1. GENERAL

The Company is a public company incorporated as an exempted company with limited liability in Bermuda. Its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda, and the principal place of business of the Company is Unit 901, 9th Floor, Paul Y. Centre, 51 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

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

The Company acts as an investment holding company. The principal activities of the Company's principal subsidiaries, associates and a jointly controlled entity are set out in notes 48, 20 and 21, respectively.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES

In the current year, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRS(s)"), Hong Kong Accounting Standards ("HKAS(s)") and Interpretations ("INT(s)") (hereinafter collectively referred to as the "new HKFRS(s)") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are effective for accounting periods beginning on or after 1 January 2005. The application of the new HKFRSs has resulted in a change in the presentation of the consolidated income statement, consolidated balance sheet and consolidated statement of changes in equity. In particular, the presentation of minority interests have been changed. The changes in presentation have been applied retrospectively. The application of the new HKFRSs has resulted in changes to the Group's accounting policies in the following areas that have an effect on how the results for the current and/or prior accounting years are prepared and presented:

Business Combinations

In the current year, the Group has applied HKFRS 3 "Business Combinations" which is effective for business combinations for which the agreement date is on or after 1 January 2005. The principal effects of the application of transitional provisions of HKFRS 3 to the Group are summarised below:

Excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost (previously known as 'negative goodwill')

In previous years, negative goodwill arising on acquisitions prior to 1 January 2001 was held in reserves. In accordance with HKFRS 3, any excess of the Group's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the cost of acquisition ("discount on acquisition") is recognised immediately in profit or loss in the period in which the acquisition takes place. In accordance with the relevant transitional provisions in HKFRS 3, the Group derecognised all negative goodwill on 1 July 2005 which was previously recognised in capital reserve. Corresponding adjustments to the Group's accumulated profits have been made (see note 3 for the financial impact).

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES *(continued)*

Share-based Payments

In the current year, the Group has applied HKFRS 2 "Share-based Payment" which requires an expense to be recognised where the Group buys goods or obtains services in exchange for shares or rights over shares ("equity-settled transactions"), or in exchange for other assets equivalent in value to a given number of shares or rights over shares ("cash-settled transactions"). The principal impact of HKFRS 2 on the Group is in relation to the expensing of the fair value of share options granted to directors and employees of the Company and its subsidiaries, determined at the date of grant of the share options, over the vesting period. Prior to the application of HKFRS 2, the Group did not recognise the financial effect of share options until they were exercised.

The Group has applied HKFRS 2 to share options granted on or after 1 July 2005. In relation to share options granted before 1 July 2005, the Group chooses not to apply HKFRS 2 with respect to share options granted on or before 7 November 2002 and vested before 1 July 2005 in accordance with the transitional provisions of HKFRS 2. However, the Group is still required to apply HKFRS 2 retrospectively to share options that were granted after 7 November 2002 and had not yet vested on 1 July 2005. Comparative have been restated (see note 3 for the financial impact).

Financial Instruments

In the current year, the Group has applied HKAS 32 "Financial Instruments: Disclosure and Presentation" and HKAS 39 "Financial Instruments: Recognition and Measurement". HKAS 32 requires retrospective application and the application of HKAS 32 has had no material effect on how the results for the current or prior accounting years are prepared. HKAS 39, which is effective for annual periods beginning on or after 1 July 2005, generally does not permit the recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis. The principal effects resulting from the implementation of HKAS 32 and HKAS 39 are summarised below:

Classification and measurement of financial assets and financial liabilities

The Group has applied the relevant transitional provisions in HKAS 39 with respect to the classification and measurement of financial assets and financial liabilities that are within the scope of HKAS 39.

Investments in equity securities previously accounted for under the benchmark treatment of Statement of Standard Accounting Practice 24 "Accounting for Investments in Securities" issued by the HKICPA ("SSAP 24")

By 30 June 2005, the Group classified and measured its investments in equity securities in accordance with the benchmark treatment of SSAP 24. Under SSAP 24, the Group's investments in equity securities were classified as "investment securities" or "other investments" as appropriate. "Investment securities" were carried at cost less impairment losses (if any) while "other investments" were measured at fair value, with unrealised gains or losses included in profit or loss.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES *(continued)*

Financial Instruments *(continued)*

Investments in equity securities previously accounted for under the benchmark treatment of Statement of Standard Accounting Practice 24 "Accounting for Investments in Securities" issued by the HKICPA ("SSAP 24") (continued)

From 1 July 2005 onwards, the Group has classified and measured its investments in equity securities in accordance with HKAS 39. Under HKAS 39, the Group's financial assets are classified as "available-for-sale investments", which are carried at fair value, with changes in fair values recognised in equity.

On 1 July 2005, the Group classified and measured its investments in equity securities in accordance with the transitional provisions of HKAS 39. Accordingly, investments in securities of the Group were reclassified to available-for-sale investments. The application of HKAS 39 has had no material effect on accumulated profits at 1 July 2005.

Financial assets and financial liabilities other than investments in equity securities

From 1 July 2005 onwards, the Group has classified and measured its financial assets and financial liabilities other than investments in equity securities (which were previously outside the scope of SSAP 24) in accordance with the requirements of HKAS 39. Under HKAS 39, the Group's financial assets are mainly classified as "loans and receivables". Financial liabilities are generally classified as "financial liabilities other than financial liabilities at fair value through profit or loss". Both of them are subsequently carried at amortised cost using the effective interest method after initial recognition.

Derecognition

HKAS 39 provides more rigorous criteria for the derecognition of financial assets than the criteria applied in previous periods. Under HKAS 39, a financial asset is derecognised, when and only when, either the contractual rights to the asset's cash flows expire, or the asset is transferred and the transfer qualifies for derecognition in accordance with HKAS 39. The decision as to whether a transfer qualifies for derecognition is made by applying a combination of risks and rewards and control tests. The Group has applied the relevant transitional provisions and applied the revised accounting policy prospectively to transfers of financial assets from 1 July 2005 onwards. As a result, the Group's bill receivables discounted with full recourse which were derecognised prior to 1 July 2005 have not been restated. As at 30 June 2006, the Group's bills receivables discounted with full recourse have not been derecognised. Instead, the related borrowings have been recognised on the balance sheet date. The relevant finance costs incurred in order to obtain such borrowings are included in the carrying amount of the borrowings on initial recognition and amortised over the terms of the borrowings using the effective interest method (see note 3 for the financial impact). As there were no bills discounted with full recourse as at 30 June 2006, there is no financial impact to the Group for the current year.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS/CHANGES IN ACCOUNTING POLICIES *(continued)*

Owner-occupied Leasehold Interest in Land

In previous years, owner-occupied leasehold land and buildings were included in property, plant and equipment and measured using the revaluation model. In the current year, the Group has applied HKAS 17 "Leases". Under HKAS 17, the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification, unless the lease payments cannot be allocated reliably between the land and buildings elements, in which case, the entire lease is generally treated as a finance lease. To the extent that the allocation of the lease payments between the land and buildings elements can be made reliably, the leasehold interests in land are reclassified to prepaid lease payments under operating leases, which are carried at cost and amortised over the lease term on a straight-line basis. This change in accounting policy has been applied retrospectively (see note 3 for the financial impact).

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES

The effects of the changes in the accounting policies described in note 2 on the results are as follows:

	Effect of adopting	2006 HK$'000	2005 HK$'000
Recognition of share-based payments as expenses	HKFRS 2	**(14,543)**	(11,530)
Increase in amortisation of prepaid lease payments	HKAS 17	**(1,221)**	(1,258)
Decrease in depreciation and amortisation of property, plant and equipment	HKAS17	**1,221**	1,566
Increase in administrative expenses and decrease in profit for the year		**(14,543)**	(11,222)

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES *(continued)*

The cumulative effects of the changes in accounting policies on 30 June 2005 and 1 July 2005 are summarised below:

