adjustments for:		
Amortisation of intangible assets	**5,800**	5,800
Depreciation of property, plant and equipment	**167,981**	158,038
Finance costs	**209,453**	279,364
Gain on disposal of available-for-sale investments	**(76)**	–
Impairment loss on amount due from a jointly controlled entity	**–**	1,000
Impairment loss on available-for-sale investments	**–**	539
Impairment loss on intangible assets	**20,600**	–
Impairment loss (reversal of impairment loss) on trade receivables	**205,789**	(3,277)
Impairment loss on other receivables	**49,023**	–
Interest income	**(54,087)**	(35,214)
Loss on disposal of property, plant and equipment	**28,060**	4,109
Release of prepaid lease payments	**2,000**	1,749
Share of results of associates	**(3,675)**	21,460
Share-based payment expenses	**–**	13,535
Write-down of inventories	**538,835**	48,962
Operating cash flows before working capital changes	**(1,751,192)**	445,983
Decrease (increase) in inventories	**1,388,188**	(106,255)
Decrease in trade and bills receivables	**1,307,047**	173,711
Decrease (increase) in prepayments, deposits and other receivables	**121,646**	(111,168)
Net movement in derivative financial instruments	**(103,987)**	80,728
Decrease in trade and bills payables	**(703,639)**	(676,825)
(Decrease) increase in accruals and other payables	**(54,599)**	97,810
Cash generated from (used in) operations	**203,464**	(96,016)
Overseas tax paid	**(7,791)**	(30,298)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**195,673**	(126,314)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(122,972)**	(214,373)
Increase in restricted bank deposits	**(83,836)**	–
Acquisition of available-for-sale investments	**(46,070)**	(13,655)
Additions to prepaid lease payments	**(11,807)**	–
Increase in prepayments and deposits	**(999)**	–
Decrease in pledged bank deposits	**72,147**	50,998
Proceeds from disposal of available-for-sale investments	**59,536**	–
Interest received	**52,471**	35,214
Proceeds from disposal of property, plant and equipment	**39,121**	3,765
Dividend received from an associate	**18,507**	384
NET CASH USED IN INVESTING ACTIVITIES	**(23,902)**	(137,667)

Consolidated Cash Flow Statement

For the year ended 30 June 2009

	2009 HK$'000	2008 HK$'000
FINANCING ACTIVITIES		
Repayments of bank borrowings	**(4,978,794)**	(7,264,488)
Interest paid	**(206,468)**	(279,063)
Repayments of obligations under finance leases	**(5,202)**	(5,161)
Interest paid on finance leases	**(376)**	(301)
New bank borrowings raised	**3,997,034**	7,515,869
Proceeds from issue of new shares	**–**	156,487
Capital injection by a minority shareholder of a subsidiary	**–**	2,986
Dividend paid to equity holders of the Company	**–**	(11,580)
Dividends paid to minority shareholders of subsidiaries	**–**	(7,639)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(1,193,806)**	107,110
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(1,022,035)**	(156,871)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	**1,146,938**	1,267,930
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**(15,903)**	35,879
CASH AND CASH EQUIVALENTS CARRIED FORWARD, representing bank balances and cash	**109,000**	1,146,938

1. GENERAL

The Company is a public company incorporated in Bermuda as an exempted company with limited liability. Its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and the principal place of business of the Company are disclosed in the "Corporate Information" section of the annual report.

The consolidated financial statements are presented in Hong Kong dollar, 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, principal associates and a jointly controlled entity are set out in notes 45, 21 and 22, respectively.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

In preparing the consolidated financial statements, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the significant decline in the Group's revenue and the loss of HK$2,917,126,000 for the year ended 30 June 2009 and, as of that date, the Group's net current liabilities and net liabilities of HK$2,323,936,000 and HK$1,482,259,000, respectively. In addition, as set out in note 33, the Group defaulted on repayments of certain bank borrowings and related interest during the year. Accordingly, certain of the Group's major operating subsidiaries have entered into an agreement with the banks (the "Framework Agreement") to restructure these borrowings. The Framework Agreement allows the banks to appoint representatives to the management of the subsidiaries and monitor the subsidiaries' cash position and approve the use of the subsidiaries' cash. Under the Framework Agreement, the banks will not grant new loans to or demand repayment of the existing borrowings from the Group.

As set out in note 41, during the year, certain of the Group's major operating subsidiaries also defaulted on repayments to their creditors and suppliers. Accordingly, these subsidiaries have been named as defendants in several court actions in the People's Republic of China, with amounts unpaid of HK$436,425,000 together with interest of HK$2,609,000 thereon as at 30 June 2009. The Group is currently negotiating with these suppliers and creditors to reschedule these payments.

In view of the above, the Directors of the Company have been taking steps to improve the liquidity of the Group. These steps included (i) entering into agreement with bankers to reschedule the repayments of bank borrowings under the Framework Agreement referred to above; (ii) reducing manpower and production costs and discontinuing some non-core and unprofitable businesses; (iii) negotiating with the Group's suppliers to reschedule the payments of the Group's expenditures as described above; and (iv) exploring new business opportunities. Provided that these measures are successful and can effectively improve the liquidity position of the Group, the directors of the Company are satisfied that the Group will have sufficient financial resources to meet in full its financial obligations as they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of Financial Assets
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 12	Service Concession Arrangements
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

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

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

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 1 (Revised)	Presentation of Financial Statements[3]
HKAS 23 (Revised)	Borrowing Costs[3]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[4]
HKAS 32 (Amendment)	Classification of Rights Issues[5]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[3]
HKAS 39 (Amendment)	Eligible Hedged Items[4]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[6]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[3]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[3]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[6]
HKFRS 3 (Revised)	Business Combinations[4]
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments[3]
HKFRS 8	Operating Segments[3]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate[3]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation[7]
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners[4]
HK(IFRIC) – Int 18	Transfers of Assets from Customers[8]

1 Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009
2 Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate
3 Effective for annual periods beginning on or after 1 January 2009
4 Effective for annual periods beginning on or after 1 July 2009
5 Effective for annual periods beginning on or after 1 February 2010
6 Effective for annual periods beginning on or after 1 January 2010
7 Effective for annual periods beginning on or after 1 October 2008
8 Effective for transfers on or after 1 July 2009

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary.

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

4. 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 explained in the accounting policies set out below.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards 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 (deficit) 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.

Property, plant and equipment

Property, plant and equipment including land and buildings held for use in the production or supply of goods or services, or for administrative purposes, other than construction in progress, are stated at cost or fair value less subsequent accumulated depreciation and accumulated impairment losses.

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.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment *(continued)*

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 (accumulated losses).

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 of their estimated residual value, using the straight-line method.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is stated at cost less any recognised 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.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or 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.

Intangible assets

Intangible assets acquired separately and 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. (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

Investments 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 associates, 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, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Investment 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 jointly controlled entities 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 the jointly controlled entity of the Group, profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

The Group as lessor

Rental income from operating leases is recognised in the consolidated income statement on a straight-line basis over the term of the relevant lease.

The Group as lessee

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.

Leasehold land and building

The land and building elements of a lease of land and building are considered separately for the purpose of lease classification, unless the lease payments cannot be allocated reliably between the land and building elements, in which case, the entire lease is generally treated as a finance lease and accounted for as property, plant and equipment. To the extent the allocation of the lease payments can be made reliably, leasehold interests in land are accounted for as operating leases.

Financial instruments

Financial assets and financial liabilities are recognised on the 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 as loans and receivables, available-for-sale financial assets and derivative financial instruments. 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period. Income is recognised on an effective interest basis for debt instruments.

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 bonds receivables, trade and bills receivables, other receivables, pledged bank deposits, restricted bank deposits and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Available-for-sale financial assets

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 (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets *(continued)*

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

For financial assets carried at amortised cost, 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.

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

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

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in equity.

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 Group's financial liabilities are classified as other financial liabilities and derivative financial instruments.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. Interest expense is recognised on an effective interest basis.

Other financial liabilities

Other financial liabilities (including trade and bills payables, other payables, amount due to an associate, bank borrowings and obligations under finance leases) 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.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Inventories

Inventories are stated at the lower of cost and 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 net realisable value on an individual property basis.

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 or loss 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.

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

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 is 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.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment losses on tangible and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If 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 under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that standard.

Revenue recognition

Revenue is measured at the fair value of the consideration received or recoverable and represents amounts receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

Revenue from sale of goods is recognised 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.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

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 plans/state-managed retirement benefit schemes/the Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

4. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share-based payment transactions

In relation to share options granted and vested before 1 January 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 vested on or after 1 January 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 the 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 (accumulated losses).

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 dollar) 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.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Estimated impairment of property, plant and equipment

The Group assesses annually whether property, plant and equipment have any indication of impairment, in accordance with the relevant accounting policies. The recoverable amounts of the Group's freehold land and buildings are determined based on fair value less cost to sell whereas those for the other property, plant and equipment have been determined based on value-in-use calculations. These calculations and valuations require the use of judgment and estimates on future operating cash flows and discount rates adopted. Where the actual cash flows are different from the original estimate, a material change in the amount of impairment may arise. As at 30 June 2009, the carrying amount of property, plant and equipment amounted to HK$1,063,537,000 (2008: HK$1,125,538,000).

