PROVIEW

PROVIEW INTERNATIONAL HOLDINGS LIMITED

唯冠國際控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 334)

Annual Report 2010

* *for identification purpose only*

Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Ms. Sun Min (appointed on 19 April 2011 and appointed as Chairman on 20 April 2011 and as Chief Executive Officer on 18 September 2011)

Mr. Yu Genming (appointed on 19 April 2011, appointed as Chief Executive Officer on 20 April 2011 and resigned as Chief Executive Officer on 18 September 2011)

Mr. Han Su (appointed on 19 April 2011)

Mr. Chang I Sun (appointed on 19 April 2011)

Mr. Lu Gui-fang (appointed on 25 November 2010)

Mr. Wang Chih-cheng (appointed on 16 September 2010 and resigned on 7 July 2011)

Mr. Yang Long-san, Rowell (resigned on 2 August 2010 and resigned as Chairman and Chief Executive Officer on 2 August 2010)

Ms. Hui Siu-ling, Elina (appointed as Acting Chairman and Chief Executive Officer on 12 August 2010, ceased to be Acting Chairman and Chief Executive Officer on 20 April 2011 and retired on 17 January 2012)

Non-Executive Directors:

Mr. Chang I-hua (resigned on 11 July 2011)

Mr. Huang Ying-che, Michael (resigned on 11 July 2011)

Mr. Wang Kuei-ching, Will (resigned on 10 September 2010)

Independent Non-Executive Directors:

Mr. Lau Siu-ki, Kevin (resigned on 24 August 2010)

Mr. Lee Chiu-kang, Alex (resigned on 24 August 2010)

Mr. Liu Zixian (resigned on 21 June 2010)

PRINCIPAL REGISTRAR

The Bank of Bermuda Limited
(Ceased services Since 2012)
Bank of Bermuda Building
6 Front Street
Hamilton HM 11
Bermuda

AUDITOR

ZHONGHUI ANDA CPA Limited

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

PRINCIPAL PLACE OF BUSINESS

Room 2708, 27/F
Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

STOCK CODE

0334

Report of the Directors

The board (the "Board") of directors (the "Directors") of Proview International Holdings Limited (the "Company") herein presents its report together with the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 30 June 2010.

RESULTS

The Group's consolidated loss for the year ended 30 June 2010 amounted to approximately HK$1,723.9 million as compared with the loss of approximately HK$2,948.3 million for the corresponding year ended 30 June 2009.

SEGMENT INFORMATION

Details are set out in note 8 to the financial statements.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2010, the Group's total net liabilities and financial guarantee liabilities amounted to approximately HK$3,287.4 million and approximately HK$2,810.0 million respectively. As at 30 June 2010, the Group's current asset and current liabilities amounted to approximately HK$Nil and approximately HK$3,287.4 million respectively. As at 30 June 2010, the Group had no borrowing (2009: HK$1,769 million). The majority of the Group's assets and liabilities were denominated in Hong Kong and RMB dollars, and the exposure to foreign exchange risk is insignificant to the Group.

ASSETS AND LIABILITIES

As at 30 June 2010, the Group had total assets of approximately HK$Nil (2009: HK$3,199.6 million), total liabilities of approximately HK$3,287.4 million (2009: HK$4,681.8 million). The net liabilities of the Group as at 30 June 2010 were HK$3,287.4 million (2009: HK$1,482.2 million).

SIGNIFICANT INVESTMENTS AND ACQUISITION

On the basis of the available books and records, the Group did not have any significant investment nor did it make any material acquisition or disposal of subsidiaries and associates throughout the year ended 30 June 2010.

CHARGES ON GROUP ASSETS

As at 30 June 2010, the Group has no charged asset (2009: HK$1,659.6 million).

RESERVES

As at 30 June 2010, the Company did not have any reserves available for distribution. Details of movements in the reserves of the Company and the Group during the year are set out in note 39 to the financial statements and in the consolidated statement of changes in equity, respectively.

RESUMPTION PROPOSAL

On 30 November 2012, the Company submitted to Listing (Review) Committee of the Stock Exchange (the "Listing (Review) Committee") the revised resumption proposal (the "Revised Resumption Proposal"), which sets out, inter alia, the proposed acquisition (the "Acquisition") of TCL Display Technology (Huizhou) Company Limited (the "TCL Display") by the Company. TCL Display is principally engaged in the manufacturing of LCD modules for use mainly in mobile phones, which technology is in line with existing business of the Group. Pursuant to Rule 14.06(5) of the Rule Governing the Listing Securities on the Main Board of the Stock Exchange, the Acquisition constitutes a very substantial acquisition of the Company.

On 1 February 2013, the listing sub-committee of the directors of the Stock Exchange (the "Listing Committee") decided the Acquisition constitutes a reverse takeover and the Company should submit a new listing application to enable the Listing Committee to consider the Revised Resumption Proposal.

Apart from the Acquisition, the Revised Resumption Proposal includes, among other things, (i) the Capital Restructuring; (ii) the Revised Debt Restructuring by way of the Schemes involving issuance of the Bonds A, which constitutes a connected transaction; (iii) the Offer; and (vi) the Open Offer. For details, please refer to the Company's announcement dated 30 May 2014 (the "Announcement"). Capitalised terms used above shall have the same meanings as defined in the Announcement.

EXPOSURE TO EXCHANGE RATE FLUCTUATIONS

The Group does not engage in interest rate or foreign exchange speculative activities.

CAPITAL STRUCTURE

The share capital of the Company comprises only ordinary shares. As at 30 June 2010, the Company had in issue 772,008,992 ordinary shares (2009: 772,008,992 shares). During the year, no new shares were issued.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The details of capital commitments and contingent liabilities are set out in notes 43 and 45 to the financial statements respectively.

EMPLOYEE INFORMATION

The Group's emolument policies are formulated on the basis of the performance of individual employees and are reviewed annually.

DIRECTORS' INTEREST IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2010, to the best knowledge of the current Directors of the Company, 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 Securities and Futures Ordinance (the "SFO")), as notified to The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

a) *Long positions in the shares of HK$0.10 each of the Company*

Name of Director	Nature of interest	Number of shares held	Approximate percentage of issued share capital
Mr. Yang Long-san, Rowell ("Mr. Yang")	Beneficial owner	7,000,000	0.91%
Mr. Lee Chiu-kang, Alex ("Mr. Lee")	Beneficial owner	200,000	0.03%

b) *Long positions in the underlying shares of the Company under equity derivatives*

Name of Director	Nature of interest	Number of underlying shares held	Approximate percentage of issued share capital
Mr. Yang *(Note)*	Beneficial owner	4,800,000	0.62%
Mr. Lau Siu-ki Kevin ("Mr. Lau") *(Note)*	Beneficial owner	900,000	0.12%
Ms. Hui Siu-ling, Elina ("Ms. Hui") *(Note)*	Beneficial owner	5,200,000	0.67%
Mr. Lee *(Note)*	Beneficial owner	1,300,000	0.17%

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

b) *Long positions in the underlying shares of the Company under equity derivatives (continued)*

Note:

Mr. Yang, Mr. Lau, Ms. Hui and Mr. Lee were interested in the following share options granted under the share option scheme of the Company at the following exercise price per share with the following exercisable period:

Name of Director	No. of share options	Exercise price	Exercisable period
Mr. Yang	2,400,000	HK$1.04	24 Sep 2003-23 Mar 2013
	2,400,000	HK$1.04	24 Mar 2004-23 Mar 2013
Mr. Lau	100,000	HK$1.020	1 Dec 2007-31 Dec 2013
	100,000	HK$1.020	1 Jun 2008-31 Dec 2013
	176,000	HK$0.265	1 Jul 2010-31 Jan 2013
	174,000	HK$0.265	1 Jan 2011-31 Jan 2013
	176,000	HK$0.265	1 Jul 2011-31 Jan 2013
	174,000	HK$0.265	1 Jan 2012-31 Jan 2013
Ms. Hui	66,000	HK$2.05	16 Feb 2005-10 Feb 2014
	66,000	HK$2.05	16 Aug 2005-10 Feb 2014
	68,000	HK$2.05	16 Feb 2006-10 Feb 2014
	2,500,000	HK$1.02	1 Dec 2007-31 Dec 2013
	2,500,000	HK$1.02	1 Jun 2008-31 Dec 2013
Mr. Lee	100,000	HK$1.04	24 Sep 2003-23 Mar 2013
	100,000	HK$1.04	24 Mar 2004-23 Mar 2013
	66,000	HK$2.05	16 Feb 2005-10 Feb 2014
	66,000	HK$2.05	16 Aug 2005-10 Feb 2014
	68,000	HK$2.05	16 Feb 2006-10 Feb 2014
	100,000	HK$1.020	1 Dec 2007-31 Dec 2013
	100,000	HK$1.020	1 Jun 2008-31 Dec 2013
	176,000	HK$0.265	1 Jul 2010-31 Jan 2013
	174,000	HK$0.265	1 Jan 2011-31 Jan 2013
	176,000	HK$0.265	1 Jul 2011-31 Jan 2013
	174,000	HK$0.265	1 Jan 2012-31 Jan 2013

Save as disclosed above and to the best knowledge of the current Directors of the Company, as at 30 June 2010, the Directors were not aware of any Directors, chief executives of the Company 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

Particulars of the share options under the share option scheme of the Company are set out in note 40 to the financial statements.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 June 2010, to the best knowledge of the current Directors of the Company, the interests and short positions of the shareholders holding 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 were as follows:

Long Positions in the shares of HK$0.10 each of the Company

Name of substantial shareholder	Nature of interest	Number of shares held	Approximate 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 Yang")	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 Assets Development Company Limited ("Shan Chih")	Interest in controlled corporation *(Note (ii))*	125,190,000	16.22%
大同股份有限公司 ("Tatung")	Interest in controlled corporation *(Note (ii))*	125,190,000	16.22%

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 Yang. Accordingly, Smartview and Christian Yang 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 is wholly-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 above and to the best knowledge of the current Directors of the Company, as at 30 June 2010, the Directors were not aware of any person (other than Directors) who had interests or short positions in the shares, underlying shares or debentures of the Company which were recorded in the register required to be kept under Section 336 of the SFO.

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

To the best knowledge of the current Directors of the Company, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year under review.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the current Directors of the Company, there is sufficient public float as required under the Listing Rules.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Independent non-executive Directors are required to give an annual confirmation of their independence to the Company pursuant to rule 3.13 of the Listing Rules. To the best knowledge of the current Directors of the Company, during the year, no annual confirmation of independence from each of the independent non-executive Directors has been received.

Corporate Governance Report

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

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

To the best knowledge of the current Directors of the Company, the Company had applied the principles as set out in the Code on Corporate Governance Practices ("CG Code") contained in Appendix 14 of the Listing Rules.

Due to the severe financial difficulties of the Group and the prolonged suspension in trading of the shares of the Company on the Stock Exchange, the Directors are unable to comment as to whether the Company had complied with the CG Code throughout the year ended 30 June 2010. On 30 November 2012, the Company submitted to Listing (Review) Committee of the Stock Exchange the revised resumption proposal. The particulars of the resumption proposal are set out in report of the directors and the Company's announcement dated 30 May 2014.

BOARD OF DIRECTORS

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.

The Board also reserves for its decision 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, materials transactions, 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.

During the year, the Board comprises executive Directors, namely Mr. Yang Long-san, Rowell (chairman and chief executive officer) and Ms. Hui Siu-ling, Elina; non-executive Directors, namely Mr. Chang I-hua, Mr. Huang Ying-che, Michael and Mr. Wang Kuei-ching, Will; and independent non-executive Directors, namely Mr. Lau Siu-ki, Kevin, Mr. Lee Chiu-kang, Alex and Mr. Liu Zixian (resigned on 21 June 2010).

Under the code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the year, Mr. Yang Long-san, Rowell served as the chairman and the chief executive officer of the Company.

To the best knowledge of the current Directors of the Company, no record of board meeting of the Company during the year was found.

The Board currently comprises five executive Directors, namely Ms. Sun Min (chairman and chief executive officer), Mr. Lu Gui-fang, Mr. Chang I Sun, Mr. Han Su and Mr. Yu Genming.

Independent non-executive Directors are required to give an annual confirmation of their independence to the Company pursuant to rule 3.13 of the Listing Rules. To the best knowledge of the current Directors of the Company, during the year, no annual confirmation of independence from each of the independent non-executive Directors has been received.

NON-COMPLIANCE WITH RULES 3.10(1), 3.10(2), 3.10A AND 3.21 OF THE LISTING RULES

During the year, following the resignation of Mr. Liu Zixian on 21 June 2010, the Company has two independent non-executive Directors ("INED"), namely Mr. Lau Siu-ki, Kevin and Mr. Lee Chiu-kang, Alex, and has insufficient number of INEDs to constitute the audit committee of the Company and meet the requirements under rules 3.10(1) and 3.21 of the Listing Rules.

As at the date of this report, the Company has no INED to constitute the audit committee of the Company and meet the requirements under rules 3.10(1), 3.10(2), 3.10A and 3.21 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

To the best knowledge of the current Directors of the Company, the Company had adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standards set out in the Model Code. During the year, the Company was not aware of any non-compliance with the required standards as set out in the Model Code.

AUDIT COMMITTEE

To the best knowledge of the current Directors of the Company, the members of the audit committee during the year comprise Mr. Lau Siu-ki, Kevin (chairman), Mr. Lee Chiu-kang, Alex and Mr. Liu Zixian (resigned on 21 June 2010).

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.

There is insufficient number of independent non-executive Directors to be the members of the audit committee of the Company. To the best knowledge of the current Directors of the Company, no record for the audit committee meeting of the Company held during the year was found.

The Company's audited financial results for the year ended 30 June 2010 have not been reviewed by the audit committee of the Company. However, the audited financial results and the statements of the Company for the year ended 30 June 2010 have been reviewed by the Board.

REMUNERATION COMMITTEE

To the best knowledge of the current Directors of the Company, the remuneration committee during the year comprises three members, namely, Mr. Lee Chiu-kang, Alex (Chairman), Mr. Lau Siu-ki, Kevin and Mr. Wang Kuei-ching, Will.

The remuneration committee has 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.

To the best knowledge of the current Directors of the Company, no record for the remuneration committee meeting of the Company held during the year was found.

Details of the remuneration of each of the Directors of the Company for the year ended 30 June 2010 are set out in the notes to the financial statements of the Company.

NOMINATION COMMITTEE

To the best knowledge of the current Directors of the Company, no record for the establishment of nomination committee of the Company was found.

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 Boards 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.

