PROVIEW INTERNATIONAL HOLDINGS LIMITED
唯 冠 國 際 控 股 有 限 公 司*

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

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2009

INTERIM RESULTS

The Board of Directors (the "Board") of Proview International Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 31 December 2009 together with the comparative figures for the corresponding period in 2008 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2009

		Six months ended	
	NOTES	**31 December 2009 *HK$'000* (Unaudited)**	31 December 2008 *HK$'000* (Unaudited)
Revenue		**593,751**	3,901,746
Cost of sales		**(1,065,276)**	(4,666,416)
Gross loss		**(471,525)**	(764,670)
Other income		**43,355**	90,659
Selling and distribution expenses		**(51,601)**	(287,170)
Administrative expenses		**(217,905)**	(220,298)
Research and development costs		**(22,135)**	(43,691)
Net foreign exchange gain/(loss)		**2,047**	(121,569)
Other expenses		**(12,241)**	(3,611)
Share of losses of associates		**(241)**	(145)
Loss on disposal of an associate		**–**	(522)
Changes in fair value of derivative financial instruments		**(4,309)**	237,482
Finance costs		**(26,553)**	(214,199)
Loss before taxation		**(761,108)**	(1,327,734)
Income tax expense	*4*	**(45)**	7,456
Loss for the period	*5*	**(761,153)**	(1,320,278)
Attributable to:			
Owners of the Company		**(755,838)**	(1,311,430)
Minority interests		**(5,315)**	(8,848)
		(761,153)	(1,320,278)
Loss per share – basic and diluted	*7*	**HK(97.91) cents**	HK(169.87) cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2009

	Six months ended	
	31 December 2009	31 December 2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss for the period	**(761,153)**	(1,320,278)
Other comprehensive income (expense)		
Exchange differences arising on translation of foreign operations	**(40,000)**	(20,822)
Share of exchange reserve of associates	**2**	2,750
Other comprehensive expense for the period	**(39,998)**	(18,072)
Total comprehensive expense for the period	**(801,151)**	(1,338,350)
Total comprehensive expense attributable to:		
Owners of the Company	**(795,889)**	(1,328,649)
Minority interests	**(5,262)**	(9,701)
	(801,151)	(1,338,350)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2009

	NOTES	31 December 2009 HK$'000 (Unaudited)	30 June 2009 HK$'000 (Audited)
Non-current Assets			
Property, plant and equipment		**952,726**	1,063,537
Prepaid lease payments		**75,141**	76,220
Intangible assets		**18,810**	20,000
Interests in associates		**2,578**	2,816
Interest in a jointly controlled entity		**–**	–
Available-for-sale investments		**–**	–
Bonds receivables		**74,147**	67,861
Prepayments and deposits		**–**	4,473
		1,123,402	1,234,907
Current Assets			
Inventories		**519,965**	993,234
Properties held for sale		**19,430**	19,430
Trade and bills receivables	8	**142,709**	282,342
Prepayments, deposits and other receivables		**404,459**	365,238
Prepaid lease payments		**1,997**	1,980
Derivative financial instruments		**–**	23,730
Tax recoverable		**5,050**	5,164
Pledged bank deposits		**69,512**	80,709
Restricted bank deposits		**103,461**	83,836
Bank balances and cash		**51,302**	109,000
		1,317,885	1,964,663
Current Liabilities			
Trade and bills payables	9	**2,379,228**	2,522,680
Accruals and other payables		**470,893**	321,369
Amount due to an associate		**975**	975
Taxation payable		**21,021**	19,863
Derivative financial instruments		**4,309**	471
Bank borrowings – due within one year		**1,302,757**	1,418,109
Obligations under finance leases – due within one year		**5,106**	5,132
		4,184,289	4,288,599
Net Current Liabilities		**(2,866,404)**	(2,323,936)
Total Assets less Current Liabilities		**(1,743,002)**	(1,089,029)

	NOTES	**31 December 2009** **HK$'000** **(Unaudited)**	30 June 2009 HK$'000 (Audited)
Capital and Reserves			
Share capital		**77,200**	77,200
Reserves		**(2,441,856)**	(1,645,967)
Equity attributable to owners of the Company		**(2,364,656)**	(1,568,767)
Minority interests		**78,871**	86,508
Total Deficit		**(2,286,085)**	(1,482,259)
Non-current Liabilities			
Bank borrowings – due after one year		**457,108**	304,724
Obligations under finance leases – due after one year		**38,587**	41,118
Deferred taxation		**47,388**	47,388
		543,083	393,230
		(1,743,002)	(1,089,029)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2009

1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The Directors of the Company are responsible for the preparation of the Group's condensed consolidated interim financial statements. These condensed consolidated financial statements are unaudited but have been reviewed by the Audit Committee of the Company.

