# 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 RESULTS
## FOR THE YEAR ENDED 31 MARCH 2015

**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, property development and property holding.**

**Highlights of results**

The Group recorded the following results during the year ended 31 March 2015:

- Turnover reached HK$40,135 million, an increase of 1.7% from that of the financial year ended 31 March 2014 (the "Previous Year").
- Sales of TV products and digital set-top boxes accounted for 75.1% and 10.9% of the Group's total turnover respectively.
- Gross profit achieved HK$8,023 million, increased by 5.2%; and gross profit margin was 20.0%, increased by 0.7 percentage points compared with that of the Previous Year.
- Profit for the year was HK$3,350 million, increased by 133.8% from that of the Previous Year. Profit for the year attributable to the owners of the Company increased by 149.4%, from HK$1,254 million of the Previous Year to HK$3,128 million.
- Profit for the year (excluding one-off gain) was HK$1,988 million and profit attributable to the owners of the Company (excluding one-off gain) was HK$1,766 million, increased by 38.7% and 40.8% respectively.
- Basic earnings per share, including and excluding one-off gain were HK110.71 cents and HK62.51 cents for the year respectively, increased by 148.0% and 40.0% compared to that of the Previous Year.
- The Board has proposed a final dividend of HK11.0 cents per share with an option to elect new shares in lieu of cash. This represents a dividend payout ratio (excluding one-off gain and including special dividend of HK4.0 cents) of 39.2% for the whole year.

The board of directors (the "Board") of Skyworth Digital Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2015 (the "Reporting Year") together with the comparative figures for the Previous Year.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2015

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

| | NOTES | 2015 | 2014 |
|---|---|---|---|
| Turnover | 2 | 40,135 | 39,480 |
| Cost of sales | | (32,112) | (31,851) |
| Gross profit | | 8,023 | 7,629 |
| Other income | | 1,103 | 973 |
| Other gains and losses | 4 | 25 | (149) |
| Gain on disposal of land and other associated assets | 5 | 1,755 | - |
| Selling and distribution expenses | | (4,835) | (4,925) |
| General and administrative expenses | | (1,736) | (1,645) |
| Finance costs | | (161) | (163) |
| Share of results of associates | | 4 | 1 |
| Share of results of joint ventures | | (2) | (21) |
| Profit before taxation | | 4,176 | 1,700 |
| Income tax expense | 6 | (826) | (267) |
| Profit for the year | 7 | 3,350 | 1,433 |
| **Other comprehensive (expense) income** | | | |
| *Items that may be reclassified subsequently to profit or loss:* | | | |
| Exchange differences arising on translation | | (32) | (8) |
| Fair value loss on available-for-sale financial assets | | (27) | (12) |
| Reclassification adjustment upon impairment of available-for-sale financial assets | | 27 | 12 |
| Fair value loss on cash flow hedges | | - | (3) |
| Loss on cash flow hedges reclassified to profit or loss | | - | 13 |
| Other comprehensive (expense) income for the year | | (32) | 2 |
| Total comprehensive income for the year | | 3,318 | 1,435 |
| Profit for the year attributable to: | | | |
| Owners of the Company | | 3,128 | 1,254 |
| Non-controlling interests | | 222 | 179 |
| | | 3,350 | 1,433 |
| Total comprehensive income for the year attributable to: | | | |
| Owners of the Company | | 3,098 | 1,256 |
| Non-controlling interests | | 220 | 179 |
| | | 3,318 | 1,435 |
| **Earnings per share (expressed in Hong Kong cents)** | | | |
| Basic | 9 | 110.71 | 44.64 |
| Diluted | 9 | 110.43 | 44.58 |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2015

Amounts expressed in millions of Hong Kong dollars

| | NOTES | 2015 | 2014 |
|---|---|---|---|
| **Non-current Assets** | | | |
| Property, plant and equipment | | 5,223 | 4,436 |
| Deposits for purchase of property, plant and equipment | | 56 | 147 |
| Investment properties | | 5 | 10 |
| Prepaid lease payments on land use rights | | 550 | 457 |
| Goodwill | | 411 | - |
| Interests in associates | | 18 | 14 |
| Interests in joint ventures | | 54 | 59 |
| Held-to-maturity investments | | 325 | - |
| Available-for-sale investments | | 1,424 | 691 |
| Deferred tax assets | | 195 | 150 |
| | | 8,261 | 5,964 |
| **Current Assets** | | | |
| Inventories | | 4,342 | 4,188 |
| Stock of properties | | 830 | 656 |
| Prepaid lease payments on land use rights | | 14 | 11 |
| Derivative financial instruments | | 1 | - |
| Held-to-maturity investments | | 653 | 325 |
| Available-for-sale investments | | 821 | 284 |
| Trade and other receivables, deposits and prepayments | 10 | 7,300 | 5,787 |
| Bills receivable | 11 | 7,297 | 10,061 |
| Loan to a joint venture | | 25 | 25 |
| Amounts due from associates | | 38 | 123 |
| Prepaid tax | | - | 125 |
| Pledged bank deposits | | 423 | 1,572 |
| Bank balances and cash | | 3,317 | 3,023 |
| | | 25,061 | 26,180 |
| **Current Liabilities** | | | |
| Trade and other payables | 12 | 9,154 | 9,241 |
| Bills payable | 13 | 4,835 | 4,094 |
| Obligations arising from put options written to non-controlling interests | | - | 485 |
| Derivative financial instruments | | 2 | 5 |
| Provision for warranty | | 166 | 149 |
| Amounts due to joint ventures | | - | 4 |
| Amounts due to associates | | 5 | 17 |
| Tax liabilities | | 448 | 162 |
| Bank borrowings | | 1,274 | 5,156 |
| Deferred income | | 185 | 188 |
| | | 16,069 | 19,501 |
| **Net Current Assets** | | 8,992 | 6,679 |
| **Total Assets less Current Liabilities** | | 17,253 | 12,643 |

Amounts expressed in millions of Hong Kong dollars

| | 2015 | 2014 |
|---|---|---|
| **Non-current Liabilities** | | |
| Provision for warranty | 65 | 50 |
| Bank borrowings | 1,312 | 547 |
| Deferred income | 522 | 554 |
| Deferred tax liabilities | 151 | 144 |
| | 2,050 | 1,295 |
| **NET ASSETS** | 15,203 | 11,348 |
| **Capital and Reserves** | | |
| Share capital | 285 | 283 |
| Share premium | 2,567 | 2,501 |
| Share option reserve | 221 | 193 |
| Share award reserve | 37 | - |
| Shares held for share award scheme | (76) | - |
| Surplus account | 38 | 38 |
| Capital reserve | 1,165 | 749 |
| Exchange reserve | 1,082 | 1,112 |
| Accumulated profits | 8,420 | 5,946 |
| Equity attributable to owners of the Company | 13,739 | 10,822 |
| Non-controlling interests | 1,464 | 526 |
| | 15,203 | 11,348 |

**NOTES:**

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

Application of new and revised HKFRSs

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

| | |
|---|---|
| Amendments to HKFRS 10, HKFRS 12 and HKAS 27 | Investment Entities |
| Amendments to HKAS 32 | Offsetting Financial Assets and Financial Liabilities |
| Amendments to HKAS 36 | Recoverable Amount Disclosures for Non-Financial Assets |
| Amendments to HKAS 39 | Novation of Derivatives and Continuation of Hedge Accounting |
| HK(IFRIC) - Int 21 | Levies |