	At 30 June 2005 (Originally stated)	HKAS 1 Adjustment	HKAS 17 Adjustment	HKFRS 2 Adjustment	At 30 June 2005 (Restated)	HKAS 39 Adjustment	HKFRS 3 Adjustment	At 1 July 2005 (Restated)
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance sheet items								
Property, plant and equipment	803,170	–	(59,328)	–	743,842	–	–	743,842
Prepaid lease payments – non current	–	–	42,889	–	42,889	–	–	42,889
Investments in securities – non current	156	–	–	–	156	(156)	–	–
Available– for– sale investments – non current	–	–	–	–	–	156	–	156
Prepaid lease payments – current	–	–	1,091	–	1,091	–	–	1,091
Investments in securities – current	377	–	–	–	377	(377)	–	–
Available– for– sale investments – current	–	–	–	–	–	377	–	377
Deferred taxation	(10,900)	–	1,271	–	(9,629)	–	–	(9,629)
Other assets and liabilities	119,736	–	–	–	119,736	–	–	119,736
Total effects on assets and liabilities	912,539	–	(14,077)	–	898,462	–	–	898,462
Accumulated profits	381,709	–	1,851	(15,853)	367,707	–	1,184	368,891
Share– based compensation reserve	–	–	–	15,853	15,853	–	–	15,853
Asset revaluation reserve	47,686	–	(13,493)	–	34,193	–	–	34,193
Capital reserve	115,267	–	–	–	115,267	–	(1,184)	114,083
Other reserves	316,696	–	–	–	316,696	–	–	316,696
Minority interests	–	51,181	(2,435)	–	48,746	–	–	48,746
Total effects on equity	861,358	51,181	(14,077)	–	898,462	–	–	898,462
Minority interests	51,181	(51,181)	–	–	–	–	–	–

3. SUMMARY OF THE EFFECTS OF THE CHANGES IN ACCOUNTING POLICIES *(continued)*

The financial effects of the application of the new HKFRSs to the Group's equity on 1 July 2004 are summarised below:

	As originally stated HK$'000	**Adjustments** HK$'000	**As restated** HK$'000
Accumulated profits	368,011	(2,780)	365,231
Asset revaluation reserve	36,223	(10,689)	25,534
Share– based compensation reserve	–	4,323	4,323
Other reserves	413,494	–	413,494
Minority interests	–	71,139	71,139
Total effects on equity	817,728	61,993	879,721

4. POTENTIAL IMPACT ARISING ON THE NEW ACCOUNTING STANDARDS NOT YET EFFECTIVE

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

HKAS 1 (Amendment)	Capital disclosures[1]
HKAS 19 (Amendment)	Actuarial gains and losses, group plans and disclosures[2]
HKAS 21 (Amendment)	Net investment in a foreign operation[2]
HKAS 39 (Amendment)	Cash flow hedge accounting of forecast intragroup transactions[2]
HKAS 39 (Amendment)	The fair value option[2]
HKAS 39 & HKFRS 4 (Amendments)	Financial guarantee contracts[2]
HKFRS 6	Exploration for and evaluation of mineral resources[2]
HKFRS 7	Financial instruments: Disclosures[1]
HK(IFRIC) – INT 4	Determining whether an arrangement contains a lease[2]
HK(IFRIC) – INT 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds[2]
HK(IFRIC) – INT 6	Liabilities arising from participating in a specific market – waste electrical and electronic equipment[3]
HK(IFRIC) – INT 7	Applying the restatement approach under HKAS 29 Financial Reporting in Hyperinflationary Economies[4]
HK(IFRIC) – INT 8	Scope of HKFRS 2[5]
HK(IFRIC) – INT 9	Reassessment of embedded derivatives[6]
HK(IFRIC) – INT 10	Interim financial reporting and impairment[7]

1 Effective for annual periods beginning on or after 1 January 2007.
2 Effective for annual periods beginning on or after 1 January 2006.
3 Effective for annual periods beginning on or after 1 December 2005.
4 Effective for annual periods beginning on or after 1 March 2006.
5 Effective for annual periods beginning on or after 1 May 2006.
6 Effective for annual periods beginning on or after 1 June 2006.
7 Effective for annual periods beginning on or after 1 November 2006.

5. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared in accordance with HKFRSs. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and by the Hong Kong Companies Ordinance.

Basis of consolidation

The consolidated financial statements incorporated the financial statements of the Company and its subsidiaries made up to 30 June each year.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

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

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated balance sheet when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

(i) Financial assets

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

5. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

(i) Financial assets *(continued)*

Loans and receivables

At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and bill receivables, deposits and other receivables, amount due from a jointly controlled entity, pledged bank deposits and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Available-for-sale investments

At each balance sheet date subsequent to initial recognition, available-for-sale investments are measured at fair value. Changes in fair value are recognised in equity, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously recognised in equity is removed from equity and recognised in profit or loss. Any impairment losses on available-for-sale financial investments are recognised in profit or loss. Impairment losses on available-for-sale equity investments will not reverse to profit and loss in subsequent periods.

(ii) Financial liabilities and equity

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

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

Financial liabilities

Financial liabilities including trade and bills payables, other payables, amount due to an associate, amount due to a former associate and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

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

5. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Interests in associates

The results, assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and of changes in equity of the associate, less any identified impairment loss. When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

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

Interests in a jointly controlled entity

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, investments in jointly controlled entities are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the profit or loss and of changes in equity of the jointly controlled entities, less any identified impairment loss. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. An additional share of losses is provided for and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

When a group entity transacts with a jointly controlled entity of the Group, unrealised profits or losses are eliminated to the extent of the Group's interest in the jointly controlled entity, except to the extent that unrealised losses provide evidence of an impairment of the asset transferred, in which case, the full amount of losses is recognised.

Property, plant and equipment

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

Construction in progress is stated at cost. No depreciation or amortisation is provided for construction in progress until construction is completed and the assets are ready for their intended uses. Costs of completed construction works are transferred to the appropriate categories of property, plant and equipment.

5. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment *(continued)*

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

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

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognised.

Prepaid lease payments

Prepaid lease payments which represents up-front payments to acquire leasehold land interests, are stated at cost and amortised over the period of the lease on a straight-line basis.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

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

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

5. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Research and development expenditure

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

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

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

Inventories

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

Properties held for sale

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

Impairment losses

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

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

Revenue recognition

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

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

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

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

5. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Borrowing costs

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

Intangible assets

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

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

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

5. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Share-based payment transactions

Equity-settled share-based payment transactions – Share options granted to employees of the Company and its subsidiaries

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in share-based compensation reserve.

At the time when the share options are exercised, the amount previously recognised in share-based compensation reserve will be transferred to share premium. When the share options are forfeited after the vesting period or are still not exercised at the expiry date, the amount previously recognised in share option reserve will continue to be held in share option reserve.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in its functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity, in which cases, the exchange differences are also recognised directly in equity.

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

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

6. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Group's accounting policies described in note 5, management makes various estimates and judgements based on past experiences, expectations of the future and other information. The key source of estimation uncertainty and the judgement that may significantly affect the amounts recognised in the consolidated financial statements are disclosed below:

Allowances for inventories

The management of the Group reviews the inventories listing on a product-by-product basis at each balance sheet date, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for use in production. The management estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. As at 30 June 2006, the carrying value of inventories net of allowances was approximately HK$1,928,621,000.

Impairment of trade and bills receivables

The provision policy for bad and doubtful debts of the Group is based on the evaluation of collectability and ageing analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing these receivables, including the estimation of future cash flow expected to be received, discounted using the original effective interest rate. The Group also reviewed current creditworthiness and the past collection history of each customer. If the financial conditions of customers of the Group were to deteriorate, impairment loss was recognised in profit and loss immediately. As at 30 June 2006, the carrying amount of trade and bills receivables net of allowances was approximately HK$1,881,571,000.

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include trade and bills receivables, deposits and other receivables, amount due from a jointly controlled entity, pledged bank deposits, bank balances, trade and bills payables, other payables, amount due to an associate, amount due to a former associate and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at 30 June 2006 is the carrying amount of trade receivables as stated in the consolidated balance sheet. In order to minimise the credit risk, the management has implemented internal control procedures for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

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

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk

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

Currency risk

The Group mainly operates in the People's Republic of China ("the "PRC") and the exposure in exchange rate risks mainly arises from fluctuations in the US dollars and Renminbi exchange rates. Exchange rate fluctuations and market trends have always been the concern of the Group. On 21 July 2005, the People's Bank of China adjusted the exchange rate of Renminbi to US dollars from 8.28 to 8.11. The Group believes that such appreciation of Reminibi does not have any adverse effect on the current operating results and finance position of the Group. The Group does not currently have a foreign currency hedging policy. However, the management monitors these foreign exchange exposures and will consider hedging significant foreign currency exposure should the need arises.

Interest rate risk

Interest -bearing financial liabilities are mainly floating-rate bank borrowings that expose the Group to cash flow interest rate risk. Currently, the Group does not have a hedging policy. However, management monitors interest rate exposure and will consider hedging significant loans should the need arise.

8. REVENUE

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

9. SEGMENTAL INFORMATION

Segment information is presented by way of two segment formats:

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

(ii) on a secondary segment reporting basis, by geographical segment.

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

(a) the CRT computer monitors segment, which engages in the manufacturing, trading and distribution of CRT computer monitors;

(b) the LCD monitors segment, which engages in the manufacturing, trading and distribution of LCD monitors;

9. SEGMENTAL INFORMATION *(continued)*

(c) the Television segment, which engages in the manufacturing, trading and distribution of televisions; and

(d) the Others segment, which engages in the manufacturing, trading and distribution of computer monitor components.