To the best knowledge of the current Directors of the Company, during the year, no nomination committee meeting of the Company was held and no record of board meeting of the Company held for performing the aforesaid function was found.

INTERNAL CONTROL

The Board has overall responsibility for the system of internal controls of the Group and for reviewing its effectiveness. To the best knowledge of the current Directors of the Company, no record for evaluation or assessment of the effectiveness of the Group's internal control system during the year was found.

AUDITOR

ZHONGHUI ANDA CPA Limited was appointed as auditor of the Company on 12 September 2013 by the board of the Company.

Audit services	HK$300,000
Non-audit services	HK$Nil

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for overseeing the preparation of the financial statements which give a true and fair view of the financial position of the Group. The respective responsibilities of the Directors and auditor of the Company in respect of the preparation of the financial statements are set out in the independent auditor's report of this annual report.

Biographical Details of the Directors

EXECUTIVE DIRECTORS

Ms. Sun Min, aged 49, was appointed as an executive director, Chairman and Chief Executive Officer of the Company in 2011. She is a partner and practicing lawyer of Guangdong Wuwei Law Firm (廣東五維律師事務所) from 2002 to now. Ms. Sun has over 20 years experience in the legal industry. Ms. Sun holds a bachelor of law degree from East China University of Political Science and Law.

Mr. Yu Genming, aged 43, was appointed as an executive director of the Company in 2011, and was temporarily appointed as Chief Executive Officer of the Company in 2011. He is an accountant in China. In early he graduated from the department of economic management of Xi'an Technological University. Currently he is a free senior management consultant, has acted as senior management of financial management, operation management, strategic management, human resources management and comprehensive management direction in several listed, state-owned and private enterprises, his experience in the service industry covers over 10 industries, including chemical engineering, machinery, electronics, illumination, furniture, beer, print, real estate and etc.

Mr. Han Su, aged 41, was appointed as an executive director of the Company in 2011. He is a practicing lawyer of Guangdong Dena Law Firm. Mr. Han is with more than 9 years experience in the legal industry. Mr. Han holds a bachelor degree in law from Hua Zhong Normal University.

Mr. Chang I Sun, aged 61, was appointed as an executive director of the Company in 2011. He was the general manager of 台灣荃隆塑膠五金電子廠 for the years from 2003 to 2008. Mr. Chang holds a master degree in electronic engineering from 私立中原大學研究所. He has over 30 years experience in electronic engineering and management of factories. Mr. Chang was also a vice general manager of Proview Technology (Shenzhen) Co. Ltd. in the period of 1996 to 2000.

Mr. Lu Gui-fang, aged 50, joined the Group in October 1993, and was appointed as an executive director of the Company in 2010. He was the Director of the Finance Department of Proview Technology (Shenzhen) Co., Ltd. and the Vice President of the Administration Division of Proview Led Lighting (Shenzhen) Co. Ltd., the subsidiaries of the Company. He had resigned from subsidiaries of the Company on 30 November 2010. He is currently the general manager of Financial Management Center of a property management company in Shenzhen. Prior to joining the Group, he had held positions in the finance department of various companies incorporated in the People's Republic of China. Mr. Lu graduated from Hunan College of Finance & Economics in 1990, and Mr. Lu was conferred an accountant certificate from the Ministry of Finance People's Republic of China in 1996. He has over 24 years experience in enterprise financial management.

Independent Auditor's Report

中汇
ZHONGHUI

TO THE SHAREHOLDERS OF
PROVIEW INTERNATIONAL HOLDINGS LIMITED
唯冠國際控股有限公司
(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 20 to 88, which comprise the consolidated statement of financial position as at 30 June 2010, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows 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 ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") 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 inability to obtain sufficient appropriate audit evidence as explained below, we conducted our audit in accordance with Hong Kong Standards on Auditing issued by the HKICPA. 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

(1) Opening balances and corresponding figures

The consolidated financial statements of the Company for the year ended 30 June 2009 which form the basis for the corresponding figures presented in the current year's consolidated financial statements were not audited by us, and were disclaimed by the previous auditor in their report dated 23 October 2009. There were no satisfactory audit procedures to ascertain the existence, accuracy, presentation and completeness of the opening balances and corresponding figures shown in the current year's consolidated financial statements.

(2) Gain on deconsolidation of the subsidiaries

As explained in note 2 to the financial statements, the current directors of the Company, who were appointed in April 2011, had been unable to obtain complete set of books and records together with the supporting documents of the Company and its subsidiaries due to the turnover of the key management staff in 2010. In the absence of complete set of books and records and the loss of control by the existing management over these subsidiaries, the subsidiaries of the Company were deconsolidated from the Group since 1 January 2010.

No sufficient evidence has been provided to satisfy ourselves as to whether the Company had lost control of the subsidiaries since 1 January 2010. In addition, no sufficient evidence has been provided to satisfy ourselves as to the amount of net liabilities of the subsidiaries deconsolidated. As a result, we are unable to satisfy ourselves as to the gain on deconsolidation of the subsidiaries of approximately HK$2,382,147,000 for the year ended 30 June 2010 was free from material misstatement.

(3) Transactions, income and expense items for the year

No sufficient evidence has been provided to satisfy ourselves as to the existence and completeness of the transactions of the Group for the year ended 30 June 2010. There are no other satisfactory audit procedures that we could adopt to satisfy ourselves that the income and expenses items are properly accounted for in the consolidated statement of comprehensive income for the year ended 30 June 2010 and that these items are properly disclosed in the consolidated financial statements.

(4) Share-based compensation reserve

Given the fact that the books and records relating to the share option scheme granted by the Company to its ex-directors and eligible persons were incomplete, we are unable to obtain sufficient appropriate audit evidence to verify the presentation and accuracy of the carrying amount of the reserve as at 30 June 2010 and the appropriateness and validity of the relief of option of approximately HK$7,456,000 credited to the consolidated statement of comprehensive income for the year ended 30 June 2010.

(5) Accruals and other payables

No direct confirmation and other sufficient evidence have been received by us up to the date of this report in respect of the accruals and other payables totalling approximately HK$477,145,000 as at 30 June 2010 as included in note 33 to the financial statements of approximately HK$477,445,000 as at 30 June 2010.

BASIS FOR DISCLAIMER OF OPINION (CONTINUED)

(6) Financial guarantee liabilities

No direct confirmation and other sufficient evidence have been received by us up to the date of this report in respect of the financial guarantee liabilities as disclosed in note 36 to the financial statements of approximately HK$2,810,000,000 as at 30 June 2010.

(7) Commitments and contingent liabilities

No sufficient evidence has been provided to satisfy ourselves as to the existence and completeness of the disclosures of commitments and contingent liabilities as at 30 June 2010.

(8) Related party transactions and disclosure

No sufficient evidence has been provided to satisfy ourselves as to the existence, accuracy and completeness of the disclosures of the related party transactions and balances for the year ended 30 June 2010 as required by Hong Kong Accounting Standard ("HKAS") 24 "Related Party Disclosures".

(9) Other disclosures in the consolidated financial statements

No sufficient evidence has been provided to satisfy ourselves as to the accuracy and completeness of the disclosures as required by the following in relation to:-

a) HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" for the presentation of continuing and discontinued operations in the consolidated statement of comprehensive income and notes to the financial statements;

b) HKFRS 8 "Operating Segments" for the other segment and geographical segment information as disclosed in note 8 to the financial statements;

c) HKAS 19 "Employee Benefits" for the contribution expenses and accruals as disclosed in notes 14 and 41 to the financial statements;

d) HKAS 12 "Income Taxes" for the income tax expenses reconciliation as disclosed in note 15 to the financial statements;

e) Section 161 of the Hong Kong Companies Ordinance as disclosed in note 16 to the financial statements;

f) HKAS 16 "Property, Plant and Equipment" for the movements of the property, plant and equipment as disclosed in note 20 to the financial statements; and

g) HKAS 28 "Investments in Associates" for the summarised financial information as disclosed in note 23 to the financial statements.

Any adjustments to the figures as described from points 1 to 9 above might have a significant consequential effect on the Group's results for the two years ended 30 June 2009 and 2010, the Group's cash flows for the two years ended 30 June 2009 and 2010 and the financial position of the Group as at 30 June 2009 and 2010, and the related disclosures thereof in the consolidated financial statements.

MATERIAL UNCERTAINTY RELATING TO THE GOING CONCERN BASIS

In forming our opinion, we have considered the adequacy of the disclosures made in note 2 to the financial statements which explains that a proposal for the resumption of trading in the Company's shares and the restructuring of the Group (the "Resumption Proposal") has been submitted to The Stock Exchange of Hong Kong Limited to pursue a restructuring of the Company.

The consolidated financial statements have been prepared on a going concern basis on the assumption that the proposed restructuring of the Company will be successfully completed, and that, following the restructuring, the Group will continue to meet in full its financial obligations as they fall due in the foreseeable future. The consolidated financial statements do not include any adjustments that would result from a failure to complete the restructuring. We consider that the disclosures are adequate. However, in view of the extent of the uncertainty relating to the completion of the restructuring, we disclaim our opinion in respect of the material uncertainty relating to the going concern basis.

DISCLAIMER OF OPINION: DISCLAIMER ON VIEW GIVEN BY THE FINANCIAL STATEMENTS

Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs and the material uncertainty relating to the going concern basis as described above, 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 2010 and of the Group's results and cash flows for the year then ended in accordance with HKFRSs. In all other respects, in our opinion the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Sze Lin Tang
Practising Certificate Number P03614

Hong Kong, 26 June 2014

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2010

	Notes	2010 HK$'000	2009 HK$'000
Turnover	7	**593,751**	4,454,891
Cost of sales		**(1,065,276)**	(6,064,673)
Gross profit		**(471,525)**	(1,609,782)
Other income	9	**45,402**	160,382
Selling and distribution expenses		**(51,601)**	(447,013)
Administrative expenses		**(127,917)**	(481,184)
Other operating expenses	10	**(34,376)**	(85,367)
Loss from operations		**(640,017)**	(2,462,964)
Changes in fair value of derivative financial instruments		**(4,309)**	23,259
Gain on deconsolidation of the subsidiaries	11	**2,382,147**	–
Other losses	12	**(90,433)**	(275,412)
Finance costs	13	**(3,313,553)**	(209,453)
Share of results of associates		**(241)**	3,675
Loss before tax	14	**(1,666,406)**	(2,920,895)
Income tax (expense)/credit	15	**(45)**	3,769
Loss for the year		**(1,666,451)**	(2,917,126)
Other comprehensive income/(expenses)			
Exchange differences on translating operations outside Hong Kong		**(40,000)**	(60,195)
Gain on fair value changes of available-for-sale investments		**–**	425
Exchange reserves release upon deconsolidation of the subsidiaries		**(17,491)**	–
Revaluation surplus on properties		**–**	28,699
Share of other comprehensive income/(expenses) of associates		**2**	(73)
Other comprehensive expenses for the year, net of tax		**(57,489)**	(31,144)
Total comprehensive expenses for the year, net of tax		**(1,723,940)**	(2,948,270)
Loss for the year attributable to:			
Owners of the Company		**(1,661,136)**	(2,905,391)
Non-controlling interests		**(5,315)**	(11,735)
		(1,666,451)	(2,917,126)
Total comprehensive expenses for the year attributable to:			
Owners of the Company		**(1,718,678)**	(2,933,580)
Non-controlling interests		**(5,262)**	(14,690)
		(1,723,940)	(2,948,270)
Loss per share			
Basic and diluted (HK cents per share)	19	**(215.17)**	(376.34)

Consolidated Statement of Financial Position

As at 30 June 2010

	Notes	2010 HK$'000	2009 HK$'000
Non-current assets			
Property, plant and equipment	20	–	1,063,537
Prepaid lease payments	21	–	76,220
Intangible assets	22	–	20,000
Investments in associates	23	–	2,816
Bonds receivables	24	–	67,861
Prepayments and deposits	25	–	4,473
		–	1,234,907
Current assets			
Inventories	26	–	993,234
Properties held for sale	27	–	19,430
Trade and bills receivables	28	–	282,342
Prepayments, deposits and other receivables		–	365,238
Prepaid lease payments	21	–	1,980
Derivative financial instruments	29	–	23,730
Tax recoverable		–	5,164
Bank and cash balances	30	–	273,545
		–	1,964,663
Current liabilities			
Trade and bills payables	31	–	2,522,680
Due to an associate	32	–	975
Accruals and other payables	33	**477,445**	321,369
Current tax liabilities		–	19,863
Derivative financial instruments		–	471
Bank borrowings	34	–	1,418,109
Obligations under finance leases	35	–	5,132
Financial guarantee liabilities	36	**2,810,000**	–
		3,287,445	4,288,599
Net current liabilities		**(3,287,445)**	(2,323,936)
Total assets less current liabilities		**(3,287,445)**	(1,089,029)
Non-current liabilities			
Bank borrowings	34	–	304,724
Obligations under finance leases	35	–	41,118
Deferred tax liabilities	37	–	47,388
		–	393,230
NET LIABILITIES		**(3,287,445)**	(1,482,259)

Consolidated Statement of Financial Position

As at 30 June 2010

	Notes	2010 HK$'000	2009 HK$'000
Capital and reserves			
Share capital	38	**77,200**	77,200
Reserves	39	**(3,364,645)**	(1,645,967)
Equity attributable to owners of the Company		**(3,287,445)**	(1,568,767)
Non-controlling interests		**–**	86,508
TOTAL EQUITY		**(3,287,445)**	(1,482,259)

Approved by:

Sun Min
Director

Han Su
Director

Consolidated Statement of Changes in Equity

For the year ended 30 June 2010

	Share capital	Share premium	Contributed surplus	Asset revaluation reserve	Investment revaluation reserve	Share-based compensation reserve	Foreign currency translation reserve	Capital reserve	Statutory reserve	Retained profits/ (accumulated losses)	Attributable to owners of the Company	Non-controlling interest	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 July 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
Loss for the year	–	–	–	–	–	–	–	–	–	(2,905,391)	(2,905,391)	(11,735)	(2,917,126)
Other comprehensive income/ (expenses) for the year													
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)
Total comprehensive income/ (expenses) for the year	–	–	–	30,480	425	–	(59,094)	–	–	(2,905,391)	(2,933,580)	(14,690)	(2,948,270)
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)
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 2010