The application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

| | |
|---|---|
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2010 - 2012 Cycle[1] |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2011 - 2013 Cycle[2] |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2012 - 2014 Cycle[3] |
| HKFRS 9 | Financial Instruments[4] |
| Amendments to HKFRS 10, HKFRS 12 and HKAS 28 | Investment Entities: Applying the Consolidation Exception[3] |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3] |
| Amendments to HKFRS 11 | Accounting for Acquisitions of Interests in Joint Operations[3] |
| HKFRS 14 | Regulatory Deferral Accounts[5] |
| HKFRS 15 | Revenue from Contracts with Customers[6] |
| Amendments to HKAS 1 | Disclosure Initiative[3] |
| Amendments to HKAS 16 and HKAS 38 | Clarification of Acceptable Methods of Depreciation and Amortisation[3] |
| Amendments to HKAS 16 and HKAS 41 | Agriculture: Bearer Plants[3] |
| Amendments to HKAS 19 | Defined Benefit Plans: Employee Contributions[2] |
| Amendments to HKAS 27 | Equity Method in Separate Financial Statements[3] |

[1] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.
[2] Effective for annual periods beginning on or after 1 July 2014
[3] Effective for annual periods beginning on or after 1 January 2016
[4] Effective for annual periods beginning on or after 1 January 2018
[5] Effective for first annual HKFRS financial statements beginning on or after 1 January 2016
[6] Effective for annual periods beginning on or after 1 January 2017

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - continued

New and revised HKFRSs in issue but not yet effective - continued

**HKFRS 9 *Financial Instruments***

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 are described below:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

1. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - continued

New and revised HKFRSs in issue but not yet effective - continued

**HKFRS 9** ***Financial Instruments*** **-** continued

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the application of HKFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial instruments. It is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

**HKFRS 15** ***Revenue from Contracts with Customers***

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Company's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Other than disclosed above, the directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

## 2. TURNOVER

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

| | 2015<br>HK$ million | 2014<br>HK$ million |
|---|---|---|
| Manufacture and sales of televisions ("TV") products | 30,141 | 29,484 |
| Manufacture and sales of digital set-top boxes | 4,376 | 4,162 |
| Processing income and sales of liquid crystal display ("LCD") modules | 643 | 859 |
| Manufacture and sales of white appliances | 2,358 | 2,532 |
| Property rental income | 249 | 122 |
| Sales of properties | 175 | 34 |
| Others | 2,193 | 2,287 |
| | 40,135 | 39,480 |

## 3. SEGMENT INFORMATION

The Group is organised into operating business units according to the nature of the goods sold or services provided. The Group determines its operating segments based on these business units by reference to the goods sold or services provided, for the purpose of reporting to the chief operating decision maker (i.e. the executive directors of the Company). In addition, for "TV products", the information reported to the chief operating decision maker is further broken down into PRC market and overseas market.

The Group's reportable and operating segments under HKFRS 8 *Operating Segments* are as follows:

| | | |
|---|---|---|
| 1. | TV products (PRC market) | - design, manufacture and sale of televisions for the PRC market (excluding Hong Kong Special Administrative Region and Macau Special Administrative Region) |
| 2. | TV products (overseas market) | - design, manufacture and sale of televisions for the overseas market |
| 3. | Digital set-top boxes | - design, manufacture and sale of digital set-top boxes |
| 4. | LCD modules | - design, manufacture, sale and processing of LCD modules |
| 5. | White appliances | - design, manufacture and sale of white appliances, including refrigerators, washing machines, etc |
| 6. | Property holding | - leasing of property |

Although "White appliances" segment and "Property holding" segment do not meet any of the quantitative thresholds for determining reportable segments, they are separately disclosed as the management believes that information regarding these two segments would be useful to the users of the consolidated financial statements.

In addition to the above reportable segments, the Group has other operating segments mainly include (i) design, manufacture and sale of other electronic products, and (ii) sales of properties. These two operating segments do not meet any of the quantitative thresholds for determining reportable segments. Accordingly, these two operating segments are grouped as "Others" segment.

3. SEGMENT INFORMATION - continued

Segment information about these businesses is presented below.

Segment revenues and results

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

**For the year ended 31 March 2015**

| | TV products (PRC market) HK$ million | TV products (overseas market) HK$ million | Digital set-top boxes HK$ million | LCD modules HK$ million | White appliances HK$ million | Property holding HK$ million | Others HK$ million | Eliminations HK$ million | Total HK$ million |
|---|---|---|---|---|---|---|---|---|---|
| **Turnover** | | | | | | | | | |
| Segment revenue from external customers | 24,379 | 5,762 | 4,376 | 643 | 2,358 | 249 | 2,368 | - | 40,135 |
| Inter-segment revenue | 945 | - | 2 | 1,007 | - | 26 | 227 | (2,207) | - |
| Total segment revenue | 25,324 | 5,762 | 4,378 | 1,650 | 2,358 | 275 | 2,595 | (2,207) | 40,135 |
| **Results** | | | | | | | | | |
| Segment results | 1,691 | 120 | 494 | 147 | 83 | 161 | (94) | - | 2,602 |
| Interest income | | | | | | | | | 243 |
| Unallocated corporate expenses less income | | | | | | | | | (265) |
| Gain on disposal of land and other associated assets | | | | | | | | | 1,755 |
| Finance costs | | | | | | | | | (161) |
| Share of results of associates | | | | | | | | | 4 |
| Share of results of joint ventures | | | | | | | | | (2) |
| Consolidated profit before taxation of the Group | | | | | | | | | 4,176 |

**For the year ended 31 March 2014**

| | TV products (PRC market) HK$ million | TV products (overseas market) HK$ million | Digital set-top boxes HK$ million | LCD modules HK$ million | White appliances HK$ million | Property holding HK$ million | Others HK$ million | Eliminations HK$ million | Total HK$ million |
|---|---|---|---|---|---|---|---|---|---|
| **Turnover** | | | | | | | | | |
| Segment revenue from external customers | 26,244 | 3,240 | 4,162 | 859 | 2,532 | 122 | 2,321 | - | 39,480 |
| Inter-segment revenue | 626 | - | - | 1,184 | - | - | 330 | (2,140) | - |
| Total segment revenue | 26,870 | 3,240 | 4,162 | 2,043 | 2,532 | 122 | 2,651 | (2,140) | 39,480 |
| **Results** | | | | | | | | | |
| Segment results | 1,163 | (14) | 428 | 236 | 223 | 85 | (37) | - | 2,084 |
| Interest income | | | | | | | | | 111 |
| Unallocated corporate expenses less income | | | | | | | | | (312) |
| Finance costs | | | | | | | | | (163) |
| Share of results of associates | | | | | | | | | 1 |
| Share of results of joint ventures | | | | | | | | | (21) |
| Consolidated profit before taxation of the Group | | | | | | | | | 1,700 |

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment results represent the profit earned by (loss from) each segment without allocation of interest income, corporate expenses less income, gain on disposal of land and other associated assets, finance costs, and 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.