In determining the Group's geographical segments, revenues and results are attributed to the segments based on the location of the customers, and assets are attributed to the segments based on the location of the assets.

For the year ended 30 June 2006

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

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

9. SEGMENTAL INFORMATION *(continued)*

For the year ended 30 June 2005

	CRT computer monitors HK$'000	LCD monitors HK$'000	Televisions HK$'000	Others HK$'000	Elimination HK$'000	Consolidated HK$'000 (Restated)
CONSOLIDATED INCOME STATEMENT						
REVENUE						
Sales to external customers	4,121,914	7,180,042	703,669	137,723	–	12,143,348
Inter-segment sales*	–	–	–	325,359	(325,359)	–
	4,121,914	7,180,042	703,669	463,082	(325,359)	12,143,348
RESULTS						
Segment results	79,220	128,074	7,966	32,779	–	248,039
Unallocated corporate income						57,915
Unallocated corporate expenses						(121,415)
Finance costs						(129,720)
Share of results of associates	–	–	–	(1,124)	–	(1,124)
Loss on deemed disposal of a subsidiary	–	–	–	(690)	–	(690)
Gain on disposal of an associate	–	–	–	811	–	811
Profit before taxation						53,816
Income tax expense						(32,437)
Profit for the year						21,379

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

9. SEGMENTAL INFORMATION *(continued)*

For the year ended 30 June 2006

	CRT computer monitors HK$'000	LCD monitors HK$'000	Televisions HK$'000	Others HK$'000	Consolidated HK$'000
CONSOLIDATED BALANCE SHEET					
ASSETS					
Segment assets	**1,187,240**	**2,793,042**	**571,473**	**419,506**	**4,971,261**
Interests in associates	–	–	–	**39,251**	**39,251**
Unallocated corporate assets	–	–	–	–	**1,943,204**
Consolidated total assets					**6,953,716**
LIABILITIES					
Segment liabilities	**793,649**	**2,641,052**	**426,532**	**102,498**	**3,963,731**
Bank borrowings					**1,748,725**
Obligations under finance leases					**53,698**
Unallocated corporate liabilities					**76,734**
Consolidated total liabilities					**5,842,888**
OTHER INFORMATION					
Capital additions	**50,003**	**114,761**	**21,675**	**3,596**	**190,035**
Depreciation and amortisation of property, plant and equipment	**22,698**	**45,295**	**8,641**	**28,373**	**105,007**
Amortisation of prepaid lease payments	**271**	**819**	**125**	**6**	**1,221**
Allowance for bad and doubtful debts	**1,671**	**6,723**	**526**	**177**	**9,097**
Allowance for obsolete inventories	**4,471**	**11,242**	**723**	**400**	**16,836**

For the year ended 30 June 2005

	CRT computer monitors HK$'000	LCD monitors HK$'000	Televisions HK$'000	Others HK$'000	Consolidated HK$'000 (Restated)
CONSOLIDATED BALANCE SHEET					
ASSETS					
Segment assets	1,928,887	2,810,390	109,208	618,846	5,467,331
Interests in associates	–	–	–	70,171	70,171
Unallocated corporate assets					1,703,109
Consolidated total assets					7,240,611
LIABILITIES					
Segment liabilities	870,032	1,999,755	43,469	246,324	3,159,580
Bank borrowings					3,073,977
Obligations under finance leases					56,499
Unallocated corporate liabilities					52,093
Consolidated total liabilities					6,342,149
OTHER INFORMATION					
Capital additions	49,882	101,452	27,896	5,890	185,120
Depreciation and amortisation of property, plant and equipment	31,747	43,979	5,541	17,886	99,153
Amortisation of prepaid lease payments	271	856	125	6	1,258
Allowance for bad and doubtful debts	2,329	10,756	–	–	13,085
Allowance for obsolete inventories	7,922	7,870	2,274	605	18,671

9. SEGMENTAL INFORMATION *(continued)*

Geographical segments

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

	Sales revenue by geographical market	
	2006	2005
	HK$'000	HK$'000
North America	**5,870,944**	3,791,151
Western Europe	**4,214,688**	4,185,470
Asia	**4,900,467**	3,473,839
Others	**1,191,713**	692,888
	16,177,812	12,143,348

Notes:

(i) Western Europe mainly includes Belgium, United Kingdom, Netherlands, Germany and France.

(ii) Asia mainly includes Taiwan and the PRC.

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

	Carrying amount of segment assets		Additions to property, plant and equipment and intangible assets	
	2006	2005	**2006**	2005
	HK$'000	HK$'000 (Restated)	**HK$'000**	HK$'000 (Restated)
North America	**747,018**	861,463	**34,601**	15,744
Western Europe	**437,424**	506,768	**18,601**	26,924
Asia	**2,921,283**	3,213,965	**117,209**	125,820
Others	**865,536**	885,135	**19,624**	16,632
	4,971,261	5,467,331	**190,035**	185,120

10. OTHER INCOME

Other income includes:

	2006 HK$'000	2005 HK$'000
Net exchange gain	**29,923**	27,276
Interest income	**40,614**	4,044
Gain on disposal of property, plant and equipment	**6,475**	3,784

11. FINANCE COSTS

	2006 HK$'000	2005 HK$'000
Interest on:		
Borrowings wholly repayable within five years	**151,175**	129,067
Bank borrowings not wholly repayable within five years	**519**	534
Finance leases	**123**	119
	151,817	129,720

12. INCOME TAX EXPENSE

	2006 HK$'000	2005 HK$'000
The charge comprises:		
Hong Kong Profits Tax		
Current year	**219**	97
Underprovision in previous years	**26**	33
	245	130
Other jurisdictions		
Current year	**35,117**	28,782
Underprovision in previous years	**3,750**	3,525
	38,867	32,307
	39,112	32,437

Hong Kong Profits Tax is calculated at 17.5% (2005: 17.5%) of the estimated assessable profits for the year.

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

12. INCOME TAX EXPENSE *(continued)*

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

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

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

	2006 **HK$'000**	2005 HK$'000 (Restated)
Profit before taxation	**236,378**	53,816
Tax at the domestic income tax rate of 15% (2005: 15%)	**35,457**	8,072
Tax effect of expenses not deductible for tax purpose	**8,263**	7,501
Tax effect of income not taxable for tax purpose	**(1,685)**	(1,202)
Underprovision in previous years	**3,776**	3,558
Tax effect of tax losses not recognised	**3,782**	14,997
Tax effect of deferred tax assets not recognised	**1,988**	4,899
Utilisation of tax losses previously not recognised	**(8,706)**	(10,405)
Effect of concessionary tax rate granted to the PRC subsidiaries	**(9,199)**	(3,207)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**5,436**	8,224
Tax charge for the year	**39,112**	32,437

Note: The domestic tax rate in the PRC where the operations of the Group are substantially based is used.

Details of the deferred taxation are set out in note 35.

13. PROFIT FOR THE YEAR

	2006 HK$'000	2005 HK$'000 (Restated)
Profit for the year has been arrived at after charging:		
Staff costs including directors' remuneration:		
Salaries and other benefits	**372,342**	355,964
Share based payments	**14,543**	11,530
Retirement benefits scheme contributions	**14,089**	12,528
	400,974	380,022
Allowance for bad and doubtful debts	**9,097**	13,085
Allowance for obsolete inventories	**16,836**	18,671
Amortisation of prepaid lease payments	**1,221**	1,258
Auditors' remuneration	**2,883**	2,363
Cost of inventories recognised as an expense	**15,000,907**	11,207,243
Deficit on revaluation of land and buildings	**–**	1,837
Depreciation and amortisation of property, plant and equipment	**105,007**	99,153
Impairment loss on investments in securities	**–**	2,003
Impairment loss on available-for-sale investments	**36**	–
Loss on disposal of investment in securities	**–**	45
Loss on disposal of available-for-sale investments	**12**	–

14. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Directors' emoluments

The emoluments paid or payable to each of the ten (2005: ten) directors were as follows:

2006

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

2005

	Mr. Yang Long-san, Rowell HK$'000	Mr. Wang Ming-chun, Morris HK$'000	Mr. Chang Su-pong, Steve HK$'000	Mr. Wong Kui-ming, Luffer HK$'000	Mr. Yeh Pei-chu, Ivan HK$'000 *(note v)*	Mr. Lai Chen-chu, Jack HK$'000 *(note v)*	Ms. Hui Siu-ling, Elina HK$'000	Mr. Lee Chiu-kang, Alex HK$'000	Mr. Chan Mo-po, Paul HK$'000	Mr. Liu Zixian HK$'000	Total HK$'000
Fees	–	–	–	–	–	–	–	240	240	90	570
Other emoluments											
Salaries and other benefits	4,025	1,857	766	1,560	1,200	969	949	–	–	–	11,326
Retirement benefits scheme contributions	–	14	8	12	–	17	12	–	–	–	63
	4,025	1,871	774	1,572	1,200	986	961	240	240	90	11,959
Share based payments	–	381	159	190	–	–	63	63	48	–	904
Total emoluments	4,025	2,252	933	1,762	1,200	986	1,024	303	288	90	12,863

Notes:

(i) Mr. Wong Kui-ming, Luffer resigned as an executive director of the Company on 19 May 2006.

