SKYWORTH DIGITAL HOLDINGS LIMITED

（創維數碼控股有限公司*）

(incorporated in Bermuda with limited liability)

(Stock Code: 00751)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

SKYWORTH DIGITAL HOLDINGS LIMITED is an investment holding company with subsidiaries principally engaged in the manufacture and sales of consumer electronic products and upstream accessories, and property holding.

Highlights of Results

Skyworth Digital Holdings Limited (the "Company"), together with its subsidiaries, the ("Group") recorded the following results for the six months ended 30 September 2013 (the "Period"):

- Turnover increased by 22.2% from that of the same period last year, reached HK$20,022 million (81.6% from mainland China market).
- Sales of television products and digital set-top boxes accounted for 77.0% and 10.8% of the Group's total turnover, respectively.
- Gross profit achieved HK$3,833 million, increased by 16.1%; the gross profit margin was 19.1%, decreased by 1.0 percentage point compared with that for the same period last year.
- Unaudited profit before and after non-controlling interests for the Period were HK$806 million and HK$719 million, respectively, increased by 30.4% and 26.4%, respectively, on a year-on-year basis.
- The Board has proposed an interim dividend of HK8.5 cents per share with an option to elect scrip dividend in lieu of cash.

The Board of Skyworth Digital Holdings Limited (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2013. These results have been reviewed by the Audit Committee and the Company's auditor, Messrs. Deloitte Touche Tohmatsu.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2013

Amounts expressed in millions of Hong Kong dollars except for earnings per share data

	NOTES	Six months ended 30 September **2013** *(unaudited)*	2012 *(unaudited)*
Turnover	3	**20,022**	16,389
Cost of sales		**(16,189)**	(13,088)
Gross profit		**3,833**	3,301
Other income		**402**	268
Other gains and losses		**(62)**	(32)
Selling and distribution expenses		**(2,362)**	(2,089)
General and administrative expenses		**(755)**	(604)
Finance costs		**(83)**	(67)
Share of results of associates		**1**	1
Share of results of joint ventures		**(1)**	(4)
Profit before taxation		**973**	774
Income tax expense	5	**(167)**	(156)
Profit for the period	6	**806**	618
Other comprehensive income (expense)			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation		**160**	-
Fair value loss on available-for-sale financial assets		**(19)**	(17)
Reclassification adjustment upon impairment of available-for-sale financial assets		**19**	-
Fair value (loss) gain on cash flow hedges		**(3)**	1
Loss on cash flow hedges reclassified to profit and loss		**8**	6
Other comprehensive income (expense) for the period		**165**	(10)
Total comprehensive income for the period		**971**	608
Profit for the period attributable to:			
Owners of the Company		**719**	569
Non-controlling interests		**87**	49
		806	618
Total comprehensive income for the period attributable to:			
Owners of the Company		**875**	559
Non-controlling interests		**96**	49
		971	608
Earnings per share (expressed in HK cents)			
Basic	7	**25.64**	21.10
Diluted	7	**25.60**	20.96

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2013

Amounts expressed in millions of Hong Kong dollars

	NOTES	**As at 30 September 2013** ***(unaudited)***	As at 31 March 2013 *(audited)*
Non-current Assets			
Property, plant and equipment		**3,792**	3,068
Deposits for purchase of property, plant and equipment		**141**	124
Investment properties		**11**	11
Prepaid lease payments on land use rights		**447**	445
Interests in associates		**14**	13
Interests in joint ventures		**198**	219
Other receivable		**-**	108
Available-for-sale investments		**329**	305
Deferred tax assets		**135**	137
		5,067	4,430
Current Assets			
Inventories		**5,003**	5,109
Stock of properties		**550**	539
Prepaid lease payments on land use rights		**10**	10
Trade and other receivables, deposits and prepayments	9	**7,541**	6,213
Bills receivable	10	**8,214**	9,773
Derivative financial instruments		**2**	-
Amounts due from joint ventures		**19**	28
Amounts due from associates		**27**	-
Tax recoverable		**44**	12
Structured bank deposits		**25**	25
Pledged bank deposits		**891**	623
Bank balances and cash		**3,234**	2,301
		25,560	24,633
Current Liabilities			
Trade and other payables	11	**10,209**	9,586
Bills payable	12	**3,231**	1,699
Dividend payable		**308**	-
Obligations arising from put options written to non-controlling interests		**457**	410
Derivative financial instruments		**6**	10
Provision for warranty		**143**	133
Amounts due to joint ventures		**4**	4
Amount due to an associate		**33**	65
Tax liabilities		**115**	190
Bank borrowings		**3,897**	5,581
Deferred income		**191**	-
		18,594	17,678
Net Current Assets		**6,966**	6,955
Total Assets less Current Liabilities		**12,033**	11,385

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – continued
AT 30 SEPTEMBER 2013

Amounts expressed in millions of Hong Kong dollars

	As at 30 September 2013 *(unaudited)*	As at 31 March 2013 *(audited)*
Non-current Liabilities		
Provision for warranty	**57**	40
Bank borrowings	**343**	225
Deferred income	**555**	706
Deferred tax liabilities	**174**	178
	1,129	1,149
NET ASSETS	**10,904**	10,236
Capital and Reserves		
Share capital	**280**	280
Share premium	**2,396**	2,396
Share option reserve	**174**	157
Surplus account	**38**	38
Capital reserve	**537**	537
Exchange reserve	**1,271**	1,120
Hedging reserve	**(5)**	(10)
Accumulated profits	**5,862**	5,451
Equity attributable to owners of the Company	**10,553**	9,969
Non-controlling interests	**351**	267
	10,904	10,236

NOTES:

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The preparation of the condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and, disclosure of contingent liabilities at the end of the reporting period and the reported amount of revenue and expenses during the reporting period. The key estimates and assumptions are consistent with those as disclosed in the annual consolidated financial statements for the year ended 31 March 2013.

