



**PROVIEW INTERNATIONAL HOLDINGS LIMITED**

**唯冠國際控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 334)**

## **Interim Report 2012**

\* *for identification purpose only*

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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Ms. Sun Min (*Chairman and Chief Executive Officer*)

Mr. Yu Genming

Mr. Han Su

Mr. Chang I Sun

Mr. Lu Gui-fang

## 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

# Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2012

## INTERIM RESULTS

The Board of Directors (the "Board") of Proview International Holdings Limited (the "Company") present the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 31 December 2012 together with the comparative figures for the corresponding period in 2011 as follows:

|                                | NOTES | Six months ended                               |  |
|--------------------------------|-------|--|--|
|                                |       | 31 December<br>2012<br>HK\$'000<br>(Unaudited) | 31 December<br>2011<br>HK\$'000<br>(Unaudited) |
| <b>Revenue</b>                 | 3     | –  | –  |
| Administrative expenses        |       | (1,951)  | (2,341)  |
| <b>Loss before taxation</b>    |       | (1,951)  | (2,341)  |
| Income tax expense             | 4     | –  | –  |
| Loss for the period            | 5     | (1,951)  | (2,341)  |
| <b>Attributable to:</b>        |       |  |  |
| Owners of the Company          |       | (1,951)  | (2,341)  |
| Non-controlling interests      |       | –  | –  |
|                                |       | (1,951)  | (2,341)  |
| <b>Loss per share</b>          |       |  |  |
| – basic and diluted (HK cents) | 7     | (0.25)   | (0.30)   |

# Condensed Consolidated Statement of Financial Position

At 31 December 2012

|                                 |       | <b>31 December<br/>2012<br/>HK\$'000<br/>(Unaudited)</b> | 30 June<br>2012<br>HK\$'000<br>(Audited) |
|---------------------------------|-------|--|--|
|                                 | NOTES |  |  |
| <b>Current Liabilities</b>      |       |  |  |
| Accruals and other payables     | 8     | <b>484,494</b>   | 482,543                                  |
| Financial guarantee liabilities | 9     | <b>2,810,000</b>   | 2,810,000                                |
|                                 |       | <b>(3,294,494)</b>                                       | (3,292,543)                              |
| <b>NET LIABILITIES</b>          |       |  |  |
| <b>Capital and Reserves</b>     |       |  |  |
| Share capital                   | 10    | <b>77,200</b>  | 77,200                                   |
| Reserves                        |       | <b>(3,371,694)</b>                                       | (3,369,743)                              |
|                                 |       | <b>(3,294,494)</b>                                       | (3,292,543)                              |
| <b>TOTAL EQUITY</b>             |       |  |  |

# Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2012

|                                 | Share<br>capital<br>HK\$'000 | Share<br>premium<br>HK\$'000 | Contributed<br>surplus<br>HK\$'000 | Accumulated<br>loss<br>HK\$'000 | Attributable<br>to owners of<br>the Company<br>HK\$'000 | Non-<br>controlling<br>interests<br>HK\$'000 | Total<br>HK\$'000  |
|---------------------------------|------------------------------|------------------------------|------------------------------------|---------------------------------|---|--|--------------------|
| <b>For the six months ended</b> |                              |                              |                                    |                                 |   |  |                    |
| <b>31 December 2012</b>         |                              |                              |                                    |                                 |   |  |                    |
| At 1 July 2012                  | 77,200                       | 316,692                      | 40,824                             | (3,727,259)                     | (3,292,543)   | -  | (3,292,543)        |
| Loss for the period             | -                            | -                            | -                                  | (1,951)                         | (1,951)   | -  | (1,951)            |
| Total comprehensive expenses    | -                            | -                            | -                                  | (1,951)                         | (1,951)   | -  | (1,951)            |
| At 31 December 2012             | <b>77,200</b>                | <b>316,692</b>               | <b>40,824</b>                      | <b>(3,729,210)</b>              | <b>(3,294,494)</b>                                      | <b>-</b>                                     | <b>(3,294,494)</b> |
| <b>For the six months ended</b> |                              |                              |                                    |                                 |   |  |                    |
| <b>31 December 2011</b>         |                              |                              |                                    |                                 |   |  |                    |
| At 1 July 2011                  | 77,200                       | 316,692                      | 40,824                             | (3,722,976)                     | (3,288,260)   | -  | (3,288,260)        |
| Loss for the period             | -                            | -                            | -                                  | (2,341)                         | (2,341)   | -  | (2,341)            |
| Total comprehensive expenses    | -                            | -                            | -                                  | (2,341)                         | (2,341)   | -  | (2,341)            |
| At 31 December 2011             | <b>77,200</b>                | <b>316,692</b>               | <b>40,824</b>                      | <b>(3,725,317)</b>              | <b>(3,290,601)</b>                                      | <b>-</b>                                     | <b>(3,290,601)</b> |

# Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2012

|   | Six months ended                               |  |
|---|--|--|
|   | 31 December<br>2012<br>HK\$'000<br>(Unaudited) | 31 December<br>2011<br>HK\$'000<br>(Unaudited) |
| <b>Cash flows from operating activities</b>               |  |  |
| Loss before tax and operating cash flows                  |  |  |
| before working capital changes                            | (1,951)  | (2,341)  |
| Change in accruals and other payables                     | 1,951  | 2,341  |
| <b>Net cash used in operating activities</b>              | –  | –  |
| <b>Net change in cash and cash equivalents</b>            | –  | –  |
| Cash and cash equivalents at beginning of the period      | –  | –  |
| <b>Cash and cash equivalents at the end of the period</b> | –  | –  |

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2012

## **1. BASIS OF PREPARATION**

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These condensed consolidated financial statements for the six months ended 31 December 2012 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 ‘Interim Financial Reporting’ issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements in accordance of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The condensed consolidated financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The accounting policies and methods of computation used in the preparation of these condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 30 June 2012 except as stated below.

## **2. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS**

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In the current interim period, 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 period beginning on or after 1 July 2010. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revise HKFRSs did not result in any substantial changes to the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior years.

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.

## **3. REVENUE**

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There were no revenue generated for the six months ended 31 December 2012 (2011: Nil).



# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2012

## 4. INCOME TAX EXPENSE

|                      | <b>Six months ended</b>                                  |  |
|----------------------|--|--|
|                      | <b>31 December<br/>2012<br/>HK\$'000<br/>(Unaudited)</b> | 31 December<br>2011<br>HK\$'000<br>(Unaudited) |
| Hong Kong Profit Tax |  |  |
| Current year         | -  | -  |
| Other jurisdictions  |  |  |
| Current year         | -  | -  |
|                      | <u>-</u>   | <u>-</u>                                       |

No provision for Hong Kong Profits Tax has been made for the period ended 31 December 2012 as the Group did not generate any assessable profits arising in Hong Kong during the period.

The Company is incorporated in Bermuda and is exempted from taxation in Bermuda.

## 5. LOSS FOR THE PERIOD

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

|   | <b>Six months ended</b>                                  |  |
|---|--|--|
|   | <b>31 December<br/>2012<br/>HK\$'000<br/>(Unaudited)</b> | 31 December<br>2011<br>HK\$'000<br>(Unaudited) |
| Auditors' remuneration                        | <b>150</b>   | 150  |
| Staff cost, including director's remuneration | <b>951</b>   | 938  |
|   | <u><b>1101</b></u>                                       | <u>1088</u>                                    |

## 6. DIVIDENDS

The Directors did not recommend the payment of the final dividend for the year ended 30 June 2012.

No interim dividend is proposed by the Directors for the six months ended 31 December 2012 (2011: Nil).