Estimated impairment of trade and bills receivables

When there is objective evidence of impairment loss, the Group estimates the future cash flows to determine the impairment loss. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. As at 30 June 2009, the carrying amount of trade and bills receivables amounted to HK$282,342,000 (2008: HK$1,861,423,000) (net of allowance for doubtful debts of HK$233,726,000 (2008: HK$27,937,000)).

Allowance for inventories

Inventories are valued at the lower of cost and net realisable value. Cost is calculated using the weighted average method. The Group reviews its inventory levels in order to identify slow-moving and obsolete merchandise. When the Group identifies items of inventories which have a market price that is lower than its carrying amount, the Group estimates the amount of write-down of inventories as allowance for inventories. As at 30 June 2009, the carrying amount of inventories amounted to HK$993,234,000 (2008: HK$2,920,257,000).

If the market price of inventories of the Group become lower than its carrying amount subsequently, an additional allowance may be required.

6. CAPITAL RISK MANAGEMENT

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

The Group also monitors the current and expected liquidity requirements regularly to ensure that sufficient working capital and adequate committed lines of funding are maintained to meet its liquidity requirements. Upon the discovery of any default, the Group would negotiate immediately with the relevant lenders for proper arrangement in order to maintain sufficient working capital.

The capital structure of the Group consists of net debt, which includes bank borrowings, obligations under finance leases, net of cash and cash equivalents and (deficit) equity attributable to equity holders of the Company, comprising issued share capital and reserves. The Group's bank borrowings are currently secured by certain of the Group's assets as detailed in respective notes and guaranteed by the Group's subsidiaries and the Company.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Group will also balance its overall capital structure through the payment of dividends, new share issues and share buybacks as well as the issue of new debt or the redemption of existing debt, if necessary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2009

7. FINANCIAL INSTRUMENTS

7a. Categories of financial instruments

	2009 HK$'000	2008 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	645,496	3,376,352
Available-for-sale financial assets	–	13,478
Derivative financial instruments	23,730	37,195
Financial liabilities		
At amortised cost	4,373,495	6,161,859
Derivative financial instruments	471	117,923

7b. Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, bonds receivables, trade and bills receivables, other receivables, derivative financial instruments, pledged bank deposits, restricted bank deposits, bank balances and cash, trade and bills payables, other payables, amount due to an associate, bank borrowings and obligations under finance leases. Details of these financial instruments are disclosed in respective notes. The risks associated with certain of these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. 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.

Market risk

Currency risk

Certain entities in the Group have foreign currency transactions, investments and borrowings, which expose the Group to foreign currency risk.

The Group manages and monitors foreign exchange exposures to ensure appropriate measures are implemented on a timely and effective manner. The Group is currently using foreign currency forward contracts to reduce the significant foreign currency exposure.

7. FINANCIAL INSTRUMENTS *(continued)*

7b. Financial risk management objectives and policies *(continued)*

Market risk *(continued)*

Currency risk *(continued)*

The carrying amounts of foreign currency denominated monetary assets, monetary liabilities and derivative financial instruments of the Group at the reporting date that are considered significant by management are as follows:

	Assets		Liabilities	
	2009 HK$'000	2008 HK$'000	**2009 HK$'000**	2008 HK$'000
United States Dollars ("US$")	**189,478**	995,648	**3,081,108**	4,381,160
Renminbi ("RMB")	**63,709**	633,781	**701,909**	510,940
Japanese Yen ("¥")	**345**	–	**–**	–

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in the functional currencies of the relevant group entities against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% increase in foreign currency rates. A positive (negative) number below indicates a decrease (an increase) in loss before taxation or equity where the functional currencies of the relevant group entities strengthen against the relevant foreign currencies. For a 5% weakening of the functional currencies of the relevant group entities against the relevant foreign currencies, there would be an equal and opposite impact on the loss before taxation or equity.

	Loss before taxation		Equity	
	2009 HK$'000	2008 HK$'000	**2009 HK$'000**	2008 HK$'000
US$	**137,697**	161,215	**–**	–
RMB	**30,390**	(5,211)	**–**	638
¥	**(16)**	–	**–**	–

7. FINANCIAL INSTRUMENTS *(continued)*

7b. Financial risk management objectives and policies *(continued)*

Market risk *(continued)*

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to its fixed-rate pledged bank deposits and bank borrowings (see note 33 for details of the bank borrowings). In relation to those fixed-rate bank borrowings, the Group aims to keep loans at rates that are comparable to those in the market. In order to achieve this result, the Group negotiated with the banks and entered into various revolving loans such that interest rates associated with the loans are more or less variable. In this regard, the directors of the Company consider that the Group's fair value interest rate risk is minimal.

The Group is also exposed to cash flow interest rate risk as its bonds receivables, restricted bank deposits, bank balances and certain of its bank borrowings are subject to interest at floating interest rates (see note 33 for details of the bank borrowings). It is the Group's policy to keep its borrowings at floating-rate of interests so as to minimise the fair value interest rate risk. Management will also consider hedging significant interest rate exposure should the needs arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly related to the fluctuation of market interest rates, mainly London Interbank Offered Rate and People's Bank of China benchmark loan rate.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for floating-rate bonds receivables, restricted bank deposits, bank balances and bank borrowings at the balance sheet date. The analysis is prepared assuming the amount of asset and liability outstanding at the balance sheet date was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's loss before taxation for the year would increase/decrease by HK$6,550,000 (2008: HK$6,232,000).

Other price risk

The Group was exposed to price risk through its investments in listed equity securities as at 30 June 2008. Management manages this exposure by maintaining a portfolio of investments with different risks and return profiles.

Sensitivity analysis

If the price of the Group's investments as at 30 June 2008 had been 5% higher/lower and all other variables were held constant, the Group's investment revaluation reserve for the year ended 30 June 2008 would increase/decrease by HK$674,000.

7. FINANCIAL INSTRUMENTS *(continued)*

7b. Financial risk management objectives and policies *(continued)*

Credit risk

As at 30 June 2009, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to entity perform an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated balance sheet. In order to minimise the credit risk, management of the Group 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 trade debt on a collective basis 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.

The credit risk on liquid funds and bonds receivables is limited because the counterparties are banks and government entity with good reputation and credit standing.

The Group has concentration of credit risk on its bonds receivables which are due from one single counterparty and also trade receivables as its five largest customers constitute 55% (2008: 18%) of the total trade receivables balance. The five largest customers have good repayment history and credit quality with reference to the track records of these customers under internal assessment by the Group. The Group has no other concentration of credit risk, with exposure spread over a number of counterparties.

Liquidity risk

The Group's liquidity position is monitored closely by the management of the Company and details of which are set out in note 2. The following tables detail the Group's contractual maturity for its financial liabilities. For non-derivative financial liabilities, the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

7. FINANCIAL INSTRUMENTS *(continued)*

7b. Financial risk management objectives and policies *(continued)*

Liquidity risk *(continued)*

For derivative instruments settle on a net basis, undiscounted net cash (inflows) and outflows are presented. Whereas they require gross settlement, the undiscounted gross (inflows) and outflows on these derivatives are shown in the tables.

	Weighted average effective interest rate	Less than 1 month	1 – 3 months	3 months to 1 year	Over 1 year	Total undiscounted cash flows	Carrying amount at 30.6.2009
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2009							
Non-derivative financial instruments							
Trade, bills and other payables	–	2,366,536	236,878	23	–	2,603,437	2,603,437
Amount due to an associate	–	975	–	–	–	975	975
Bank borrowings							
– fixed-rate	8.74	62,513	33,089	62,106	2,871	160,579	152,129
– floating-rate	3.72	62,860	223,426	1,031,707	312,594	1,630,587	1,570,704
Obligations under finance leases	3.00	445	1,357	4,170	56,645	62,617	46,250
		2,493,329	494,750	1,098,006	372,110	4,458,195	4,373,495
Derivative financial instruments – gross settlement							
Foreign exchange forward contracts							
Sell RMB, buy US$							
– inflow	–	(81,960)	(12,313)	(749,130)	–	(843,403)	N/A
– outflow	–	79,844	12,086	749,477	–	841,407	N/A
		(2,116)	(227)	347	–	(1,996)	(1,996)
Sell RMB, buy ¥							
– inflow	–	–	–	(24,163)	–	(24,163)	N/A
– outflow	–	–	–	23,818	–	23,818	N/A
		–	–	(345)	–	(345)	(345)
Derivative financial instruments – net settlement							
Foreign exchange forward contracts							
Sell RMB, buy US$ – inflow	–	(16,848)	(4,070)	–	–	(20,918)	(20,918)

Notes to the Consolidated Financial Statements

For the year ended 30 June 2009

7. FINANCIAL INSTRUMENTS *(continued)*

7b. Financial risk management objectives and policies *(continued)*

Liquidity risk *(continued)*

	Weighted average effective interest rate	Less than 1 month	1 – 3 months	3 months to 1 year	Over 1 year	Total undiscounted cash flows	Carrying amount at 30.6.2008
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
2008							
Non-derivative financial instruments							
Trade, bills and other payables	–	2,653,783	682,643	74,068	–	3,410,494	3,410,494
Amount due to an associate	–	975	–	–	–	975	975
Bank borrowings							
– fixed-rate	4.64	36,852	65,073	154,736	57,508	314,169	305,342
– floating-rate	5.95	1,103,481	586,708	558,820	387,921	2,636,930	2,393,353
Obligations under finance leases	4.00	443	1,365	4,181	62,793	68,782	51,695
		3,795,534	1,335,789	791,805	508,222	6,431,350	6,161,859
Derivative financial instruments – gross settlement							
Foreign exchange forward contracts							
Sell US$, buy RMB							
– inflow	–	(148,134)	(187,116)	(452,197)	–	(787,447)	N/A
– outflow	–	139,270	177,594	459,536	–	776,400	N/A
		(8,864)	(9,522)	7,339	–	(11,047)	(11,047)
Sell RMB, buy US$							
– inflow	–	(437,993)	(150,189)	(787,340)	–	(1,375,522)	N/A
– outflow	–	440,508	153,722	798,579	–	1,392,809	N/A
		2,515	3,533	11,239	–	17,287	17,287
Derivative financial instruments – net settlement							
Foreign exchange forward contracts							
Sell RMB, buy US$ – outflow	–	14,692	19,992	39,751	–	74,435	74,435
Sell US$, buy HK$ – outflow	–	53	–	–	–	53	53

7. FINANCIAL INSTRUMENTS *(continued)*

7c. Fair value

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

- the fair values of available-for-sale investments traded on active liquid markets are determined with reference to quoted market bid prices;

- the fair value of other financial assets and financial liabilities (including derivative financial instruments) determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input.