	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	Foreign currency translation reserve HK$'000	Capital reserve HK$'000	Statutory reserve HK$'000	Retained profits/ (accumulated losses) HK$'000	Attributable to owners of the Company HK$'000	Non-controlling interest HK$'000	Total HK$'000
At 1 July 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)**
Loss for the year	-	-	-	-	-	-	-	-	-	(1,661,136)	(1,661,136)	(5,315)	(1,666,451)
Other comprehensive income/ (expenses) for the year													
Exchange differences arising on translation of operations outside Hong Kong	-	-	-	-	-	-	(40,053)	-	-	-	(40,053)	53	(40,000)
Release of exchange reserves upon deconsolidating subsidiaries	-	-	-	-	-	-	(17,491)	-	-	-	(17,491)	-	(17,491)
Share of exchange reserve of associates	-	-	-	-	-	-	2	-	-	-	2	-	2
Total comprehensive expenses for the year	-	-	-	-	-	-	(57,542)	-	-	(1,661,136)	(1,718,678)	(5,262)	(1,723,940)
Release upon lapse of vested share options	-	-	-	-	-	(7,456)	-	-	-	7,456	-	-	-
Dissolution of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	(2,675)	(2,675)
Release of non-controlling interests upon deconsolidating subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(78,571)	(78,571)
Release of asset revaluation reserve upon deconsolidating subsidiaries	-	-	-	(109,632)	-	-	-	-	-	109,632	-	-	-
Release of capital reserve upon deconsolidating subsidiaries	-	-	-	-	-	-	-	(307,251)	-	307,251	-	-	-
Release of statutory reserve upon deconsolidating subsidiaries	-	-	-	-	-	-	-	-	(27,311)	27,311	-	-	-
At 30 June 2010	**77,200**	**316,692**	**40,824**	**-**	**-**	**-**	**-**	**-**	**-**	**(3,722,161)**	**(3,287,445)**	**-**	**(3,287,445)**

Consolidated Statement of Cash Flows

For the year ended 30 June 2010

	Notes	2010 HK$'000	2009 HK$'000
Cash flows from operating activities			
Loss before tax		**(1,666,406)**	(2,920,895)
Adjustments for:			
Allowance for slow moving inventories	14	**208,877**	538,835
Amortisation of intangible assets	14 & 22	**1,190**	5,800
Depreciation of property, plant and equipment	14 & 20	**64,618**	167,981
Dissolution of a subsidiary		**(2,675)**	–
Finance costs	13	**3,313,553**	209,453
Gain on deconsolidation of subsidiaries	11	**(2,382,147)**	–
Gain on disposal of available-for-sale investments	14	**–**	(76)
Impairment loss on intangible assets	12	**–**	20,600
Impairment loss on other receivables	12	**–**	49,023
Impairment loss on trade receivables	12	**90,433**	205,789
Interest income	9	**(11,713)**	(54,087)
Loss on disposal of property, plant and equipment	14	**14,692**	28,060
Release of prepaid lease payments	14	**1,100**	2,000
Share of results of associates	23	**241**	(3,675)
Operating cash flows before working capital changes		**(368,237)**	(1,751,192)
Change in inventories		**264,392**	1,388,188
Change in trade and bills receivables		**49,200**	1,307,047
Change in prepayments, deposits and other receivables		**(39,221)**	121,646
Change in derivative financial instruments		**27,568**	(103,987)
Change in trade and bills payables		**(143,452)**	(703,639)
Change in accruals and other payables		**163,084**	(54,599)
Cash (used in)/generated from operations		**(46,666)**	203,464
Overseas tax refund/(paid)		**1,227**	(7,791)
Net cash (used in)/from operating activities		**(45,439)**	195,673
Cash flows from investing activities			
Acquisition of available-for-sale investments		**–**	(46,070)
Additions to prepaid lease payments		**–**	(11,807)
Decrease in pledged bank deposits		**12,005**	72,147
Dividends received from associates		**–**	18,507
Increase in prepayments and deposits		**–**	(999)
Increase in restricted bank deposits		**(19,625)**	(83,836)
Interest received		**5,427**	52,471
Proceeds from disposal of available-for-sale investments		**–**	59,536
Proceeds on disposal of property, plant and equipment		**–**	39,121
Purchase of property, plant and equipment		**(9,763)**	(122,972)
Deconsolidation of subsidiaries	11	**(51,302)**	–
Net cash used in investing activities		**(63,258)**	(23,902)

Consolidated Statement of Cash Flows

For the year ended 30 June 2010

	Notes	2010 HK$'000	2009 HK$'000
Cash flows from financing activities			
Interest paid		**(26,553)**	(206,844)
Repayments of obligations under finance leases		**(2,557)**	(5,202)
Repayments of bank borrowings		**(955,149)**	(4,978,794)
New bank loans raised		**984,660**	3,997,034
Net cash from/(used in) financing activities		**401**	(1,193,806)
Net decrease in cash and cash equivalents		**(108,296)**	(1,022,035)
Effect of foreign exchange rate changes		**(704)**	(15,903)
Cash and cash equivalents at beginning of year	30	**109,000**	1,146,938
Cash and cash equivalents at end of year		**–**	109,000
Analysis of cash and cash equivalents			
Bank and cash balances	30	**–**	109,000
		–	109,000

1. GENERAL INFORMATION

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act 1981 of Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of business is 2708, 27/F, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and have been suspended for trading since 2 August 2010.

The Company is an investment holding company. The principal activities of its principal subsidiaries and principal associates are set out in notes 49 and 23 to the financial statements respectively.

2. BASIS OF PREPARATION

Trading in the shares of the Company (the "Shares") has been suspended since 2:30 p.m. on 2 August 2010 at the request of the Company.

After the suspension, the whereabouts of Mr. YANG Long-san Rowell ("Mr. YANG"), the former Chairman; Chief Executive Officer and Executive Director could not be confirmed, and the legal proceedings have been held by the Company against Ms. HUI Siu-ling Elina ("Ms. HUI"), the former Acting Chairman, Chief Executive Office and Executive Director, for her breach of the fiduciary duties owed to the Company and the whereabouts of the Company's books of accounts, documents, records, seals, chops and other things of the Company had been and were in the prossession, custody, power and/or control of them. Given that the Board had difficulties in exercising the authority and control over most of its key subsidiaries and encountered a series of litigation and debts claims as stated below, the Board considered that, for the benefit of the creditors and the shareholders of the Company (the "Shareholders") as a whole, it was appropriate and necessary to propose a scheme of arrangement in Bermuda and Hong Kong to resolve the claims of the Company's unsecured creditors, other than those who have preferential claims.

In early 2010, one of the subsidiaries of the Group as appeared in the Group's 2009 financial statements – Ningbo Prowell Electronic Co., Ltd. was closed down by 寧波市北倫區人民法院 (the "Ningbo Court") and its corresponding assets had been disposed out in the various auctions by September 2011 for repayment of its bank borrowings and trade liabilities due.

On 20 May 2010, Apple Inc. and IP Application Development Limited filed a lawsuit against the Company, certain subsidiaries of the Group as appeared in the Group's 2009 financial statements, namely, Proview Electronics Company Limited and Proview Technology (Shenzhen) Co. Ltd. ("PTS"), and Mr. YANG, claiming the ownership of 2 Trademarks' "IPAD" and "(i)IPAD" and a compensation of Rmb 4 million as costs and expenses incurred by Apple Inc. and IP Application Development Limited for the relevant investigation and legal actions, both in Hong Kong and the People's Republic of China (the "PRC").

Following the series of arbitration, the dispute raised by Apple Inc. and IP Application Development Limited was settled and Apple Inc. had to pay US$ 60 million to the account designated by the Higher People's Court of Guangdong Province for subrogating the IPAD Trademark on 25 June 2012. The US$ 60 million was used to settle the claims of the creditors of PTS eventually.

2. BASIS OF PREPARATION (CONTINUED)

On 15 December 2010, three of the subsidiaries of the Group as appeared in the Group's 2009 financial statements, namely, PTS, Proview Optronics (Shenzhen) Co. Ltd., and Proview Led Lighting (Shenzhen) Co. Ltd. (formerly: Yoke Technology (Shenzhen) Co. Ltd.) were closed down by 深圳市鹽田區人民法院 (the "Shenzhen Court") and their corresponding assets and financial records were seized and withheld by the Shenzhen Court eventually.

On 7 June 2011, the Company had been placed in the second delisting stage by the Stock Exchange pursuant to Practice Note 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and the Company was required for submitting a viable resumption proposal to address the following issues at least 10 business days before 6 December 2011:–

(1) demonstrate that the Company has a sufficient level of operations or has assets of sufficient value as required under Rule 13.24 of the Listing Rules;

(2) demonstrate that the Company has sufficient working capital for at least 12 months from resumption date;

(3) publish all outstanding financial results and address any audit qualifications; and

(4) demonstrate that the Company has adequate and effective internal controls, in particular, to meet obligations under the Listing Rules.

Given the time constraints and the failure in satisfying the requirements as stipulated by the Stock Exchange, the Company was placed into the third stage of the delisting procedures in accordance with Practice Note 17 to the Listing Rules on 30 December 2011. A Resumption Proposal was submitted on 13 June 2012.

Progress of the Company's Resumption of Shares Trading issues is detailed in the Going Concern section below.

On 14 September 2011, the Company has commenced a legal proceeding against Ms. HUI and Ms. WANG Pik Lan ("Ms. WANG") in the Court of First Instance of the High Court of Hong Kong Special Administrative Region ("HKSAR") for (i) ordering their account and deliver up to the Company what books of accounts, documents, records, seals, chops and other things of the Company had been and were in the possession, custody, power and/or control of them and the whereabouts and what had become of the same; (ii) against Ms. HUI equitable compensation for breach of her fiduciary duties owed to the Company and her damages for breach of the duty to exercise due care and skill as director of the Company; and (iii) against Ms. WANG equitable compensation or damages for breaches of her duty of fidelity and good faith, her duties to exercise due care and skill and her dishonest assistance of the breach of fiduciary duties on the part of Ms. HUI; and (iv) damages for conversion, causing loss by unlawful means, conspiracy to injure the economic interests of the Company.

Chasing back on 30 November 2009, two of the Group's then subsidiaries, namely, Proview Technology (Wuhan) Co., Ltd. ("Proview Wuhan") and PTS entered into a Settlement Agreement with EMC Corporation from which withdrawn all outstanding litigations, claims and other related actions and Proview Wuhan had agreed to dispose the EMC Trademarks and its related domain name to EMC Corporation for a monetary consideration.

2. BASIS OF PREPARATION (CONTINUED)

On 25 September 2012, Wuhan Economic Development Investment Company Limited (武漢經開投資有限公司) ("武漢經開") filed an application for arbitration against Proview Wuhan for the termination of the Agreement for the reason that the transfer of EMC Trademarks to EMC Corporation under the Settlement Agreement had not been consented or authorised by 武漢經開. 武漢經開 demanded (i) return of the investment (ii) compensation of Rmb 1 million and (iii) costs of the arbitration to be borne by Proview Wuhan.

After a series of hearing, the Wuhan Arbitration Commission (武漢仲裁委員會) (the "Arbitration Commission") decided that Proview Wuhan had breached the Agreement by disposing the EMC Trademarks without 武漢經開's consent or authorisation. On 8 August 2013, Proview Wuhan received a decision from the Arbitration Commission dated 9 July 2013 from which Proview Wuhan was ordered to (i) return the investment of Rmb 36 million paid by 武漢經開 under the Agreement (below) and (ii) pay the costs of arbitration of Rmb 218,200.

The agreement in previous paragraph referred to the Agreement made in June 2002 among PTS, 武漢經開, Wuhan Industrial State-owned Investment Company Limited (武漢工業國有投資有限公司) ("武漢工業"), Proview Technology (PRC) Limited, Wuhan Star Information Company Limited (武漢恒星信息產業有限公司) and Proview Wuhan (formerly: Wuhan Hang Guan Electronics Company Limited (武漢恒冠電子有限公司)) for the sale of EMC Trademarks. According to that Agreement, the EMC Trademarks had been transferred to Proview Wuhan as legal owner with beneficial interests of the EMC Trademarks being vested as to 18% in 武漢經開, 20% in 武漢工業, and 62% in Proview Technology (PRC) Limited.

Loss of access to books and records of the Group

The Directors have used their best endeavors to locate all the financial and business records of the Group. As the access to most of the books and records of its subsidiaries have either been lost or seized by relevant liquidators or courts and most of the former accounting personnel of the Group have left. The Directors are unable to obtain sufficient information to satisfy themselves regarding the treatment of various transactions and balances of the Group for the year ended 30 June 2010.

The financial statements have been prepared based on the available books and records maintained by the Group. However, in view of the lack of evidence described above, the Directors are unable to ascertain that the opening balances and corresponding figures of the Group for the year ended 30 June 2010 have been properly reflected in the books and records and in the financial statements.

Any adjustment arising from the matters described above might have a significant consequential effect on the Group's results and financial position for the year ended 30 June 2010 and the related disclosures thereof in the financial statements.

Also, as a result of the matters described above, the corresponding figures shown in the financial statements may not be comparable with the figures for the current year.

2. BASIS OF PREPARATION (CONTINUED)

Deconsolidation of subsidiaries

The financial statements have been prepared based on the books and records currently maintained by the Group. However, due to the lost of contact with ex-directors, the asset freezing orders initiated by the creditors and the liquidation of certain subsidiaries, the Directors considered that the control over the following subsidiaries had been lost since 1 January 2010. The results, assets and liabilities and cash flows of these subsidiaries were therefore deconsolidated from the financial statements of the Group since 1 January 2010:

- Essex Monitor (H.K.) Company Limited
- Gaintle Limited
- Delighton Limited
- Ningbo Prowell Electronic Co., Ltd. ("NPE")
- Proview Electronica do Brasil Ltda. ("PEB")
- Every Wonder Limited
- Proview Electronics Co., Ltd. ("PEC")
- Proview Group (L) Limited
- Proview Industrial Limited
- Proview Group Limited
- Proview International (U.K.) Limited
- Proview Product Europe S.A.
- PGL Europe B.V.
- Proview Optronics (Shenzhen) Co., Ltd. ("POS")
- Proview Services Limited
- Proview Technology (PRC) Limited
- Proview Technology (Wuhan) Co., Ltd. ("Proview Wuhan")
- Proview Technology (Shenzhen) Co., Ltd. ("PTS")
- Proview Technology, Inc.
- Proview Led Lighting (Shenzhen) Co., Ltd. ("PLL") (formerly: Yoke Technology (Shenzhen) Co., Ltd.)