The Group's operations are seasonal, the turnover from September to January (the peak season for sales of consumer electronic products in the mainland China) is relatively higher than the turnover from the rest of the year. Results for interim periods are not necessarily indicative of the results for the entire financial year. This interim report should be read, where relevant, in conjunction with the annual report of the Group for the year ended 31 March 2013.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2013 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2013.

2. PRINCIPAL ACCOUNTING POLICIES - continued

In the current interim period, the Group has applied, for the first time, the following new or revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle
Amendments to HKFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair value measurement
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current interim period, the Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12 and HKAS 28 (as revised in 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding the transitional guidance. HKAS 27 (as revised in 2011) is not applicable to these condensed consolidated financial statements as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK(SIC)-Int 12 *Consolidation - Special Purpose Entities*. HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The application of HKFRS 10 did not have significant impact on amounts reported in the condensed consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES - continued

New and revised Standards on consolidation, joint arrangements, associates and disclosures - continued

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*, and the guidance contained in a related interpretation, HK(SIC)-Int 13 *Jointly Controlled Entities - Non-Monetary Contributions by Venturers*, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements - joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 had three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was classified as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations are different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

The application of HKFRS 11 did not have significant impact on amounts reported in the condensed consolidated financial statements.

2. PRINCIPAL ACCOUNTING POLICIES - continued

HKFRS 13 *Fair Value Measurement*

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for “fair value” and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively.

Amendments to HKAS 1 *Presentation of Items of Other Comprehensive income*

The amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income* introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, a “statement of comprehensive income” is renamed as a “statement of profit and loss and other comprehensive income” and an “income statement” is renamed as a “statement of profit or loss”. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require items of other comprehensive income to be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

2. PRINCIPAL ACCOUNTING POLICIES - continued

Amendments to HKAS 34 *Interim Financial Reporting*
(as part of the Annual Improvements to HKFRSs 2009-2011 Cycle)

The Group has applied the amendments to HKAS 34 *Interim Financial Reporting* as part of the Annual Improvements to HKFRSs 2009 - 2011 Cycle for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim financial statements only when the amounts are regularly provided to the chief operating decision maker and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment. Since there has not been a significant change on the assets and liabilities of the Group's reportable segments (neither for a particular reportable segment or aggregated as a whole) comparing with the amounts disclosed in the consolidated financial statements for the year ended 31 March 2013, the Group has not included total assets and liabilities information as part of segment information.

Except as described above, the application of the other new or revised HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

3. TURNOVER

Turnover represents the aggregate value of goods sold after goods returns, trade discounts and sales related taxes, and rental income from leasing of properties for the period. An analysis of the Group's turnover for the period is as follows:

	Six months ended 30 September	
	2013	2012
	(unaudited)	(unaudited)
	HK$ million	HK$ million
Manufacture and sales of TV products	**15,410**	13,338
Manufacture and sales of digital set-top boxes	**2,162**	1,835
Processing income and sales of liquid crystal display ("LCD") modules	**496**	215
Manufacture and sales of white appliances	**1,122**	454
Property rental income	**40**	36
Sales of properties	**30**	-
Others	**762**	511
	20,022	16,389

4. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by reportable and operating segments:

For the six months ended 30 September 2013

	TV products (PRC market)	**TV products (Overseas market)**	**Digital set-top boxes**	**LCD modules**	**White appliances**	**Property holding**	**Others**	**Eliminations**	**Total**
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
Turnover									
Segment revenue from external customers	**13,632**	**1,778**	**2,162**	**496**	**1,122**	**40**	**792**	**-**	**20,022**
Inter-segment revenue	**203**	**-**	**-**	**613**	**-**	**6**	**163**	**(985)**	**-**
Total segment revenue	**13,835**	**1,778**	**2,162**	**1,109**	**1,122**	**46**	**955**	**(985)**	**20,022**
Results									
Segment results	**763**	**(42)**	**263**	**96**	**96**	**24**	**(31)**	**-**	**1,169**
Interest income									**43**
Unallocated corporate expenses less income									**(156)**
Finance costs									**(83)**
Share of results of associates									**1**
Share of results of joint ventures									**(1)**
Consolidated profit before taxation of the Group									**973**

For the six months ended 30 September 2012

	TV products (PRC market)	TV products (Overseas market)	Digital set-top boxes	LCD modules	White appliances	Property holding	Others	Eliminations	Total
	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million	HK$ million
Turnover									
Segment revenue from external customers	12,159	1,179	1,835	215	454	36	511	-	16,389
Inter-segment revenue	172	-	-	413	-	5	83	(673)	-
Total segment revenue	12,331	1,179	1,835	628	454	41	594	(673)	16,389
Results									
Segment results	670	1	226	69	31	20	(63)	-	954
Interest income									28
Unallocated corporate expenses less income									(138)
Finance costs									(67)
Share of results of associates									1
Share of results of joint ventures									(4)
Consolidated profit before taxation of the Group									774

Segment results represent the profit earned from (loss of) each segment without allocation of interest income, corporate expenses less income, finance costs, share of results of associates and joint ventures. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Inter-segment revenue is charged at prevailing market rates.

5. INCOME TAX EXPENSE

	Six months ended 30 September	
	2013	2012
	(unaudited)	(unaudited)
	HK$ million	*HK$ million*
Income tax expense comprises:		
People's Republic of China (the "PRC") income tax		
Current period	**185**	158
Overprovision in prior periods	**(16)**	-
	169	158
Deferred taxation	**(2)**	(2)
	167	156

No provision for Hong Kong Profits Tax has been made as the relevant entities comprising the Group have no assessable profits derived from or arising in Hong Kong for both periods presented.