3. SEGMENT INFORMATION - continued

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

**As at 31 March 2015**

| | TV products (PRC market) HK$ million | TV products (overseas market) HK$ million | Digital set-top boxes HK$ million | LCD modules HK$ million | White appliances HK$ million | Property holding HK$ million | Others HK$ million | Eliminations HK$ million | Total HK$ million |
|---|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | | |
| Segment assets | 14,292 | 1,067 | 3,558 | 922 | 1,452 | 1,080 | 3,284 | - | 25,655 |
| Goodwill | | | | | | | | | 411 |
| Interests in associates | | | | | | | | | 18 |
| Interests in joint ventures | | | | | | | | | 54 |
| Unallocated corporate assets | | | | | | | | | 7,184 |
| Total consolidated assets | | | | | | | | | 33,322 |
| **Liabilities** | | | | | | | | | |
| Segment liabilities | 9,770 | 346 | 2,037 | 477 | 1,192 | 121 | 282 | - | 14,225 |
| Unallocated corporate liabilities | | | | | | | | | 3,894 |
| Total consolidated liabilities | | | | | | | | | 18,119 |

**As at 31 March 2014**

| | TV products (PRC market) HK$ million | TV products (overseas market) HK$ million | Digital set-top boxes HK$ million | LCD modules HK$ million | White appliances HK$ million | Property holding HK$ million | Others HK$ million | Eliminations HK$ million | Total HK$ million |
|---|---|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | | | |
| Segment assets | 14,986 | 668 | 3,210 | 850 | 1,573 | 925 | 3,689 | - | 25,901 |
| Interests in associates | | | | | | | | | 14 |
| Interests in joint ventures | | | | | | | | | 59 |
| Unallocated corporate assets | | | | | | | | | 6,170 |
| Total consolidated assets | | | | | | | | | 32,144 |
| **Liabilities** | | | | | | | | | |
| Segment liabilities | 8,618 | 229 | 1,860 | 425 | 1,317 | 206 | 896 | - | 13,551 |
| Unallocated corporate liabilities | | | | | | | | | 7,245 |
| Total consolidated liabilities | | | | | | | | | 20,796 |

For the purposes of monitoring segment performances and allocating resources among segments:

- all assets are allocated to reportable segments other than goodwill, interests in associates and joint ventures, held-to-maturity investments, available-for-sale investments, deferred tax assets, derivative financial instruments, loan to a joint venture, prepaid tax, pledged bank deposits, bank balances and cash, and other unallocated corporate assets; and

- all liabilities are allocated to reportable segments other than obligations arising from put options written to non-controlling interests, derivative financial instruments, amounts due to joint ventures, tax liabilities, bank borrowings, deferred income, deferred tax liabilities and other unallocated corporate liabilities.

3. SEGMENT INFORMATION - continued

Other segment information

## For the year ended 31 March 2015

| | TV products (PRC market) HK$ million | TV products (overseas market) HK$ million | Digital set-top boxes HK$ million | LCD modules HK$ million | White appliances HK$ million | Property holding HK$ million | Others HK$ million | Eliminations HK$ million | Total HK$ million |
|---|---|---|---|---|---|---|---|---|---|
| Included in measure of segment results or segment assets: | | | | | | | | | |
| Capital expenditure on | | | | | | | | | |
| - Property, plant and equipment | 302 | 5 | 123 | 122 | 369 | 24 | 307 | - | 1,252 |
| - Prepaid lease payments for land use rights | - | - | - | - | 40 | 2 | 3 | - | 45 |
| Depreciation of property, plant and equipment | 232 | 1 | 35 | 43 | 62 | 39 | 31 | - | 443 |
| (Gain) loss on disposal of property, plant and equipment | (55) | - | 1 | 3 | (9) | - | (2) | - | (62) |
| Impairment loss on trade receivables | 6 | - | 12 | - | 2 | - | 8 | - | 28 |
| Release of prepaid lease payments on land use rights | 5 | - | 1 | - | 1 | 3 | 7 | - | 17 |
| Write-down (write-back) of inventories | 26 | 9 | 10 | (3) | (2) | - | 23 | - | 63 |

## For the year ended 31 March 2014

| | TV products (PRC market) HK$ million | TV products (overseas market) HK$ million | Digital set-top boxes HK$ million | LCD modules HK$ million | White appliances HK$ million | Property holding HK$ million | Others HK$ million | Eliminations HK$ million | Total HK$ million |
|---|---|---|---|---|---|---|---|---|---|
| Included in measure of segment results or segment assets: | | | | | | | | | |
| Capital expenditure on | | | | | | | | | |
| - Property, plant and equipment | 474 | 4 | 167 | 190 | 228 | 306 | 459 | - | 1,828 |
| - Prepaid lease payments for land use rights | 18 | - | - | - | - | - | 6 | - | 24 |
| Depreciation of property, plant and equipment | 245 | 7 | 46 | 39 | 20 | 8 | 30 | - | 395 |
| Loss on disposal of property, plant and equipment | 6 | - | - | 12 | - | - | 1 | - | 19 |
| Impairment loss on trade receivables | 6 | - | 37 | 2 | - | - | 2 | - | 47 |
| Release of prepaid lease payments on land use rights | 6 | - | 1 | - | - | 4 | - | - | 11 |
| Write-down of inventories | 15 | - | 3 | - | 4 | - | 21 | - | 43 |

3. SEGMENT INFORMATION - continued

Geographical information

The Group's operations are located in the PRC, Asia region (other than the PRC), America, Europe and other regions.

For segments other than property holding, the Group's geographical analysis of revenue from external customers is determined based on the location of customers. For the property holding segment, the Group's revenue from external customers is determined based on the location of assets. Information about its non-current assets by geographical location of the assets are also detailed below.

| | Revenue from external customers | | Non-current assets (Note) | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| | HK$ million | HK$ million | HK$ million | HK$ million |
| PRC | 31,541 | 32,739 | 6,275 | 5,101 |
| Asia region (other than PRC) | 2,125 | 2,826 | 39 | 21 |
| America | 2,982 | 2,128 | - | - |
| Europe | 947 | 904 | - | - |
| Other regions | 2,540 | 883 | 3 | 1 |
| | 40,135 | 39,480 | 6,317 | 5,123 |

Note: Non-current assets excluded held-to-maturity investments, available-for-sale investments and deferred tax assets.

4. OTHER GAINS AND LOSSES

| | 2015 | 2014 |
|---|---|---|
| | HK$ million | HK$ million |
| Exchange gain (loss), net | 8 | (31) |
| Gain from changes in fair value of derivative financial instruments | 10 | 10 |
| Gain (loss) on disposal of property, plant and equipment and prepaid lease payments on land use rights | 62 | (19) |
| Impairment loss recognised in respect of available-for-sale investments | (27) | (12) |
| Impairment loss recognised in respect of trade receivables | (28) | - |
| Special allowance for inventories (Note) | - | (97) |
| | 25 | (149) |

Note: Up to 31 March 2014, the Group delivered certain inventories to an overseas customer with carrying amount of approximately HK$111 million. The management considered that the title of the inventories was not yet passed to the customer according to the shipping terms. Such overseas customer went bankruptcy during the year ended 31 March 2014. Both the Group and the overseas customer claimed the ownership over the inventories and the inventories were withheld by the custom in that country. The recoverability of those inventories becomes uncertain. After taking into account of the deposits received from the customer of approximately HK$14 million, the management considers that the net realisable value of the inventories should be written down by HK$97 million in the year ended 31 March 2014.