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

8. REVENUE AND SEGMENTAL INFORMATION

Segmental information is presented by way of two segment formats:

(i) on a primary segment reporting basis, by business segment; and

(ii) 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. Summarised details of each of the business segments are as follows:

(a) the liquid crystal display ("LCD") monitors segment, which engages in the manufacturing, trading and distribution of LCD monitors;

(b) the thin-film transistor ("TFT")-LCD televisions segment, which engages in the manufacturing, trading and distribution of TFT-LCD televisions;

(c) the cathode ray tube ("CRT") monitors segment, which engages in the manufacturing, trading and distribution of CRT monitors; and

(d) the others segment, which engages in the manufacturing, trading and distribution of computer monitor components, non-TFT-LCD televisions as well as audio and video products other than monitors and televisions.

8. REVENUE AND SEGMENTAL INFORMATION *(continued)*

Business Segment *(continued)*

For the year ended 30 June 2009

	LCD monitors HK$'000	TFT-LCD televisions HK$'000	CRT monitors HK$'000	Others HK$'000	Elimination HK$'000	Consolidated HK$'000
CONSOLIDATED INCOME STATEMENT						
REVENUE						
Sales to external customers	2,392,453	1,630,236	73,461	358,741	–	4,454,891
Inter-segment sales *	–	–	–	46,585	(46,585)	–
	2,392,453	1,630,236	73,461	405,326	(46,585)	4,454,891
RESULTS						
Segmental results	(975,382)	(1,457,162)	(55,622)	(220,799)	–	(2,708,965)
Unallocated corporate income						160,382
Unallocated corporate expenses						(189,793)
Share of results of associates	–	–	–	3,675	–	3,675
Changes in fair value of derivative financial instruments						23,259
Finance costs						(209,453)
Loss before taxation						(2,920,895)
Income tax credit						3,769
Loss for the year						(2,917,126)

* Inter-segment sales were charged at cost plus a percentage markup.

8. REVENUE AND SEGMENTAL INFORMATION *(continued)*

Business Segment *(continued)*

For the year ended 30 June 2008

	LCD monitors HK$'000	TFT-LCD televisions HK$'000	CRT monitors HK$'000	Others HK$'000	Elimination HK$'000	Consolidated HK$'000
CONSOLIDATED INCOME STATEMENT						
REVENUE						
Sales to external customers	7,613,034	7,995,475	1,282,514	503,927	–	17,394,950
Inter-segment sales *	–	–	–	6,097	(6,097)	–
	7,613,034	7,995,475	1,282,514	510,024	(6,097)	17,394,950
RESULTS						
Segmental results	56,844	59,263	4,600	238	–	120,945
Unallocated corporate income						469,263
Unallocated corporate expenses						(258,738)
Share of results of associates	–	–	–	(21,460)	–	(21,460)
Changes in fair value of derivative financial instruments						(80,728)
Finance costs						(279,364)
Loss before taxation						(50,082)
Income tax expense						(216)
Loss for the year						(50,298)

* Inter-segment sales were charged at cost plus a percentage markup.

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For the year ended 30 June 2009

8. REVENUE AND SEGMENTAL INFORMATION *(continued)*

Business Segment *(continued)*

As at 30 June 2009

	LCD monitors HK$'000	TFT-LCD televisions HK$'000	CRT monitors HK$'000	Others HK$'000	Consolidated HK$'000
CONSOLIDATED BALANCE SHEET					
ASSETS					
Segment assets	1,283,186	1,210,925	79,538	234,189	2,807,838
Investments in associates	–	–	–	2,816	2,816
Unallocated corporate assets					388,916
Consolidated total assets					3,199,570
LIABILITIES					
Segment liabilities	1,337,851	1,267,124	48,073	172,152	2,825,200
Bank borrowings					1,722,833
Obligations under finance leases					46,250
Unallocated corporate liabilities					87,546
Consolidated total liabilities					4,681,829

For the year ended 30 June 2009

	LCD monitors HK$'000	TFT-LCD televisions HK$'000	CRT monitors HK$'000	Others HK$'000	Consolidated HK$'000
OTHER INFORMATION					
Capital additions	64,373	83,294	657	1,328	149,652
Depreciation of property, plant and equipment	68,510	72,699	10,547	16,225	167,981
Release of prepaid lease payments	818	784	104	294	2,000
Impairment loss on trade and other receivables	91,997	123,075	22,875	16,865	254,812
Write-down of inventories	377,214	120,940	12,435	28,246	538,835

8. REVENUE AND SEGMENTAL INFORMATION *(continued)*

Business Segment *(continued)*

As at 30 June 2008

	LCD monitors HK$'000	TFT-LCD televisions HK$'000	CRT monitors HK$'000	Others HK$'000	Consolidated HK$'000
CONSOLIDATED BALANCE SHEET					
ASSETS					
Segment assets	2,764,842	3,015,991	509,113	247,819	6,537,765
Investments in associates	–	–	–	22,379	22,379
Unallocated corporate assets					1,413,858
Consolidated total assets					7,974,002
LIABILITIES					
Segment liabilities	1,823,679	1,372,064	109,900	253,849	3,559,492
Bank borrowings					2,698,695
Obligations under finance leases					51,695
Unallocated corporate liabilities					193,026
Consolidated total liabilities					6,502,908

For the year ended 30 June 2008

	LCD monitors HK$'000	TFT-LCD televisions HK$'000	CRT monitors HK$'000	Others HK$'000	Consolidated HK$'000
OTHER INFORMATION					
Capital additions	149,948	97,405	4,975	7,745	260,073
Depreciation of property, plant and equipment	66,792	59,769	13,008	18,469	158,038
Release of prepaid lease payments	620	742	98	289	1,749
Reversal of impairment loss on trade receivables	(907)	(1,321)	(389)	(660)	(3,277)
Write-down of inventories	25,931	15,850	5,373	1,808	48,962

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For the year ended 30 June 2009

8. REVENUE AND SEGMENTAL INFORMATION *(continued)*

Geographical Segment

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

	2009 HK$'000	2008 HK$'000
Asia *(note i)*	**1,970,605**	8,598,434
North America	**1,519,735**	4,262,707
Europe *(note ii)*	**622,647**	2,795,303
Others	**341,904**	1,738,506
	4,454,891	17,394,950

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

	Carrying amount of segment assets		**Additions to property, plant and equipment**	
	2009 HK$'000	2008 HK$'000	**2009 HK$'000**	2008 HK$'000
Asia *(note i)*	**1,648,335**	3,645,289	**145,185**	252,217
North America	**519,424**	1,309,183	**21**	38
Europe *(note ii)*	**341,288**	709,627	**–**	304
Others	**298,791**	873,666	**4,446**	7,514
	2,807,838	6,537,765	**149,652**	260,073

Notes:

(i) Asia mainly includes Taiwan and the PRC (including Hong Kong) .

(ii) Europe mainly includes Belgium, the United Kingdom, the Netherlands, Germany and France.

9. OTHER INCOME

Other income includes:

	2009 HK$'000	2008 HK$'000
Interest income	**54,087**	35,214

10. NET FOREIGN EXCHANGE GAIN

Net foreign exchange gain represents:

	2009 HK$'000	2008 HK$'000
Foreign exchange gains	**112,078**	510,843
Foreign exchange losses	**(36,726)**	(132,813)
	75,352	378,030

11. IMPAIRMENT LOSS ON OTHER RECEIVABLES

The amount represents other receivables arising on the disposal of properties held for sale which are considered not recoverable.

12. FINANCE COSTS

	2009 HK$'000	2008 HK$'000
Interest on:		
Bank borrowings wholly repayable within five years	**205,754**	278,325
Bank borrowings not wholly repayable within five years	**714**	738
Finance leases	**376**	301
Others	**2,609**	–
	209,453	279,364

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13. INCOME TAX (CREDIT) EXPENSE

	2009 HK$'000	2008 HK$'000
The (credit) charge comprises:		
Hong Kong Profits Tax		
Current year	45	–
Overprovision in prior years	–	(25,200)
	45	(25,200)
Other jurisdictions		
Current year	319	24,732
(Over)underprovision in prior years	(4,133)	684
	(3,814)	25,416
	(3,769)	216

Hong Kong Profits Tax is calculated at 16.5% (2008: 16.5%) of the estimated assessable profits for the year.