(ii) Mr. Lee Yi, Richard was appointed as an executive director of the Company on 19 May 2006.

(iii) Mr. Lau Siu-ki, Kevin was appointed as an independent non-executive director of the Company on 1 September 2005.

(iv) Mr. Chan Mo-po, Paul resigned as an independent non-executive director of the Company on 1 September 2005.

(v) Mr. Yeh Pei-chu, Ivan and Mr. Lai Chen-chu, Jack resigned as executive directors of the Company on 1 June 2005.

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

During the years ended 30 June 2006 and 2005, no emoluments were paid by the Group to any of the directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any emoluments during the years ended 30 June 2006 and 2005.

Employees' emoluments
Of the five individuals with the highest emoluments in the Group, three (2005: three) individuals were directors of the Company whose emoluments are included in the disclosure above. The emoluments of the remaining two (2005: two) individuals were as follows:

	2006 HK$'000	2005 HK$'000
Salaries and other benefits	**2,730**	3,101
Retirement benefits scheme contributions	**–**	–
	2,730	3,101

	2006 No. of employees	2005 No. of employees
The emoluments were within the following bands:		
HK$1,000,001 to HK$1,500,000	**2**	1
HK$1,500,001 to HK$2,000,000	**–**	1

15. DIVIDENDS

	2006 HK$'000	2005 HK$'000
Interim dividend paid for the year ended 30 June 2006: HK2.5 cents (2005: HK2.2 cents) per share	**16,155**	14,201

During the year, scrip dividend alternatives were offered in respect of the 2006 interim dividends. These scrip dividend alternatives were accepted by shareholders, as follows:

	2006 Interim HK$'000
Dividends	
Cash	**15,655**
Share alternative	**500**
	16,155

The final dividend of HK2.5 cents (2005: nil) per share has been proposed by the directors and subject to approval by the shareholders in the forthcoming annual general meeting.

16. EARNINGS PER SHARE

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

	2006 HK$'000	2005 HK$'000 (Restated)
Earnings for the purpose of basic and diluted earnings per share	**180,328**	26,068

	2006 Number of shares	2005 Number of shares
Weighted average number of ordinary shares for the purpose of basic earnings per share	**645,732,754**	643,860,704
Effect of dilutive potential ordinary shares – share options *(Note)*	**–**	6,003,865
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**645,732,754**	649,864,569

Note: The computation of diluted earnings per share does not assume the exercise of the Group's outstanding share options as the exercise prices of those options are higher than the average market price for the year ended 30 June 2006.

The following table summarises the impact on both basic and diluted earnings per share as a result of:

	Impact on basic earnings per share		Impact on diluted earnings per share	
	Year ended 30 June 2006 HK cents	Year ended 30 June 2005 HK cents	Year ended 30 June 2006 HK cents	Year ended 30 June 2005 HK cents
Figures before adjustment	**30.18**	5.79	**30.18**	5.75
Adjustment arising from changes in accounting policies *(see note 3)*	**(2.25)**	(1.74)	**(2.25)**	(1.74)
Reported/restated figures	**27.93**	4.05	**27.93**	4.01

17. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings HK$'000	Leasehold improvements HK$'000	Moulds and machinery HK$'000	Furniture, equipment and motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
COST OR VALUATION						
At 1 July 2004 as originally stated	296,700	47,544	536,996	118,285	67,436	1,066,961
Effects of the application of HKAS 17	(48,595)	–	–	–	–	(48,595)
At 1 July 2004 as restated	248,105	47,544	536,996	118,285	67,436	1,018,366
Currency realignment	1,606	247	3,046	1,581	1,145	7,625
Additions	57,096	2,232	93,818	21,297	10,677	185,120
Transfer	6,880	–	62,456	–	(69,336)	–
Revaluation surplus	9,889	–	–	–	–	9,889
Deemed disposal of a subsidiary	(41,904)	(11,112)	(20,143)	(824)	(237)	(74,220)
Disposals	–	(790)	(2,447)	(15,130)	–	(18,367)
At 30 June 2005 as restated	281,672	38,121	673,726	125,209	9,685	1,128,413
Currency realignment	1,109	84	2,810	621	395	5,019
Additions	–	1,806	106,336	10,785	13,108	132,035
Transfer	408	237	3,151	8,050	(11,846)	–
Revaluation deficit	(739)	–	–	–	–	(739)
Disposal of subsidiaries	–	–	–	(377)	–	(377)
Disposals	(40,800)	(2,567)	(22,696)	(11,936)	–	(77,999)
At 30 June 2006	241,650	37,681	763,327	132,352	11,342	1,186,352
Comprising:						
At cost	–	37,681	763,327	132,352	11,342	944,702
At valuation – 2006	241,650	–	–	–	–	241,650
	241,650	37,681	763,327	132,352	11,342	1,186,352
DEPRECIATION AND AMORTISATION						
At 1 July 2004 as originally stated	–	26,325	218,785	55,715	–	300,825
Effects of the application of HKAS 17	–	–	–	–	–	–
At 1 July 2004 as restated	–	26,325	218,785	55,715	–	300,825
Currency realignment	–	128	1,319	893	–	2,340
Provided for the year	4,339	3,147	73,228	18,439	–	99,153
Deemed disposal of a subsidiary	(46)	(3,737)	(2,400)	(150)	–	(6,333)
Eliminated on revaluation	(4,293)	–	–	–	–	(4,293)
Eliminated on disposals	–	(187)	(1,010)	(5,924)	–	(7,121)
At 30 June 2005 as restated	–	25,676	289,922	68,973	–	384,571
Currency realignment	–	(18)	1,207	177	–	1,366
Provided for the year	7,512	3,193	76,518	17,784	–	105,007
Disposal of subsidiaries	–	–	–	(99)	–	(99)
Eliminated on revaluation	(7,512)	–	–	–	–	(7,512)
Eliminated on disposals	–	(1,050)	(8,038)	(7,156)	–	(16,244)
At 30 June 2006	–	27,801	359,609	79,679	–	467,089
CARRYING AMOUNT						
At 30 June 2006	241,650	9,880	403,718	52,673	11,342	719,263
At 30 June 2005 as restated	281,672	12,445	383,804	56,236	9,685	743,842

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

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

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

The carrying amount of properties shown above comprises:

	2006 HK$'000	2005 HK$'000 (Restated)
At valuation:		
Properties held under long leases or long-term land use rights outside Hong Kong	**16,520**	16,664
Properties held under medium-term leases in Hong Kong	**–**	40,800
Properties held under medium-term leases or land use rights outside Hong Kong	**195,130**	194,208
	195,130	235,008
Freehold land and buildings outside Hong Kong	**30,000**	30,000
Total	**241,650**	281,672

At 30 June 2006, the land and buildings of the Group were valued on an open market value basis by BMI Appraisals Limited ("BMI"), a firm of independent professional valuer at HK$241,650,000 (2005: valued on an open market value basis by BMI at HK$240,872,000 and by referring to the subsequent sales price of HK$40,800,000). A revaluation surplus, net of minority interests, of approximately HK$4,978,000 (2005: HK$11,651,000 as restated) has been credited to the asset revaluation reserve. A revaluation deficit of approximately HK$1,837,000 has been charged to the consolidated income statement for the year ended 30 June 2005.

If the land and buildings of the Group had not been revalued, they would have been included in these consolidated financial statements at historical cost less accumulated depreciation and accumulated amortisation at approximately HK$175,749,000 (2005: HK$226,176,000 as restated).