5. GAIN ON DISPOSAL OF LAND AND OTHER ASSOCIATED ASSETS

On 21 October 2013, 新创维电器(深圳)有限公司 ("新创维电器") and 深圳创维置业有限公司 ("创维置业"), indirect wholly-owned subsidiaries of the Company, entered into an agreement with COFCO Properties Group Shenzhen Real Estate Development Co., Ltd. ("COFCO Properties") in relation to the land situated in Shenzhen Gongming Town in the PRC at an agreed consideration of RMB1.65 billion (equivalent to HK$2.07 billion) for the disposal of the land. Under the cooperation agreement, 新创维电器 and 创维置业 have agreed, to (1) relocate all of their existing production facilities and machineries currently situated on the land to another location in the PRC; (2) vacate all of the existing properties and buildings situated on the land; and (3) work together with COFCO Properties to facilitate a specific project company nominated by COFCO Properties to apply to become the named developer of the land and to obtain the land planning permit. The approvals from the relevant PRC government authorities and the fulfilment of the conditions by 新创维电器 and 创维置业 had been completed during the year, a net gain before profit tax of approximately HK$1,755 million is recognised in the profit or loss.

The gain on disposal of land and other associated assets is determined as follows:

| | HK$ million |
|---|---|
| Consideration received | 2,070 |
| Less: Transaction costs directly attributable to the disposal | (211) |
| | 1,859 |
| Less: Carrying amount of prepaid lease payments on land use rights disposed | (18) |
| Carrying amount of property, plant and equipment disposed | (8) |
| Carrying amount of stock of properties disposed | (78) |
| Gain on disposal of land and other associated assets | 1,755 |

6. INCOME TAX EXPENSE

| | 2015<br>HK$ million | 2014<br>HK$ million |
|---|---|---|
| PRC income tax | | |
| Current year | 500 | 330 |
| Tax in related to gain on disposal of land and other associated assets | 393 | - |
| Overprovision in prior years | (29) | (16) |
| | 864 | 314 |
| Deferred taxation | (38) | (47) |
| | 826 | 267 |

PRC income tax is calculated at the prevailing PRC tax rates on the estimated assessable profits for both years. For those PRC subsidiaries approved as High and New Technology Enterprise by the relevant government authorities, they are subject to a preferential rate of 15%.

Taxation arising in other jurisdictions is calculated at the rate prevailing in the relevant jurisdictions.

Deferred tax is recognised based on the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

6. INCOME TAX EXPENSE – continued

According to a joint circular of Ministry of Finance and State Administration of Taxation, Cai Shui [2008] No. 1, dividend distributed out of the profits generated since 1 January 2008 by the PRC entity shall be subject to Enterprise Income Tax (“EIT”) pursuant to Articles 3 and 27 of the EIT Law of the PRC and Article 91 of the Implementation Rules of EIT Law of the PRC. During the year ended 31 March 2014, HK$28 million of the previously provided deferred tax had been reversed and charged as current tax upon distributions by the PRC subsidiaries.

The income tax expense for the year can be reconciled from the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

| | 2015<br>HK$ million | 2014<br>HK$ million |
|---|---|---|
| Profit before taxation | 4,176 | 1,700 |
| Tax at applicable tax rate at 15% (Note) | 627 | 255 |
| Tax effect of expenses not deductible for tax purpose | 38 | 35 |
| Tax effect of income not taxable for tax purpose | (51) | (42) |
| Overprovision in prior years | (29) | (16) |
| Tax effect of tax losses not recognised | 64 | 24 |
| Utilisation of tax losses previously not recognised | (19) | (23) |
| Tax effect of share of results of associates | (1) | - |
| Tax effect of share of results of joint ventures | - | 3 |
| Effect of different tax rates applicable to subsidiaries operating in Hong Kong and regions in the PRC other than Hong Kong | 194 | 25 |
| Others | 3 | 6 |
| Income tax expense for the year | 826 | 267 |

Note: The applicable tax rate is with reference to the statutory tax rate of the Company's principal subsidiaries which are approved as High and New Technology Enterprise by relevant government authority and are enjoying preferential tax rate of 15%.

In 2011, the Hong Kong Inland Revenue Department ("IRD") initiated a tax audit on certain subsidiaries of the Company in Hong Kong and Macau for the years of assessments from 2002/2003 onwards. Assessments/ estimated assessments for the years of assessment 2002/2003 to 2008/2009 were issued to the relevant subsidiaries. Tax reserve certificates in an aggregate amount of approximately HK$17.5 million were purchased up to the date of this report. The documents submitted to the IRD are currently being reviewed and views are being exchanged with the IRD.

7. PROFIT FOR THE YEAR

| | 2015<br>HK$ million | 2014<br>HK$ million |
|---|---|---|
| Profit for the year has been arrived at after charging (crediting): | | |
| Auditors' remunerations | 8 | 8 |
| Cost of inventories recognised as an expense including write-down of inventories of HK$63 million (2014: HK$43 million) | 31,912 | 31,789 |
| Cost of stock of properties recognised as an expense | 102 | 25 |
| Depreciation of investment properties | - | 1 |
| Depreciation of property, plant and equipment | 443 | 395 |
| Impairment loss on trade receivables | 28 | 47 |
| Operating lease rentals in respect of land and buildings | 135 | 134 |
| Release of prepaid lease payments on land use rights | 17 | 11 |
| Rental income from leasing of properties less related outgoings of HK$37 million (2014: HK$19 million) | (151) | (85) |
| Research costs recognised as an expense (including staff costs of HK$370 million (2014: HK$332 million)) | 614 | 581 |
| Special allowance for inventories (note 4) | - | 97 |
| Staff costs: | | |
| - Directors' and chief executive's emoluments | 86 | 71 |
| - Related staff costs for research activities | 370 | 332 |
| - Other staffs salaries, bonus, retirement benefits and others | 3,213 | 2,902 |
| | 3,669 | 3,305 |

8. DIVIDENDS

| | 2015<br>HK$ million | 2014<br>HK$ million |
|---|---|---|
| Dividends recognised as distribution during the year: | | |
| 2014 Final - HK6.5 cents (2014: 2013 final dividend HK11.0 cents) per share | 184 | 308 |
| 2015 Interim - HK9.5 cents (2014: 2014 interim dividend HK8.5 cents) per share | 269 | 239 |
| Special dividend upon the completion of acquisition of subsidiaries and partial disposal of a subsidiary - HK4 cents | 113 | - |
| Less: Dividends for shares held by employee's share award scheme | (2) | - |
| | 564 | 547 |

The final dividend of HK11.0 cents per share, approximately HK$314 million in total as at announcement date, for the year ended 31 March 2015 is proposed by the directors of the Company on 19 June 2015. Such final dividend will be satisfied by way of cash or shareholders may elect to receive scrip dividend wholly or partly in lieu of the cash dividend. The scrip dividend will be satisfied by an allotment of new shares of the Company to be credited as fully paid. As the final dividend is declared after the end of the reporting period, such dividend is not recognised as a liability as at 31 March 2015.