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the annual financial statements of the Group for the year ended 30 June 2009.

In the current interim period, the Group has applied, for the first time, the following new standards, amendments and interpretations (the "new HKFRSs"), issued by the HKICPA, which are effective for the Group's financial periods beginning 1 July 2009. The adoption of these new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

HKAS 1 (Revised 2007)	Presentation of Financial Statements
HKAS 23 (Revised 2007)	Borrowing Costs
HKAS 27 (Revised 2008)	Consolidated and Separate Financial Statements
HKAS 32 & HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations
HKFRS 3 (Revised 2008)	Business Combinations
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC) – Int 13	Customer Loyalty Programmes
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK(IFRIC) – Int 18	Transfers of Assets from Customers
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after July 1, 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39
HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs issued in 2008

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure. HKFRS 8 is a disclosure standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The predecessor standard, HKAS 14 Segment Reporting, required the identification of two sets of segments (business and geographical) using a risks and returns approach. In the past, the Group's primary reporting format was business segments by nature of their operation and the products and services they provide. The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14 (see note 3). The adoption of the new and revised HKFRSs has had no material effect on the reported results and financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

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

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009[1]
HKAS 24 (Revised)	Related Party Disclosures[2]
HKAS 32 (Amendment)	Classification of Right Issues[3]
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters[4]
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions[4]
HKFRS 9	Financial Instruments[5]

1 Amendments that are effective for annual periods beginning on or after July 1, 2009 or January 1, 2010, as appropriate.

2 Effective for annual periods beginning on or after January 1, 2011.

3 Effective for annual periods beginning on or after February 1, 2010.

4 Effective for annual periods beginning on or after January 1, 2010.

5 Effective for annual periods beginning on or after January 1, 2013.

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

3. SEGMENTAL INFORMATION

Business Segment

The Group has adopted HKFRS 8 Operating Segments with effect from July 1, 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker, the Company's executive Directors, in order to allocate resources to the segments and to assess their performance. In contrast, the predecessor standard (HKAS 14 Segment Reporting) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments.

In the past, the Group's primary reporting format was business segments by nature of their operations and the products and services they provide. The Group's operating businesses are structured and managed separately, according to the nature of their operations, and the products and services they provide.

Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summarised details of each of the business segments are as follows:

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

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

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

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

The application of HKFRS 8 has not resulted in a redesignation of the Group's reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss. Information regarding these business segments is reported below:

Six months ended 31 December 2009

	LCD monitors *HK$'000* (Unaudited)	TFT-LCD televisions *HK$'000* (Unaudited)	CRT monitors *HK$'000* (Unaudited)	Others *HK$'000* (Unaudited)	Elimination *HK$'000* (Unaudited)	Consolidated *HK$'000* (Unaudited)
REVENUE						
Sales to external customers	280,313	243,230	19,847	50,361	–	593,751
Inter-segment sales *	–	–	–	5,771	(5,771)	–
	280,313	243,230	19,847	56,132	(5,771)	593,751
RESULTS						
Segmental results	(199,246)	(424,576)	(35,610)	(63,106)	–	(722,538)
Unallocated corporate income						43,353
Unallocated corporate expenses						(50,820)
Share of losses of associates	–	–	–	(241)	–	(241)
Changes in fair value of derivative financial instruments	–	–	–	–	–	(4,309)
Finance costs						(26,553)
Loss before taxation						(761,108)
Income tax expense						(45)
Loss for the period						(761,153)

* *In the opinion of the Directors of the Company, inter-segment sales were charged at cost plus a percentage markup.*

Six months ended 31 December 2008

	LCD monitors *HK$'000* (Unaudited)	TFT-LCD televisions *HK$'000* (Unaudited)	CRT monitors *HK$'000* (Unaudited)	Others *HK$'000* (Unaudited)	Elimination *HK$'000* (Unaudited)	Consolidated *HK$'000* (Unaudited)
REVENUE						
Sales to external customers	1,718,963	1,741,333	151,425	290,025	–	3,901,746
Inter-segment sales *	–	–	–	31,550	(31,550)	–
	1,718,963	1,741,333	151,425	321,575	(31,550)	3,901,746
RESULTS						
Segmental results	(389,140)	(825,730)	(8,458)	(105,265)	–	(1,328,593)
Unallocated corporate income						90,659
Unallocated corporate expenses						(112,416)
Share of losses of associates	–	–	–	(145)	–	(145)
Losses on disposal of an associate	–	–	–	(522)	–	(522)
Changes in fair value of derivative financial instruments	–	–	–	–	–	237,482
Finance costs						(214,199)
Loss before taxation						(1,327,734)
Income tax credit						7,456
Loss for the period						(1,320,278)