PRC income tax is calculated at the prevailing PRC tax rates on the estimated assessable profits for both periods.

For those subsidiaries approved as High and New Technology Enterprise by the relevant government authorities, they are subject to a preferential rate of 15%.

Hong Kong Inland Revenue Department ("IRD") initiated a tax audit on a few subsidiaries of the Company for the years of assessments from 2002/2003 onwards in 2011. Up to 30 September 2013, estimated additional assessments for the years of assessment 2002/2003 to 2006/2007 were issued to the relevant subsidiaries. The amounts of tax were held over on condition that tax reserve certificate in the aggregate amount of HK$7,900,000 (as at 31 March 2013: HK$7,900,000) were purchased up to 30 September 2013. Since the tax audit is at the fact finding stage with information and documents submitted are currently being reviewed by the IRD and views are being/will be exchanged with the IRD. In the opinion of the directors of the Company, the outcome and impact of this matter is not material to the condensed consolidated financial statements.

6. PROFIT FOR THE PERIOD

	Six months ended 30 September	
	2013	2012
	(unaudited)	(unaudited)
	HK$ million	*HK$ million*
Profit for the period has been arrived at after charging (crediting):		
Cost of inventories recognised as an expense including write-down of inventories of HK$8 million (for the six months ended 30 September 2012: HK$50 million)	**16,149**	13,071
Cost of stock of properties recognised as an expense	**22**	-
Depreciation of property, plant and equipment	**172**	142
Dividend income from		
- unlisted investments	**(2)**	(5)
Government grants		
- related to assets	**(20)**	(33)
- related to expense items	**(63)**	(49)
- related to value-added-tax ("VAT") refund	**(182)**	(67)
Impairment loss on trade receivables	**37**	23
Interest income:		
Interest income from bank deposits	**(42)**	(23)
Imputed interest income from		
- trade receivables from settlement on instalments	**(1)**	(1)
- other receivable	**-**	(4)
	(43)	(28)
Release of prepaid lease payments on land use rights	**5**	5
Rental income from leasing of properties less related outgoings of HK$18 million (for the six months ended 30 September 2012: HK$17 million)	**(22)**	(19)
Staff costs, including directors' emoluments	**1,608**	1,334

7 EARNINGS PER SHARE

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

	Six months ended 30 September	
	2013	2012
	(unaudited)	(unaudited)
	HK$ million	HK$ million
Earnings:		
Earnings for the purposes of basic and diluted earnings per share:		
Profit for the period attributable to owners of the Company	**719**	569
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,803,909,983**	2,696,973,195
Effect of dilutive potential ordinary shares in respect of share options outstanding	**4,411,991**	18,250,057
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,808,321,974**	2,715,223,252

The computation of diluted earnings per share does not assume the exercise of certain of the Company's outstanding share options as the exercise prices are higher than the average market price per share for both periods presented.

8. DIVIDENDS

Subsequent to 30 September 2013, a dividend of HK11 cents per share, amounting to HK$308 million in total, was distributed to shareholders on 18 October 2013 as the final dividend for the year ended 31 March 2013. Such amount was recognised as distribution and as dividend payable on the condensed consolidated statement of financial position when such declaration of dividend was approved by the shareholders in the Company's Annual General Meeting held on 20 August 2013. Of such final dividend, an aggregate amount of HK$5 million would be satisfied by way of scrip dividend by an allotment of new shares of the Company credited as fully paid.

During the six months ended 30 September 2012, a dividend of HK10 cents per share, amounting to HK$271 million in total, was distributed to the shareholders as the final dividend for the year ended 31 March 2012. Of such final dividend, an aggregate of HK$185 million would be satisfied by way of scrip dividend by an allotment of new shares of the Company credited as fully paid.

The Board of Directors has resolved that an interim dividend of HK8.5 cents per share for the year ending 31 March 2014, amounting to HK$239 million in total, be paid to the shareholders of the Company whose names appear in the Register of Members on 12 December 2013 with an option to elect scrip dividend wholly or partly in lieu of cash dividend.

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

Sales of TV products, LCD modules and white appliances in the PRC are generally settled by payment on delivery or bills issued by banks with maturity dates ranging from 90 to 180 days. Sales to certain retailers in the PRC are made with credit terms of one to two months after sales. Certain district sales managers in the PRC are authorised to make credit sales for payment at 30 to 60 days up to a limited amount which is determined on the basis of the sales volume of the respective offices.

For sales of digital set-top boxes, the credit terms are normally ranging from 90 days to 270 days. Sales to certain customers in the PRC are on instalment basis for a period ranging from 2 years to 4.5 years.

Export sales of the Group are mainly by letters of credit with credit term ranging from 30 to 90 days.

The following is an aged analysis of trade receivables, net of allowance, presented based on the invoice date at the end of the reporting period, and other receivables, deposits and prepayment:

	As at 30 September 2013 (unaudited) HK$ million	As at 31 March 2013 (audited) HK$ million
Within 30 days	**2,659**	1,784
31 to 60 days	**456**	387
61 to 90 days	**285**	325
91 to 365 days	**1,232**	934
Over 365 days	**416**	413
Trade receivables	**5,048**	3,843
Deposits paid for advertisement	**186**	90
Purchase deposits paid for materials	**349**	360
Receivables from government for refunds paid to customers on buying energy-saving products	**1,016**	1,208
VAT receivables	**294**	329
Other receivable relating to the unlisted equity securities	**108**	-
Other deposits paid, prepayments and other receivables	**540**	383
	7,541	6,213

10. BILLS RECEIVABLE

The maturity dates of bills receivable at the end of the reporting period are analysed as follows:

	As at 30 September 2013 (unaudited) HK$ million	As at 31 March 2013 (audited) HK$ million
Within 30 days	**1,306**	1,388
31 to 60 days	**596**	1,267
61 to 90 days	**1,200**	2,108
91 days or over	**4,454**	3,519
Bills endorsed to suppliers with recourse	**658**	1,491
	8,214	9,773

The carrying values of bills endorsed to suppliers with recourse continue to be recognised as assets in the condensed consolidated financial statements as the Group has not transferred the substantially risks and rewards of ownership of the bills receivable taking into account the credit rating of the issuers of the bills. Accordingly, the payable associated with such bills as disclosed in note 11 are not derecognised in the condensed consolidated financial statements as well.