18. PREPAID LEASE PAYMENTS

	2006 HK$'000	2005 HK$'000
The Group's prepaid lease payments comprise:		
Leasehold lands held under long leases or land use rights outside Hong Kong	**13,165**	13,370
Leasehold lands held under medium-term leases or land use rights outside Hong Kong	**30,036**	30,610
	43,201	43,980
Analysed for reporting purposes as:		
Current assets	**1,221**	1,091
Non-current assets	**41,980**	42,889
	43,201	43,980

19. INTANGIBLE ASSETS

	Trademarks HK$'000
COST	
At 1 July 2004 and 30 June 2005	–
Additions	58,000
At 30 June 2006	58,000
AMORTISATION	
At 1 July 2004, 30 June 2005 and 30 June 2006	–
CARRYING AMOUNT	
At 30 June 2006	58,000
At 30 June 2005	–

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

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

20. INTERESTS IN ASSOCIATES

	2006 HK$'000	2005 HK$'000
Cost of unlisted investments	**38,918**	69,591
Share of post-acquisition reserves	**333**	580
	39,251	70,171

Particulars of the Group's associates as at 30 June 2006 are as follows:

Name of associate	Form of business structure	Principal place of incorporation or establishment/ operations	Class of share held	Proportion of nominal value of issued/registered capital held by the Group	Principal activities
Finmek HKG Limited	Incorporated	Hong Kong	Ordinary	25%	Investment holding
Finmek Electronic (Shenzhen) Co., Limited	Established	PRC	Registered capital	25%	Manufacturing and trading of electronic components
Shenzhen Protrans International Logistics Co., Ltd.	Established	PRC	Registered capital	45%	Provision of logistic services
Japan Opto Display Technology Co., Ltd. ("JODT")	Incorporated	Japan	Ordinary	44%	Manufacturing and trading of monitor components and parts

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

	2006 HK$'000	2005 HK$'000
Total assets	**105,329**	190,250
Total liabilities	**(16,257)**	(20,873)
Net assets	**89,072**	169,377
The Group's share of net assets of associates	**39,251**	70,171
Revenue	**55,632**	14,787
Loss for the year	**(10,308)**	(2,942)
The Group's share of results of associates for the year	**(4,080)**	(1,124)

21. INTEREST IN A JOINTLY CONTROLLED ENTITY

	2006 HK$'000	2005 HK$'000
Cost of unlisted investment	–	–
Share of post-acquisition reserves	–	–
	–	–

Particulars of the Group's interest in a jointly controlled entity as at 30 June 2006 are as follows:

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

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

	2006 HK$'000	2005 HK$'000
Unrecognised share of loss of a jointly controlled entity for the year	918	–
Accumulated unrecognised share of loss of a jointly controlled entity	918	–

At 30 June 2006, the summarised financial information of the jointly controlled entity in relation to the Group's interest is as follows:

	2006 HK$'000	2005 HK$'000
Current assets	1,352	–
Non-current assets	36	–
Current liabilities	1,306	–
Non-current liabilities	1,000	–
Income	2,504	–
Expenses	3,422	–

22. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments as at 30 June 2006 comprise:

	HK$'000
Equity securities listed overseas, analysed for reporting purposes as non-current assets	116

As at the balance sheet date, all available-for-sale investments are stated at fair value. Fair value of investment has been determined by reference to bid price quoted in active market.

23. INVESTMENTS IN SECURITIES

Investments in securities as at 30 June 2005 are set out below. Upon the application of HKAS 39 on 1 July 2005, investments in securities have been reclassified to available-for-sales investments under HKAS 39 *(see note 3 for details)*.

	HK$'000
Equity securities	
Investment securities listed overseas, at cost net of impairment loss	156
Unlisted other investments, at fair value	377
	533
Market value of listed securities	156
Carrying amount analysed for reporting purpose as:	
Current	377
Non-current	156
	533

24. PREPAYMENTS AND DEPOSITS

The prepayments and deposits were paid by the Group in connection with the acquisition of property, plant and equipment for production facilities in the PRC. The related capital commitments are set out in note 41.

25. INVENTORIES

	2006 HK$'000	2005 HK$'000
Raw materials	**934,590**	883,122
Work in progress	**185,220**	215,110
Finished goods	**808,811**	1,319,658
	1,928,621	2,417,890

26. PROPERTIES HELD FOR SALE

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

27. TRADE AND BILLS RECEIVABLES

	2006 HK$'000	2005 HK$'000
Trade and bills receivables	**1,910,766**	2,009,115
Less: accumulated impairment	**(29,195)**	(20,098)
	1,881,571	1,989,017

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

	2006 HK$'000	2005 HK$'000
Within 90 days	**1,708,396**	1,478,057
Between 91 to 180 days	**11,141**	251,631
Over 181 days	**162,034**	259,329
	1,881,571	1,989,017

The fair value of the amount at balance sheet date approximates the carrying amount.

28. DEPOSITS AND OTHER RECEIVABLES/OTHER PAYABLES

The fair values of the amounts at balance sheet date approximate their corresponding carrying amounts.

29. PLEDGED BANK DEPOSITS

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

The deposits carry fixed interest rates at 2.25% (2005: ranging from 1.15% to 2.25%) per annum. The pledged bank deposits will be released upon the settlement of the relevant bank borrowings. The fair value of the amount at the balance sheet date approximates the carrying amount.

30. BANK BALANCES AND CASH

The amount comprises bank balances and cash held by the Group and short-term bank deposits that are interest-bearing at market interest rate. All bank deposits have a maturity of three months or less. The bank deposits carry fixed interest rates ranging from nil to 3.1% (2005: nil to 0.72%) per annum. The fair value of the amount at the balance sheet date approximates the carrying amount.

31. TRADE AND BILLS PAYABLES

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

	2006 HK$'000	2005 HK$'000
Within 90 days	**2,731,191**	2,260,812
Between 91 to 180 days	**906,609**	737,697
Over 181 days	**120,649**	20,971
	3,758,449	3,019,480

The fair value of the amount at the balance sheet date approximates the carrying amount.

32. AMOUNTS DUE FROM (TO) A JOINTLY CONTROLLED ENTITY/ AN ASSOCIATE/A FORMER ASSOCIATE

The amounts are unsecured, interest-free and repayable on demand. The fair values of the amounts at the balance sheet date approximate their corresponding carrying amounts.

33. BANK BORROWINGS

	2006 HK$'000	2005 HK$'000
Bank loans and trust receipt loans	**1,748,725**	3,073,977
Analysed as:		
Secured	**276,890**	233,759
Unsecured	**1,471,835**	2,840,218
	1,748,725	3,073,977
The bank borrowings are repayable as follows:		
Within one year	**1,710,134**	3,035,305
More than one year, but not exceeding two years	**25,294**	15,507
More than two years, but not exceeding three years	**1,037**	9,648
More than three years, but not exceeding four years	**1,066**	1,060
More than four years, but not exceeding five years	**1,097**	1,412
Over five years	**10,097**	11,045
	1,748,725	3,073,977
Less: Amount due within one year shown under current liabilities	**(1,710,134)**	(3,035,305)
Amount due after one year	**38,591**	38,672

33. BANK BORROWINGS *(continued)*

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

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

	2005 Fixed-rate borrowings HK$'000	2005 Floating-rate borrowings HK$'000	2005 Total HK$'000
Within one year	1,283,658	1,751,647	3,035,305
More than one year, but not exceeding two years	-	15,507	15,507
More than two years, but not exceeding three years	-	9,648	9,648
More than three years, but not exceeding four years	-	1,060	1,060
More than four years, but not exceeding five years	-	1,412	1,412
More than five years	-	11,045	11,045
	1,283,658	1,790,319	3,073,977

33. BANK BORROWINGS *(continued)*

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

	2006	2005
Effective interest rate:		
Fixed-rate borrowings	**3.46% to 9%**	2.76% to 7.8%
Variable-rate borrowings	**3.54% to 11%**	3.28% to 9.9%

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

	HK$ equivalent of United States Dollar HK$'000
As at 30 June 2006	1,190,391
As at 30 June 2005	2,423,145

During the year, the Group obtained new loans in an amount of approximately HK$3,764 million (2005: HK$2,547 million). These loans carry interest at prevailing market rates and are repayable by instalments over a period of one to ten years. The proceeds were used to finance the acquisition of property, plant and equipment, investments and for general working capital purpose of the Group.

The fair value of the Group's borrowings at the balance sheet date approximates the carrying amount.

34. OBLIGATIONS UNDER FINANCE LEASES

	Minimum lease payments		Present value of minimum lease payments	
	2006 HK$'000	2005 HK$'000	**2006 HK$'000**	2005 HK$'000
The obligations under finance leases are repayable as follows:				
Within one year	**5,129**	5,015	**4,997**	4,917
More than one year, but not exceeding two years	**5,129**	4,846	**4,698**	4,646
More than two years, but not exceeding three years	**5,129**	4,846	**4,549**	4,458
More than three years, but not exceeding four years	**5,129**	4,846	**4,405**	4,314
More than four years, but not exceeding five years	**5,029**	4,846	**4,191**	4,174
More than five years	**43,452**	46,879	**30,858**	33,990
	68,997	71,278	**53,698**	56,499
Less: future finance charges	**(15,299)**	(14,779)	**N/A**	N/A
Present value of lease obligations	**53,698**	56,499	**53,698**	56,499
Less: Amount due within one year shown under current liabilities			**(4,997)**	(4,917)
Amount due after one year			**48,701**	51,582

It is the Group's policy to lease certain of its land and buildings and furniture, equipment and motor vehicles under finance leases. The lease term ranged from three to fifteen years (2005: three to fifteen years). For the year ended 30 June 2006, the average effective borrowing rate was 5.4% (2005: 3.3%). Interest rates are fixed at the contract date. All leases are on a fixed repayment basis and no arrangement has been entered into for contingent rental payments.