8. DIVIDENDS - continued

During the year, share dividends alternatives were offered as follows:

| | 2015<br>HK$ million | 2014<br>HK$ million |
|---|---|---|
| **2014 Final dividend (2014: 2013 Final dividend)** | | |
| Cash | 160 | 303 |
| Scrip dividends | 24 | 5 |
| | 184 | 308 |
| **2015 Interim dividend (2014: 2014 interim dividend)** | | |
| Cash | 228 | 136 |
| Scrip dividends | 41 | 103 |
| | 269 | 239 |

9. 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:

| | 2015<br>HK$ million | 2014<br>HK$ million |
|---|---|---|
| **Earnings** | | |
| Earnings for the purposes of basic and diluted earnings per share: | | |
| Profit for the year attributable to owners of the Company | 3,128 | 1,254 |
| **Number of shares** | | |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | 2,825,285,119 | 2,809,110,578 |
| Effect of dilutive potential ordinary shares in respect of outstanding share options | 3,317,995 | 4,086,482 |
| Effect of dilutive potential ordinary shares in respect of outstanding share awards | 3,931,408 | - |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share | 2,832,534,522 | 2,813,197,060 |

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 years ended 31 March 2015 and 2014.

The weighted average number of ordinary shares shown above has been arrived at after deducting 18,416,000 shares (2014: nil) held by share award scheme trust.

10. 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 to 270 days. Sales to certain customers in the PRC are on instalment basis for a period ranging from 2 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 prepayments:

| | 2015<br>HK$ million | 2014<br>HK$ million |
|---|---|---|
| Within 30 days | 2,083 | 1,852 |
| 31 to 60 days | 701 | 399 |
| 61 to 90 days | 565 | 416 |
| 91 to 365 days | 1,403 | 1,184 |
| Over 365 days | 506 | 496 |
| Trade receivables | 5,258 | 4,347 |
| Purchase deposits paid for materials | 367 | 237 |
| Receivables from disposals of property, plant and equipment and prepaid lease payments on land use rights | 207 | - |
| Receivables from government for refunds paid to customers on buying energy-saving products | 157 | 157 |
| VAT receivables | 483 | 377 |
| Other deposits paid, prepayments and other receivables | 828 | 669 |
| | 7,300 | 5,787 |

Trade receivables which are neither past due nor impaired are considered recoverable as the balances related to a number of independent customers that have a good track record with the Group.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK$2,508 million (2014: HK$1,997 million) which are past due at the end of the reporting period for which the Group has not provided for impairment loss. The trade receivables that were past due but not impaired were related to amounts due from certain independent retailers and television stations in the PRC that have a good repayment history. Based on past experience, the management of the Group is of the opinion that no further provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

10. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS – continued

The following is the ageing of trade receivables which are past due but not impaired:

| | 2015<br>HK$ million | 2014<br>HK$ million |
|---|---|---|
| Overdue: | | |
| Within 30 days | 1,257 | 723 |
| 31 to 60 days | 305 | 277 |
| 61 to 90 days | 200 | 154 |
| 91 days or over | 746 | 843 |
| | 2,508 | 1,997 |

Before accepting any new customer, the Group has assessed the potential customer's credit quality and defines credit limits by customer.

Allowances on trade receivables are made based on estimated irrecoverable amounts by reference to past default experience and objective evidence of impairment determined by the difference between the carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

In determining the recoverability of the trade receivables, the Group monitors any change in the credit quality of the trade receivables since the credit was granted and up to the end of the reporting period. The directors considered that the Group has no significant concentration of credit risk of trade receivables, with exposure spread over a number of counterparties and customers.

Movements in the allowance for doubtful debts is as follows:

| | 2015<br>HK$ million | 2014<br>HK$ million |
|---|---|---|
| Balance at 1 April | 175 | 130 |
| Impairment loss recognised on trade receivables | 28 | 47 |
| Amounts uncollectible written off | (16) | (5) |
| Exchange realignment | (2) | 3 |
| Balance at 31 March | 185 | 175 |

Included in the allowance for doubtful debts are individually impaired trade receivables with aggregate balance of HK$185 million (2014: HK$175 million) which have either been placed under liquidation or in severe financial difficulties. The Group does not hold any collateral over these balances.

## 11. BILLS RECEIVABLE

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

| | 2015<br>HK$ million | 2014<br>HK$ million |
|---|---|---|
| Within 30 days | 601 | 2,417 |
| 31 to 60 days | 1,168 | 1,458 |
| 61 to 90 days | 1,511 | 1,822 |
| 91 days or over | 3,711 | 3,947 |
| Bills endorsed to suppliers with recourse | 5 | 123 |
| Bills discounted to banks with recourse | 301 | 294 |
| | 7,297 | 10,061 |

The carrying values of the above bills endorsed to suppliers and bills discounted to banks with recourse continue to be recognised as assets in the consolidated financial statements as the Group has not transferred substantially the risks and rewards of ownership of the bills receivable taking into account the credit rating of the issuers of the bills. Accordingly, the liabilities associated with such bills, mainly borrowings and payables, are not derecognised in the consolidated financial statements as well.

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

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

## 12. 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:

| | 2015<br>HK$ million | 2014<br>HK$ million |
|---|---|---|
| Within 30 days | 2,325 | 2,586 |
| 31 to 60 days | 897 | 610 |
| 61 to 90 days | 546 | 781 |
| 91 days or over | 323 | 705 |
| Trade payables under endorsed bills | 5 | 123 |
| Trade payables | 4,096 | 4,805 |
| Accruals and other payables | 1,046 | 866 |
| Accrued staff costs | 803 | 574 |
| Accrued selling and distribution expenses | 400 | 376 |
| Deposits received for sales of goods | 979 | 1,042 |
| Deposits received for sales of properties | 308 | 258 |
| Membership fee received | 237 | 224 |
| Other deposits received | 407 | 428 |
| Payables for purchase of property, plant and equipment | 91 | 46 |
| Sales rebate payable | 766 | 552 |
| VAT payable | 21 | 70 |
| | 9,154 | 9,241 |

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

## 13. BILLS PAYABLE

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

| | 2015<br>HK$ million | 2014<br>HK$ million |
|---|---|---|
| Within 30 days | 1,180 | 855 |
| 31 to 60 days | 952 | 955 |
| 61 to 90 days | 901 | 871 |
| 91 days or over | 1,802 | 1,413 |
| | 4,835 | 4,094 |

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

## 14. PLEDGE OF ASSETS

At 31 March 2015, the Group's bank borrowings 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$71 million (2014: HK$71 million) and HK$21 million (2014: HK$21 million) respectively; and

(b) pledged bank deposits of HK$423 million (2014: HK$1,572 million).

## BUSINESS PERFORMANCE REVIEW

### (1) Overall Business Review

The consolidated turnover of the Group for the financial year ended 31 March 2015 (the "Reporting Year") reached HK$40,135 million (2014: HK$39,480 million), representing a slight increase of 1.7% compared with that of the financial year ended 31 March 2014 (the "Previous Year"). The profit for the year reached HK$3,350 million (2014: HK$1,433 million), representing a brilliant increase of 133.8%, on a yearly basis. Gross profit margin was 20.0% (2014: 19.3%), increased by 0.7 percentage points compared with that of the Previous Year.