The maturity dates of bills endorsed to suppliers with recourse are less than six months from the end of the reporting period.

All bills receivable at the end of the reporting period are not yet due.

11. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables based on invoice date at the end of the reporting period, and other payables:

	As at 30 September 2013 (unaudited) HK$ million	As at 31 March 2013 (audited) HK$ million
Within 30 days	**3,874**	2,425
31 to 60 days	**507**	766
61 to 90 days	**573**	650
91 days or over	**233**	356
Trade payables under endorsed bills	**658**	1,491
Trade payables	**5,845**	5,688
Accrued selling and distribution expenses	**501**	375
Accruals and other payables	**683**	509
Accrued staff costs	**530**	826
Deposits received for sales of goods	**1,185**	963
Deposits received for sales of properties	**106**	16
Other deposits received	**418**	371
Other taxes payable	**168**	117
Payables for purchase of property, plant and equipment	**86**	110
Sales rebate payable	**572**	513
VAT payable	**115**	98
	10,209	9,586

The maturity dates of trade payables under endorsed bills are less than six months from the end of the reporting period.

12. BILLS PAYABLE

The maturity dates of bills payable at the end of the reporting period are analysed as follows:

	As at 30 September 2013 (unaudited) HK$ million	As at 31 March 2013 (audited) HK$ million
Within 30 days	**775**	509
31 to 60 days	**488**	417
61 to 90 days	**541**	235
91 days or over	**1,427**	538
	3,231	1,699

All bills payable at the end of the reporting period are not yet due.

13. PLEDGE OF ASSETS

As at 30 September 2013, the Group's bank borrowings and bills payable were secured by the following:

(a) legal charges over prepaid lease payments on land use rights and leasehold land and buildings with carrying value of HK$73 million (as at 31 March 2013: HK$76 million) and HK$21 million (as at 31 March 2013: HK$50 million) respectively; and

(b) pledged bank deposits of HK$891 million (as at 31 March 2013: HK$623 million).

In addition, there were bills receivable endorsed to suppliers with recourse of HK$658 million (as at 31 March 2013: HK$1,491 million) as disclosed in note 10.

BUSINESS PERFORMANCE REVIEW

(1) Sustainable growth in turnover

The Group's turnover for the Period reached HK$20,022 million, representing an increase of 22.2% over the same period last year.

The TV products business unit in China market responded to the recent market change by actively introducing new products and modifying its products mix. It continuously promotes Ultra High Definition ("UHD") 4K x 2K TVs and Cloud TVs, so as to create a premium value to the brand by associating with high-end products. The Group successfully utilized its well-developed sales network in third and fourth tier cities as well as the specialty stores in first and second tier cities to capture customers' demand in middle to high-end products. With the most upfront customer information obtained through our channels coverage, the Group was able to instantly react with a wide range of products and fulfill the needs from different markets and customers. At the same time, benefited from the increase in sales volume of high-end products as well as the replacement demand for TV products in China market, the overall average selling price of the Group increased. In addition, the turnover of digital set-top boxes and white appliances recorded a high-speed growth. All of the above contributed to the continuous growth in turnover of the China market.

Although the global economy still depressed, the Group concentrated in exploring areas in the emerging markets and enforcing the implementation of new products as well as to increase the awareness of our own-brand products. The turnover in overseas market roared by 42.4% over the same period last year, in particular for the sales of digital set-top boxes and white appliances.

(2) Turnover analysis by geographical and product segments

(a) Mainland China Market

During the Period, the mainland China market accounted for 81.6% of the Group's total turnover, recorded a 18.4% growth from HK$13,800 million for the same period last year to HK$16,334 million.

The Group's TV business in mainland China accounted for 84.2% of the total domestic turnover. The sales of digital set-top boxes and white appliances accounted for 6.4% and 4.3%, respectively. Other business units include those engaged in manufacturing of LCD modules, moulds, automobile electronics, other electronic products and rental collection etc., attributed the remaining 5.1%.

TV products

The continuous improvement of the China economy has maintained a high level of demand for LCD TV in mainland China market. The termination of the energy-saving home appliances subsidy program during the Period, had limited adverse impact to the Group's turnover. In addition, the Group has launched a sales strategy during this year to deepen the market penetration of the UHD 4K LCD TVs, the Group's TV products sales in mainland China market grew by 11.4% and reached HK$13,753 million.

The Group adheres to quality as its foundation and committed to produce high quality electronic products. Through a series of breakthrough on new technologies and new products which lead the trend of TV products market, the Group has achieved a leading performance in TV products.