Taxation in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

13. INCOME TAX (CREDIT) 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 PRC enterprise income tax for the following three years. Accordingly, provision for the PRC enterprise income tax has been made after taking into account these tax incentives. Two (2008: two) of the subsidiaries of the Company are subject to PRC enterprise income tax at rates with a 50% relief during the year.

In accordance with the Law of the PRC on Enterprise Income Tax (the "New Law"), the tax rate for certain principal subsidiaries will ratchet up from 18% in 2008 and 20% in 2009 to 22%, 24%, 25% in 2010 to 2012, respectively, whilst the tax rate for other PRC subsidiaries is 25% with effect from 1 January 2008. For those subsidiaries under exemption as mentioned above, they are able to continue to enjoy the tax exemption based on the new rate under the New Law. The deferred tax balance has been adjusted to reflect the tax rates that are expected to apply to the respective periods when the asset is realised or the liability is settled.

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 are no significant income tax exposures in other jurisdictions.

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

	2009 **HK$'000**	2008 HK$'000
Loss before taxation	**(2,920,895)**	(50,082)
Tax at the domestic income tax rate of 20% (2008: 18%)	**(584,179)**	(9,015)
Tax effect of share of results of associates	**(735)**	3,863
Tax effect of expenses not deductible for tax purpose	**14,441**	26,122
Tax effect of income not taxable for tax purpose	**(5,072)**	(2,145)
Overprovision in prior years	**(4,133)**	(24,516)
Tax effect of tax losses not recognised	**407,206**	4,711
Tax effect of deductible temporary differences not recognised	**168,703**	8,223
Utilisation of tax losses previously not recognised	**–**	(891)
Effect of concessionary tax rate granted to the PRC subsidiaries	**–**	(10,545)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**–**	4,409
Tax (credit) charge for the year	**(3,769)**	216

Note: For tax reconciliation purpose the domestic tax rate in the PRC of 20% (2008: 18%) is used as the operations of the Group are substantially based there.

Details of deferred taxation are set out in note 36.

14. LOSS FOR THE YEAR

	2009 HK$'000	2008 HK$'000
Loss for the year has been arrived at after charging (crediting):		
Staff costs including directors' emoluments:		
Salaries and other benefits	**323,047**	501,900
Retirement benefits scheme contributions	**14,418**	17,145
Share-based payment expenses	**–**	13,535
	337,465	532,580
Amortisation of intangible assets (included in administrative expenses)	**5,800**	5,800
Auditor's remuneration	**5,166**	4,015
Cost of inventories recognised as an expense, including write-down of inventories of HK$538,835,000 (2008: HK$48,962,000) *(note)*	**6,064,673**	16,258,158
Depreciation of property, plant and equipment	**167,981**	158,038
Gain on disposal of available-for-sale investments	**(76)**	–
Impairment loss on amount due from a jointly controlled entity	**–**	1,000
Impairment loss on available-for-sale investments	**–**	539
Loss on disposal of property, plant and equipment (included in administrative expenses)	**28,060**	4,109
Release of prepaid lease payments	**2,000**	1,749

Note: Write-down of inventories has been recognised against the slow-moving and obsolete inventories and for drop in net realisable value.

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15. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Directors' emoluments

The emoluments paid or payable to each of the nine (2008: ten) directors were as follows:

2009

	Mr. Yang Long-san, Rowell HK$'000	Mr. Wang Ming-chun, Morris HK$'000 (note i)	Ms. Hui Siu-ling, Elina HK$'000	Mr. Chang I-hua HK$'000 (note ii)	Mr. Huang Ying-che, Michael HK$'000 (note ii)	Mr. Lau Siu-ki, Kevin HK$'000	Mr. Lee Chiu-kang, Alex HK$'000	Mr. Liu Zixian HK$'000	Mr. Wang Kuei-ching, Will HK$'000 (note iii)	Total HK$'000
Fees	–	–	–	117	117	234	234	117	117	936
Other emoluments										
Salaries and other benefits	3,727	372	949	–	–	–	–	–	–	5,048
Retirement benefits scheme contributions	–	13	12	–	–	–	–	–	–	25
Total emoluments	3,727	385	961	117	117	234	234	117	117	6,009

2008

	Mr. Yang Long-san, Rowell HK$'000	Mr. Wang Ming-chun, Morris HK$'000	Ms. Hui Siu-ling, Elina HK$'000	Mr. Chang Su-pong, Steve HK$'000 (note iv)	Mr. Chang I-hua HK$'000 (note ii)	Mr. Huang Ying-che, Michael HK$'000 (note ii)	Mr. Lau Siu-ki, Kevin HK$'000	Mr. Lee Chiu-kang, Alex HK$'000	Mr. Liu Zixian HK$'000	Mr. Wang Kuei-ching, Will HK$'000 (note iii)	Total HK$'000
Fees	–	–	–	–	59	59	240	240	120	59	777
Other emoluments											
Salaries and other benefits	3,933	1,430	949	462	–	–	–	–	–	–	6,774
Retirement benefits scheme contributions	–	14	12	4	–	–	–	–	–	–	30
	3,933	1,444	961	466	59	59	240	240	120	59	7,581
Share-based payment expenses	–	1,713	1,713	–	–	–	69	69	69	–	3,633
Total emoluments	3,933	3,157	2,674	466	59	59	309	309	189	59	11,214

Notes:

(i) Mr. Wang Ming-chun, Morris resigned as an executive director of the Company on 21 January 2009.

(ii) Mr. Chang I-hua and Mr. Huang Ying-che, Michael were appointed as non-executive directors of the Company on 5 January 2008.

(iii) Mr. Wang Kuei-ching, Will was appointed as an independent non-executive director of the Company on 5 January 2008 and re-designated as a non-executive director of the Company on 6 February 2009.

(iv) Mr. Chang Su-pong, Steve resigned as an executive director of the Company on 5 January 2008.

None of the directors waived any emoluments during the year (2008: Nil).

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

Employees' emoluments

Of the five individuals with the highest emoluments in the Group, two (2008: three) individuals were directors of the Company whose emoluments are included in the disclosure above. The emoluments of the remaining three (2008: two) individuals were as follows:

	2009 HK$'000	2008 HK$'000
Salaries and other benefits	**3,061**	3,234
Retirement benefits scheme contributions	**–**	–
	3,061	3,234

	2009 Number of employees	2008 Number of employees
The emoluments were within the following bands:		
Nil to HK$1,000,000	**1**	–
HK$1,000,001 to HK$1,500,000	**2**	1
HK$1,500,001 to HK$2,000,000	**–**	1

16. DIVIDEND

	2009 HK$'000	2008 HK$'000
Dividend recognised as distribution during the year:		
Final dividend for the year ended 30 June 2007: HK1.5 cents per share	–	11,580

17. LOSS PER SHARE

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

	2009 HK$'000	2008 HK$'000
Loss attributable to equity holders of the Company for the purposes of basic and diluted loss per share	(2,905,391)	(61,642)

	2009 Number of shares	2008 Number of shares
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	772,008,992	737,367,376

The computation of diluted loss 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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18. PROPERTY, PLANT AND EQUIPMENT

	Freehold 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 2007	256,919	37,852	1,034,679	144,669	21,143	1,495,262
Currency realignment	23,074	1,132	28,160	6,653	2,078	61,097
Additions	42,927	414	105,269	12,436	99,027	260,073
Transfer	103,348	–	4,358	362	(108,068)	–
Revaluation difference	53,607	–	–	–	–	53,607
Disposals	–	(1,715)	(11,840)	(11,684)	–	(25,239)
At 30 June 2008	479,875	37,683	1,160,626	152,436	14,180	1,844,800
Currency realignment	(3,384)	(1,245)	(14,012)	(4,227)	(1,106)	(23,974)
Additions	9,644	114	131,922	5,937	2,035	149,652
Transfer	1,329	–	7,055	–	(8,384)	–
Revaluation difference	25,932	–	–	–	–	25,932
Disposals	–	(905)	(91,502)	(7,092)	–	(99,499)
At 30 June 2009	513,396	35,647	1,194,089	147,054	6,725	1,896,911
Comprising:						
At cost	–	35,647	1,194,089	147,054	6,725	1,383,515
At valuation – 2009	513,396	–	–	–	–	513,396
	513,396	35,647	1,194,089	147,054	6,725	1,896,911
DEPRECIATION						
At 1 July 2007	–	30,372	452,442	93,854	–	576,668
Currency realignment	–	557	11,440	3,329	–	15,326
Provided for the year	13,405	2,802	122,795	19,036	–	158,038
Eliminated on revaluation	(13,405)	–	–	–	–	(13,405)
Eliminated on disposals	–	(1,715)	(5,854)	(9,796)	–	(17,365)
At 30 June 2008	–	32,016	580,823	106,423	–	719,262
Currency realignment	–	(632)	(5,870)	(2,319)	–	(8,821)
Provided for the year	12,730	2,075	134,741	18,435	–	167,981
Eliminated on revaluation	(12,730)	–	–	–	–	(12,730)
Eliminated on disposals	–	(781)	(25,608)	(5,929)	–	(32,318)
At 30 June 2009	–	32,678	684,086	116,610	–	833,374
CARRYING AMOUNT						
At 30 June 2009	513,396	2,969	510,003	30,444	6,725	1,063,537
At 30 June 2008	479,875	5,667	579,803	46,013	14,180	1,125,538

18. 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
Buildings	Over the remaining period of the relevant lease, 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 freehold land and buildings shown above comprises:

	2009 **HK$'000**	2008 HK$'000
At valuation:		
Buildings erected on land held under long-term leases outside Hong Kong	**76,511**	23,109
Buildings erected on land held under medium-term leases outside Hong Kong	**401,285**	424,566
Freehold land and buildings outside Hong Kong	**35,600**	32,200
Total	**513,396**	479,875

The freehold land and buildings of the Group were valued on 30 June 2009 by BMI Appraisals Limited ("BMI"), a firm of independent professional valuers at HK$513,396,000 (2008: HK$479,875,000). BMI valued the freehold 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 and Depreciated Replacement Cost Approach if market sales comparables are not available. The carrying amount of buildings that has been valued by Depreciated Replacement Cost Approach amounted to HK$351,379,000 (2008: HK$318,640,000). A revaluation surplus, net of minority interests, of HK$41,037,000 (2008: HK$49,706,000) has been credited to the asset revaluation reserve.