During the year, the TV sales team made a great effort to optimise the product mix, the total TV sales volume reached 13.17 million units, 1.17 million units more than the target sales volume for the Reporting Year. The mainland China market recorded a total TV sales volume of 9.46 million units, exceeding target by 0.46 million units; whilst the overseas markets recorded a total TV sales volume of 3.71 million units, exceeding target by 0.71 million units.

Year 2014 is a challenging year for TV market in mainland China, the influx of internet enterprises has not only impacted traditional TV manufacturers on pricing and earnings, their business model also challenged the ability of the traditional manufacturer, which inspired our management to respond with a change in sales strategy, by improving our system efficiency and switching from functional products to smart products swiftly. During the Reporting Year, the increasing popularity of 4K ultra high definition TVs ("4K UHD TV") has raised its sales volume by 113.8% when compared with the Previous Year. In addition, the contributions from several key models have compensated the declining average selling price.

Moreover, the Group has promulgated its internationalisation target and strengthened its effort in developing overseas markets, increasing the brand sales proportion of TV. Hence, the turnover in overseas markets increased by 27.5% compared with the Previous Year. The sales of TV products showed a significant growth by 77.8% when compared with the Previous Year.

Additionally, the brand awareness of our digital set-top boxes has been growing after Skyworth Digital Co., Limited was listed at the main board in Stock Exchange of Shenzhen. Also, it helped the turnover of the Group achieved 1.7% growth when compared with the Previous Year.

### (2) Business Review by Geographical and Product Segments

#### *(a) Mainland China Market*

For the Reporting Year, sales in mainland China market accounted for 78.6% of the Group's total turnover, a 3.7% decline from HK$32,739 million in the Previous Year to HK$31,541 million. The corresponding gross profit margin was 22.0% (2014: 20.8%), representing an increase of 1.2 percentage points year-on-year.

TV sales in mainland China market accounted for 77.3% of the Group's total turnover in mainland China market. Sales of digital set-top boxes, white appliances and LCD modules accounted for 7.3%, 6.0% and 1.8%, respectively. Other business units included those engaging in property leasing, lighting products, property development, security system, air conditioning and other electronic products etc., attributed to the remaining 7.6%.

TV products

During the Reporting Year, the Group's main sales strategy focuses on unifying both the user experience and system efficiency. With our competitive edge in technology, leading market share and extensive after-sales service network, the Group's sales volume has significantly outstripped our competitors in mainland China. Sales volume of TV grew by 10.0% to 9.46 million units in mainland China market, while turnover decreased by 7.1% to HK$24,379 million (2014: HK$26,244 million) when compared with the Previous Year.

The internet enterprises have accelerated the market penetration of smart TV products. The Group has initiated a campaign of multi-platform strategy and thoroughly embraced internet by using "Skyworth" and "coocaa" brand in O2O distribution. The product positioning of "coocaa" brand is home internet, with its promotion and sales channel are done via internet. With its internet mind-set, the Group has endeavored to develop its best fit internet sales model that demonstrated as a benchmark of innovative marketing to traditional TV manufacturers.

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 31 March 2015 are as follows:

| | **Ranking** | **Market share** |
|---|---|---|
| All TV | | |
| - Volume | 1 | 16.9% |
| - Revenue | 1 | 16.4% |
| LCD TV (included CCFL and LED LCD TV) | | |
| - Volume | 1 | 17.1% |
| - Revenue | 1 | 16.5% |
| 4K UHD TV | | |
| - Volume | 1 | 17.8% |
| - Revenue | 3 | 16.6% |

During the Reporting Year, about 9.46 million units LCD TV under Skyworth and coocaa brands were sold in mainland China, representing an increase of 10.0% when compared with the Previous Year. The sales volume of Cloud TV reached 3.44 million units, increased by 41.8%; whilst the sales volume of 4K Cloud TV reached 1.39 million units, rose by 113.8%, overall representing 51.0% of the Group's total TV sales in mainland China market.

The Group has maintained a leading technological advancement among the manufacturers in China and has demonstrated a strong presence of developing high-end products. In August 2014, the Group released its GLED G8200 TV series, the first time China high-end chip was used commercially in a TV product, this pioneer product once again proved our leading position in the industry. In December 2014, the Group unveiled its GLED Geeks Smart TV Air-G9200 series, which was the world's first TV series carrying a 64-digit chip. This series is carrying a unique 64-digit operation system, with only 7.5mm screen body thickness, which was entitled as the world's thinnest LED TV when debut. The Group has exhibited a highly sophisticated collaboration of supply chain management in creating high-end products which seized an advantage position for its future success in smart TV ecosphere.

During the Reporting year, the Group's award winning products has strengthened our brand image and enhanced our financial performance. During the Reporting Year, key awards achieved by the Group include:

- In the "2014 (10th) China Digital TV Industry Development Conference", Skyworth 4 Color 4K 55E710U series won both the "2014 Top Ten Flat-panel TVs" and "2014 Product Outlook Design" award.

- In the selection of "2011-2013 China Product Quality Control Advanced Unit and Member", Shenzhen Chuangwei-RGB Electronics Co., Ltd. ("Chuangwei-RGB", a wholly owned subsidiary of the Company), was awarded "China Product Quality Control Advanced Enterprise".

- In the 2014 (9th) China Digital Annual Festival, Chuangwei-RGB won 3 significant award "Annual technology renovation award", "Annual innovative product award" and "Annual excellent contribution award" which further enhanced the market position of "Leading Technology Enterprise".

- In the selection of "2014 China Top Ten Industrial Design Award", Chuangwei-RGB was awarded as "China's Top Ten Innovative Producers (manufacturing section) in 2014".

- In the "9th Chinese Electronics Enterprises Brand Value Top 300 Conference", Chuangwei-RGB once again has been awarded as the "2014 The Most Valuable LCD TV Brand" and "2014 The Most Valuable China Home Internet Product". This year, Chuangwei-RGB also won "Chinese Smart Electronic Appliances Innovation Leading Brand" and becomes the top valuable LCD TV brand with estimated brand value amounted to RMB55,695 million.

- In the ceremony of "2014-2015 Global Top Brands" sponsored by International Data Corporation ("IDG") at the CES 2015, Skyworth won the "CE Top 10 Brands from China Award" and ranked top seven in the "2014-2015 Global TV Brands Top 20". This marks the Skyworth and its TV products are globally recognised.

- In the "16th Award for Chinese Outstanding Patented Invention and Industrial Design", Skyworth TV E900 won "16th Chinese Outlook Design Golden Award".

<u>Digital set-top boxes</u>

For the Reporting Year, the turnover of digital set-top boxes in mainland China market recorded HK$2,306 million (2014: HK$2,297 million), representing an increase of 0.4% or HK$9 million when compared with the Previous Year.

Year 2014 was a new era for the development of smart networks digital set-top boxes in mainland China market. DVB and OTT set-top boxes have dominated the mainstream development. During the Reporting Year, the Group formed strategic partnership with a number of well-known telecom giants in China. The Group has become the partner of several enterprises in internet smart OTT set-top box which improved its B2B operational model. At the same time, through cooperation with other enterprises, sales channel such as O2O and chain stores, the Group active explore sales opportunity for own branded internet OTT set-top boxes. This led to an observable growth in sales volume and turnover of our own branded internet OTT set-top boxes.