All of the financial lease obligations are denominated in the functional currencies of the relevant group entities. The fair value of the amount at balance sheet date approximates the carrying amount.

The carrying value of leasehold land and furniture, equipment and motor vehicles of the Group includes an amount of approximately HK$84,300,000 (2005: HK$56,342,000) and HK$474,000 (2005: Nil) in respect of assets held under finance leases. At 30 June 2005, the carrying value of moulds and machinery included an amount of approximately HK$176,000 in respect of assets held under finance leases.

35. DEFERRED TAXATION

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

	Revaluation of properties HK$'000
At 1 July 2004 as originally stated	9,242
Effects of the application of HKAS 17	(720)
At 1 July 2004 as restated	8,522
Release on deemed disposal of a subsidiary *(note 39)*	(1,581)
Charge to equity for the year	2,688
At 30 June 2005 as restated	9,629
Charge to equity for the year	1,099
At 30 June 2006	10,728

At the balance sheet date, the Group had unused tax losses of approximately HK$104 million (2005: HK$137 million) available for offsetting against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. Included in unrecognised losses are losses of approximately HK$33 million (2005: HK$42 million) and HK$24 million (2005: HK$25 million) that will expire in twenty years and five years, respectively, since the dates incurred. Other losses may be carried forward indefinitely.

Details of unrecognised deferred tax assets in respect of other deductible temporary differences at the balance sheet date are as follows:

	2006 **HK$'000**	2005 HK$'000
Allowance for bad and doubtful debts and inventories	**119,408**	93,475
Deferred expenditure	**–**	12,681
	119,408	106,156

No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

36. SHARE CAPITAL

	Number of ordinary shares of HK$0.10 each	Amount HK$'000
Authorised:		
At 1 July 2004, 30 June 2005 and 30 June 2006	2,000,000,000	200,000
Issued and fully paid:		
At 1 July 2004	641,989,129	64,199
Issue of shares on exercise of share options	3,475,000	347
At 30 June 2005	645,464,129	64,546
Issue of shares pursuant to scrip dividend scheme for 2006 interim dividends	304,863	30
Issue of shares on exercise of share options	1,050,000	105
At 30 June 2006	646,818,992	64,681

37. SHARE BASED PAYMENT TRANSACTIONS

Equity-settled share option schemes:

Old Scheme

The Company adopted a share option scheme (the "Old Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Old Scheme include any employee of the Company or any of its subsidiaries (including any director of the Company or any of its subsidiaries). The Old Scheme became effective on 26 May 1997 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

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

37. SHARE BASED PAYMENT TRANSACTIONS *(continued)*

Old Scheme *(continued)*

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

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

Date of grant of share options *(note i)*	Exercise period of share options	Exercise price of share options HK$ *(note ii)*	Number of share options: As at 1 July 2004	Granted during the year	Exercised during the year *(notes iii and iv)*	Lapsed/ cancelled during the year	As at 30 June 2005
25 June 1999	1 January 2000 – 31 December 2004	1.20	3,825,000	–	(3,475,000)	(350,000)	–
25 June 1999	1 January 2001 – 31 December 2005	1.20	5,325,000	–	–	(1,075,000)	4,250,000
			9,150,000	–	(3,475,000)	(1,425,000)	4,250,000
Exercisable at the end of the year							4,250,000
Weighted average exercise price			1.20	–	1.20	1.20	1.20

37. SHARE BASED PAYMENT TRANSACTIONS *(continued)*

Old Scheme *(continued)*

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

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

37. SHARE BASED PAYMENT TRANSACTIONS *(continued)*

Old Scheme *(continued)*

Date of grant of share options *(note i)*	Exercise period of share options	Exercise price of share options HK$ *(note ii)*	As at 1 July 2004	Granted during the year	Exercised during the year *(notes iii and iv)*	Lapsed/ cancelled during the year	As at 30 June 2005
				Number of share options			
Directors							
25 June 1999	1 January 2000 – 31 December 2004	1.20	3,400,000	–	(3,250,000)	(150,000)	–
25 June 1999	1 January 2001 – 31 December 2005	1.20	3,475,000	–	–	–	3,475,000
			6,875,000	–	(3,250,000)	(150,000)	3,475,000
Directors resigned during the year							
25 June 1999	1 January 2001 – 31 December 2005	1.20	875,000	–	–	(875,000)	–
			7,750,000	–	(3,250,000)	(1,025,000)	3,475,000
Exercisable at the end of the year							3,475,000
Weighted average exercise price			1.20	–	1.20	1.20	1.20

Notes:

(i) The vesting period of share options is from the date of the grant until the commencement of the exercise period.

(ii) The exercise price of share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

(iii) The weighted average closing market price per share immediately before the dates of which the share options were exercised was ranged from HK$1.58 to HK$1.61. The closing market price per share at the dates of which the share options were exercised was ranged from HK$1.28 to HK$1.97.

(iv) The weighted average closing market price per share immediately before the dates of which the share options were granted was HK$1.8.

37. SHARE BASED PAYMENT TRANSACTIONS *(continued)*

New Scheme

In compliance with the amendments to the Listing Rules, the directors consider that it is in the interest of the Company to terminate the Old Scheme and to adopt a new share option scheme (the "New Scheme"). An ordinary resolution was passed at the Special General meeting of the Company held on 12 February 2003 for the approval of the said adoption of the New Scheme and termination of the Old Scheme.

The New Scheme is adopted for the purpose of providing incentives or rewards to eligible participants for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any entity in which the Group holds any equity interest (the "Invested Entity"). Eligible participants of the New Scheme include the directors and employees of the Company, its subsidiaries or any Invested Entity, suppliers and customers of the Group or any Invested Entity, any person or entity that provides research, development or other technological support to the Group or any Invested Entity, and any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity. The New Scheme should, unless otherwise terminated or amended, remain in force for ten years from 18 February 2003.

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

37. SHARE BASED PAYMENT TRANSACTIONS *(continued)*

New Scheme *(continued)*

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

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

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

During the year ended 30 June 2006, there are 30,000,000 (2005: nil) share options had been granted under the New Scheme and all of them together with share options granted in previous years at the total of 70,235,000 (2005: 54,466,000) remained outstanding at 30 June 2006, representing 10.9% (2005: 8.4%) of the shares of the Company in issue at that date. 7,200,000 (2005: 8,325,000) of the share options are exercisable at any time from 24 September 2003 to 23 March 2013, 8,250,000 (2005: 9,075,000) of the share options are exercisable at any time from 24 March 2004 to 23 March 2013, 10,464,000 (2005: 13,140,000) of the share options are exercisable at any time from 16 February 2005 to 10 February 2014, 10,561,000 (2005: 12,985,000) of the share options are exercisable at any time from 16 August 2005 to 10 February 2014, 8,760,000 (2005: 10,941,000) of the share options are exercisable at any time from 16 February 2006 to 10 February 2014, 12,500,000 (2005: nil) of the share options are exercisable at any time from 1 July 2006 to 31 December 2008 and remaining 12,500,000 (2005: nil) of the share options are exercisable at any time from 1 January 2007 to 31 December 2008. Nominal consideration was received by the Company during the year for the options granted under the New Scheme.