According to the extrapolated TV sales data based on the market survey covering 711 cities with 6,023 retail terminals in mainland China performed by All View Consulting Co., Ltd. (a market research and marketing consulting company focusing on consumer electronic and home appliance industry, the establishment of which was initiated and advocated by China Video Industry Association in China) the Group's market shares among local and foreign TV brands in mainland China for the 12 months ended 30 September 2013 are as follows:

	Ranking	**Market share**
All TV		
- Volume	1	16.9%
- Revenue	1	16.1%
LCD TV (included CCFL and LED LCD TV)		
- Volume	1	17.8%
- Revenue	1	17.1%
3D TV (included CCFL and LED LCD TV)		
- Volume	1	25.2%
- Revenue	1	20.9%

During the Period, the Group's total TV sales in mainland China were from selling of LED LCD TVs, in total 4.22 million sets Flat Panel TVs under Skyworth brand were sold, representing an increase of 16.6%. In which 1.27 million sets refers to the sales volume of Cloud TVs, representing 30.1% of the Group's total TV sales in mainland China market. Whilst the sales volume of 3D LED LCD TVs has reached 0.94 million sets, represented 22.3% of the Group's total TV sales in mainland China market.

In order to enhance the Group's product competitiveness and the market share, the Group launched a new generation of Cloud TV operating system – Tianci System. The Tianci operating system is endowed with four advantages including simple control, full floating UI, cross-border integrated cloud platform and second screen, which bring the Cloud TV to reach a more advanced platform. Meanwhile, the Group together with the strategic partner Alibaba Group brought a debut three series of "Coocaa" smart TV ("Coocaa TV"). The Coocaa TV has embedded with Alibaba's application such as "Juhuasuan.com" and "Alipay" which aimed to open the era of home Internet.

Being the technology advancement and the product innovations, the TV products of the Group has won awards that could strengthen brand awareness and boost up the turnover of TV products in the mainland China. During the Period, the key awards contributed to our brand and sales improvement of TV products including:

- In the list of best listed companies of Asia-Pacific Region in the year 2013 released by Forbes, the Group was granted "Fabulous TOP Fifty Listed Enterprises of Asia-Pacific Region in 2013".

- The Skyworth "Memory Share" TVs has received the "Red Dot Concept Award" organized and held by the design promotion center of Zentrum Nordhein Westfalen.

- In the 2013 (9th) China Digital TV Industry Development Summit Forum, the Group was awarded as "The best rated flat-panel TV brand of 2013". Meanwhile, Skyworth UHD 4K Cloud TV E780U series also won "Top Ten flat-panel TVs of 2013" award in the Forum.

- In the "2013 China Third Summit Forum on Product Innovation" the Group was awarded as "China's Top Ten Innovative Producers (manufacturing section) in 2013".

- In the awarding ceremony of the "10th Shenzhen Top Brand", Shenzhen Chuangwei - RGB Electronics Co., Ltd. was awarded "Shenzhen Top Brand".

- In the "Economic Operation of China Electronic Information Industry and the Color TV Industry Research Conference of 2nd Quarter 2013", the Group's TV model 50E780U was granted with the award of "2013 Innovative UHD Product of China color TV industry", while Skyworth 4K full-time system won the award of "2013 Innovative UHD Technology of China color TV industry".

- In the "Press Conference of the Sixth National After-sales Service Evaluation Event and the Forum of Service Creating New Values", with its excellent service, the Group was honored with the title of "Top Ten Enterprises with Excellent After-sales Service in China" and became the only enterprise winning the honor within domestic color TV industry.

Digital set-top boxes

The turnover of digital set-top boxes in mainland China market recorded HK$1,038 million, representing an increase of 19.2% or HK$167 million, compared with HK$871 million recorded in the same period of previous year.

The Group's digital set-top boxes have a remarkable brand primacy with a leading position amongst competitors in the market of mainland China. During the Period, the Group has won the bid for the programmes of live broadcast satellite launched by the State Administration of Radio, Film and Television. In addition, the Group successfully developed in new provinces which resulted in a dramatic increase in sales volume when comparing with that of last period. The "i.Kan" brand that promoted by the Group since last year was awarded "Shenzhen Top Brand" in the awarding ceremony of the "10th Shenzhen Top Brand". This would further enhance brand awareness and benefit the turnover of digital set-top boxes.

White Appliances

The turnover of white appliances in mainland China market recorded HK$696 million, representing a substantial increase of 575.7% or HK$593 million.

Through establishing a research center, the Group continuously strengthens its products quality and developed products which were more energy-saving, advanced and trendy. In addition, the Group made use of outdoor mega advertising board and television advertisement to construct its brand and to obtain customers' acceptance. Apart from effectively utilising the Group's existing sales network, the Group distributed its refrigerators and washing machines via Internet and large chained department stores which significantly enhanced the market share and marked a favorable result for the Period.

LCD modules

The turnover of LCD modules in mainland China recorded HK$270 million, representing an increase of HK$124 million or 84.9%.

The LCD modules has years of experience in developing LED backlight products and possession of mature technology. During the Period, owing to its excellent customer base and quality control, with customers' trust and support, boosted up its sales orders. By converting to high-end products production, both of the average price and turnover are growing. During the Period, the LCD module business unit in further enlarged its production scale and diversified its products, especially for the self-designed small size modules, which believe to be a new driver to its overall turnover.

(b) Overseas Market

The turnover generated from overseas markets accounted for HK$3,688 million, or 18.4% of the Group's total turnover for the Period. Comparing with HK$2,589 million recorded in the same period of previous year, representing an increase of 42.4%.

TV products

The turnover of overseas TV products for the Period was HK$1,657 million, or 44.9% of the total overseas turnover, has grew by 66.4%. The overseas sales volume increased by 23.2% to 1.38 million sets, in which cathode ray tube ("CRT") TVs decreased to 0.19 million sets, or equivalent to a drop of 20.8%, and flat panel TV increased by 35.2% to 1.19 million sets.

During the Period, in order to strengthen our brand product image, the Group participated actively in exhibitions throughout different countries. Having variety of products to satisfy our customers' expectation, TVs with Skyworth brand name have gained more acceptances from overseas customers. Especially in Asia Market, our own branded products hit a new record with the continuous volume growth. The Group keeps on exploring new customers in South America market, in where the turnover was encouraging and driven up the overall overseas sales.