If the freehold 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 HK$315,405,000 (2008: HK$310,534,000).

19. PREPAID LEASE PAYMENTS

	2009 **HK$'000**	2008 HK$'000
The Group's prepaid lease payments comprise leasehold land outside Hong Kong held under:		
Long-term leases or land use rights	**23,741**	12,114
Medium-term leases or land use rights	**54,459**	56,166
	78,200	68,280
Analysed for reporting purposes as:		
Non-current assets	**76,220**	66,478
Current assets	**1,980**	1,802
	78,200	68,280

20. INTANGIBLE ASSETS

	Trademarks HK$'000
COST	
At 1 July 2007, 30 June 2008 and 30 June 2009	58,000
AMORTISATION AND IMPAIRMENT	
At 1 July 2007	5,800
Amortisation for the year	5,800
At 30 June 2008	11,600
Amortisation for the year	5,800
Impairment loss recognised	20,600
At 30 June 2009	38,000
CARRYING AMOUNT	
At 30 June 2009	20,000
At 30 June 2008	46,400

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 LCD monitors, video compact disk players, projection televisions, computer speakers, LCD television sets, and audio speakers.

20. INTANGIBLE ASSETS *(continued)*

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

As at 30 June 2009, the directors of the Company had performed an impairment testing on the Group's intangible assets, and they considered that the carrying amount of the intangible assets is in excess of the recoverable amount, determined using fair value calculated based on the relief-from-royalty approach in the light of the volatility of the economic conditions. Accordingly, an impairment loss of HK$20,600,000 (2008: Nil) was recognised in profit or loss. This discount rate used in arriving at fair value in use is 16.5%.

21. INVESTMENTS IN ASSOCIATES

	2009 HK$'000	2008 HK$'000
Cost of unlisted investments	**4,936**	41,248
Share of post-acquisition reserves	**(2,120)**	(18,869)
	2,816	22,379

At 30 June 2009 and 2008, the Group had interests in the following principal associates:

Name of associate	**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.	The PRC	Registered capital	45%	Provision of logistic services
寧波昇冠電子有限公司	The PRC	Registered capital	30%	Manufacture and trading of computer monitors
Japan Opto Display Technology Co., Ltd.	Japan	Ordinary	0% (2008: 44%) *(note)*	Manufacture and trading of monitor components and parts

Note: This associate has been dissolved during the year ended 30 June 2009.

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 the directors, result in particulars of excessive length.

21. INVESTMENTS IN ASSOCIATES *(continued)*

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

	2009 HK$'000	2008 HK$'000
Total assets	**8,098**	84,855
Total liabilities	**(1,785)**	(31,356)
Net assets	**6,313**	53,499
The Group's share of net assets of associates	**2,816**	22,379
Revenue	**5,044**	45,186
Profit (loss) for the year	**5,686**	(50,172)
The Group's share of results of associates for the year	**3,675**	(21,460)

22. INVESTMENT IN A JOINTLY CONTROLLED ENTITY

	2009 HK$'000	2008 HK$'000
Cost of unlisted investment	**–**	–
Share of post-acquisition reserves	**–**	–
	–	–

At 30 June 2009 and 2008, the Group had interest in the following jointly controlled entity:

Name of entity	Principal place of incorporation/ operations	Class of share held	Proportion of nominal value of issued capital held by the Group	Proportion of voting power held	Principal activities
MAG Vision Digital Limited	British Virgin Islands ("BVI")/ Hong Kong	Ordinary	50%	50%	Holding of investment in a subsidiary engaged in manufacturing and trading of video and audio products

22. INVESTMENT IN A JOINTLY CONTROLLED ENTITY *(continued)*

The Group has discontinued recognition of its share of the loss of the jointly controlled entity. The amount of unrecognised share of loss of the jointly controlled entity, both for the year and cumulatively, is as follows:

	2009 HK$'000	2008 HK$'000
Unrecognised share of loss of a jointly controlled entity for the year	**(1,103)**	(920)
Accumulated unrecognised share of losses of a jointly controlled entity	**(2,263)**	(1,160)

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

	2009 HK$'000	2008 HK$'000
Non-current assets	**77**	66
Current assets	**1,698**	2,390
Current liabilities	**(3,038)**	(2,616)
Net current liabilities	**(1,340)**	(226)
Non-current liabilities	**(1,000)**	(1,000)
Net liabilities	**(2,263)**	(1,160)
Income	**7,086**	21,043
Expenses	**8,189**	21,963

23. AVAILABLE-FOR-SALE INVESTMENTS

	2009 HK$'000	2008 HK$'000
Equity securities listed overseas, at fair value	–	76
Unlisted fund investments in the PRC, at fair value	–	13,402
	–	13,478

Fair values of the above investments as at 30 June 2008 were determined by reference to bid price quoted in an active market or fair value provided by the relevant financial institutions with reference to the fair value of the underlying listed equity securities of the relevant fund.

The Group's fund investments as at 30 June 2008 were denominated in RMB, a foreign currency of the relevant group entities.

24. BONDS RECEIVABLES

The bonds receivables represent the bonds of Brazilian Reais 16,084,000 (equivalent to HK$63,859,000) issued by the a government entity in Brazil which have been transferred to the Group by a debtor during the year (see note 28 for details) and are denominated in Brazilian Reais. The amount is unsecured and carries interest at the Special System of Clearance and Custody (SELIC) rate plus 1% per month. The bonds do not have a stipulated maturity date, but can be redeemed at the discretion of the issuer at par value plus accrued interest. The directors of the Company are of the opinion that the amount would not be repaid within twelve months from the balance sheet date and therefore, the amount is classified as non-current assets.

25. PREPAYMENTS AND DEPOSITS

The prepayments and deposits were paid by the Group solely in connection with the acquisition of property, plant and equipment for the production facilities in the PRC.

26. INVENTORIES

	2009 HK$'000	2008 HK$'000
Raw materials	550,337	1,434,412
Work in progress	340,621	592,073
Finished goods	102,276	893,772
	993,234	2,920,257

27. PROPERTIES HELD FOR SALE

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

28. TRADE AND BILLS RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2009 HK$'000	2008 HK$'000
Trade and bills receivables	516,068	1,889,360
Less: allowance for doubtful debts	(233,726)	(27,937)
	282,342	1,861,423

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. The following is an aged analysis of trade and bills receivables net of allowance for doubtful debts prepared based on the invoice date at the reporting date:

	2009 HK$'000	2008 HK$'000
Within 90 days	235,965	1,768,339
Between 91 to 180 days	46,377	13,387
Over 181 days	–	79,697
	282,342	1,861,423

Before accepting any new customer, the Group will understand the potential customer's credit quality and define its credit limits. Credit sales are made to customers with a satisfactory credit history. Credit limits and credit term granted to customers are reviewed regularly. The above trade and bills receivables of HK$235,965,000 (2008: HK$1,768,339,000) aged within 90 days are neither past due nor impaired and have good credit quality with reference to the track records of these customers under internal assessment by the Group.

Included in the Group's trade receivable balance are debtors with an aggregate carrying amount of HK$46,377,000 (2008: HK$93,084,000) aged over 91 days which are past due at the reporting date for which the Group has not provided for impairment loss. The Group has either obtained collateral, including certain land and buildings and intangible assets of an aggregate fair value of approximately HK$135 million (2008: HK$137 million), over certain of these balances or achieved a satisfactory settlement subsequent to the balance sheet date.

28. TRADE AND BILLS RECEIVABLES, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES *(continued)*

Movements in the allowance for doubtful debts

	2009 HK$'000	2008 HK$'000
Balance brought forward	27,937	31,214
Impairment losses recognised	205,789	–
Amounts recovered during the year	–	(3,277)
Balance carried forward	233,726	27,937

Included in the allowance for doubtful debts are allowances for individually impaired trade receivables with an aggregate balance of HK$50,454,000 (2008: Nil), the counterparties of which have either been placed under liquidation or in severe financial difficulties. The Group does not hold any collateral over these balances.

The Group has fully provided for impairment on receivables aged over 181 days which have no collateral nor subsequent settlement because historical experience is that such receivables are generally not recoverable.

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

	2009 HK$'000	2008 HK$'000
US$	43,367	527,405
RMB	5,943	3,727

During the year ended 30 June 2009, a debtor has settled its debts of HK$66,245,000 by transferring the ownership of certain Brazilian government bonds to the Group. Details of the Brazilian government bonds are set out in note 24.