* *In the opinion of the Directors of the Company, inter-segment sales were charged at cost plus a percentage markup.*

4. INCOME TAX EXPENSE (CREDIT)

	Six months ended	
	31 December 2009 ***HK$'000*** **(Unaudited)**	31 December 2008 *HK$'000* (Unaudited)
Hong Kong Profit Tax		
Current year	**–**	–
Other jurisdictions		
Current year	**45**	–
Overprovision in prior years	**–**	(7,456)
	45	(7,456)

Hong Kong Profits Tax is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. Hong Kong Profits Tax is calculated at 16.5% (2008: 16.5%) of the estimated assessable profits for the year.

No provision for Hong Kong Profits Tax has been made in the financial statements for the period ended 31 December 2009 as the Group's subsidiaries operating in Hong Kong have no assessable profit for the period.

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

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

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

5. LOSS FOR THE PERIOD

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

	Six months ended	
	31 December 2009	31 December 2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Release of prepaid lease payments	**1,100**	901
Amortisation of intangible assets	**1,190**	2,900
Depreciation and amortisation of property, plant and equipment	**64,618**	71,962
Cost of inventories recognised as an expense, including write-down of inventories of HK$208,877,000 (2008: HK$585,989,000)	**1,065,276**	4,666,416
Loss on disposal of property, plant and equipment	**14,692**	2,175
Impairment loss on trade receivables	**90,433**	25,408
Interest income	**(11,713)**	(43,235)

6. DIVIDENDS

The Directors did not recommend the payment of the final dividend for the year ended 30 June 2009.

No interim dividend is proposed by the Directors for the six months ended 31 December 2009 (2008: Nil).

7. LOSS PER SHARE

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

	Six months ended	
	31 December 2009	31 December 2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Loss attributable to the owners of the Company for the purpose of basic and diluted loss per share	**(755,838)**	(1,311,430)
	Number of shares	Number of shares
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**772,008,992**	772,008,992

Note: The computation of diluted loss per share does not assume the exercise of the Group's outstanding share options as the exercise prices of those options are higher than the average market price for both periods.

8. TRADE AND BILLS RECEIVABLES

The Group's payment terms with customers are normally within 90 days from date of issuance of invoices, except for certain well established customers, where the terms are extended to 180 days. The following is an aged analysis of trade and bills receivables net of allowance for doubtful debts prepared based on the invoice date at the balance sheet date:

	31 December 2009	30 June 2009
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 90 days	**101,209**	235,965
Between 91 to 180 days	**14,761**	46,377
Over 181 days	**26,739**	–
	142,709	282,342

9. TRADE AND BILLS PAYABLES

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

	31 December 2009	30 June 2009
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 90 days	**133,496**	727,311
Between 91 to 180 days	**48,078**	460,508
Over 181 days	**2,197,562**	1,334,861
	2,379,136	2,522,680

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the six-month period ended 31 December 2009 (the "Review Period"), the consolidated turnover of Proview International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group" or "Proview") was HK$594 million (2008: HK$3.9 billion), representing a 85% decrease year on year. The loss attributable to owners of the Company was narrowed to HK$756 million (2008: a loss of HK$1.31 billion). While the Group has succeeded in reducing the loss, will still require further effort to complete the turnaround and return to profit. The Group's sales of flat-panel digital television sets ("TVs") amounted to HK$243 million (2008: HK$1.74 billion), while liquid crystal display ("LCD") monitor sales amounted to HK$280 million (2008: HK$1.72 billion) for the Review Period.

The global financial crisis has weakened economies worldwide and caused the consumer market to shrink. Orders from the Group's major export markets, North America and Western Europe, have dropped significantly. In addition, the impact of tight credit funding in the market, and the fact that the Group's supply chain has not been operating smoothly, have contributed to the significant reduction in sales. To improve cash flow, the Group has resolved to launch sales promotions of aged stock; however, this has further reduced the gross profit margin to below its normal level. In spite of the Group's efforts to streamline its operations and adopt cost reduction measures, a loss was still recorded due to the heavy burden of fixed costs and financial interests.