In addition, other key factors of the turnover growth of the overseas TV products include:

- effectively instruct clear strategies, seize the demand for the digital conversion in the emerging markets;
- adequately launch high-end products, strengthen the product image; and
- enhance the development of the sales network in the overseas market and provide excellent after-sale services in order to maintain the product price competitiveness and gross profit margin.

Digital set-top boxes

The turnover of overseas digital set-top boxes for the Period increased by 16.6% to HK$1,124 million from the same period last year.

The Group seizes the opportunity of large-scale digital conversion in emerging markets. Other than to maintain close cooperation with operators in India, we also actively exploit other markets such as Thailand, Indonesia and Vietnam. This led to an increase in the turnover and thus the sales of digital set-top boxes in Asia market recorded 46.4% compared to the same period last year. Moreover, the Group has successfully bid in various operators' projects in Turkey and South Africa markets and sustains mass production to improve our overseas sales. Although the performance in Europe market was incompetence to the Asia market, the Group will continue to sustain market demand by perfecting our product line. The digital set top boxes business yet will keep on further explore opportunities in Eastern Europe, Russia and South America so as to consolidate its position in the overseas market.

White Appliances

The turnover of white appliances (mainly tablet computer) in overseas market recorded HK$426 million, representing an increase of 21.4% or HK$75 million compared to the same period in last year.

The Group continues to resource in extending its customer base in Asia market, and widening its source of customers by exploring new regions such as South America, Middle East, Russia, Germany and Portugal. Through more participation to IT festivals and electronic exhibitions in different regions, our products gain a better brand reputation. We also obtained the overseas customers' support and trust by differentiating our product functions and by improving our product quality through continuous technological research so as to sustain a higher turnover.

Geographical distribution

During the Period, Asia, America and Africa dominate the Group's overseas markets, with aggregation up to 86% in overseas turnover. The turnover from Asia market rose by 4 percentage points due to emerging markets expansion. The remaining 14% of overseas turnover belongs to Middle East, Australia and New Zealand and Europe. The geographical distribution of the turnover in percentage for overseas markets is illustrated as follows:

	Six months ended 30 September	
	2013 (%)	2012 (%)
Asia (including Japan, Korea, Vietnam, etc.)	49	45
America	28	22
Africa	9	5
Europe	8	21
Middle East	5	6
Australia and New Zealand	1	1
	100	100

(3) Gross profit margin

For the Period, the overall gross profit margin of the Group dropped 1.0 percentage point from 20.1% to 19.1% in comparison to the same period last year.

The product pricing cycle is shortening due to non-traditional TV suppliers penetration in Smart TVs, which adversely affected our gross profit margin of TV products. In addition, the energy-saving home appliance subsidy program has expired in May 2013, the relatively small sizes portions increased in the first quarter, which constitutes another reason for the declining gross profit margin.

In the second half year, the Group accelerates conversion to mid and high-end products through its sales strategic reform, new products promotion enforcement, the product quality improvement and production cost optimization, integrating all ingredients will lead to an increase in the gross profit margin.

(4) Selling and distribution expenses

The Group's selling and distribution ("S&D") expenses consisted of brand promotion and marketing expenses, sales and marketing related salaries, maintenance and transportation expenses. During the Period, S&D expenses rose 13.1% compared to the same period last year from HK$2,089 million to HK$2,362 million. The S&D expense to turnover ratio decreased by 0.9 percentage points from 12.7% to 11.8%.

During the Period, in line with a series of new products, the Group launched various promotions on vehicles, outdoor advertising mega board and sponsored major TV shows and media advertisement. The Group also organised technical presentations and participated in different exhibitions to reinforce our brand influence and devote more resources to enlarge the sales channels in rural areas and enhance its product image. This increased the advertising expenses by 10.9%. Corresponding selling costs increased in proportion to the turnover including exhibition and flagship store expenditures, promotional staff expenses, and sales performance bonus.

Albeit an increase to S&D expenses, the Group endeavored to improve product reliability continuously, constraining warranty and maintenance costs to enhance brand and Group's reputation that maximised stakeholder interests in the long run.

(5) General and administrative expenses

The Group's general and administrative ("G&A") expenses for the Period rose by HK$151 million or 25.0% to HK$755 million. The G&A expenses to turnover ratio for the Period slightly increased by 0.1 percentage points to 3.8%.

To maintain the ability to offer high quality products with latest features, the Group had devoted more resources in R&D during the Period, that triggered an increase in R&D expenses by HK$60 million or 38.7%. In addition, the staff salary and welfare increased by HK$16 million, or 10.7% due to the increase in number of employees and the salary and also the performance related bonus. Other expenses did not change significantly, compared with that of the same period last year.

Management of the Group believes to maintain a high standard of cost control to G&A expenses were for the benefits of the Group. Management regularly reviewed and updated controls and procedures to ensure that cost objective can be achieved.

(6) Inventory control

The net carrying value of the Group's inventories reached HK$5,003 million as at the Period ended, representing a decrease of HK$106 million or 2.1% as at 31 March 2013. Due to a drop of sale volume in September 2013 as announced, the Group paced up to clear the aged inventory thus led to a drop in net balance.

Compared to 30 September 2012, the inventory increased by HK$188 million or 3.9%. This was mainly in proportion to our turnover and as a result of the expanded production scales and changes in raw material components structure that shifting from low-end to middle to high-end products, corresponding to the increase in the total quantities and the unit cost of overall inventory.

As at the Period ended, the inventory turnover days was 57 days which was similar to the same period ended last year, reflecting the continuous effective inventory control and the products transformation of the Group.