On the other hand, the Group has 14 years partnership with Chinese radio and television network operators. Using their market coverage in radio and television networks, the Group is able to enjoy an excellent market base and customer resources. The Group has also maintained a tight relationship with several local and provincial radio operators and several TV operators. In addition, successfully listed in Stock Exchange of Shenzhen for Skyworth Digital Co., Limited has strongly enhanced the competitive advantage of our digital set-top boxes, which will help to promote the brand value.

White Appliances

For the Reporting Year, the turnover of white appliances in mainland China market recorded HK$1,895 million (2014: HK$1,778 million), representing an increase of 6.6% or HK$117 million.

The Group aimed to accelerate its development in white appliances products, strengthened its research and development on smart interconnectable products and successfully introduced "i-health" system that interconnecting smart internet refrigerator and washing machine. The Group has focused on building a full range of mid to high end products that not only include refrigerators and washing machines, but also new products like air purifiers, freezers and medical refrigerators, so as to diversify its products structure for white appliances business unit.

The Group has imposed a marketing strategy to encircle the city markets by its conquered village markets, and utilised the unique marketing synergy of combining black and white appliances. Having made use of TV's existing sales terminal and marketing resources to develop the white appliances market in China, the Group has proactively expanded itself into city markets, specialty stores, and first to second tier markets. Meanwhile, the Group has successfully achieved a full coverage in e-commerce channels. On the other hand, the Group established 41 logistic warehouses which provided extensive network coverage in China. This sophisticated logistic and service system can drive up the turnover of white appliances.

LCD Modules

For the Reporting Year, the turnover of LCD modules in mainland China recorded HK$570 million (2014: HK$511 million), representing an increase of 11.5% or HK$59 million.

In order to cope with the rising demand from the customers, LCD modules has continued to expand its production scale and capacity. The proportion of high-end and diversified products has shown an increasing trend. Benefited by its excellent customer base and quality control, sales orders marked a satisfactory growth. In addition, the Group has years of experiences in developing LED backlight products and possessed of mature technique, with customers' trust and support, especially in self-designed small to medium size modules. For the Reporting Year, a fruitful result in self-designed small to medium size modules has compensated a down-turning result in TV modules, resulted in a net growth in turnover when compared with the Previous Year.

***(b) Overseas Market***

For the Reporting Year, turnover in overseas markets accounted for HK$8,594 million (2014: HK$6,741 million), equivalent to 21.4% of overall turnover (2014: 17.1%), soared by HK$1,853 million or 27.5%. The gross profit margin was 13.5% (2014: 12.1%), representing an increase of 1.4 percentage points compared with that of the Previous Year.

TV products

For the Reporting Year, the turnover of overseas TV products was HK$5,762 million (2014: HK$3,240 million), equivalent to 67.0% (2014: 48.1%) of the total overseas turnover and grew by 77.8%. The sales volume of LED LCD TV in overseas reached to 3.71 million units, grew by 61.6%.

Japanese home electronic enterprises have been losing its competitive edge in the international markets, which would leave a tremendous opportunity for Chinese home electronic appliance enterprises. During the Reporting Year, the Group upheld a strategy of "Anchoring on OEM business, fast growing in self-owned brand" which emphasised in expanding market shares in mid to high end TV products. Sales of LED LCD TV represented 99.9% of the total sales. The Group will adjust the product structure according to different markets' situation and promote a wide range of diversified products which perfectly match the customers' needs. The Group will continue to explore different types of distribution channels in order to lift up the turnover in overseas market.

On the other hand, via the Group's subsidiaries in Thailand, the Philippines, India, Indonesia and Australia etc., it has further strengthened the promotion works on self-owned brand, which resulted in a better brand influence and a wider acceptance of our Skyworth brand in overseas market. The sales of self-owned brand in Asia market represented 13.1% to the total overseas sales. Our brand received much attention especially in Asia market which has greatly enhanced turnover in overseas market.

Digital set-top boxes

The turnover of overseas digital set-top boxes for the Reporting Year has increased by 11.0% to HK$2,070 million (2014: HK$1,865 million).

The Group seized the opportunity of a large-scale digitalised process in certain Africa nations and became one of the major suppliers in South Africa, which brought in a substantial contribution to the sales volume. Additionally, the Group has successfully maintained its leading position in South East Asia countries. In European and American markets, sales figures were accumulative and both of the average selling price and gross profit margin have showed a growing trend. Meanwhile, the Group has further reinforced promotion in mid-high level markets, which enhanced its brand image and awareness of digital set-top boxes in the B2B market, so as to give impetus to the turnover in overseas market.

White Appliances

The turnover of white appliances (mainly tablet computers) in overseas market recorded HK$463 million (2014: HK$754 million), representing a decrease of 38.6% or HK$291 million compared to the Previous Year.

During the Reporting Year, the soften demands in overall global tablet computers shipments has reduced customer orders and resulted in a drop in turnover in overseas markets for tablet computers. At present, the majority of overseas sales are still tablet computers, however the Group has put great effort to expand the weighting of refrigerators and washing machines into overseas markets, launching a new round of product structure strategy in overseas market.

**(3) Geographical distribution in overseas markets**

During the Reporting Year, the Group's major overseas markets are in America, Asia, Africa and Europe, which contributed 95.0% (2014: 95.0%) of the total overseas turnover. In which the geographical proportion of turnover from Africa market rose 16.0 percentage points. Middle East, Australia and New Zealand markets accounted for 5.0% of the total overseas turnover. The geographical distribution of the turnover in percentage for overseas markets is illustrated as follows:

| | twelve months ended 31 March | |
|---|---|---|
| | 2015 (%) | 2014 (%) |
| America | 35 | 32 |
| Asia (including Japan, Korea, Vietnam, etc.) | 25 | 42 |
| Africa | 24 | 8 |
| Europe | 11 | 13 |
| Middle East | 5 | 4 |
| Australia and New Zealand | 0 | 1 |
| | 100 | 100 |

**(4) Gross Profit Margin**

For the Reporting Year, the overall gross profit margin of the Group increased by 0.7 percentage points from 19.3% to 20.0% year-on-year.

Owing to the keen competition in mainland China, the average selling price of TV products showed a declining trend. Therefore the Group has implemented a series of policies to reduce production costs. By decreasing the proportion in outsourcing TV modules instead of self-produced and by partnering Huawei strategically in parts and components were some of the key elements in cost reduction. Sales rebate costs have also been controlled strictly. All of such factors helped to improve the gross profit margin when compared to the Previous Year. On the other hand, the Group has accelerated the upgrading in product technology and quality, strengthened new products promotion, speeded up the switching cycle of mid to high end products and focused in products with higher profit margin. The sales volume of 4K UHD TV, with a higher profit margin, recorded a stunning increment when compared with the Previous Year. As the Number 1 player in terms of market share in mainland China, our reputed brand name has also created a positive effect to improve our profit margin.