With continuous support from its banks, the Group has managed to get through a difficult year. During this period, in order to stabilize the existing monitor business, the Group has undertaken measures to improve internal procedures, and has also tried to identify strategic production partners in order to ease the financial pressure. The Group is also actively developing new business in the lighting arena, in order to increase sales and enhance profitability, as well as bringing new business opportunities for the Group.

PROSPECTS

The Group's management team has worked hard to overcome a difficult year brought about by the financial crisis. Looking forward, the Group will continue to surmount the difficulties and get its business back to normal operation as soon as possible.

Bank credit support

The Group is supported by a group of banks headed by the Bank of China. It continues to manage and control inventory movement, recovery of trade receivables, payment of costs, expenses and trade payables on the basis of a set of agreed operational procedures. As the Group is getting back gradually to normal operations, it is expected that the banks will increase credit facilities and provide funding support for the Group's new lighting business. This will enable the Group to speed up the development of the lighting business, which holds more promising prospects and earnings potential.

Collaboration with strategic partners

To ensure timely fulfillment of sales orders, the Group has worked together with strategic production partners in the past year to secure a smooth supply chain, and to sustain the production of parts and finished goods. In addition, the Group is also actively seeking strategic partnerships in sales and production in order to expand in China and international markets, so as to give full play to the Group's brand and technical advantages.

Development of new lighting business

With the greenhouse effect worsening, environmental protection, energy saving and emission reduction have become major global issues following the Copenhagen Climate Change Conference. Demands for light-emitting diode ("LED") road lamps products from different countries have increased rapidly.

For its long-term future development, the Group has set up 唯冠光電照明(深圳)有限公司 to speed up the development of the LED lighting business. The Group expects that the new business will be the main driving force in the Group's future earnings growth and improvement in its financial situation. Installations of production facilities have been completed in phases.

The Group has achieved significant progress in procuring orders for city road lamps in the Central American region. A dedicated team for new business development is also actively exploring business opportunities in China and overseas.

Reorganization and business reform

After a series of major blows, the future holds both survival-threatening challenges and new opportunities for Proview. The organizational structure of the Group will be reshaped into three core segments, namely LCD TVs and monitors, lighting products, and mining.

The Group will continue to develop its business actively and explore more deeply into the huge market in China. The Group will also strive to maintain a smooth supply chain operation, as well as to strengthen its management of inventory control and of credit control in accounts receivable and overdue. The Group will adopt a "shortened, flattened and expedited" organizational structure to ensure swift response to ever-changing business circumstances.

Increasing sales in MVP products

Delivery of the new MVP product lines for LCD TVs and monitors commenced in September 2009. The modular structure of MPV products has helped reduce significantly the number of spare parts and manufacturing man-hours required. The resulting reduction in the cost of production enables the Group to become more competitive in winning customer orders, thereby expanding sales and improving profitability.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2009, the Group's cash and bank balances (including pledged bank deposits and restricted bank deposits) stood at approximately HK$224 million (30 June 2009: HK$274 million), with total deficit attributable to owners of the Company standing at approximately HK$2,365 million (30 June 2009: HK$1,569 million).

As compared with 30 June 2009, inventories reduced to approximately HK$520 million (30 June 2009: HK$1 billion). Since the Group was more focused on producing flat panel digital TVs, as compared with monitor products, are associated with a longer production lead-time also with the reduced in the sales for the period, the inventory turnover days increased to 130 days (30 June 2009: 118 days).

Trade and bills receivables decreased to approximately HK$143 million (30 June 2009: HK$282 million), which in line with the decrease of turnover for the period. The Group continued to monitor closely the settlement status of trade debts to enhance the cash flow. During the period, trade and bills receivables turnover days decreased to 65 days (30 June 2009: 88 days).

Trade and bills payables decreased to approximately HK$2.4 billion (30 June 2009: HK$2.5 billion). Proview actively negotiates with suppliers to assure a secure and steady supply and a longer credit period. With the support and understanding from the suppliers, credit period of the existing trade and bills payables were extended accordingly.