(7) Trade receivables and bills receivable

At 30 September 2013, the Group had a total of HK$13,262 million trade receivables and bills receivable, decreased by HK$354 million, or 2.6% compared to that as at 31 March 2013. Trade receivables increased by HK$1,205 million or 31.4% to HK$5,048 million, whilst bills receivable dropped by HK$1,559 million or 16.0% to HK$8,214 million. Such increase is coherent with the seasonal peak in September in mainland China.

Concerning the cost efficiency as a whole, the Group adopted to issue more bills for suppliers during the Period. The change of payment approach caused a decline in bills endorsed to suppliers with recourse by 55.9% which led to a drop in bills receivable and imposed pressure on trade receivables. However, with flexible and reliable characteristics of bills receivable, the Group will continue to take this advantage to increase the proportion of bills receivable, not only accelerated the recovery of cash, but also avoided the risk of bad and doubtful debts.

Comparing to the same period ended last year, both of trade receivables and bills receivable increased by a total of HK$765 million or 6.1%. Trade receivables increased by HK$571 million, whilst bills receivable increased by HK$194 million. This is mainly resulted from the increase in the turnover during the period and the extension of the credit period to new customers.

(8) Trade payables and bills payable

As at 30 September 2013, the Group's trade payables and bills payable amounted to HK$5,845 million and HK$3,231 million, respectively. As compared with that as at 31 March 2013, the trade payables increased by HK$157 million or 2.8% and the bills payable increased by HK$1,532 million or 90.2%. At the Period ended, trade payable and bills payable increased primarily from massive procurements by TV, digital set-top boxes and white appliances divisions for meeting demands in peak season.

As compared with the amounts as at 30 September 2012, subject to the decline in the trade payable under endorsed bills by 51.8%, the trade payables decreased by HK$1,376 million or 19.1% whilst bills payable increased by HK$1,801 million or 125.9%. This was mainly resulted from the increase in the purchase arising from the increase in the turnover.

LIQUIDITY, FINANCIAL RESOURCES AND CASH FLOW MANAGEMENT

The Group maintained a strong financial position. The Group's net current assets as at the Period ended increased by HK$11 million or 0.2% from 31 March 2013. Bank balances and cash amounted to HK$3,234 million, representing an increase of HK$933 million, compared with that as at 31 March 2013, whilst an decrease of HK$125 million from the same period last year. The pledged bank deposits amounted to HK$891 million as at 30 September 2013, representing an increase of HK$268 million compared with that as at 31 March 2013, whilst the structured bank deposit amounted to HK$25 million which maintained the same level as 31 March 2013. The increase in pledged bank deposits at the Period ended was mainly due to addition cash injected during the period for bills payable or revolving loan with financial institutions.

The Group secured certain assets against its certain trade facilities and loans granted from various banks. Such secured assets included HK$891 million bank deposits and HK$25 million structured bank deposits, as well as certain prepaid lease payments on land use rights, leasehold land and properties in the mainland China and Hong Kong with net book value of HK$94 million (as at 31 March 2013: HK$126 million) as at the Period ended.

The Group adopted principle of prudence and committed to maintain a healthy financial position. At the end of the Period, total bank loans amounted to HK$4,240 million. Equity attributable to owners of the Company amounted to HK$10,553 million (as at 31 March 2013: HK$9,969 million); debt to equity ratio was 38.7% (as at 31 March 2013: 58.2%) which excluded portion of the bank loans arising from discounted bills receivable with recourse and foreign currency forward contracts. Other key financial ratios are included in Financial Highlights of the interim financial report.

As at the Period ended, the Group maintained its funding strategies to utilise more low interest United States ("US") dollars bank loans than high cost bill discounting to finance its working capital.

TREASURY POLICY

Most of the Group's major investments and revenue stream situate in mainland China. The Group's assets and liabilities are mainly denominated in Renminbi ("RMB"); others included Hong Kong dollars and US dollars. The Group requires carrying out general trade financing to fulfill operation cash flow needs. In order to reduce the finance costs, the Group utilisation of currency-based and income-based financial management tools introduced by banks to offset the financing pressure. During the Period, the Group had recognised HK$80 million net foreign exchange gains associated with general operation with reference to large appreciations in RMB.

The management reviewed the fluctuation of foreign currency and interest rate from time to time to determine the need on hedging actions appropriating to both foreign currency and interest movements, and the optimistic view of anticipating RMB stabilized in the long run. During the Period, the Group remained several financial arrangements with certain banks, such as target redemption contract, performance swap contract and cross-currency interest rate swaps contract of which the purpose is to manage the Group's foreign currency exposure in relation to its payables arising from time to time denominated partly in US dollars.

SIGNIFICANT INVESTMENTS AND ACQUISTITION

During the Period, an addition of HK$552 million in construction projects were underway, including certain new production line projects, the ongoing construction of new headquarter centre, the energy-saving facilities and the new construction phases for Guangzhou, Inner Mongolia, Nanjing, Yichun and Shenzhen production plants. These projects are positive influential to the productivity and operations, and providing tactics to complete orders on time. The Group had spent approximately HK$311 million on machinery in production line setups and other equipment, aiming to cater for future business needs, productivity and logistic efficiency enhancements.

During the Period, in order to enhance centralised fund management of the Group, improve the efficiency of fund utilisation of the Group and optimise resource allocation within the Group, Skyworth Group Limited, a wholly-owned subsidiary of the Company registered in China, invested about HK$1,267 million (equivalent to RMB1,000 million) to establish Skyworth Group Finance Company Limited ("Finance Company"). On 5 September 2013, the CBRC issued a certificate to Skyworth Group Finance authorising the commencement of business of Skyworth Group Finance as the finance company of the Group.

Resource integration is one crucial strategy to target good qualities for product elements. The Group invested HK$41 million in technological research and development through direct investments or available-for-sale investments in TV and Digital set-top boxes industries, to constitute supports for more integrated TV products and Digital set-top boxes development.