During the year ended 30 June 2008, a debtor settled its debts of HK$6,560,000 by transferring the ownership of a freehold property outside Hong Kong to the Group. The property was classified as properties held for sale as at 30 June 2008 and 2009.

As at 30 June 2009 and 2008, prepayments, deposits and other receivables mainly include deposits for purchase of materials, value-added tax receivables, other prepayments and receivables. Other receivables are unsecured, interest-free and repayable on demand.

29. DERIVATIVE FINANCIAL INSTRUMENTS

Major terms of outstanding foreign currency forward contracts are as follows:

Principal and notional amounts	Currency conversion
At 30 June 2008	
Deliverable forward contracts (gross settled)	
43 contracts to buy US$177,725,000 in total	US$1: RMB6.63 to RMB7.26
29 contracts to sell US$101,000,000 in total	US$1: RMB6.39 to RMB7.2
Non-deliverable forward contracts (net settled)	
111 contracts to buy US$517,000,000 in total	US$1: RMB6.30 to RMB7.28
2 contracts to buy HK$13,000,000 in total	US$1: HK$7.77 to HK$7.78
At 30 June 2009	
Deliverable forward contracts (gross settled)	
16 contracts to buy US$108,574,000 in total	US$1: RMB6.66 to RMB6.86
1 contract to buy ¥289,038,000	¥1: RMB0.074
Non-deliverable forward contracts (net settled)	
12 contracts to buy US$57,800,000 in total	US$1: RMB6.46 to RMB6.66

During the year ended 30 June 2009, a fair value gain of HK$23,259,000 (2008: loss of HK$80,728,000) has been recognised in profit or loss. The fair values of above foreign currency forward contracts are estimated based on the prices provided by the counterparty financial institutions that are determined based on estimated cash flows with appropriate yield curve for equivalent instruments at the balance sheet date.

All the derivative financial liabilities are denominated in US$, a foreign currency of the relevant group entities. The Group's derivative financial assets that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	2009 HK$'000	2008 HK$'000
US$	**23,385**	37,195
¥	**345**	–

30. PLEDGED BANK DEPOSITS, RESTRICTED BANK DEPOSITS AND BANK BALANCES AND CASH

Pledged bank deposits represent the 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-rate interest at rates, ranging from 0.01% to 7.73% (2008: 1.8% to 4.38%) per annum. The pledged bank deposits will be released upon the settlement of the relevant short-term bank borrowings.

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

	2009 **HK$'000**	2008 HK$'000
US$	**22,475**	3,430
RMB	**45,104**	105,065

Bank balances and cash comprise bank balances and cash held by the Group and short-term bank deposits that carry interest at market interest rates. All bank deposits have a maturity of three months or less. The bank deposits carry interest at rates, ranging from 1.43% to 7.2% (2008: 0.1% to 3.45%) per annum.

The use of bank balances amounted to HK$83,836,000 (2008: Nil) has been restricted by the banks in view of the fact that the borrowings outstanding from those banks have been defaulted during the year (see note 33 for details of the restriction).

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

	2009 **HK$'000**	2008 HK$'000
US$	**69,813**	–
RMB	**11,110**	–

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

	2009 **HK$'000**	2008 HK$'000
US$	**30,438**	427,618
RMB	**1,552**	511,587

31. TRADE AND BILLS PAYABLES

The following is an aged analysis of trade and bills payables at the balance sheet date:

	2009 HK$'000	2008 HK$'000
Within 90 days	**727,311**	2,676,541
Between 91 to 180 days	**460,508**	484,018
Over 181 days	**1,334,861**	60,797
	2,522,680	3,221,356

The average credit period on purchase of goods is up to 90 days.

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

	2009 HK$'000	2008 HK$'000
US$	**2,151,688**	2,565,272
RMB	**87,495**	94,696

32. AMOUNT DUE TO AN ASSOCIATE

The amount is unsecured, interest-free and repayable on demand.

33. BANK BORROWINGS

	2009 HK$'000	2008 HK$'000
Bank loans and trust receipt loans	**1,722,833**	2,698,695
Analysed as:		
Secured	**1,313,750**	657,154
Unsecured	**409,083**	2,041,541
	1,722,833	2,698,695

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33. BANK BORROWINGS *(continued)*

The Group's bank borrowings are as follows:

	2009 Fixed-rate borrowings HK$'000	2009 Floating-rate borrowings HK$'000	2009 Total HK$'000	2008 Fixed-rate borrowings HK$'000	2008 Floating-rate borrowings HK$'000	2008 Total HK$'000
Within one year	**149,312**	**1,268,797**	**1,418,109**	248,566	2,053,010	2,301,576
More than one year, but not exceeding two years	**2,817**	**64,675**	**67,492**	56,776	67,212	123,988
More than two years, but not exceeding three years	**–**	**73,177**	**73,177**	–	57,296	57,296
More than three years, but not exceeding four years	**–**	**156,046**	**156,046**	–	50,333	50,333
More than four years, but not exceeding five years	**–**	**1,074**	**1,074**	–	157,135	157,135
More than five years	**–**	**6,935**	**6,935**	–	8,367	8,367
	152,129	**1,570,704**	**1,722,833**	305,342	2,393,353	2,698,695
Less: Amounts due within one year shown under current liabilities	**(149,312)**	**(1,268,797)**	**(1,418,109)**	(248,566)	(2,053,010)	(2,301,576)
Amounts due after one year	**2,817**	**301,907**	**304,724**	56,776	340,343	397,119

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

	2009	2008
Effective interest rate:		
Fixed-rate borrowings	**1.30% – 18.00%**	3.73% – 6.42%
Variable-rate borrowings	**1.10% – 8.25%**	2.62% – 11.91%

During the year, considering the operating loss and default in repayments of bank borrowings and related interest by certain subsidiaries operating in Shenzhen of the PRC (the "Shenzhen Subsidiaries"), the Shenzhen Subsidiaries have entered into the Framework Agreement with the banks which have provided bank borrowings (the "Shenzhen Lenders") to them to restructure the bank borrowings and the related repayment schedules. The Framework Agreement empowers each of the Shenzhen Lenders to monitor the daily expenditure of the Shenzhen Subsidiaries by appointing representatives in the management of the Shenzhen Subsidiaries. The Shenzhen Lenders also have the right to monitor the bank deposits of the Shenzhen Subsidiaries and the use of bank deposits have to be authorised by the Shenzhen Lenders. Under the Framework Agreement, the Shenzhen Lenders will not grant new loans to or demand repayment of the existing borrowings from the Group. However, the Group has to settle interest cost timely according to the agreed schedule. As at 30 June 2009, bank borrowings of HK$1,060,900,000 were under such Framework Agreement.

33. BANK BORROWINGS *(continued)*

In connection with a bank borrowing of HK$26,330,000 provided to a subsidiary of the Company operating in Ningbo, the PRC which was in default during the year, upon the discovery of the default, the directors of the Company renegotiated the terms of the borrowing with the relevant bank and have come into agreement during the year with the relevant bank on the repayment period of the borrowing to be extended with an interest rate of 18.00% per annum being charged.

The use of certain bank deposits have also been restricted by the banks in Ningbo, the PRC and Brazil in light of the defaulted repayments of bank borrowings to the relevant banks.

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

	2009 **HK$'000**	2008 HK$'000
US$	**928,949**	1,697,965
RMB	**614,414**	416,244

During the year, the Group obtained new bank loans in an amount of approximately HK$3,997 million (2008: HK$7,516 million). The loans bear interest at prevailing market rates and are repayable by instalments over a period of one to three years. The proceeds were used to finance the acquisition of property, plant and equipment, investments and for general working capital purpose of the Group.

34. OBLIGATIONS UNDER FINANCE LEASES

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 term ranges from three to fifteen years. For the year ended 30 June 2009, the average effective borrowing rate was 3.0% (2008: 4.0%) per annum. Interest rates are fixed at the contract date. All leases are on a fixed repayment basis.

	Minimum lease payments		Present value of minimum lease payments	
	2009 HK$'000	2008 HK$'000	**2009 HK$'000**	2008 HK$'000
Amounts payable under finance leases:				
Within one year	**5,972**	5,989	**5,132**	5,315
More than one year, but not exceeding two years	**5,873**	5,989	**4,894**	5,146
More than two years, but not exceeding three years	**5,853**	5,889	**4,721**	4,908
More than three years, but not exceeding four years	**5,853**	5,870	**4,569**	4,735
More than four years, but not exceeding five years	**5,853**	5,870	**4,421**	4,582
More than five years	**33,213**	39,175	**22,513**	27,009
	62,617	68,782	**46,250**	51,695
Less: future finance charges	**(16,367)**	(17,087)	**N/A**	N/A
Present value of lease obligations	**46,250**	51,695	**46,250**	51,695
Less: Amounts due within one year shown under current liabilities			**(5,132)**	(5,315)
Amounts due after one year			**41,118**	46,380

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

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

As at 30 June 2009, the carrying value of freehold land and buildings of the Group included an amount of HK$117,868,000 (2008: HK$121,360,000) in respect of buildings treated as finance leases. As at 30 June 2008, the carrying value of furniture, equipment and motor vehicles of the Group included an amount of HK$87,000 in respect of motor vehicles held under finance leases.