Going concern

The Group incurred a loss attributable to equity holders of the Company of approximately HK$1,661,136,000 for the year ended 30 June 2010 (2009: HK$2,905,391,000) and as at 30 June 2010 the Group had net current liabilities of approximately HK$3,287,445,000 (2009: HK$2,323,936,000) and net liabilities of approximately HK$3,287,445,000 (2009: HK$1,482,259,000) respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

On 14 July 2011, a winding-up petition pursuant to section 72(3) of the Bermuda Companies Act 1981 (the "Act") was issued against the Company (the "Petition") for, among other things, its failure to hold its annual general meeting ("AGM") as required by section 71 of the Act. On 26 August 2011, a Winding-up Order was made by the Bermuda Court on an ex parte basis and the Official Receiver became Provisional Liquidator.

2. BASIS OF PREPARATION (CONTINUED)

Going concern (Continued)

On 23 September 2011, the Company, the Investor and an Escrow Agent entered into an Escrow Agreement for implementing the Restructuring Proposal towards the Company. On 29 September 2011, the Bermuda Court ordered that the Winding-up Order be set aside and the Petition be dismissed by reason of, amongst other things, the lack of standing of the Petitioner, the lack of proper notice to the Board and material non-disclosure by the Petitioner.

In September and October 2011, the Company made application to the Courts of Bermuda and Hong Kong respectively for convening creditors meeting. The Bermuda Court ordered that a meeting with all creditors of the Company be convened for the purpose of considering the Bermuda scheme and if appropriate, approving it. However by an order of the Hong Kong Court dated 1 November 2011, the hearing for the ex parte originating summons for leave to convene the creditors' meeting for approval of the Hong Kong scheme be adjourned sine die with liberty to restore.

On 30 December 2011, the Stock Exchange placed the Company in the third stage of delisting procedures under Practice Note 17 of the Listing Rules.

On 30 November 2012, the Company's financial advisor submitted a Revised Resumption Proposal on behalf of the Company to the Listing (Review) Committee of the Stock Exchange, in compliance with Rule 13.24 of the Listing Rules since the First Resumption Proposal made on 13 June 2012 was considered not viable as decided by Listing (Review) Committee on 14 September 2012.

On 1 February 2013, the Listing (Review) Committee decided that the Revised Resumption Proposal dated 30 November 2012 constituted "new information" for the purpose of Rule 2B.11(5) of the Listing Rules and the Acquisition contemplated under the Revised Resumption Proposal as a Reverse Takeover under Rule 14.06(6)(a) of the Listing Rules. Accordingly, the Company would be treated as if it were a new listing applicant under Rule 14.54 of the Listing Rules and the Company is required to submit a new listing application for the Revised Resumption Proposal to the Stock Exchange and addressing such issue of potential material dilution of the existing shareholders' interests in the Company after the Acquisition as well as addressing:

i) the complaints against existing and former directors of the Company;

ii) publish the overdue financial results required under the Listing Rules; and

iii) demonstrate adequate internal control system is in place.

The financial statements have been prepared on a going concern basis on the assumption that the proposed restructuring of the Company will be successfully completed, and that, following the restructuring, the Group will continue to meet in full its financial obligations as they fall due in the foreseeable future.

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

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on or after 1 July 2009. HKFRSs comprise Hong Kong Financial Reporting Standards ("HKFRS"); Hong Kong Accounting Standards ("HKAS"); and Interpretations. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current and prior years except as stated below.

(a) Presentation of Financial Statements

HKAS 1 (Revised) "Presentation of Financial Statements" affects certain disclosures and presentation of the financial statements. The balance sheet is renamed as the statement of financial position and the cash flow statement is renamed as the statement of cash flows. All income and expenses arising from transactions with non-owners are presented in the statement of comprehensive income, and the total amount carried to the statement of changes in equity. The owner changes in equity are presented in the statement of changes in equity. These presentation requirements have been applied retrospectively.

(b) Operating Segments

HKFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal financial reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. Previously, HKAS 14 "Segment Reporting" required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's '*system of internal financial reporting to key management personnel*' serving as the starting point for the identification of such segments. The primary segments reported under HKAS 14 are the same as the segments reported under HKFRS 8. HKFRS 8 has been applied retrospectively.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

4. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These financial statements have been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain investments and derivatives which are carried at their fair values.

The preparation of financial statements in conformity with HKFRSs requires the use of key assumptions and estimates. It also requires management to exercise its judgments in the process of applying the accounting policies. The areas involving critical judgments and areas where assumptions and estimates are significant to these financial statements, are disclosed in note 5 to the financial statements.

The significant accounting policies applied in the preparation of these financial statements are set out below.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 30 June. Subsidiaries are entities over which the Group has control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has control.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserves.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policies of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has significant influence.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Company's share of the net fair value of the associate's identifiable assets and liabilities is recorded at goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Associates (Continued)

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its shares of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's share of the net assets of that associate plus any remaining goodwill relating to that associate and any related accumulated foreign currency translation reserve.

Unrealised profits on transactions between the Company and its associates are eliminated to the extent of the Group's interests in associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Company.

Foreign currency translation

a) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in HK Dollars ("HK$"), which is the Company's functional and presentation currency.

b) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency translation (Continued)

c) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

– Assets and liabilities for each statement of financial position presented are translated at the closing rate prevailing at the end of the reporting period;

– Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

– All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in the consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate prevailing at the end of the reporting period.

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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (Continued)

Depreciation of property, plant and equipment, other than the construction in progress, is calculated at rates sufficient to write off their cost or valuation less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

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 residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

Construction in progress represents buildings under construction and plant and machinery pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

Leases

The Group as lessee

a) Operating leases

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

b) Finance leases

Leases that substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as finance leases. At the commencement of the lease term, a finance lease is capitalised at the lower of the fair value of the leased asset and the present value of the minimum lease payments, each determined at the inception of the lease.

The corresponding liability to the lessor is included in the statement of financial position as finance lease payable. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets

a) Intangible assets acquired separately

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. Trademark has definite useful life and is amortised on straight-line basis over ten years.

b) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are identified and recognised separately from goodwill where they satisfy the definition of an intangible asset and their fair values can be measured reliably. The cost of such intangible assets is their fair value at the acquisition date.

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation is provided on a straight-line basis over their estimated useful lives.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the 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 in other comprehensive income 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 is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derivative financial instruments

Derivatives are initially recognised at fair value at the date a derivative contract date is entered into and are subsequently remeasured to their fair value at the end of each reporting period. 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.

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the carrying amount of the receivables and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the recoverable amount of the receivables can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management are also included as a component of cash and cash equivalents.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair values and are subsequently measured at the higher of:

– the amount of the obligations under the contracts, as determined in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and

– the amount initially recognised less cumulative amortisation recognised in profit or loss on a straight-line basis over the term of the guarantee contracts.

Trade and other payables

Trade and other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Equity instruments

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

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Revenues from the sales of goods are recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered and the title has passed to the customers.

Interest income is recognised on a time–proportion basis using the effective interest method.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-based payments

The Group issues equity-settled share-based payments to certain employees and business associates. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Employee benefits

The Group contributes to defined contribution retirement benefit plans/state-managed retirement benefits schemes/Mandatory Provident Fund Scheme which are available to all employees where they are located. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss 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 end of the reporting period.

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, 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 the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is charged or credited to profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Related parties

A party is related to the Group if:

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

b) the party is an associate;

c) the party is a joint venture;

d) the party is a member of the key management personnel of the Company or its parent;

e) the party is a close member of the family of any individual referred to in (a) or (d);

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

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

Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products and services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

Segment revenue, expenses, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to the segment. Unallocated costs mainly represent corporate expenses. Segment assets consist primarily of property, plant and equipment, inventories and trade receivables. Segment liabilities comprise operating liabilities and exclude items such as tax liabilities and corporate borrowings.

Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between Group enterprises within a single segment. Inter-segment pricing is based on terms mutually agreed between the segments.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets other than inventories, receivables and investments to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the financial statements. Events after the end of the reporting period that are not adjusting events are disclosed in the notes to the financial statements when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the application of the Group's accounting policies, which are described in note 4 to the financial statements, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

In the process of applying the accounting policies, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

a) Going concern basis

These financial statements have been prepared on a going concern basis, the validity of which depends upon the Group being able to achieve a successful restructuring and continue its business. Details are explained in note 2 to the financial statements.

b) Deconsolidation of subsidiaries

The financial statements have been prepared based on the books and records maintained by the Group. However, the Directors considered that the control over the Company's subsidiaries has been lost since 1 January 2010. The results, assets and liabilities and cash flows of these subsidiaries were deconsolidated from the financial statements of the Group since then. Details are explained in note 2 to the financial statements.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (CONTINUED)

Key sources of estimation uncertainty

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

a) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account of their estimated residual values. The determination of the useful lives and residual values involves management's estimation. The Group assesses annually the residual values and the useful lives of the property, plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year and the estimate will be changed in the future period.

b) Allowance for bad and doubtful debts

The Group performs ongoing credit evaluations of its debtors and adjusts credit limits based on payment history and the debtor's current credit-worthiness, as determined by the review of their current credit information. The Group continuously monitors collections and payments from its debtors and maintains a provision for estimated credit losses based upon its historical experience and any specific debtors collection issues that it has been identified. The Group will continue to monitor the collections from debtors and maintain an appropriate level of estimate credit losses.

c) Allowance for inventories

The management of the Group reviews an aging analysis at the end of each reporting period, and makes allowances for obsolete and slow-moving inventory items identified that are no longer suitable for use in operation. The management estimates the net realizable value for such finished goods based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review at the end of each reporting period and makes allowances for obsolete items.

d) Financial guarantee liabilities

The determination of the financial guarantee liabilities involves management's estimation. The Group assesses the probability and magnitude of the outflow of resources embodying economic benefits will be required to settle the obligations and if the expectation differs from the original estimate, such a difference may impact the carrying amount of the financial guarantee liabilities as at 30 June 2010.

e) Income tax

The Group may subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

6. FINANCIAL RISK MANAGEMENT

The Group has exposure to credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk) from its use of financial instruments. This note presents information about the Group's exposure to each of the aforesaid risks and the Group's objectives, policies and processes for measuring and managing risk.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and the Group's credit risk is primarily attributable to the trade receivables and deposits with financial institutions. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Trade receivables

The management has established a credit policy under which credit evaluations are performed on all customers requiring credit. Normally, the Group does not obtain collateral from customers. 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 the end of each reporting period 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 Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. At the end of the reporting period, the Group has a certain concentration of credit risk of nil (2009: 55%) of the total trade receivables which was due from one single counterparty and also trade receivables as its five largest customers.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in note 28.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's policy is to regularly monitor its current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The Group's liquidity position is monitored closely by the management of the Group. The following table details the remaining contractual maturities of the Group's non-derivative financial liabilities and derivative financial liabilities, which are based on the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

				2010			
	Weighted average effective interest rate %	**Less than 1 month HK$'000**	**1-3 months HK$'000**	**3 months to 1 year HK$'000**	**Over 1 year HK$'000**	**Total contractual undiscounted cash flow HK$'000**	**Carrying amount HK$'000**
Non-derivative financial instruments							
Trade, bills and other payables	–	477,445	–	–	–	477,445	477,445
Financial guarantee liabilities	–	2,810,000	–	–	–	2,810,000	2,810,000

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (Continued)

	2009						
	Weighted average effective interest rate %	Less than 1 month HK$'000	1-3 months HK$'000	3 months to 1 year HK$'000	Over 1 year HK$'000	Total contractual undiscounted cash flow HK$'000	Carrying amount HK$'000
Non-derivative financial instruments							
Trade, bills and other payables	–	2,366,536	236,878	23	–	2,603,437	2,603,437
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
Obligation under finance leases	3.00	445	1,357	4,170	56,645	62,617	46,250
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)

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

Currency risk

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

	Assets		Liabilities	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**US$'000**	HK$'000
United States Dollars ("US$")	**–**	189,478	**–**	3,081,108
Renminbi ("Rmb")	**–**	63,709	**–**	701,909
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 tax		Equity	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**US$'000**	HK$'000
US$	**–**	137,697	**–**	–
Rmb	**–**	30,390	**–**	–
¥	**–**	(16)	**–**	–

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate risk

The Group's interest rate risk arises primarily from the Group's bank deposits and bank borrowings. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group aimed to keep loans at rates that were 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 were 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 does not use financial derivatives to hedge against the interest rate risk. The Group's interest rate profile as monitored by management is set out below.

The Group was also exposed to cash flow interest rate risk as its bonds receivables, restricted bank deposits, bank balances and certain of its bank borrowings were subject to interest at floating interest rates (see note 34 to the financial statements for details of the bank borrowings) at 30 June 2009. It was the Group's policy to keep its borrowings at floating-rate of interests so as to minimise the fair value interest rate risk. Management would 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 at 20 June 2009 was 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 had been determined based on the exposure to interest rates for floating-rate bonds receivables, restricted bank deposits, bank balances and bank borrowings at 30 June 2009. The analysis was prepared assuming the amount of asset and liability outstanding at the end of the reporting period 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 tax for the year would increase/decrease by Nil (2009: HK$6,550,000).

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders 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.

6. FINANCIAL RISK MANAGEMENT (CONTINUED)

Capital risk management (Continued)

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the payment of dividends, issue new shares, buy-back shares, raise new debts, redeem existing debts or sell assets to reduce debts, where appropriate.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Fair value

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

7. TURNOVER

Turnover represents the invoiced value of goods sold, less value-added tax, goods returns and trade discounts during the year.