CONTINGENT LIABILITIES

There are individual patent disputes which arise from time to time in the ordinary course of business of the Group. The Group is in the course of processing these matters. The directors of the Company are of the view that these patent disputes will not have a material adverse impact on the condensed consolidated financial statements of the Group.

HUMAN RESOURCES CAPITAL

At 30 September 2013, the Group had over 35,000 employees in China (Hong Kong and Macau inclusive), including sales personnel situated throughout 41 branches and 206 sales offices. The Group gives high emphasis on fundamental employee benefits, appraisal systems, long-term and short-term incentive scheme, in motivation and recognition of staffs with outstanding contributions and performance. The Group values and allocates substantial resources for staff development, focusing on pre-employment and on-job trainings, providing punctual commentaries on latest industry trends, policies and guidelines to improve the quality of human capital.

The Group's remuneration policy is based on individual competence and performance, as well as overall human resources market set. Such details, along with information on the duties and services performed by the Remuneration Committee and Nomination Committee are disclosed in the Corporate Governance and Other Information section.

OUTLOOK

As it was over optimistic to the TV products market at the beginning of the Period, while the operating environment in TVs industry would expect to be challenging from the economy downturn in US and Eurozone and the China's economic growth slowdown in 2013. Hence, the Group has adjusted its annual sales volume target of domestic and overseas TV products to 9.50 million units and 3.50 million units respectively.

The Group would expect 3D TVs, Smart TVs and large size 4K UHD TVs be the major market demand in the second half of the year. The Group would grasp the opportunity for cross enterprise partnership and devote effort on promoting Smart TVs and UHD TVs. In order to achieve the annual sales volume target, the Group would launch a "Double brands, double platform" sales strategy to speed up the products replacement process and roll out new and diversified products.

For the overseas market, the Group continued to operating with cautious style policy. Not only keep on exploring the growth in the Asia and American markets, but also strengthen the market share in Europe, Middle East, Russia and Africa etc. in order to consolidate the position in the overseas market. In addition, the Group would accelerate the penetration of middle-high end products to increase its sales proportion in the overseas market. Hence, the Group is confident to achieve its annual sales volume target.

Last but not least, the Group will continue to develop other existing business units, some of which have already achieved outstanding results.

CORPORATE GOVERNANCE STANDARDS

Recognising the importance of a publicly listed company's responsibilities to enhance its transparency and accountability, the Company is committed to maintain a high standard of corporate governance in the interests of its shareholders. The Company devotes to the best practice on corporate governance, and to comply to the extent practicable, with the Code on Corporate Governance Practices contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Code").

For more information about the corporate governance practices of the Company, please refer to the "Corporate Governance Report" contained in the Company's annual report 2012/13.

AUDIT COMMITTEE

The Audit Committee was established by the Board since the initial listing of the Company's shares on the Stock Exchange on 6 April 2000. The Audit Committee comprises three members, Mr. So Hon Cheung, Stephen (Chairman), Mr. Li Weibin and Mr. Sun Shengdian, all of whom are independent non-executive directors of the Company.

During the period and up to the date of this report, the Audit Committee held two meetings and performed the following duties:

(a) reviewed and commented on the Company's draft annual and interim financial reports;
(b) commented on the Group's systems of internal control;
(c) reviewed the financial reporting system to ensure the adequacy of resources, qualifications and experience of staff of accounting and financial reporting function of the Group;
(d) discussed on the Group's internal audit plan with the Risk Management Department; and
(e) met with the external auditors.

MODEL CODE

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry of all directors of the Company, all directors confirmed through a confirmation that they had complied with the required standards set out in the Model Code and the code of conduct regarding securities transaction by directors adopted by the Company throughout the six months ended 30 September 2013.

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

During the six months ended 30 September 2013, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

INTERIM DIVIDEND

The Board of the Company has resolved to pay an interim dividend for the six months ended 30 September 2013 of HK8.5 cents (2012: HK7.0 cents) per ordinary share, totaling approximately HK$239 million (2012: HK$194 million) to the shareholders of the Company on or around 27 January 2014 whose names appear on the register of members of the Company at the close of business on 12 December 2013. Shareholders may elect to receive interim dividend in the form of new shares of the Company or cash or partly in shares and partly in cash.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday,10 December 2013 to Monday, 16 December 2013, both dates inclusive, during which no transfer of shares will be registered. In order to qualify for the interim dividend payable on or around 27 January 2014, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Registrar in Hong Kong, Hong Kong Registrars Limited, at Rooms 1712-16 Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 9 December 2013.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the Company's website (www.skyworth.com) and the website of the Stock Exchange of Hong Kong Limited (www.hkexnews.com.hk). The Company's 2013/2014 interim report will be made available on the websites of the Company and Stock Exchange and will be dispatched to the Company's shareholders in due course.

APPRECIATION

On behalf of the Board, I would like to express our gratitude to our shareholders and business associates for their continuing support, and extend our sincere appreciation to all management and staff for their ongoing dedication, commitments and contributions throughout the period.

For and on behalf of the Board
Skyworth Digital Holdings Limited
Lin Wei Ping
Executive Chairperson

Hong Kong, 25 November 2013

As at the date of this announcement, the Board of the Company comprises Ms. Lin Wei Ping as executive chairperson of the Board, Mr. Yang Dongwen as executive director and chief executive officer, Mr. Lu Rongchang, Mr. Leung Chi Ching, Frederick, Mr. Shi Chi and Ms. Chan Wai Kay, Katherine as executive directors, and Mr. So Hon Cheung, Stephen, Mr. Li Weibin and Mr. Sun Shengdian as independent non-executive directors.

** For identification purpose only*