35. SHARE CAPITAL

	Number of ordinary shares of HK$0.10 each	Amount HK$'000
Authorised:		
At 1 July 2007, 30 June 2008 and 30 June 2009	2,000,000,000	200,000
Issued and fully paid:		
At 1 July 2007	646,818,992	64,681
Issue of shares under general mandate	125,190,000	12,519
At 30 June 2008 and 30 June 2009	772,008,992	77,200

On 10 October 2007, the Company completed the allotment and issue of 125,190,000 shares of the Company in cash, at the subscription price of HK$1.25 per share to San-Chih Asset International Holding Corp., as nominee of Shan Chih Assets Development Company Limited, 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. The allotment and share issuance were pursuant to the general mandate passed as an ordinary resolution on the annual general meeting of the Company held on 28 November 2006. The net proceeds of HK$156,487,000 were used for general working capital, capital expenditure and business expansion.

The new issued shares under the subscription rank pari passu with the then existing shares in issue in all respects.

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

36. DEFERRED TAXATION

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

	Revaluation of properties HK$'000
At 1 July 2007	17,254
Change in tax rate charged to equity	3,331
Charge to equity for the year	16,840
At 30 June 2008	37,425
Charge to equity for the year	9,963
At 30 June 2009	47,388

At the balance sheet date, the Group had unused tax losses of approximately HK$2,182 million (2008: HK$146 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$71 million (2008: HK$31 million) and HK$1,746 million (2008: HK$30 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 had deductible temporary differences arising from allowances for bad and doubtful debts and inventories of approximately HK$1,021 million (2008: HK$177 million). 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.

37. SHARE-BASED PAYMENT TRANSACTIONS

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

Pursuant to an ordinary resolution passed at the Special General meeting of the Company held on 12 February 2003, the Scheme was approved and 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 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 Scheme should, unless otherwise terminated or amended, remain in force for ten years until February 2013.

37. SHARE-BASED PAYMENT TRANSACTIONS *(continued)*

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 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 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 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 Scheme save that the total number of shares which may be issued upon exercise of all share options to be granted under the 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 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 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 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 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.

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.

37. SHARE-BASED PAYMENT TRANSACTIONS *(continued)*

During the year ended 30 June 2008, 39,500,000 share options were granted under the Scheme while 3,515,000 share options were either lapsed or cancelled. No options were granted under the Scheme during the current year while 82,220,000 share options were either lapsed or cancelled. As at 30 June 2009, 77,200,899 (2008: 77,200,899) ordinary shares are available for issue under the Scheme, representing 10% (2008: 10%) of the issued share capital of the Company.

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

			Number of share options				
Date of grant of share options *(note i)*	**Exercise period of share options**	**Exercise price of share options** HK$ *(note ii)*	**As at 1 July 2008**	**Granted during the year**	**Exercised during the year**	**Lapsed/ cancelled during the year**	**As at 30 June 2009**
24 March 2003	24 September 2003 – 23 March 2013	1.04	6,450,000	–	–	(3,250,000)	3,200,000
24 March 2003	24 March 2004 – 23 March 2013	1.04	7,500,000	–	–	(4,000,000)	3,500,000
11 February 2004	16 February 2005 – 10 February 2014	2.05	9,828,000	–	–	(5,836,000)	3,992,000
11 February 2004	16 August 2005 – 10 February 2014	2.05	9,910,000	–	–	(5,876,000)	4,034,000
11 February 2004	16 February 2006 – 10 February 2014	2.05	8,442,000	–	–	(5,358,000)	3,084,000
13 February 2006	1 July 2006 – 31 December 2008	1.70	12,000,000	–	–	(12,000,000)	–
13 February 2006	1 January 2007 – 31 December 2008	1.70	12,000,000	–	–	(12,000,000)	–
14 November 2007	1 December 2007 – 31 December 2013	1.02	19,750,000	–	–	(16,950,000)	2,800,000
14 November 2007	1 June 2008 – 31 December 2013	1.02	19,750,000	–	–	(16,950,000)	2,800,000
			105,630,000	–	–	(82,220,000)	23,410,000
Exercisable at the end of the year							23,410,000
Weighted average exercise price			1.45	–	–	1.43	1.51

37. SHARE-BASED PAYMENT TRANSACTIONS *(continued)*

Date of grant of share options *(note i)*	Exercise period of share options	Exercise price of share options HK$ *(note ii)*	Number of share options: As at 1 July 2007	Granted during the year *(note iii)*	Exercised during the year	Lapsed/ cancelled during the year	As at 30 June 2008
24 March 2003	24 September 2003 – 23 March 2013	1.04	7,200,000	–	–	(750,000)	6,450,000
24 March 2003	24 March 2004 – 23 March 2013	1.04	8,250,000	–	–	(750,000)	7,500,000
11 February 2004	16 February 2005 – 10 February 2014	2.05	10,232,000	–	–	(404,000)	9,828,000
11 February 2004	16 August 2005 – 10 February 2014	2.05	10,321,000	–	–	(411,000)	9,910,000
11 February 2004	16 February 2006 – 10 February 2014	2.05	8,642,000	–	–	(200,000)	8,442,000
13 February 2006	1 July 2006 – 31 December 2008	1.70	12,500,000	–	–	(500,000)	12,000,000
13 February 2006	1 January 2007 – 31 December 2008	1.70	12,500,000	–	–	(500,000)	12,000,000
14 November 2007	1 December 2007 – 31 December 2013	1.02	–	19,750,000	–	–	19,750,000
14 November 2007	1 June 2008 – 31 December 2013	1.02	–	19,750,000	–	–	19,750,000
			69,645,000	39,500,000	–	(3,515,000)	105,630,000
Exercisable at the end of the year							105,630,000
Weighted average exercise price			1.70	1.02	–	1.52	1.45

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37. SHARE-BASED PAYMENT TRANSACTIONS *(continued)*

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

Date of grant of share options *(note i)*	Exercise period of share options	Exercise price of share options HK$ *(note ii)*	Number of share options: As at 1 July 2008	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year *(note iv)*	As at 30 June 2009
Directors							
24 March 2003	24 September 2003 – 23 March 2013	1.04	5,750,000	–	–	(3,250,000)	2,500,000
24 March 2003	24 March 2004 – 23 March 2013	1.04	5,750,000	–	–	(3,250,000)	2,500,000
11 February 2004	16 February 2005 – 10 February 2014	2.05	698,000	–	–	(566,000)	132,000
11 February 2004	16 August 2005 – 10 February 2014	2.05	698,000	–	–	(566,000)	132,000
11 February 2004	16 February 2006 – 10 February 2014	2.05	704,000	–	–	(568,000)	136,000
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)	–
14 November 2007	1 December 2007 – 31 December 2013	1.02	5,300,000	–	–	(2,500,000)	2,800,000
14 November 2007	1 June 2008 – 31 December 2013	1.02	5,300,000	–	–	(2,500,000)	2,800,000
			28,200,000	–	–	(17,200,000)	11,000,000
Exercisable at the end of the year							11,000,000
Weighted average exercise price			1.20	–	–	1.29	1.07

37. SHARE-BASED PAYMENT TRANSACTIONS *(continued)*

Date of grant of share options *(note i)*	Exercise period of share options	Exercise price of share options HK$ *(note ii)*	Number of share options: As at 1 July 2007	Granted during the year *(note iii)*	Exercised during the year	Lapsed/ cancelled during the year	As at 30 June 2008
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
14 November 2007	1 December 2007 – 31 December 2013	1.02	–	5,300,000	–	–	5,300,000
14 November 2007	1 June 2008 – 31 December 2013	1.02	–	5,300,000	–	–	5,300,000
			17,600,000	10,600,000	–	–	28,200,000
Exercisable at the end of the year							28,200,000
Weighted average exercise price			1.31	1.02	–	–	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.

(iii) The closing market price per share immediately before the date of which the share options were granted was HK$1.01.

(iv) The balance includes the share options held by Mr. Wang Ming-chun, Morris, who resigned as an executive director of the Company on 21 January 2009.

During the year ended 30 June 2008, 39,500,000 share options were granted under the Scheme on 14 November 2007. The estimated fair value of the options granted on that date was HK$0.34 per option.

37. SHARE-BASED PAYMENT TRANSACTIONS *(continued)*

The above fair value was calculated using the Binomial Model. The inputs into the model were as follows:

	Date of grant 14 November 2007
Share price per share at grant date	HK$1.01
Exercise price	HK$1.02
Expected volatility	62.58%
Contractual life	6.13 years
Risk-free rate	3.207%
Expected dividend yield	4.95%

Expected volatility was determined by using the historical volatility of the Company's share price over the previous 319 weeks before the date of grant.

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.

For the year ended 30 June 2008, the Group recognised a total expense of HK$13,535,000 (2009: Nil) for the year in relation to share options granted by the Company.

38. CAPITAL COMMITMENTS

	2009 HK$'000	2008 HK$'000
Capital commitments contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment	–	780

39. 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 HK$28,990,000 (2008: HK$40,685,000).

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:

	2009 **HK$'000**	2008 HK$'000
Within one year	**26,951**	43,872
In the second to fifth year inclusive	**14,576**	50,833
	41,527	94,705

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$254,000 (2008: HK$460,000). At the balance sheet date, the Group had no arrangements under operating leases.