## 7. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the period attributable to owners of the Company of approximately HK\$1,951,000 (2011: HK\$2,341,000) and the weighted average number of approximately 772,009,000 ordinary shares (2011: approximately 772,009,000 ordinary shares) in issue during the period.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2012

## 8. ACCRUALS AND OTHER PAYABLES

|   | 31 December<br>2012<br>HK\$'000<br>(Unaudited) | 30 June<br>2012<br>HK\$'000<br>(Audited) |
|---|--|--|
| Accruals and other payables (note (a))        | 86,025   | 85,620                                   |
| Due to a director (note (b))                  | 341  | 333                                      |
| Due to deconsolidated subsidiaries (note (b)) | 398,128  | 396,590                                  |
|   | <b>484,494</b>                                 | <b>482,543</b>                           |

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 a director and deconsolidated subsidiaries are unsecured, non-interest bearing and have no fixed term of repayment.

## 9. FINANCIAL GUARANTEE LIABILITIES

The financial guarantee liabilities represented the 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 at the end of the reporting period.

## 10. SHARE CAPITAL

|                                     | Number of<br>ordinary shares of<br>HK\$0.10 each | Amount<br>HK\$'000 |
|-------------------------------------|--|--------------------|
| Authorised:                         |  |                    |
| At 1 July 2012 and 31 December 2012 | 2,000,000,000                                    | 200,000            |
| Issued and fully paid:              |  |                    |
| At 1 July 2012 and 31 December 2012 | 772,008,992                                      | 77,200             |

## 11. CAPITAL COMMITMENTS

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

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2012

## 12. LITIGATIONS

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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) *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 proprietor 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 Trademark 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 5 Defendants 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.

- (b) *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.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2012

## 12. LITIGATIONS (CONTINUED)

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

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.

- (c) *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.

- (d) *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 ex parte 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.

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2012

## 12. LITIGATIONS (CONTINUED)

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(e) *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-subsiary 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.

(f) *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.

(g) *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.

(h) *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).

# Notes to the Condensed Consolidated Financial Statements

For the six months ended 31 December 2012

## 13. MATERIAL RELATED PARTY TRANSACTIONS

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

| Related party  | Nature of transactions | Six months ended             |                              |
|--|------------------------|------------------------------|------------------------------|
|  |                        | 31 December 2012<br>HK\$'000 | 31 December 2011<br>HK\$'000 |
| Key management personnel, including the Company's directors and all of the highest pay employees | Short-term benefits    | <b>870</b>                   | 855                          |

## 14. CONTINGENT LIABILITIES

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A full search of the contingent liabilities of the Group and its deconsolidated subsidiaries has not been conducted. Upon the scheme 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.

## 15. SUBSEQUENT EVENT

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Subsequent to the six-months ended 31 December 2012 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 12 to the condensed consolidated financial statements and the related public announcements of the Company on the Stock Exchange.

## 16. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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The unaudited condensed consolidated financial statements were approved by the Board of Directors on 26 June 2014.

# Management Discussion and Analysis

## RESULTS

The Group's consolidated loss for the interim period ended 31 December 2012 amounted to approximately HK\$1.9 million as compared with the loss of approximately HK\$2.3 million for the corresponding period ended 31 December 2011. The decrease of loss was due to decrease in administrative expenses for the period.

## SEGMENT INFORMATION

Details are set out in note 3 to the condensed consolidated financial statements.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2012, the Group's total net liabilities and financial guarantee liabilities amounted to approximately HK\$3,294.5 million and approximately HK\$2,810 million respectively. As at 31 December 2012, the Group's current asset and current liabilities amounted to approximately HK\$Nil and approximately HK\$3,294.5 million respectively. As at 31 December 2012, the Group had no borrowing and a zero gearing ratio (30 June 2012: Nil), which is defined as net debt (total borrowings net of cash and bank balances) over total equity, is resulted. 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 31 December 2012, the Group had total assets of approximately HK\$Nil (30 June 2012: HK\$Nil), total liabilities of approximately HK\$3,294.5 million (30 June 2012: HK\$3,292.5 million). The net liabilities of the Group as at 31 December 2012 were HK\$3,294.5 million (30 June 2012: HK\$3,292.5 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 interim period ended 31 December 2012.