37. SHARE BASED PAYMENT TRANSACTIONS *(continued)*

New Scheme *(continued)*

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

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

37. SHARE BASED PAYMENT TRANSACTIONS *(continued)*

New Scheme *(continued)*

Date of grant of share options *(note i)*	Exercise period of share options	Exercise price of share options HK$ *(note ii)*	Number of share options: As at 1 July 2004	Granted during the year	Exercised during the year	Lapsed/cancelled during the year	As at 30 June 2005
24 March 2003	24 September 2003 – 23 March 2013	1.04	9,175,000	–	–	(850,000)	8,325,000
24 March 2003	24 March 2004 – 23 March 2013	1.04	9,925,000	–	–	(850,000)	9,075,000
11 February 2004	16 February 2005 – 10 February 2014	2.05	14,636,000	–	–	(1,496,000)	13,140,000
11 February 2004	16 August 2005 – 10 February 2014	2.05	14,760,000	–	–	(1,775,000)	12,985,000
11 February 2004	16 February 2006 – 10 February 2014	2.05	12,404,000	–	–	(1,463,000)	10,941,000
			60,900,000	–	–	(6,434,000)	54,466,000
Exercisable at the end of the year							54,466,000
Weighted average exercise price			1.73	–	–	1.78	1.73

37. SHARE BASED PAYMENT TRANSACTIONS *(continued)*

New Scheme *(continued)*

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

Date of grant of share options *(note i)*	Exercise period of share options	Exercise price of share options HK$ *(note ii)*	Number of share options: As at 1 July 2005	Granted during the year *(note v)*	Exercised during the year	Lapsed/ cancelled during the year *(note iv)*	As at 30 June 2006
Directors							
24 March 2003	24 September 2003 – 23 March 2013	1.04	5,750,000	–	–	–	5,750,000
24 March 2003	24 March 2004 – 23 March 2013	1.04	5,750,000	–	–	–	5,750,000
11 February 2004	16 February 2005 – 10 February 2014	2.05	698,000	–	–	–	698,000
11 February 2004	16 August 2005 – 10 February 2014	2.05	698,000	–	–	–	698,000
11 February 2004	16 February 2006 – 10 February 2014	2.05	704,000	–	–	–	704,000
13 February 2006	1 July 2006 – 31 December 2008	1.70	–	2,000,000	–	–	2,000,000
13 February 2006	1 January 2007 – 31 December 2008	1.70	–	2,000,000	–	–	2,000,000
			13,600,000	4,000,000	–	–	17,600,000
Directors resigned during the year							
24 March 2003	24 September 2003 – 23 March 2013	1.04	825,000	–	–	(75,000)	750,000
24 March 2003	24 March 2004 – 23 March 2013	1.04	825,000	–	–	(75,000)	750,000
11 February 2004	16 February 2005 – 10 February 2014	2.05	250,000	–	–	(50,000)	200,000
11 February 2004	16 August 2005 – 10 February 2014	2.05	250,000	–	–	(50,000)	200,000
11 February 2004	16 February 2006 – 10 February 2014	2.05	250,000	–	–	(50,000)	200,000
13 February 2006	1 July 2006 – 31 December 2008	1.70	–	500,000	–	–	500,000
13 February 2006	1 January 2007 – 31 December 2008	1.70	–	500,000	–	–	500,000
			2,400,000	1,000,000	–	(300,000)	3,100,000
			16,000,000	5,000,000	–	(300,000)	20,700,000
Exercisable at the end of the year							15,700,000
Weighted average exercise price			1.22	1.70	–	1.46	1.31

37. SHARE BASED PAYMENT TRANSACTIONS *(continued)*

New Scheme *(continued)*

Date of grant of share options *(note i)*	Exercise period of share options	Exercise price of share options HK$ *(note ii)*	Number of share options: As at 1 July 2004	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year *(note vi)*	As at 30 June 2005
Directors							
24 March 2003	24 September 2003 – 23 March 2013	1.04	6,575,000	–	–	–	6,575,000
24 March 2003	24 March 2004 – 23 March 2013	1.04	6,575,000	–	–	–	6,575,000
11 February 2004	16 February 2005 – 10 February 2014	2.05	948,000	–	–	–	948,000
11 February 2004	16 August 2005 – 10 February 2014	2.05	948,000	–	–	–	948,000
11 February 2004	16 February 2006 – 10 February 2014	2.05	954,000	–	–	–	954,000
			16,000,000	–	–	–	16,000,000
Directors resigned during the year							
24 March 2003	24 September 2003 – 23 March 2013	1.04	1,600,000	–	–	(850,000)	750,000
24 March 2003	24 March 2004 – 23 March 2013	1.04	1,600,000	–	–	(850,000)	750,000
11 February 2004	16 February 2005 – 10 February 2014	2.05	366,000	–	–	(100,000)	266,000
11 February 2004	16 August 2005 – 10 February 2014	2.05	366,000	–	–	(366,000)	–
11 February 2004	16 February 2006 – 10 February 2014	2.05	368,000	–	–	(368,000)	–
			4,300,000	–	–	(2,534,000)	1,766,000
			20,300,000	–	–	(2,534,000)	17,766,000
Exercisable at the end of the year							17,766,000
Weighted average exercise price			1.24	–	–	1.30	1.22

37. SHARE BASED PAYMENT TRANSACTIONS *(continued)*

New Scheme *(continued)*

Notes:

(i) The vesting period of share options is from the date of the grant until the commencement of the exercise period.

(ii) The exercise price of share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

(iii) The weighted average closing market price per share immediately before the dates of which the share options were exercised was ranged from HK$0.853 to HK$1.028. The closing market price per share at the date of which the share options were exercised was ranged from HK$1.3 to HK$1.8.

(iv) The share options granted to Mr. Chan Mo-po, Paul were lapsed on 1 September 2005, followed his resignation. The exercise period of those share options granted to Mr. Wong Kui-ming, Luffer was changed to 18 May 2008 followed his resignation on 19 May 2006.

(v) The weighted average closing market price per share immediately before the dates of which the share options were granted was ranged from HK$0.98 to HK$1.7.

(vi) The shear options granted to Mr. Lai Chen-chu, Jack were lapsed on 1 June 2005 followed his resignation. The exercise periods of those share options granted to Mr. Yeh Pei-chu, Ivan were changed to 31 May 2005 or 31 May 2006, as appropriate, followed his resignation on 1 June 2005.

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

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

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

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

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

The Group recognised the total expense of HK$14,543,000 for the year ended 30 June 2006 (2005: HK$11,530,000) in relation to share options granted by the Company.

38. RESERVES

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

As at 30 June 2006, the capital reserve represents capitalisation of accumulated profits of subsidiaries as their paid up capital.

As at 30 June 2005, the capital reserve comprised approximately HK$1,184,000 in respect of discount on acquisition (previously known as negative goodwill) and approximately HK$114,083,000 in respect of capitalisation of accumulated profits of subsidiaries as their paid up capital. As explained in note 2, all discount on acquisition as at 1 July 2005 were derecognised with a corresponding adjustment of the Group's accumulated profits on that date.

The accumulated profits of the Group include accumulated losses of approximately HK$8,156,000 (2005: HK$4,076,000) attributable to associates of the Group.

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

39. DISPOSAL OF SUBSIDIARIES/DEEMED DISPOSAL OF A SUBSIDIARY

	2006 HK$'000	2005 HK$'000
Net assets disposed of:		
Interests in associates	25,886	–
Property, plant and equipment	278	67,887
Trade and bills receivables	84	16,906
Prepayments, deposits and other receivables	845	1,923
Bank balances and cash	4,368	17,985
Trade and bills payables	(744)	(5,162)
Accruals and other payables	(1,059)	(35,118)
Obligations under finance leases	–	(7,184)
Deferred taxation	–	(1,581)
Minority interests	–	(16,697)
	29,658	38,959
Exchange reserve released	–	(279)
	29,658	38,680
Gain (loss) on disposal of subsidiaries/ deemed disposal of a subsidiary	10,342	(690)
	40,000	37,990
Reclassified to:		
Interests in an associate	–	37,990
Net cash inflow (outflow) arising on disposal:		
Cash consideration received	40,000	–
Bank balances and cash disposed of	(4,368)	(17,985)
	35,632	(17,985)

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

40. MAJOR NON-CASH TRANSACTIONS

During the year ended 30 June 2006, the Group entered into finance leases in respect of moulds, equipment and properties with a total capital value at the inception of the leases of HK$375,000 (2005: HK$56,462,000).

41. CAPITAL COMMITMENTS

	2006 HK$'000	2005 HK$'000
Capital commitments contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment	**19,582**	10,455

42. OPERATING LEASE COMMITMENTS

The Group as lessee

	2006 HK$'000	2005 HK$'000
Minimum lease payments paid under operating leases during the year:		
Land and buildings	**30,387**	25,394
Moulds and machinery	**8,309**	6,565
	38,696	31,959

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

	2006 HK$'000	2005 HK$'000
Within one year	**40,580**	38,157
In the second to fifth year inclusive	**57,357**	68,136
	97,937	106,293

Operating lease payments represent rentals payable by the Group for certain of its office properties, factory land and buildings and plant and machinery. The lease term for its office properties and factory land and buildings is ranged from one to four years and for its moulds and machinery is one year. Rentals are fixed and no arrangements have been entered into for contingent rental payments.

The Group as lessor

Property rental income earned during the year was HK$525,000 (2005: HK$674,000). At the balance sheet date, the Group had no commitments under operating leases.