	2010	2009
	HK$'000	HK$'000
Sales of goods	**593,751**	4,454,891

8. SEGMENT INFORMATION

Business segments

The Group comprises the following main business segments:

Liquid crystal display ("LCD") monitors	:	The manufacturing, trading and distribution of LCD monitors
Thin-film transistor ("TFT") – LCD televisions	:	The manufacturing, trading and distribution of TFT-LCD televisions
Cathode ray tube ("CRT") monitors	:	The manufacturing, trading and distribution of CRT monitors
Others	:	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

Primary reporting format – business segments

	LCD monitors		TFT-LCD televisions		CRT monitors		Others		Inter-segment elimination		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Years ended 30 June												
REVENUE												
Revenue from external customers	**280,313**	2,392,453	**243,230**	1,630,236	**19,847**	73,461	**50,361**	358,741	**–**	–	**593,751**	4,454,891
Inter-segment revenue	**–**	–	**–**	–	**–**	–	**5,771**	46,585	**(5,771)**	(46,585)	**–**	–
Total revenue	**280,313**	2,392,453	**243,230**	1,630,236	**19,847**	73,461	**56,132**	405,326	**(5,771)**	(46,585)	**593,751**	4,454,891
Segment results	**(199,246)**	(975,382)	**(424,576)**	(1,457,162)	**(35,610)**	(55,622)	**(63,106)**	(220,799)	**–**	–	**(722,538)**	(2,708,965)
Unallocated operating income											**82,521**	246,001
Loss from operations											**(640,017)**	(2,462,964)
Changes in fair value of derivative financial instruments											**(4,309)**	23,259
Gain on deconsolidation of the subsidiaries											**2,382,147**	–
Other losses											**(90,433)**	(275,412)
Finance costs											**(3,313,553)**	(209,453)
Share of results of associates											**(241)**	3,675
Loss before tax											**(1,666,406)**	(2,920,895)

8. SEGMENT INFORMATION (CONTINUED)

Primary reporting format – business segments (Continued)

	LCD monitors		TFT-LCD televisions		CRT monitors		Others		Inter-segment elimination		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
As at 30 June												
Segment assets	**–**	1,283,186	**–**	1,210,925	**–**	79,538	**–**	234,189	**–**	–	**–**	2,807,838
Investments in associates	**–**	–	**–**	–	**–**	–	**–**	2,816	**–**	–	**–**	2,816
Unallocated assets											**–**	388,916
Total assets											**–**	3,199,570
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 liabilities											**3,287,445**	87,546
Total liabilities											**3,287,445**	4,681,829
Other segment information:												
Segment capital expenditure	**N/A**	64,373	**N/A**	83,294	**N/A**	657	**N/A**	1,328	**–**	–	**14,236**	149,652
Segment depreciation	**N/A**	68,510	**N/A**	72,699	**N/A**	10,547	**N/A**	16,225	**–**	–	**64,618**	167,981
Release of prepaid lease payments	**N/A**	818	**N/A**	784	**N/A**	104	**N/A**	294	**–**	–	**1,100**	2,000
Impairment loss on trade and other receivables	**N/A**	91,997	**N/A**	123,075	**N/A**	22,875	**N/A**	16,865	**–**	–	**90,433**	254,812
Write-down of inventories	**N/A**	377,214	**N/A**	120,940	**N/A**	12,435	**N/A**	28,246	**–**	–	**208,877**	538,835

8. SEGMENT INFORMATION (CONTINUED)

Secondary reporting format – geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the destination of delivery of goods.

	Asia		North America		Europe		Others		Total	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Revenue from external customers	**N/A**	1,970,605	**N/A**	1,519,735	**N/A**	622,647	**N/A**	341,904	**593,751**	4,454,891

No analysis of the Group's other segment and geographical location information incurred during the year is presented because of insufficient information arising from the loss books and records of the Group as detailed in note 2 to the financial statements.

9. OTHER INCOME

	2010	2009
	HK$'000	HK$'000
Interest income	**11,713**	54,087
Exchange gain, net	**2,047**	75,352
Sundry income	**31,642**	30,943
	45,402	160,382

10. OTHER OPERATING EXPENSES

	2010	2009
	HK$'000	HK$'000
Research and development costs	**22,135**	80,201
Sundries	**12,241**	5,166
	34,376	85,367

11. GAIN ON DECONSOLIDATION OF THE SUBSIDIARIES

	2010 **HK$'000**	2009 HK$'000
Gain on deconsolidation of subsidiaries (note)	**(2,382,147)**	–

Note:

Gain on deconsolidation of subsidiaries

As disclosed in note 2 to the financial statements, the Directors considered that the control over the subsidiaries of the Group had been lost since 1 January 2010. The results, assets and liabilities and cash flows of these subsidiaries were therefore deconsolidated from the financial statements of the Group since then.

Net liabilities of these subsidiaries as at 1 January 2010 were as follows:

	HK$'000
Property, plant and equipment	952,726
Prepaid lease payments	77,138
Intangible assets	18,810
Interests in associates	2,578
Bonds receivables	74,147
Inventories	519,965
Properties held for sale	19,430
Trade and bills receivables	142,709
Prepayments, deposits and other receivables	404,459
Tax recoverables	5,050
Pledged bank deposits	69,512
Restricted bank deposits	103,461
Bank balances and cash	51,302
Trade and bills payables	(2,379,228)
Accruals and other payables	(470,893)
Amount due to an associate	(975)
Taxation payable	(21,021)
Derivative financial instruments	(4,309)
Bank borrowings	(1,759,865)
Obligations under finance leases	(43,693)
Deferred taxation	(47,388)
Net liabilities deconsolidated	(2,286,085)
Release of foreign currency translation reserve	(17,491)
Non-controlling interests	(78,571)
Gain on deconsolidation of subsidiaries	(2,382,147)
Net cash outflow arising on deconsolidation of subsidiaries:	
Cash and cash equivalents of subsidiaries deconsolidated	(51,302)

12. OTHER LOSSES

	2010 HK$'000	2009 HK$'000
Impairment loss on intangible assets	–	20,600
Impairment loss on trade receivables	**90,433**	205,789
Impairment loss on other receivables	–	49,023
	90,433	275,412

13. FINANCE COSTS

	2010 HK$'000	2009 HK$'000
Interest expenses on:		
Bank borrowings and finance leases	**26,553**	206,844
Others	–	2,609
Recognition of liabilities due to:		
Other payables	**81,000**	–
Deconsolidated subsidiaries	**396,000**	–
Recognition of financial guarantee liabilities due	**2,810,000**	–
	3,313,553	209,453

14. LOSS BEFORE TAX

The Group's loss before tax is stated after charging the following:

	2010 HK$'000	2009 HK$'000
Directors' emoluments		
As directors	–	936
For management	–	5,073
	–	6,009
Auditor's remuneration	**300**	5,166
Staff costs including directors' emoluments		
Salaries, bonus and allowances	–	323,047
Retirement benefits scheme contributions	–	14,418
	–	337,465
Cost of inventories sold	**1,065,276**	6,064,673
Allowance for slow moving inventories	**208,877**	538,835
Amortisation of intangible assets	**1,190**	5,800
Depreciation	**64,618**	167,981
Loss on disposals of property, plant and equipment	**14,692**	28,060
Release of prepaid lease payments	**1,100**	2,000
Gain on disposal of available-for-sale investments	–	(76)

15. INCOME TAX EXPENSE/(CREDIT)

	2010	2009
	HK$'000	HK$'000
Hong Kong Profits Tax		
Provision for the year	**–**	45
Other jurisdictions		
Provision for the year	**45**	319
Overprovision in prior years	**–**	(4,133)
	45	(3,769)

No provision for Hong Kong Profits Tax has been made for the year ended 30 June 2010 as the Group did not generate any assessable profits arising in Hong Kong during the year.

The Company is incorporated in Bermuda and is exempted from taxation in Bermuda. The Company's subsidiary established in the British Virgin Islands is exempted from British Virgin Islands income taxes.

In accordance with the Law of the PRC on Enterprise Income Tax (the "New Law"), the tax rate of certain prinicpal subsidiaries will ratchet up from 20% in 2009 to 22%, 24%, 25% in 2010 to 2012 respectively, whilst the tax rate for other PRC subsidiaries is 25%. 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 ended 31 December 2009 and for the five years ending 31 December 2014, respectively.

There are no significant income tax exposures in other jurisdictions.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

15. INCOME TAX EXPENSE/(CREDIT) (CONTINUED)

The reconciliation between the income tax expense and the loss before tax is as follows:

	2010 **HK$'000**	2009 HK$'000
Loss before tax	**(1,666,406)**	(2,920,895)
Notional tax expense/(credit) on loss before tax, calculated at the rates applicable in the tax jurisdictions concerned (Note)	**(366,609)**	(584,179)
Tax effect of share of results of associates	**53**	(735)
Tax effect of income that is not taxable	**–**	(5,072)
Tax effect of expenses that are not deductible	**–**	14,441
Temporary differences not recognised	**–**	168,703
Tax effect of unused tax losses not recognised	**–**	407,206
Tax effect of utilisation of tax losses not previously recognised	**366,601**	–
Overprovision in prior years	**–**	(4,133)
	45	(3,769)

Note: For tax reconciliation purpose, the domestic tax rate in the PRC of 22% (2009: 20%) is used as the operations of the Group are substantially based there.

16. DIRECTORS' EMOLUMENTS

The emoluments of each Director were as follows:

	Fees	Basic salaries, allowances and benefit in-kind	Share-based payments	Retirement benefits scheme contributions	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Name of executive directors					
YANG Long-san, Rowell (note (a))	–	–	–	–	–
HUI Siu-ling, Elina (note (b))	–	–	–	–	–
	–	–	–	–	–
Name of non-executive directors					
CHANG I-hua (note (c))	–	–	–	–	–
HUANG Ying-che, Michael (note (c))	–	–	–	–	–
WANG Kuei-ching, Will (note (d))	–	–	–	–	–
	–	–	–	–	–
Name of independent non-executive directors					
LAU Siu-ki, Kevin (note (e))	–	–	–	–	–
LEE Chiu-kang (note (e))	–	–	–	–	–
LIU Zixian (note (f))	–	–	–	–	–
	–	–	–	–	–
Total for 2010	–	–	–	–	–

16. DIRECTORS' EMOLUMENTS (CONTINUED)

	Fees HK$'000	Basic salaries, allowances and benefits in-kind HK$'000	Share-based payments HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Name of executive directors					
YANG Long-san, Rowell (note (a))	–	3,727	–	–	3,727
HUI Siu-ling, Elina (note (b))	–	949	–	12	961
WANG Ming-chun, Morris (note (g))	–	372	–	13	385
	–	5,048	–	25	5,073
Name of non-executive directors					
CHANG I-hua (note (c))	117	–	–	–	117
HUANG Ying-che, Michael (note (c))	117	–	–	–	117
WANG Kuei-ching, Will (note (d))	117	–	–	–	117
	351	–	–	–	351
Name of independent non-executive directors					
LAU Siu-ki, Kevin (note (e))	234	–	–	–	234
LEE Chiu-kang (note (e))	234	–	–	–	234
LIU Zixian (note (f))	117	–	–	–	117
	585	–	–	–	585
Total for 2009	936	5,048	–	25	6,009

Notes:

(a) Resigned on 2 August 2010
(b) Retired on 17 January 2012
(c) Resigned on 11 July 2011
(d) Resigned on 10 September 2010
(e) Resigned on 24 August 2010
(f) Resigned on 21 June 2010
(g) Resigned on 21 January 2009

Certain directors were granted options to subscribe for the shares of the Company. The details of the share options granted and outstanding in respect of each director as at 30 June 2010 and 2009 are disclosed in note 40 to the financial statements.

During the years ended 30 June 2010 and 2009, no amounts were paid or payable to the directors as an inducement to join the Group or as a compensation for loss of office and no director waived any emoluments.

17. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid individuals in the Group during the year included Nil (2009: 2) directors, details of whose emoluments are reflected in the analysis presented above. The emoluments of the remaining Nil (2009: 3) individual are set out below:

	2010	2009
	HK$'000	HK$'000
Basic salaries and allowances	**–**	3,061
Equity settled share-based payments	**–**	–
Retirement benefit scheme contributions	**–**	–
	–	3,061

The emoluments of the Nil individual (2009: 3) are fell within the following band:

	Number of individuals	
	2010	2009
HK$ Nil – HK$1,000,000	**–**	1
HK$ 1,000,001 – HK$1,500,000	**–**	2

During the years ended 30 June 2010 and 2009, no emoluments were paid or payable to the five highest paid individuals (including directors and other employees) as an inducement to join the Group or as a compensation for loss of office.

18. LOSS FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The consolidated loss attributable to equity holders of the Company includes a loss of approximately HK$3,175,770,000 (2009: HK$714,585,000) which has been dealt with in the financial statements of the Company.

19. LOSS PER SHARE

Basic and diluted loss per share

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company of approximately HK$1,661,136,000 (2009: HK$2,905,391,000) and the weighted average number of approximately 772,009,000 ordinary shares (2009: approximately 772,009,000 ordinary shares) in issue during the year.

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 were higher than the average market price for the years ended 30 June 2010 and 2009.

20. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings	Leasehold improvements	Moulds and machinery	Furniture, equipment and motor vehicles	Construction in-progress	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Cost or valuation						
At 1 July 2008	479,875	37,683	1,160,626	152,436	14,180	1,844,800
Effect of foreign currency	(3,384)	(1,245)	(14,012)	(4,227)	(1,106)	(23,974)
Additions	9,644	114	131,922	5,937	2,035	149,652
Disposals	–	(905)	(91,502)	(7,092)	–	(99,499)
Adjustment on revaluation	25,932	–	–	–	–	25,932
Transfer	1,329	–	7,055	–	(8,384)	–
At 30 June 2009	513,396	35,647	1,194,089	147,054	6,725	1,896,911
Accumulated depreciation and impairment						
At 1 July 2008	–	32,016	580,823	106,423	–	719,262
Effect of foreign currency	–	(632)	(5,870)	(2,319)	–	(8,821)
Charge 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

The carrying amount of freehold land and buildings shown above comprise:

	2009
	HK$'000
At valuation:	
Building erected on land outside Hong Kong	
– held under long-term leases	76,511
– held under medium-term leases	401,285
Freehold land and buildings outside Hong Kong	35,600
Total	513,396

20. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

In 2009, 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 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 relevant market and Depreciated Replacement Cost Approach if market sales comparables are not available. The carrying amount of buildings that were valued by Depreciated Replacement Cost Approach amounted to HK$351,379,000. A revaluation surplus, net of non-controlling interest, of HK$41,037,000 was credited to the asset revaluation reserve accordingly.

If the freehold land and buildings of the Group had not been revalued, they would have been included in the 2009 consolidated financial statements at historical cost less accumulated depreciation of HK$315,405,000.

During the year, the Group spent and recognised approximately HK$14,236,000 and HK$14,692,000 on acquisition of and loss on disposal of property, plant and equipment respectively. No fair value adjustment had been made on the property, plant and equipment for the year and the full carrying amount of HK$952,726,000 at 31 December 2009 had been eliminated when the Company's subsidiaries were deconsolidated from the financial statements.

No movement of the property, plant and equipment information for the year is presented because of insufficient information arising from the loss books and records of the Group as detailed in note 2 to the financial statements.