CAPITAL COMMITMENT AND CAPITAL STRUCTURE

For the reporting period, the Group invested approximately HK$14 million in the acquisition and maintenance of production facilities. These were mainly used by the Group's factories in Shenzhen and Wuhan. As at 31 December 2009, the Group carefully controls its capital expenditures, with an aim to maximizing the return on assets as well as to prevent unnecessary borrowings and respective interests. For this reason, none capital commitments was noted as at 31 December 2009 (30 June 2009: Nil).

The Group relied on funding from banks and its investor to finance its businesses. With the continued granting of facilities by the banks, bank borrowings as at 31 December 2009 amounted to approximately HK$1.8 billion (30 June 2009: HK$1.7 billion), of which non-current bank borrowings amounted to approximately HK$457 million (30 June 2009: HK$305 million).

The Group's financial gearing, representing the ratio of total borrowings from banks and financial institutions to equity attributable to the owners of the Company, was around negative 0.7 (30 June 2009: negative 1.1). The Group believes that its future cash flow requirements can be satisfied by the funds generated from operations, facilities provided by banks and financial institutions as well as by the strong support of suppliers.

CHARGES ON GROUP ASSETS

As at 31 December 2009, the Group's bank facilities and other loans were mainly supported by certain plant and machinery of the Group with a net book value of approximately HK$323 million (30 June 2009: HK$298 million), and first legal charges over certain land and buildings of the Group of approximately HK$471 million (30 June 2009: HK$471 million).

CONTINGENT LIABILITIES

Certain subsidiaries of the Group have been named as defendants in several PRC court actions in respect of default payments of payable to suppliers and creditors as at 31 December 2009. The claimed amounts were fully recognised on the condensed consolidated financial statements. The Group is currently negotiating to reschedule these payments.

FOREIGN EXCHANGE EXPOSURE

The Group mainly operates in the People's Republic of China and the exposure to foreign exchange rate risks mainly arises from fluctuations between the United States dollars and Renminbi exchange rates. Foreign currency exposures are managed through using natural hedges and forward contracts. As at 31 December 2009, there were forward contracts in place to hedge against possible exchange risk from future net cash flows.

EMPLOYEES AND REMUNERATION POLICIES

As of 31 December 2009, the Group employed approximately 2,000 full-time employees. Remuneration of the Group's employees is based largely on the prevailing industry practices in the countries in which it operates, as well as on individual merit. The Group also offers share options to selective senior executives as well as monetary awards to reward employees with very outstanding performance.

INTERIM DIVIDEND

In view of need of the Group's future development, the Board of Directors of the Company has resolved not to declare any interim dividend for the six months ended 31 December 2009 (2008: Nil).

OTHER INFORMATION

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

During the six-month period ended 31 December 2009, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

CORPORATE GOVERNANCE

During the six-month period ended 31 December 2009, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Listing Rules, except for the following deviations:

Under the code provision A.2.1 of the CG Code, the roles of Chairman and Chief Executive Officer (the "CEO") should be separate and should not be performed by the same individual. Mr. Yang Long-san, Rowell currently holds the offices of Chairman and CEO of the Company. The Board believes that vesting the roles of both Chairman and CEO in the same person provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies.

Under the code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term, subject to re-election. However, according to the Company's Bye-Laws, all Directors of the Company are subject to retirement by rotation once every three years and any new Director appointed to fill a casual vacancy shall submit himself/herself for re-election by shareholders at the first general meeting after appointment, such practice meets the same objective and is no less exacting than those prescribed under the code provision of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standards set out in the Model Code. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code and its code of conduct regarding directors' securities transactions during the Review Period.

AUDIT COMMITTEE

As at the date of this report, the Audit Committee of the Company (the "Audit Committee") comprises three independent non-executive Directors of the Company, namely Mr. Lau Siu-ki, Kevin, Mr. Lee Chiu-kang, Alex and Mr. Liu Zixian, with written terms of reference in line with the CG Code.

The Audit Committee has, as at the date of this report, review with the Company's management, the Group's unaudited condensed consolidated financial statements for the six months ended 31 December 2009, who was of the opinion that such statements comply with the applicable accounting standards and legal requirements, and that adequate disclosures have been made.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") comprises two independent non-executive Directors of the Company, namely Mr. Lee Chiu-kang, Alex and Mr. Lau Siu-ki, Kevin and a non-executive Director of the Company, namely Mr. Wang Kuei-ching, Will. The Remuneration Committee has adopted terms of reference which are in line with the CG Code.

On behalf of the Board
Proview International Holdings Limited
Yang Long-san, Rowell
Chairman and Chief Executive Officer

Hong Kong, 26 March 2010

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

* *For identification purpose only*