43. PLEDGE OF ASSETS

At 30 June 2006, the Group's banking facilities were secured by:

(i) certain moulds and machineries of the Group with a carrying amount of approximately HK$21,364,000 (2005: HK$24,880,000);

(ii) pledge of bank deposits with an aggregate amount of approximately HK$179,868,000 (2005: HK$62,022,000);

(iii) first legal charges over certain land and buildings of the Group of approximately HK$139,684,000 (2005: HK$127,900,000); and

(iv) personal guarantees from a director of the Company and one director of a subsidiary of the Company.

44. CONTINGENT LIABILITIES

At 30 June 2006, the Group had the following contingent liabilities:

	2006 HK$'000	2005 HK$'000
Bills of exchange discounted with full recourse	**–**	19,274

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

On 19 January 2005, a third party company (the "Plaintiff A") commenced legal action in the United States of America against the Company and two of its subsidiaries. This action claimed damages related to alleged infringement of certain patents in respect of display technologies. On 29 December 2005, the Company and two of its subsidiaries entered into a settlement agreement with the Plaintiff A. Under the settlement agreement, all claims in the proceedings were released and no compensation was required to be paid by the Group. Concurrently, the Group entered into a patent license agreement in which the Group could use the licensed patents of the Plaintiff A in connection with manufacture, sale, marketing and distribution of display products.

On 6 June 2005, another third party company (the "Plaintiff B") filed a complaint in the United States of America against the Company and two of its subsidiaries. The complaint claimed for damages related to an alleged infringement of a patent in respect of the wide-view angle display of TFT-LCD panel. Up to the report date, the Plaintiff B has not yet identified the amount of damages sought. The Group is vigorously defending itself in the complaint and the legal proceedings are still ongoing. In the opinion of the directors, the outcome of the litigation cannot be estimated with certainty at this stage.

45. RETIREMENT BENEFITS SCHEMES

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

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

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

	2006 **HK$'000**	2005 HK$'000
MPF Scheme	**606**	631
State pension schemes	**12,427**	10,799
Pension plan	**1,056**	1,098
	14,089	12,528

46. RELATED PARTY DISCLOSURES

(a) Related party transactions

During the year, the Group paid operating lease rentals in respect of land and buildings and machinery of approximately HK$997,000 (2005: HK$998,200) to Isystems Technology, Inc. ("Isystems"), a company of which Messrs. Yang Long-san, Rowell and Yang Yun-tsai (father of Mr. Yang Long-san, Rowell) have interest of 19.4% and 16.8% respectively in its issued capital. The rentals were charged in accordance with the terms of the tenancy agreement entered into between the Group and Isystems.

(b) Related party balances

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

(c) Bank facilities

In addition to the pledge of the Group's assets and those set out in note 43, certain of the Group's bank facilities as at the balance sheet date were also secured by the personal guarantees from a director of the Company and a director of a subsidiary of the Company.

(d) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2006	2005
	HK$'000	HK$'000
Short-term benefits	**9,504**	11,896
Post-employment benefits	**46**	63
Share based payments	**2,538**	904
	12,088	12,863

47. BALANCE SHEET OF THE COMPANY

	Notes	2006 HK$'000	2005 HK$'000 (Restated)
Non-current Assets			
Investments in subsidiaries	(i)	**162,574**	162,574
Interests in an associate	(ii)	**36,313**	36,313
		198,887	198,887
Current Assets			
Other receivables	(iii)	**6,127**	5,815
Amounts due from subsidiaries	(iv)	**543,570**	512,977
Bank balances and cash	(iii)	**797**	3,623
		550,494	522,415
Current Liabilities			
Other payables	(iii)	**1,667**	1,968
Amounts due to subsidiaries	(iv)	**314,400**	295,006
		316,067	296,974
Net Current Assets		**234,427**	225,441
Net Assets		**433,314**	424,328
Capital and Reserves			
Share capital	(v)	**64,681**	64,546
Reserves	(v)	**368,633**	359,782
Shareholders' Funds		**433,314**	424,328

Notes:

(i) Investments in subsidiaries

	2006 HK$'000	2005 HK$'000
Unlisted shares	**162,574**	162,574

The carrying amount of the unlisted shares is based on the book value of the underlying combined net assets of the subsidiaries attributable to the Company on the date of the Company reorganisation or based on the Company's cost of investment.

Particulars of the principal subsidiaries of the Company at 30 June 2006 are disclosed in note 48.

47. BALANCE SHEET OF THE COMPANY *(continued)*

Notes: (continued)

(ii) Interest in an associate

	2006 HK$'000	2005 HK$'000
Unlisted shares, at cost	**36,313**	36,313

The amount represents the Company's investment in JODT. Particular of JODT is set out in note 20.

(iii) Other receivables/bank balances and cash/other payables
The fair values of the amounts at the balance sheet date approximate the corresponding carrying amounts.

(iv) Amounts due from (to) subsidiaries
The amounts are unsecured, interest-free and repayable on demand. The fair values of the amounts at the balance sheet date approximate the corresponding carrying amounts.

(v) Capital and reserves

	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Share-based compensation reserve HK$'000	Accumulated profits HK$'000	Total HK$'000
At 1 July 2004 as originally stated	64,199	167,445	162,374	–	16,003	410,021
Effects of the application of HKFRS 2 *(see note 3)*	–	–	–	4,323	(4,323)	–
At 1 July 2004 as restated	64,199	167,445	162,374	4,323	11,680	410,021
Recognition of equity-settled share-based payments	–	–	–	11,530	–	11,530
Issue of shares on exercise of share options	347	3,822	–	–	–	4,169
Profit for the year	–	–	–	–	20,513	20,513
Final dividend – 2004	–	–	–	–	(7,704)	(7,704)
Interim dividend – 2005	–	–	–	–	(14,201)	(14,201)
At 30 June 2005	64,546	171,267	162,374	15,853	10,288	424,328
Recognition of equity-settled share-based payments	–	–	–	14,543	–	14,543
Issue of shares on exercise of share options	105	987	–	–	–	1,092
Issue of shares on upon scrip dividends	30	470	–	–	(500)	–
Profit for the year	–	–	–	–	9,006	9,006
Interim dividend – 2006	–	–	–	–	(15,655)	(15,655)
At 30 June 2006	64,681	172,724	162,374	30,396	3,139	433,314

47. BALANCE SHEET OF THE COMPANY *(continued)*

In the opinion of the directors, as at 30 June 2006, the Company's reserves available for distribution consisted of contributed surplus of approximately HK$162,374,000 (2005: HK$162,374,000) and accumulated profits of approximately HK$3,139,000 (2005: HK$10,288,000 as restated). In addition, the Company's share premium account of approximately HK$172,724,000 (2005: HK$171,267,000) as at 30 June 2006 is available for distribution in the form of fully paid bonus shares.

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

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

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 30 June 2006 are as follows:

Name of subsidiary	Principal place of incorporation or establishment/ operations	Issued and fully paid share/ registered capital	Proportion of nominal value of issued/registered capital held by the Company Directly	Indirectly	Principal activities
Essex Monitor (H.K.) Company Limited	Hong Kong	Non-voting deferred HK$40,000,000 Ordinary HK$100	–	100%	Investment holding and leasing of machinery
Gaintle Limited	Hong Kong	Ordinary HK$2	–	100%	Provision of shipping services
Delighton Limited	BVI/Hong Kong	Ordinary US$1	–	100%	Holding of trademarks
Ningbo Prowell Electronic Co., Ltd. ("NPE") *(note i)*	PRC	Registered US$4,500,000	–	100%	Manufacture and trading of computer monitors and televisions
Proview Electronica do Brasil Ltda.	Brazil	Registered R$23,550,000	–	100%	Manufacture and trading of computer monitors and televisions
Proview Electronics Co., Ltd.	Taiwan	Registered NT$119,600,000	–	100%	Manufacture and trading of computer monitors, televisions and monitor components and parts
Proview Group (L) Limited	Labuan	Ordinary US$2	–	100%	Trading of computer monitors, televisions and monitor components and parts
Proview Group Limited ("PGL")	BVI	Ordinary US$3,000	100%	–	Investment holding
Proview International (U.K.) Limited	United Kingdom	Ordinary GBP2	–	100%	Trading of computer monitors and televisions
Proview Product Europe S.A.	Belgium	Ordinary Euro100,000	–	51%	Trading of computer monitors and televisions
PGL Europe b.v.	The Netherlands	Ordinary Euro18,000	–	100%	Trading of computer monitors and televisions
Proview Optronics (Shenzhen) Co., Ltd. ("POS") *(note i)*	PRC	Registered US$50,000,000	–	100%	Manufacture and trading of computer monitors and televisions
Proview Services Limited	Labuan	Ordinary US$1	–	100%	Provision of financial services

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

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

Notes:

(i) POS, PTS, NPE and Yoke are established in the PRC as wholly foreign owned enterprises.

(ii) Proview Wuhan is an equity joint venture established by the Group and a joint venture partner in the PRC.

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

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