21. PREPAID LEASE PAYMENTS

	2010	2009
	HK$'000	HK$'000
At beginning of the reporting period	**78,200**	68,280
Additions	**38**	11,920
Release	**(1,100)**	(2,000)
Deconsolidation of subsidiaries	**(77,138)**	–
At the end of the reporting period	**–**	78,200
Comprise leasehold land outside Hong Kong held under:		
– Long-term leases or land use rights	**–**	23,741
– Medium-term leases or land use rights	**–**	54,459
	–	78,200
Analysed for reporting purposes as:		
Non-current assets	**–**	76,220
Current assets	**–**	1,980
	–	78,200

22. INTANGIBLE ASSETS

	2010 **HK$'000**	2009 HK$'000
Cost		
At the beginning of the reporting period	**58,000**	58,000
Deconsolidation of subsidiaries	**(58,000)**	–
At the end of the reporting period	**–**	58,000
Amortisation and impairment		
At the beginning of the reporting period	**38,000**	11,600
Amortisation for the year	**1,190**	5,800
Impairment loss recognised	**–**	20,600
Deconsolidation of subsidiaries	**(39,190)**	–
At the end of the reporting period	**–**	38,000
Carrying amount		
At the end of the reporting period	**–**	20,000

23. INVESTMENTS IN ASSOCIATES

	2010 **HK$'000**	2009 HK$'000
Cost of unlisted investments	**–**	4,936
Share of post-acquisition profits and other comprehensive income, net of dividends received	**–**	(2,120)
	–	2,816

Details of the Group's principal associates which are held indirectly by the Company are as follows:

Name	**Place of incorporation/ registration and operation**	**Class of share held**	**Percentage of ownership interest/ voting power/ profit sharing**		**Principal activities**
			2010	2009	
Shenzhen Protrans International Logistics Co., Ltd. 深圳市唯遠國際貨運有限公司	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

23. INVESTMENTS IN ASSOCIATES (CONTINUED)

Note

1. The Group has discontinued recognition of its share of loss of the associates. The amounts of unrecognised share of the associates, extracted from the financial statements of the associates, both for the year ended 30 June 2009 and cumulatively, were as follows:

	2010	2009
	HK$'000	HK$'000
Total assets	**–**	8,098
Total liabilities	**–**	(1,785)
Net assets	**–**	6,313
Group's share of net assets of associates	**–**	2,816
Revenue	**N/A**	5,044
Total profit for the year	**N/A**	5,686
Group's share of (loss)/profits of associates	**(241)**	3,675
Group's share of other comprehensive income of associates	**2**	(73)
Unrecognised share of losses of the associate for the year	**N/A**	N/A
Accumulated unrecognised share of losses of the associate	**N/A**	N/A

No disclosure of associates' information for the year is presented because of insufficient information arising from the loss books and records of the Group as detailed in note 2 to the financial statements.

24. BONDS RECEIVABLES

	2010	2009
	HK$'000	HK$'000
Carrying amount at the end of the reporting period	**–**	67,861

In 2009, a debtor of the Group had transferred certain bonds of Brazilian Reais 16,084,000 (equivalent to HK$63,859,000) which were issued by the Brazil Government and denominated in Brazilian Reais. The amount was unsecured and carried interest at the Special System of Clearance and Custordy ("SELIC") rate plus 1% per month. The bonds did not have a stipulated maturity date, but could be redeemed at the discretion of the issuer at par value plus accrued interest and were classified as non-current assets at 30 June 2009.

Upon deconsolidaton of subsidiaries made on 1 January 2010, the bonds receivables were derecognised.

25. PREPAYMENTS AND DEPOSITS

At 30 June 2009, 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. Upon deconsolidation of subsidiaries made on 1 January 2010, the prepayments and deposit were derecognised.

26. INVENTORIES

	2010	2009
	HK$'000	HK$'000
Raw materials	–	550,337
Work in progress	–	340,621
Finished goods	–	102,276
	–	993,234

Upon deconsolidation of subsidiaries made on 1 January 2010, the inventories were derecognised.

27. PROPERTIES HELD FOR SALE

The Group's properties held for sale represented the freehold properties held outside Hong Kong. Upon the deconsolidation of subsidiaries made on 1 January 2010, the properties held for sale were derecognised.

28. TRADE AND BILLS RECEIVABLES

	2010	2009
	HK$'000	HK$'000
Trade and bills receivable	–	516,068
Less: Allowance for doubtful debts (note)	–	(233,726)
	–	282,342

The Group's trading terms with customers are mainly on credit. The credit terms are normally within 90 days from the date of issuance of invoices, except for certain well established customers, where the terms are extended to 180 days. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. 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:

	2010	2009
	HK$'000	HK$'000
Within 90 days	–	235,965
Between 91 to 180 days	–	46,377
	–	282,342

28. TRADE AND BILLS RECEIVABLES (CONTINUED)

Note:

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly.

The movement in the allowance for doubtful debts during the year is as follows:

	2010	2009
	HK$'000	HK$'000
At the beginning of the reporting period	**233,726**	27,937
Impairment loss recognised	**90,433**	205,789
Other changes and reversal on deconsolidation of subsidiaries	**(324,159)**	–
At the end of the reporting period	**–**	233,726

At 30 June 2009, trade receivables of approximately HK$50,454,000 were individually impaired. The individually impaired receivables related to invoices that were default in payments and management assessed that it is highly unlikely that the receivables can be recovered. The counterparties of which had either been placed under liquidation or in severe financial difficulties. The Group does not hold any collateral over these balances.

The Group had fully provided for impairment on receivables aged over 181 days which had no collateral nor subsequent settlement because historical experience was that such receivables were generally not recoverable.

The carrying amounts of the Group's trade and bills receivables were denominated in the following currencies:

	2010	2009
	HK$'000	HK$'000
HK$	**–**	233,032
US$	**–**	43,367
Rmb	**–**	5,943
	–	282,342

29. DERIVATIVE FINANCIAL INSTRUMENTS

At the end of the reporting period, there is no major terms of outstanding foreign currency forward contracts (2009: 29 contracts) as follows:

Principal and notional amounts	**Currency conversion**
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 2010, a fair value loss of HK$4,309,000 (2009: gain of HK$23,259,000) has been recognised in the statement of comprehensive income. The fair values of foreign currency forward contracts were estimated based on the prices provided by the counterparty financial institutions that were determined based on estimated cash flows with appropriate yield curve for equivalent instruments at the end of the reporting period.

All the derivative financial liabilities were 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 were set out below:

	2010 **HK$'000**	2009 HK$'000
US$	–	23,385
¥	–	345
	–	23,730

30. BANK AND CASH BALANCES

	2010 **HK$'000**	2009 HK$'000
Pledged bank deposits	–	80,709
Restricted bank deposits	–	83,836
Cash at bank and in hand	–	109,000
	–	273,545

Pledged bank deposits at 30 June 2009 represented the deposits pledged to banks to secure banking facilities granted to the Group. The deposits had been pledged to secure short-term banking facilities and were therefore classified as current assets. The deposits carried fixed-rate interest at rates, ranging from 0.01% to 7.73% per annum. The pledged bank deposits were released upon the settlement of the relevant short-term loan borrowings.

30. BANK AND CASH BALANCES (CONTINUED)

Restricted bank deposits at 30 June 2009 represented the deposits restricted by the bank in view of the fact that the borrowings outstanding from those banks had been defaulted during the year ended 30 June 2009.

Save as the pledged bank deposits, the restricted bank deposits and cash at bank and in hand at 30 June 2009 carried interest at market interest rates, ranging from 1.43% to 7.2% per annum.

The carrying amounts of the Group's bank and cash balances were denominated in the following currencies:

	2010	2009
	HK$'000	HK$'000
HK$	–	93,053
US$	–	122,726
Rmb	–	57,766
	–	273,545

Upon deconsolidation of subsidiaries made on 1 January 2010, the bank and cash balances were derecognised.

31. TRADE AND BILLS PAYABLES

The aging analysis of trade and bills payables, based on the date of receipt of goods, is as follows:

	2010	2009
	HK$'000	HK$'000
Within 90 days	–	727,311
Between 91 to 180 days	–	460,508
Over 181 days	–	1,334,861
	–	2,522,680

The average credit period on purchase of goods was up to 90 days. Included in trade and bills payables at 30 June 2009 was an amount of HK$563,379,000 due to a substantial shareholder of the Company.

The carrying amounts of the Group's trade and bills payables were denominated in the following currencies:

	2010	2009
	HK$'000	HK$'000
HK$	–	283,497
US$	–	2,151,688
Rmb	–	87,495
	–	2,522,680

Upon deconsolidation of subsidiaries made on 1 January 2010, the trade and bills payables were derecognised.

32. DUE TO AN ASSOCIATE

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

Upon deconsolidation of subsidiaries made on 1 January 2010, the amount due to an associate was derecognised.

33. ACCRUALS AND OTHER PAYABLES

	2010 HK$'000	2009 HK$'000
Accruals and other payables (note (a))	**81,300**	321,369
Due to deconsolidated subsidiaries (note (b))	**396,145**	–
	477,445	321,369

Notes:

(a) All amounts of the accruals and other payables as stated above were recognised based on the books and records of the Group made available to the Directors.

(b) The amounts due to deconsolidated subsidiaries are unsecured, non-interest bearing and have no fixed term of repayment.

34. BANK BORROWINGS

	2010 HK$'000	2009 HK$'000
Bank loans and trust receipt loans	**–**	1,722,833
Analysed as:		
Secured	**–**	1,313,750
Unsecured	**–**	409,083
	–	1,722,833

34. BANK BORROWINGS (CONTINUED)

The Group's bank borrowings at 30 June 2009 were as follows:

	2009		
	Fixed-rate borrowings HK$'000	Floating-rate borrowings HK$'000	Total HK$'000
Within 1 year	149,312	1,268,797	1,418,109
More than 1 year, but not exceeding 2 years	2,817	64,675	67,492
More than 2 years, but not exceeding 3 years	–	73,177	73,177
More than 3 years, but not exceeding 4 years	–	156,046	156,046
More than 4 years, but not exceeding 5 years	–	1,074	1,074
More than 5 years	–	6,935	6,935
	152,129	1,570,704	1,722,833
Less: Amounts due with one year shown under current liabilities	(149,312)	(1,268,797)	(1,418,109)
Amount due after one year	2,817	301,907	304,724

The ranges of effective interest rates (which were also equal to contracted interest rates) on the Group's borrowings in 2009 were as follows:

Effective interest rate:	
Fixed-rate borrowings	1.30% – 18.00%
Variable-rate borrowings	1.10% – 8.25%

The carrying amounts of the bank borrowings are denominated in the following currencies:

	RMB HK$'000	**US$** HK$'000	**HK$** HK$'000	**Total** HK$'000
2010	**–**	**–**	**–**	**–**
2009	614,414	928,949	179,470	1,722,833

Upon deconsolidation of subsidiaries made on 1 January 2010, the bank borrowings were derecognised.

35. OBLIGATIONS UNDER FINANCE LEASES

The Group leased certain land and buildings, furniture, equipment and motor vehicles under finance leases. The lease term ranged from 3 to 15 years. For the year ended 30 June 2010, the average effective borrowing rate was Nil (2009: 3.0%) per annum. Interest rates were fixed at the contract date. All leases were on a fixed repayment basis.

	Minimum lease payments		**Present value of minimum lease payments**	
	2010	2009	**2010**	2009
Amounts payable under finance leases:				
Within 1 year	–	5,972	–	5,132
More than 1 year, but not exceeding 2 years	–	5,873	–	4,894
More than 2 years, but not exceeding 3 years	–	5,853	–	4,721
More than 3 years, but not exceeding 4 years	–	5,853	–	4,569
More than 4 years, but not exceeding 5 years	–	5,853	–	4,421
More than 5 years	–	33,213	–	22,513
	–	62,617	–	46,250
Less: future finance charges	–	(16,367)	**N/A**	N/A
Present value of lease obligations	–	46,250	–	46,250
Less: Amounts due with one year shown under current liabilities			–	(5,132)
Amounts due after one year			–	41,118

The Group's obligations under finance leases were secured by the lessor's charges over the leased assets. All of the finance lease obligations were 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 in respect of buildings treated as finance leases.

Upon deconsolidation of subsidiaries made on 1 January 2010, the obligations under finance leases were derecognised.

36. FINANCIAL GUARANTEE LIABILITIES

The financial guarantee liabilities represented borrowings due by the Company's subsidiaries which were deconsolidated from the consolidated financial statements of the Company since 1 January 2010. Since the Company provided corporate guarantee for these borrowings, the Company was therefore liable to the financial guarantee liabilities as at 30 June 2010.

37. DEFERRED TAXATION

The components of deferred tax liabilities recognised in the statement of financial position and the movements thereon during the current year and prior year are as follows:

Deferred tax arising from:

	Revaluation of properties HK$'000
At 1 July 2008	37,425
Charged to reserves	9,963
At 30 June 2009	47,388
Deconsolidation of subsidiaries	(47,388)
At 30 June 2010	–

At 30 June 2009, the Group had unused tax losses and deductible temporary differences arising from allowances for bad and doubtful debts and inventories of approximately HK$2,182 million and HK$1,021 million respectively. No deferred tax asset had been recognised in the aforesaid for the unpredictability of future profit streams being available against which these deductible temporary differences could be utilised. With the deconsolidation made on 1 January 2010, these unrecognised deductible temporary differences are forfeited.

38. SHARE CAPITAL

		2010		2009	
	Notes	**Number of shares '000**	**Amount HK$'000**	Number of shares '000	Amount HK$'000
Authorised:					
Ordinary shares of HK$0.1 each		**2,000,000**	**200,000**	2,000,000	200,000
Issued and fully paid:					
Ordinary shares of HK$0.1 each		**772,009**	**77,200**	772,009	77,200

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meeting of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

39. RESERVES

a) *Group*

The amounts of the Group's reserves and the movements therein are presented in the consolidated statement of changes in equity.

b) *Company*

	Share premium HK$'000	Contributed surplus HK$'000	Share-based compensation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 July 2008	316,692	162,374	39,959	6,685	525,710
Loss for the year	–	–	–	(714,585)	(714,585)
Release upon lapse of vested share options	–	–	(32,503)	32,503	–
At 30 June 2009	316,692	162,374	7,456	(675,397)	(188,875)
At 1 July 2009	**316,692**	**162,374**	**7,456**	**(675,397)**	**(188,875)**
Loss for the year	**–**	**–**	**–**	**(3,175,770)**	**(3,175,770)**
Release upon lapse of vested share options	**–**	**–**	**(7,456)**	**7,456**	**–**
At 30 June 2010	**316,692**	**162,374**	**–**	**(3,843,711)**	**(3,364,645)**

c) *Nature and purpose of reserves of the Group*

(i) Share premium

In accordance with Section 40 of the Bermuda Companies Act 1981, the share premium account of the Company is distributable to the shareholders of the Company in the form of fully paid bonus shares.