40. PLEDGE OF ASSETS

In addition to the assets held under finance leases as disclosed in note 34, the following assets were pledged to banks to secure the general credit facilities granted to the Group as at 30 June 2009:

(i) certain moulds and machinery of the Group with a carrying amount of HK$297,624,000 (2008: HK$33,182,000);

(ii) bank deposits with an aggregate amount of HK$80,709,000 (2008: HK$152,856,000);

(iii) first legal charges over certain land and buildings of the Group of HK$470,531,000 (2008: HK$177,900,000); and

(iv) bills receivables and inventories amounted to HK$9,154,000 (2008: Nil) and HK$801,566,000 (2008: Nil), respectively.

41. MATERIAL LITIGATIONS AND CONTINGENT LIABILITIES

During the year, the Group has been involved in the following material litigations.

(i) Patent litigation

In October 2008, a third party company (the "Plaintiff") filed a complaint in the International Trade Commission (the "ITC") of the United States of America (the "USA") against the Company and two of its subsidiaries. The complaint is related to alleged infringement of patents in respect of the system for forming and processing information suitable for broadcast and the technology of asymmetric picture compression.

In April 2009, the ITC has ruled that the patents of the Plaintiff have been infringed and prohibitions on the importation of the Group's products into the USA have been imposed on the Company and two of its subsidiaries. No further damages have been sought by the Plaintiff.

(ii) Default payments

Certain subsidiaries of the Company have been named as defendants in several PRC court actions in respect of default payments of payable to suppliers and creditors for an aggregate amount of HK$436,425,000 and interest thereof of HK$2,609,000 as at 30 June 2009. The claimed amounts were fully recognised in the consolidated financial statements.

The Group is currently negotiating to reschedule these payments.

42. 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 defined contribution plans in Taiwan and Brazil based on certain percentages of the monthly salaries of the employees of the Group's subsidiaries operating in the relevant locations. 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:

	2009 HK$'000	2008 HK$'000
MPF Scheme	**279**	267
State pension schemes	**11,871**	14,866
Pension plans	**2,268**	2,012
	14,418	17,145

43. CONNECTED AND RELATED PARTIES DISCLOSURES

(a) Connected and related party transactions

During the year, the Group entered into the following significant transactions with a related party, which is also a connected party as defined in Rule 14A.11 of the Listing Rules:

Connected and related party	Nature of transactions	2009 HK$'000	2008 HK$'000
Tatung, a substantial shareholder of the Company, and its subsidiaries	Sales of goods	**241,356**	50,318
	Purchases of materials	**170,202**	183,329
	Subcontracting fee income	**3,661**	–

(b) Related party transactions

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

Related party	Nature of transactions	2009 HK$'000	2008 HK$'000
A related party *(note 1)*	Rental expense *(note 2)*	**853**	995
A jointly controlled entity	Sales of goods	**8,133**	7,326

Notes:

1. The related party is Isystems Technology, Inc. ("Isystems"), a company of which Mr. Yang Long-san, Rowell, a director of the Company, 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.

2. The rentals were charged in accordance with the terms of the tenancy agreement entered into between the Group and Isystems.

(c) Related party balances

Included in trade and bills payables is an amount due to Tatung of HK$563,379,000 (2008: HK$217,746,000).

Details of the Group's outstanding balance with an associate are set out on the consolidated balance sheet and in note 32.

(d) Bank facilities

In addition to the pledge of the Group's assets set out in note 40, 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.

43. CONNECTED AND RELATED PARTIES DISCLOSURES *(continued)*

(e) Compensation of key management personnel

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

	2009 HK$'000	2008 HK$'000
Short-term benefits	5,984	7,551
Post-employment benefits	25	30
Share-based payment expenses	–	3,633
	6,009	11,214

44. BALANCE SHEET OF THE COMPANY

	2009 HK$'000	2008 HK$'000
Total assets	288,015	970,027
Total liabilities	(399,690)	(367,117)
	(111,675)	602,910
Capital and Reserves		
Share capital	77,200	77,200
Reserves *(note)*	(188,875)	525,710
	(111,675)	602,910

Note:

	Share premium HK$'000	Contributed surplus HK$'000	Share-based compensation reserve HK$'000	Retained profits (accumulated losses) HK$'000	Total HK$'000
At 1 July 2007	172,724	162,374	27,407	10,010	372,515
New shares issued	143,968	–	–	–	143,968
Recognition of equity-settled share-based payments	–	–	13,535	–	13,535
Release upon lapse of vested share options	–	–	(983)	983	–
Profit for the year	–	–	–	7,272	7,272
Dividend recognised as distribution	–	–	–	(11,580)	(11,580)
At 30 June 2008	316,692	162,374	39,959	6,685	525,710
Release upon lapse of vested share options	–	–	(32,503)	32,503	–
Loss for the year	–	–	–	(714,585)	(714,585)
At 30 June 2009	316,692	162,374	7,456	(675,397)	(188,875)

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 30 June 2008 and 2009 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 to group entities
Gaintle Limited	Hong Kong	Ordinary HK$2	–	100%	Provision of shipping arrangement services to group entities
Delighton Limited	BVI/Hong Kong	Ordinary US$1	–	100%	Holding of trademarks
Ningbo Prowell Electronic Co., Ltd. ("NPE") *(note i)*	The PRC	Registered US$18,000,200	–	100%	Manufacture and trading of computer monitors
Proview Electronica do Brasil Ltda. ("PEB")	Brazil	Registered R$34,638,900	–	100%	Manufacture and trading of computer monitors and televisions
Every Wonder Limited	BVI	Ordinary US$100	–	100%	Investment holding
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 Industrial Limited	BVI	Ordinary US$1	–	100%	Investment holding
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 Euro 100,000	–	51%	Trading of computer monitors and televisions

45. 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	
PGL Europe B.V.	The Netherlands	Ordinary Euro 18,000	–	100%	Trading of computer monitors and televisions
Proview Optronics (Shenzhen) Co., Ltd. ("POS") *(note i)*	The 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 to group entities
Proview Technology (PRC) Limited	BVI	Ordinary US$1	–	100%	Investment holding
Proview Technology (Wuhan) Co., Ltd. ("Proview Wuhan") *(note ii)*	The 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)*	The PRC	Registered US$50,000,000	–	100%	Manufacture and trading of computer monitors, televisions and computer components and parts
Proview Technology, Inc.	USA	Ordinary US$4,300,000	–	100%	Trading of computer monitors and televisions
Yoke Technology (Shenzhen) Co., Ltd. ("Yoke") *(note i)*	The 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 established in the PRC as a sino-foreign owned enterprise.

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.

46. POST BALANCE SHEET EVENT

Pursuant to the announcement of the Company dated 15 September 2009 and the related clarification announcement dated 18 September 2009, PEB, a wholly owned subsidiary of the Company incorporated in Brazil with limited liability, has entered into bankruptcy protection in Brazil subsequent to the balance sheet date. The bankruptcy protection has subsequently been withdrawn and PEB is currently negotiating with all creditors for restricting of its debts.

PEB does not have significant financial relationship such as corporate guarantee with other members of the Group. In view of the withdrawal of the bankruptcy protection, the directors of the Company consider that there would not be significant operational and financial impact on the Group as a whole.

Financial Summary

A financial summary of the Group for five years ended 30 June 2009 is presented below:

RESULTS

	For the year ended 30 June				
	2005 HK$'000	2006 HK$'000	2007 HK$'000	2008 HK$'000	**2009** **HK$'000**
Revenue	12,143,348	16,177,812	15,650,016	17,394,950	**4,454,891**
Profit (loss) before taxation	53,816	236,378	170,467	(50,082)	**(2,920,895)**
Income tax (expense) credit	(32,437)	(39,112)	(27,679)	(216)	**3,769**
Profit (loss) for the year	21,379	197,266	142,788	(50,298)	**(2,917,126)**
Attributable to					
Equity holder of the Company	26,068	180,328	127,103	(61,642)	**(2,905,391)**
Minority interests	(4,689)	16,938	15,685	11,344	**(11,735)**
	21,379	197,266	142,788	(50,298)	**(2,917,126)**

ASSETS AND LIABILITIES

	As at 30 June				
	2005 HK$'000	2006 HK$'000	2007 HK$'000	2008 HK$'000	**2009** **HK$'000**
Property, plant and equipment	743,842	719,263	918,594	1,125,538	**1,063,537**
Prepaid lease payments	42,889	41,980	64,353	66,478	**76,220**
Intangible assets	–	58,000	52,200	46,400	**20,000**
Investments in associates	70,171	39,251	38,747	22,379	**2,816**
Available-for-sale investments	–	116	198	13,478	**–**
Investments in securities	156	–	–	–	**–**
Bonds receivables	–	–	–	–	**67,861**
Prepayments and deposits	16,339	6,827	11,314	3,474	**4,473**
Current assets	6,367,214	6,088,279	6,818,900	6,696,255	**1,964,663**
Total assets	7,240,611	6,953,716	7,904,306	7,974,002	**3,199,570**
Current liabilities	(6,242,266)	(5,744,868)	(6,362,699)	(6,021,984)	**(4,288,599)**
Non-current liabilities	(99,883)	(98,020)	(293,426)	(480,924)	**(393,230)**
Total liabilities	(6,342,149)	(5,842,888)	(6,656,125)	(6,502,908)	**(4,681,829)**
	898,462	1,110,828	1,248,181	1,471,094	**(1,482,259)**
Equity (deficit) attributable to equity holders of the Company	849,716	1,046,962	1,174,566	1,369,896	**(1,568,767)**
Minority interests	48,746	63,866	73,615	101,198	**86,508**
	898,462	1,110,828	1,248,181	1,471,094	**(1,482,259)**