# Management Discussion and Analysis

## CHARGES ON GROUP ASSETS

As at 31 December 2012, the Group has no charged asset (30 June 2012: Nil).

## RESERVES

As at 31 December 2012, the Company did not have any reserves available for distribution. Details of movements in the reserves of the Company and the Group during the period are set out in the condensed consolidated statement of changes in equity.

## 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.



# Management Discussion and Analysis

## **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 31 December 2012, the Company had in issue 772,008,992 ordinary shares (30 June 2012: 772,008,992 shares). During the period, no new shares were issued.

## **CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

The details of capital commitments and contingent liabilities are set out in notes 11 and 14 to the consolidated 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.

## **INTERIM DIVIDEND**

In view of need of the Group's future development, the Board of Directors of the Company has resolved not to declare any interim dividend for the six months ended 31 December 2012 (2011: Nil).

# Other Information

## 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 period under review.

## DIRECTORS' INTEREST IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2012, 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*

| <b>Name of Director</b>    | <b>Nature of interest</b> | <b>Number of shares held</b> | <b>Approximate percentage of issued share capital</b> |
|----------------------------|---------------------------|------------------------------|---|
| Mr. Lu Gui-fang ("Mr. Lu") | Beneficial owner          | 460,000                      | 0.06%   |

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

| <b>Name of Director</b> | <b>Nature of interest</b> | <b>Number of underlying shares held</b> | <b>Approximate percentage of issued share capital</b> |
|-------------------------|---------------------------|---|---|
| Mr. Lu (Note)           | Beneficial owner          | 60,000                                  | 0.008%  |

# Other Information

## 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. Lu was 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:

| <b>Name of Director</b> | <b>No. of<br/>share options</b> | <b>Exercise<br/>price</b> | <b>Exercisable period</b> |
|-------------------------|---------------------------------|---------------------------|---------------------------|
| Mr. Lu                  | 30,000                          | HK\$2.05                  | 16 Feb 2005 – 10 Feb 2014 |
|                         | 30,000                          | HK\$2.05                  | 16 Aug 2005 – 10 Feb 2014 |

Save as disclosed above and to the best knowledge of the current Directors of the Company, as at 31 December 2012, 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

To the best knowledge of the current Directors of the Company, there is insufficient information and document including the share option scheme of the Company to meet the disclosure requirements under the Listing Rules.

## Other Information

### SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2012, to the best knowledge of the current Directors of the Company, the interests and short positions of the substantial shareholders in more than 5% of the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of the SFO 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")                        | 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. Accordingly, Smartview and Christian are deemed to be interested in all the shares in which Peipus is interested in pursuant to the SFO.
- (ii) The entire issued share capital of San-Chih is owned by Shan Chih which in turn, the entire issued share capital of Shan Chih is owned by Tatung. Accordingly, Shan Chih and Tatung are deemed to be interested in all the shares in which San-Chih is interested in pursuant to the SFO.

## Other Information

Save as disclosed above and to the best knowledge of the current Directors of the Company, as at 31 December 2012, 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.

### **CORPORATE GOVERNANCE**

To the best knowledge of the current Directors of the Company, the Company had applied the principles as set out in the Corporate Governance Code ("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 six months ended 31 December 2012.

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

During the six months ended 31 December 2012 and as at the date of this report, the Company has no independent non-executive Director ("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. The Company has confirmed, having made specific enquiry of the Directors, all the Directors complied with the required standards set out in the Model Code throughout the six months ended 31 December 2012.

### **AUDIT COMMITTEE**

There is no INED to be the member of the audit committee of the Company. The Company's unaudited condensed consolidated results for the six months ended 31 December 2012 have not been reviewed by the audit committee of the Company. However, the unaudited condensed consolidated results of the Company for the six months ended 31 December 2012 have been reviewed by the board of the Company.

By Order of the Board

**PROVIEW INTERNATIONAL HOLDINGS LIMITED**

**Sun Min**

*Chairman*

Hong Kong, 26 June 2014