(ii) Contributed surplus

Contributed surplus represents the difference between the aggregate amount of the nominal values of the share capital of the subsidiaries acquired under the reorganisation scheme of the Group held in 1997 and the nominal value of the share capital of the Company issued in the Stock Exchange.

Under the Bermuda Companies Act 1981, the contributed surplus of the Company is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of contributed surplus if: (a) the Company is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium.

39. RESERVES (CONTINUED)

c) *Nature and purpose of reserves of the Group (Continued)*

(iii) Share-based compensation reserve

Share-based compensation reserve represents the fair value of the actual or estimated number of unexercised share options granted to certain directors, employees and/or suppliers of the Group recognised in accordance with the accounting policies set out in note 4 to the financial statements.

(iv) Foreign currency translation reserve

Foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4 to the financial statements.

(v) Capital reserve

Capital reserve represents capitalisation of accumulated 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.

(vi) Statutory reserve

According to the relevant rules and regulations in the PRC, certain subsidiaries of the Company in the PRC are required to transfer approximately 10% of after-tax profit (after offsetting prior years losses), based on its mainland China statutory financial statements prepared in accordance with the relevant accounting principles and financial regulations applicable to foreign investment enterprises in the PRC, to a statutory reserve fund until the balance of the fund reaches 50% of its registered capital. Thereafter, any further transfer can be made at the directors discretion. The statutory reserve fund can be utilised to offset prior years losses, or be converted into paid-up capital on condition that the statutory reserve fund should be maintained at a minimum of 25% of the registered capital of this subsidiary after conversion.

40. SHARE-BASED PAYMENTS

The Company has adopted 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 shareholders 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 10 years until February 2013.

The maximum number of the shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the 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.

40. SHARE-BASED PAYMENTS (CONTINUED)

Options granted must be taken up within 28 days from the date of grant, upon payment of a nominal consideration of HK$1 on acceptance of the offer of options by the grantee. The exercise period within which the shares of the Company must be taken up under an option shall be determined by the Board in its absolute discretion at the time of grant, but such period must not exceed 10 years from the date of grant of the relevant option. There is no minimum period for which an option must be held before the exercise of the subscription right attaching thereto except otherwise imposed by the Board of Directors. The subscription price is determined by the Board in its absolute discretion which, in any event, shall not be less than the highest of (a) the closing prices of the shares of the Company as stated in the Stock Exchange's daily quotation sheet on the date of grant of that option, which must be a business day; (b) the average closing prices of the shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of that option; and (c) the nominal value for the time being of each share of the Company.

During the year ended 30 June 2009, none of the share option was granted under the Scheme while 82,220,000 share options were either lapsed or cancelled. On 11 January 2010, 77,200,000 share options were granted under the Scheme. The estimated fair value of the options granted on that date was HK$0.25, which was approximate the exercise price of share options. In the opinion of directors, no share-based payment expense was recognised for these share options granted for the year and the accumulated share options of 100,610,000 were either lapsed or cancelled at 30 June 2010. Accordingly, Nil (2009: 77,200,899) ordinary shares are available for issue under the Scheme (2009: 10%) of the issued share capital of the Company.

Movements in share options are as follows:

	Number of options	
	2010	2009
At 1 July	**23,410,000**	105,630,000
Granted during the year	**77,200,000**	–
Exercised during the year	**–**	–
Lapsed/Cancelled during the year	**(100,610,000)**	(82,220,000)
At 30 June	**–**	23,410,000
Options vested at 31 December	**–**	23,410,000

40. SHARE-BASED PAYMENTS (CONTINUED)

Details of share options by category of participant are as follows:

Name or category of participant	Date of grant	Exercise period	Exercise price HK$	Balance at 1/7/2009	Granted during the year	Lapsed/ Cancelled during the year	Balance at 30/6/2010
Year 2010							
Directors:							
YANG Long-san, Rowell	24/3/2003	24/9/2003 to 23/3/2013	1.040	2,400,000	–	(2,400,000)	–
	24/3/2003	24/3/2004 to 23/3/2013	1.040	2,400,000	–	(2,400,000)	–
LEE Chiu-kang	24/3/2003	24/9/2003 to 23/3/2013	1.040	100,000	–	(100,000)	–
	24/3/2003	24/3/2004 to 23/3/2013	1.040	100,000	–	(100,000)	–
	11/2/2004	16/2/2005 to 10/2/2014	2.050	66,000	–	(66,000)	–
	11/2/2004	16/8/2005 to 10/2/2014	2.050	66,000	–	(66,000)	–
	11/2/2004	16/2/2006 to 10/2/2014	2.050	68,000	–	(68,000)	–
	14/11/2007	1/12/2007 to 31/12/2013	1.020	100,000	–	(100,000)	–
	14/11/2007	1/6/2008 to 31/12/2013	1.020	100,000	–	(100,000)	–
	11/1/2010	1/7/2010 to 31/1/2013	0.265		176,000	(176,000)	–
	11/1/2010	1/1/2011 to 31/1/2013	0.265		174,000	(174,000)	–
	11/1/2010	1/7/2011 to 31/1/2013	0.265		176,000	(176,000)	–
	11/1/2010	1/1/2012 to 31/1/2013	0.265		174,000	(174,000)	–
HUI Siu-ling, Elina	11/2/2004	16/2/2005 to 10/2/2014	2.050	66,000	–	(66,000)	–
	11/2/2004	16/8/2005 to 10/2/2014	2.050	66,000	–	(66,000)	–
	11/2/2004	16/2/2006 to 10/2/2014	2.050	68,000	–	(68,000)	–
	14/11/2007	1/12/2007 to 31/12/2013	1.020	2,500,000	–	(2,500,000)	–
	14/11/2007	1/6/2008 to 31/12/2013	1.020	2,500,000	–	(2,500,000)	–
LAU Siu-ki, Kevin	14/11/2007	1/12/2007 to 31/12/2013	1.020	100,000	–	(100,000)	–
	14/11/2007	1/6/2008 to 31/12/2013	1.020	100,000	–	(100,000)	–
	11/1/2010	1/7/2010 to 31/1/2013	0.265		176,000	(176,000)	–
	11/1/2010	1/1/2011 to 31/1/2013	0.265		174,000	(174,000)	–
	11/1/2010	1/7/2011 to 31/1/2013	0.265		176,000	(176,000)	–
	11/1/2010	1/1/2012 to 31/1/2013	0.265		174,000	(174,000)	–
LIU Zixian	14/11/2007	1/12/2007 to 31/12/2013	1.020	100,000	–	(100,000)	–
	14/11/2007	1/6/2008 to 31/12/2013	1.020	100,000	–	(100,000)	–
	11/1/2010	1/7/2010 to 31/1/2013	0.265		76,000	(76,000)	–
	11/1/2010	1/1/2011 to 31/1/2013	0.265		74,000	(74,000)	–
	11/1/2010	1/7/2011 to 31/1/2013	0.265		76,000	(76,000)	–
	11/1/2010	1/1/2012 to 31/1/2013	0.265		74,000	(74,000)	–
Employees:							
In aggregate	24/3/2003	24/9/2003 to 23/3/2013	1.040	700,000	–	(700,000)	–
	24/3/2003	24/3/2004 to 23/3/2013	1.040	1,000,000	–	(1,000,000)	–
	11/2/2004	16/2/2005 to 10/2/2014	2.050	3,860,000	–	(3,860,000)	–
	11/2/2004	16/8/2005 to 10/2/2014	2.050	3,902,000	–	(3,902,000)	–
	11/2/2004	16/2/2006 to 10/2/2014	2.050	2,948,000	–	(2,948,000)	–
	11/1/2010	1/7/2010 to 31/1/2013	0.265)		75,500,000	(75,500,000)	–
	11/1/2010	1/1/2011 to 31/1/2013	0.265)				
	11/1/2010	1/7/2011 to 31/1/2013	0.265)				
	11/1/2010	1/1/2012 to 31/1/2013	0.265)				
				23,410,000	77,200,000	(100,610,000)	–
Weighted average exercise price (HK$)				1.301	0.265	0.506	–

40. SHARE-BASED PAYMENTS (CONTINUED)

Name or category of participant	Date of grant	Exercise period	Exercise price HK$	Balance at 1/7/2008	Granted during the year	Lapsed/ Cancelled during the year	Balance at 30/6/2009
Year 2009							
Directors:							
YANG Long-san, Rowell	24/3/2003	24/9/2003 to 23/3/2013	1.040	2,400,000	–	–	2,400,000
	24/3/2003	24/3/2004 to 23/3/2013	1.040	2,400,000	–	–	2,400,000
LEE Chiu-kang	24/3/2003	24/9/2003 to 23/3/2013	1.040	100,000	–	–	100,000
	24/3/2003	24/3/2004 to 23/3/2013	1.040	100,000	–	–	100,000
	11/2/2004	16/2/2005 to 10/2/2014	2.050	66,000	–	–	66,000
	11/2/2004	16/8/2005 to 10/2/2014	2.050	66,000	–	–	66,000
	11/2/2004	16/2/2006 to 10/2/2014	2.050	68,000	–	–	68,000
	14/11/2007	1/12/2007 to 31/12/2013	1.020	100,000	–	–	100,000
	14/11/2007	1/6/2008 to 31/12/2013	1.020	100,000	–	–	100,000
	13/2/2006	1/7/2006 to 31/12/2008	1.700	200,000	–	(200,000)	–
	13/2/2006	1/1/2007 to 31/12/2008	1.700	200,000	–	(200,000)	–
HUI Siu-ling, Elina	11/2/2004	16/2/2005 to 10/2/2014	2.050	66,000	–	–	66,000
	11/2/2004	16/8/2005 to 10/2/2014	2.050	66,000	–	–	66,000
	11/2/2004	16/2/2006 to 10/2/2014	2.050	68,000	–	–	68,000
	14/11/2007	1/12/2007 to 31/12/2013	1.020	2,500,000	–	–	2,500,000
	14/11/2007	1/6/2008 to 31/12/2013	1.020	2,500,000	–	–	2,500,000
	13/2/2006	1/7/2006 to 31/12/2008	1.700	300,000	–	(300,000)	–
	13/2/2006	1/1/2007 to 31/12/2008	1.700	300,000	–	(300,000)	–
LAU Siu-ki, Kevin	14/11/2007	1/12/2007 to 31/12/2013	1.020	100,000	–	–	100,000
	14/11/2007	1/6/2008 to 31/12/2013	1.020	100,000	–	–	100,000
	13/2/2006	1/7/2006 to 31/12/2008	1.700	100,000	–	(100,000)	–
	13/2/2006	1/1/2007 to 31/12/2008	1.700	100,000	–	(100,000)	–
LIU Zixian	14/11/2007	1/12/2007 to 31/12/2013	1.020	100,000	–	–	100,000
	14/11/2007	1/6/2008 to 31/12/2013	1.020	100,000	–	–	100,000
	13/2/2006	1/7/2006 to 31/12/2008	1.700	100,000	–	(100,000)	–
	13/2/2006	1/1/2007 to 31/12/2008	1.700	100,000	–	(100,000)	–
Employees: In aggregate	24/3/2003	24/9/2003 to 23/3/2013	1.040	3,950,000	–	(3,250,000)	700,000
	24/3/2003	24/3/2004 to 23/3/2013	1.040	5,000,000	–	(4,000,000)	1,000,000
	11/2/2004	16/2/2005 to 10/2/2014	2.050	9,696,000	–	(5,836,000)	3,860,000
	11/2/2004	16/8/2005 to 10/2/2014	2.050	9,778,000	–	(5,876,000)	3,902,000
	11/2/2004	16/2/2006 to 10/2/2014	2.050	8,306,000	–	(5,358,000)	2,948,000
	13/2/2006	1/7/2006 to 31/12/2008	1.700	11,300,000	–	(11,300,000)	–
	13/2/2006	1/1/2007 to 31/12/2008	1.700	11,300,000	–	(11,300,000)	–
	14/11/2007	1/12/2007 to 31/12/2013	1.020	16,950,000	–	(16,950,000)	–
	14/11/2007	1/6/2008 to 31/12/2013	1.020	16,950,000	–	(16,950,000)	–
				105,630,000	–	(82,220,000)	23,410,000
Weighted average exercise price (HK$)				1.452	–	1.434	1.515

41. RETIREMENT BENEFIT SCHEMES

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$20,000 contributions to the MPF Scheme vest immediately. Contributions paid or payable to the MPF scheme are charged to the statement of comprehensive income.

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 its subsidiaries operating in the relevant locations. The Group has no other obligations under these pension schemes/plans other than the contribution payments.

42. 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$Nil (2009: HK$28,990,000).

At the end of the reporting period, 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:

	2010	2009
	HK$'000	HK$'000
Future aggregate minimum lease payments under operating leases in respect of land and buildings		
– within one year	**–**	26,951
– in the second to fifth year inclusive	**–**	14,576
	–	41,527

The lease terms for the rented premises for the year ended 30 June 2009 ranged from 1 to 4 years and for the moulds and machinery was 1 year. Rentals were fixed and no arrangements had been entered into for contingent rental payments.

The Group as lessor

Property rental income earned during the year was HK$Nil (2009: HK$254,000). At the end of the reporting period, the Group had no arrangements under operating lease.

43. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had no significant capital commitment.

44. LITIGATIONS

There are litigations being undertaken against and for the Group as at and after the end of the reporting period, details of which are summarised as follows:

(a) China Development Bank Corporation (Plaintiff) vs the Company (Defendant) – High Court Action 2145 of 2009

On 21 October 2009, a statement of claim was filed for alleging the Defendant had failed to honour in full its payment obligations towards the Plaintiff under an oral agreement made between the parties on or around early 2007 and as evidenced by an Acceptance Purchase Agreement dated 30 June 2008.

The Plaintiff claimed (i) judgement sum of approximately US$1,500,000; (ii) interest; (iii) costs; and (iv) further and other relief. By the joint application of the Plaintiff and the Defendant, the action was ordered to be discontinued with no order as to cost on 31 May 2011.

(b) Apple Inc (1st Plaintiff) and IP Application Development Limited (2nd Plaintiff) vs the Company (1st Defendant); Proview Electronics Co. Ltd. (2nd Defendant); Proview Technology (Shenzhen) Co., Ltd. (3rd Defendant); YANG Long-san, Rowell (4th Defendant); and Yoke Technology (Shenzhen) Co. Ltd. (5th Defendant) – High Court Action 739 of 2010

On 25 June 2010, the Plaintiffs alleged that there was an agreement entered into in or about December 2009 between the 2nd Plaintiff and the Company, 2nd and 3rd Defendants in relation to the sale, transfer and assignment of certain Trademarks. It was given to understand that the 2nd Defendant was the sole propertier of such Trademarks. However, it found out that the 3rd Defendant instead is the registered proprietor of the Trademarks during the process of making application to the Trademarks Office of the PRC to assign the Trademarks from the 2nd Defendant to the 1st Plaintiff. As such, the 3rd Defendant has to execute a replacement assignment of the Trademarks in honouring the transfer and assign of the Trademarks to the 1st Plaintiff.

The Plaintiffs claimed (i) the specific performance of the agreement for the transfer and assignment of the Trademarks made between the counterparties as before; (ii) the declaration that the 3rd and/or 5th Defendant merely held the Trademarks on trust for the Plaintiff's benefits; (iii) including the Company as constructive trustee and liable to the Plaintiffs; (iv) the injunction against the Company, and all of the remaining Defendants from selling, transferring, disposing the Trademarks without the Plaintiff's consent, nor to make any oral or written representation to any person that they have any title or rights in the Trademarks; (v) damages for conspiracy, equitable compensation, interest and costs, etc.

On 25 June 2012, a settlement was reached in relation to a related proceedings taken out by the Plaintiffs against the 3rd Defendant in the PRC Shenzhen Court. The terms of the settlement resulted in the resolution of the dispute matter, including the current action, are in the process of being implemented by the parties and was still ongoing.

By an order on 12 September 2012, it was ordered that all further proceedings in the action be stayed with liberty to the Plaintiffs to restore the same upon giving 21 days' notice in writing.

44. LITIGATIONS (CONTINUED)

(c) *China Development Bank Corporation (Plaintiff) vs the Company (Defendant) – High Court Action 623 of 2011*

On 28 December 2006, the Plaintiff entered into a loan agreement with Proview Technology (Shenzhen) Co., Ltd. for a loan of Rmb 100 million. The Company and YANG Long-san, Rowell executed 2 separate deeds of guarantee both dated 28 December 2006 in favor of the Plaintiff for repayment of such loan within 30 days after demand from the Plaintiff. An extension agreement dated 17 September 2009 was signed by the Company, Proview Technology (Shenzhen) Co., Ltd. and YANG Long-san, Rowell as supplementary of the initial Loan Agreement. Despite a settlement agreement dated 10 September 2010 was entered among all 4 parties, Proview Technology (Shenzhen) Co., Ltd, YANG Long-san, Rowell has nonetheless failed to repay the loan.

The Plaintiff thus claimed against the Company for the judgement debt, interest and costs for relief. Since the Company has not filed any Notice of Intention to defend, the Court entered the judgement for the Plaintiff on 7 June 2011 for (i) the judgement sum of approximately Rmb 88 million; (ii) interest on the sum of Rmb 80 million at Rmb lending rate times 150% from 21 March 2011 to 7 June 2011, and (iii) at judgement rate of 8% thereafter and fix costs of HK$11,045.

The Plaintiff made 5 Garnishee Order to Show Cause on 19 August 2011 against 5 bankers of the Company. By an order on 28 September 2011, the Garnishee Order made against the HSBC was made absolute, i.e. approximately of HK$260,000 of the Company was garnisheed.

(d) *The Company (Plaintiff) vs Ms. HUI Siu-ling, Elina (1st Defendant) and Ms. WANG Pik-lan (2nd Defendant) – High Court Action 1564 of 2011*

On 14 September 2011, the Company commenced legal proceedings against HUI and WANG in the Court of First Instance of the High Court of HKSAR for their breach of duties and refusal to cooperating with the Board by: (i) failing and/or refusing to provide the documents, records, and accounts of the Company to the Board; (ii) changing the bank mandate for operating the bank accounts of the Company; and (iii) failing to notify the Company of the winding-up proceedings commenced against the Company in Bermuda, such that the Board had to incur substantial costs in contesting the Bermuda proceedings and setting aside the winding-up order.

On 24 February 2012, the Defendants defended that they were not handed over the proper control of management, business, operations, finance, accounts and affairs of the Group by the ex-chairman – YANG Long-san, Rowell, who was at all material time and in actual control of the said matters. It was denied that they had ever agreed to deliver such items to the Company.

The Company had not filed any Reply or provided any Answer to the Request for Further and Better Particulars of the Statement of Claim. In addition, by an order dated 27 April 2012, the Company's legal adviser – Henry Wai & Co. ceased to act as the Company's solicitors, the action had been dormant hitherto.

44. LITIGATIONS (CONTINUED)

(e) *The Company applied under Order 102, Rule 2 of the Rules of the High Court of HKSAR and in accordance with Section 166(1) of the Companies Ordinance – High Court Miscellaneous Proceedings 1918 of 2011*

The Company filed an exparte originating summons to the Hong Kong Court on 20 September 2011 to convene a meeting of the creditors of the Company other than preferential creditors to consider, if thought fit, approve with or without modification a proposed scheme of arrangement. The Bermuda Court ordered that a meeting with all creditors of the Company be convened for the purpose of considering the Bermuda scheme and if appropriate, approving it.

By an order of the Hong Kong Court dated 1 November 2011, the hearing for the ex parte originating summons for leave to convene the creditors' meeting for approval of the Hong Kong scheme be adjourned sine die with liberty to restore. By an order dated 27 April 2012, the Company's legal adviser – Henry Wai & Co. ceased to act as the Company's solicitors.

(f) *3M Hong Kong Limited (Plaintiff) vs the Company (Defendant) – District Court Civil Action 4675 of 2009*

Pursuant to an oral agreement and evidenced by a letter dated 25 November 2002, Proview Group (L) Limited – a then-subsidiariy of the Company had agreed to make purchase from the Plaintiff and the Company provided the Plaintiff with a continuing guarantee whereby in the event of default payment of Proview Group (L) Limited and the Company had to be immediately liable for settlement. Despite numerous demands, Proview Group (L) Limited failed to settle its outstanding dues to the Plaintiff.

The Plaintiff thereby claimed against the Company for: (i) the net outstanding sum of approximately US$30,000; (ii) interest; (iii) costs; and (iv) further or other relief. On 17 February 2011, the District Court of HKSAR ordered that the Plaintiff do have leave to wholly discontinue its claim with no order as to costs.

(g) *Henry Wai & Company (Plaintiff) vs the Company (Defendant) – District Court Civil Action 1694 of 2012*

On 23 May 2012, the Plaintiff filed a Statement of Claim for: (i) the sums of approximately HK$392,000 and US$43,000 being fees and disbursements of professional services rendered by the Plaintiff to the Company; (ii) interests of the said sums in the aforesaid; (iii) costs; and (iv) further or other relief.

As the Company had not filed any Notice of Intention to Defend, the District Court of HKSAR entered judgement for the Plaintiff on 13 September 2012 for: (i) the judgement sum of approximately HK$392,000 and US$43,000; (ii) interest on the respective sums at judgement rate of 8% from 23 May 2012 until payment and (iii) fix costs of approximately HK$7,000.

(h) *Capital Financial Press Limited (Claimant) vs the Company (Defendant) – Small Claim Tribunal 30860 of 2011*

On 27 October 2011, the Company was ordered to pay the Claimant (i) sum of HK$26,000; (ii) pre-judgement interest on the said sum at judgement rate from 1 August 2011 to 27 October 2011; (iii) costs in the sum of HK$120; and (iv) post judgement interest on the sum of the aforesaid together at the judgement rate from 27 October 2011 until payment.

(i) *High Court Miscellaneous Proceedings 1392 of 2014*

The Company filed an originating summons to the Hong Kong Court on 9 June 2014 to convene a meeting of Creditors (as defined in the joint announcement of the Company dated 30 May 2014 (the "Joint Announcement")) to consider, if thought fit, approve the Hong Kong Scheme (as defined in the Joint Announcement).

45. CONTINGENT LIABILITIES

A full search of the contingent liabilities of the Group and its deconsolidated subsidiaries has not been conducted. Upon the Schemes (as defined in the Joint Announcement) becoming effective, all claims against the Company will be subject to a formal adjudication process, dealt with and compromised under the provisions thereof.

Other than those disclosed in the litigations above, the Directors do not aware of any significant contingent liabilities of the Group at the end of the reporting period.

46. PLEDGE OF ASSETS

In addition to the assets held under finance leases as disclosed in note 35 to the financial statements, the Group had pledged the following assets to banks to secure the Group's general banking facilities:

(i) Certain moulds and machinery with a carrying amount of HK$Nil (2009: HK$297,624,000);

(ii) Bank deposits with an aggregate amount of HK$Nil (2009: HK$80,709,000);

(iii) First legal charges over certain land and buildings of HK$Nil (2009: HK$470,531,000); and

(iv) Bills receivables and inventories amounted to HK$Nil (2009: HK$9,154,000) and HK$Nil (2009: HK$801,566,000), respectively.

47. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in these financial statements, during the year, the Group had the following transactions with related parties:

Related party	**Nature of transactions**	**2010** **HK$'000**	2009 HK$'000
A substantial shareholder of the Company, and its subsidiaries	Sales of goods	–	241,356
	Purchases of materials	**16,677**	170,202
	Subcontracting fee income	–	3,661
A company of which one of the Company's directors and his father have beneficial interests	Rental expenses	**498**	853
A jointly controlled entity	Sales of goods	–	8,133
Key management personnel, including the Company's directors and all of the highest pay employees	Short-term benefits	–	5,984
	Post-employment benefits	–	25

48. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, there are certain updates on the Group's corporate development, changes of the Company's directors, litigation involved, and details of which are stated in notes 2, 16 and 44 to the financial statements and the related public announcements of the Company on the Stock Exchange.

49. PARTICULARS OF THE SUBSIDIARIES OF THE COMPANY

Name	Place of incorporation/ registration/ operation	Issued and paid-up capital/ registered capital	Percentage of ownership interest/ voting power/profit sharing 2010	2009	Principal activities
Proview Group Limited	BVI	Ordinary US$3,000	–	100%*	Investment holding
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") (note (iii))	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

49. PARTICULARS OF THE SUBSIDIARIES OF THE COMPANY (CONTINUED)

Name	Place of incorporation/ registration/ operation	Issued and paid-up capital/ registered capital	Percentage of ownership interest/ voting power/profit sharing		Principal activities
			2010	2009	
Proview Industrial Limited	BVI	Ordinary US$1	–	100%	Investment holding
Proview International (U.K.) Limited	The United Kingdom	Ordinary GBP 2	–	100%	Trading of computer monitors and televisions
Proview Product Europe S.A.	Belgium	Ordinary EUR 100,000	–	51%	Trading of computer monitors and televisions
PGL Europe B.V.	The Netherlands	Ordinary EUR 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

49. PARTICULARS OF THE SUBSIDIARIES OF THE COMPANY (CONTINUED)

Name	Place of incorporation/ registration/ operation	Issued and paid-up capital/ registered capital	Percentage of ownership interest/ voting power/profit sharing		Principal activities
			2010	2009	
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
Proview Led Lighting (Shenzhen) Co., Ltd. (formerly: Yoke Technology (Shenzhen) Co., Ltd.) ("PLL") (note (i))	The PRC	Registered US$15,500,000	–	100%	Manufacture and trading of computer monitor components

* Except for Proview Group Limited, all of the remaining subsidiaries were indirectly held by the Company.

Notes:

(i) NPE, POS, PTS and PLL are established in the PRC as wholly foreign owned enterprises. In early 2010, NPE was closed down by the Ningbo Court, POS, PTS and PLL were closed down by the Shenzhen Court in December 2010

(ii) Proview Wuhan is established in the PRC as a sino-foreign owned enterprise

(iii) PEB was ruled by the Brazil Court for bankruptcy on 31 August 2010

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 then 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.

50. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	**2010** **HK$'000**	2009 HK$'000
Total assets		**–**	288,015
Total liabilities		**(3,287,445)**	(399,690)
NET LIABILITIES		**(3,287,445)**	(111,675)
Capital and reserves			
Share capital	38	**77,200**	77,200
Reserves	39	**(3,364,645)**	(188,875)
TOTAL EQUITY		**(3,287,445)**	(111,675)

51. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 26 June 2014.

Five Year Financial Summary

The following table summarises the results, and the assets and liabilities of the Group for each of five years ended 30 June:

RESULTS

	For the years ended 30 June				
	2006 HK$'000	2007 HK$'000	2008 HK$'000	2009 HK$'000	**2010** **HK$'000**
Revenue	16,177,812	15,650,016	17,394,950	4,454,891	**593,751**
Profit/(loss) before tax	236,378	170,467	(50,082)	(2,920,895)	**(1,666,406)**
Income tax expense	(39,112)	(27,679)	(216)	3,769	**(45)**
Profit/(loss) for the year	197,266	142,788	(50,298)	(2,917,126)	**(1,666,451)**
Attributable to:					
Owners of the Company	180,328	127,103	(61,642)	(2,905,391)	**(1,661,136)**
Non-controlling interests	16,938	15,685	11,344	(11,735)	**(5,315)**
	197,266	142,788	(50,298)	(2,917,126)	**(1,666,451)**
Earnings per share:					
Basic and diluted (HK cents)	27.93	19.65	(8.36)	(376.34)	**(215.17)**

Five Year Financial Summary

ASSETS AND LIABILITIES

	As at 30 June				
	2006	2007	2008	2009	**2010**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
Property, plant and equipment	719,263	918,594	1,125,538	1,063,537	**–**
Prepaid lease payments	41,980	64,353	66,478	76,220	**–**
Intangible assets	58,000	52,200	46,400	20,000	**–**
Investments in associates	39,251	38,747	22,379	2,816	**–**
Available-for-sale investments	116	198	13,478	–	**–**
Bonds receivables	–	–	–	67,861	**–**
Prepayments and deposits	6,827	11,314	3,474	4,473	**–**
Current assets	6,088,279	6,818,900	6,696,255	1,964,663	**–**
Total assets	6,953,716	7,904,306	7,974,002	3,199,570	**–**
Current liabilities	(5,744,868)	(6,362,699)	(6,021,984)	(4,288,599)	**(3,287,445)**
Non-current liabilities	(98,020)	(293,426)	(480,924)	(393,230)	**–**
Total liabilities	(5,842,888)	(6,656,125)	(6,502,908)	(4,681,829)	**(3,287,445)**
Net assets/(liabilities)	1,110,828	1,248,181	1,471,094	(1,482,259)	**(3,287,445)**
Equity attributable to:					
Owners of the Company	1,046,962	1,174,566	1,369,896	(1,568,767)	**(3,287,445)**
Non-controlling interests	63,866	73,615	101,198	86,508	**–**
	1,110,828	1,248,181	1,471,094	(1,482,259)	**(3,287,445)**