**(5) Selling and Distribution Expenses**

The Group's selling and distribution ("S&D") expenses mainly comprised of brand promotion and marketing expenses, sales and marketing related salaries, repairs and maintenance and transportation expenses. For the Reporting Year, S&D expenses dropped by 1.8% or HK$90 million from last year HK$4,925 million to HK$4,835 million. The ratio of S&D expense to turnover decreased 0.5 percentage points from 12.5% to 12.0%.

During the Reporting Year, the Group has applied strict control on a variety of S&D expenses which kept them in a reasonable level. In addition, the Group has changed its marketing methods, by expanding internet promotion, reducing frequent promotion events, interacting with consumers on products through various channels, including e-commerce, department stores etc., and via direct user experience, let the customers to fully understand the characteristics of our products. Therefore, promotional expenses reduced by HK$299 million or 21.1% when compared with the Previous Year. The Group has endeavored to improve product reliability, reducing repair rates, which resulted in a decrease in average warranty and maintenance costs.

**(6) General and Administrative Expenses**

The Group's general and administrative ("G&A") expenses for the Reporting Year rose by HK$91 million or 5.5% from last year HK$1,645 million to HK$1,736 million. The G&A expenses to turnover ratio for the year increased by 0.1 percentage points from 4.2% to 4.3%.

In order to emphasise the uniqueness of our black and white appliances products, to ensure the competitiveness and market share of high-end products, to cope with the development of "Skyworth Smart Home", the Group devoted a significant amount investment in R&D for developing smart, energy saving, healthy and quality products with multiple functions during the Reporting Year. This resulted in an increase of HK$33 million or 5.7% in R&D expenses. In addition, as global headcounts were increasing, salaries increment and performance-related bonus have triggered an increase in salaries and wages by HK$60 million, or 14.7%. Other expenses did not fluctuated significantly when compared with the Previous Year.

Management believes that maintaining a higher standard of control to G&A expenses is beneficial to the Group. Management will regularly review and update controls and procedures to ensure cost objectives were achieved.

## (7) Inventory Control

The net carrying value of the Group's inventory reached HK$4,342 million (2014: HK$4,188 million) as at the Reporting Year ended, representing an increase of HK$154 million or 3.7% compared with that at 31 March 2014.

The production scale of TVs, refrigerators and washing machines were continuously expanding. Mass production of air-conditioners in January has enriched the Group's products structure. Meanwhile, under the "Skyworth Smart Home" strategy, components of black and white appliances tended to be more complicated and advanced. In order to avoid the risk of production inefficiency caused by material shortage that eventually increased production costs, the Group has strategically retained a reserve of raw material. At the same time, the Group made appropriate adjustment to the finished goods level, so as to ensure the smooth progress in internet sales.

At the end of the Reporting Year, the inventory turnover days were 49 days (2014: 54 days), decreased by 5 days when compared to the Previous Year. This revealed an improvement in switching speed due to increment in sales volume.

## (8) Trade receivables and bills receivable

At the end of the Reporting Year, the Group had a total of HK$12,555 million (2014: HK$14,408 million) trade receivables and bills receivable, decrease by HK$1,853 million or 12.9% compared to that as at 31 March 2014. Trade receivables increased by HK$911 million or 21.0% to HK$5,258 million, whilst bills receivable dropped by HK$2,764 million or 27.5% to HK$7,297 million.

During the Reporting Year, the turnover of digital set-top boxes in mainland China market and the turnover of TV products recorded a favourable growth when compared to the Previous Year. Such increment raised the amount of trade receivables and bills receivable. The major customers for digital set-top boxes in mainland China market are the cable television operators under the national, provincial and municipal administrated radio and television. As these customers' sales are expanding and they enjoy a longer payment terms, the trade receivables increased correspondingly. The business unit of digital set-top boxes has established a customer rating policy to determine the proper credit terms and credit amounts for each customer. It also developed a tracking procedure to follow up on the receivables systematically, aiming to shorten the duration of cash collection. On the other hand, the Group has promoted the cooperation between Skyworth Group Finance Company Limited (the "Finance Company") and other business units. The Group used bills financing to reduce the balance of bills receivable.

## (9) Trade payables and bills payable

At the end of the Reporting Year, the Group's trade payables and bills payable amounted to HK$4,096 million (2014: HK$4,805 million) and HK$4,835 million (2014: HK$4,094 million) respectively. As compared with that as at 31 March 2014, the trade payables decreased by HK$709 million or 14.8%; while the bills payable increased by HK$741 million or 18.1%.

For the Reporting Year, the Group adopted a prudent procurement plan. In addition, by considering the cost-effectiveness and taking advantage of our previously established the Finance Company, the Group used bills to settle suppliers' accounts, so as to replace the usage of endorsed bills. This resulted in a tremendous decrease in trade payables in contrast to a large increase in bills payable at the end of the Reporting Year. Meanwhile, in order to maintain the Group's creditability, it further improved the clearing policy and settlement management system which could enhance the ability to monitor settlement, the accuracy of information for settlement and the timeliness of payment.

## LIQUIDITY, FINANCIAL RESOURCES AND CASH FLOW MANAGEMENT

The Group adopted a prudent financial policy to maintain a stable financial growth. At the end of the Reporting Year, the Group's net current assets amounted to HK$8,992 million (2014: HK$6,679 million), grew by HK$2,313 million or 34.6% from 31 March 2014. Bank balances and cash amounted to HK$3,317 million (2014: HK$3,023 million), representing an increase of HK$294 million, compared with that as at 31 March 2014. Pledged bank deposits amounted to HK$423 million (2014: HK$1,572 million) dropped by HK$1,149 million. A decrease in pledged bank deposits when compared to the Previous Year, was due to termination of foreign currency forward contracts signed between the Group and a financial institution and repayment part of bank loan, therefore released the corresponding collateral.

The Group secured certain assets against its certain trade facilities and loans granted from various banks. Such secured assets included HK$423 million pledged bank deposits (2014: HK$1,572 million) 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$92 million (2014: HK$92 million) as at the end of the Reporting Year.

The Group adheres to its principle of prudence and committed to maintain a healthy financial position. At the end of the Reporting Year, total bank loans amounted to HK$2,586 million (2014: HK$5,703 million). The debt to equity ratio revealed as 17.0% (2014: 50.3%).

## TREASURY POLICY

Most of the Group's major investments and revenue streams are situated in mainland China. The Group's assets and liabilities are mainly denominated in Renminbi ("RMB"); others are denominated in Hong Kong dollars and US dollars. The Group uses general trade financing to fulfill the needs in operating cash flow. In order to reduce finance costs, the Group exploits the currency-based and income-based financial management tools introduced by banks to offset such costs. During the Reporting Year, the Group recognised HK$8 million net foreign exchange gain (2014: HK$31 million net foreign exchange losses) associated with general operation.

The management regularly reviews the foreign currency and interest rate exposure, in order to determine the need on hedging. During the Reporting Year, the Group has entered into financial arrangements with a bank in foreign currency forward contracts of which the purpose is to manage the Group's foreign currency exposure partially arising from its US dollars payables.

## SIGNIFICANT INVESTMENTS AND ACQUISITION

During the Reporting Year, the Group invested in new production lines and energy-saving facilities in production plants located at Guangzhou, Nanjing, Yichun and Shenzhen in order to cope with the expanding production scale and improving production capacity. It also invested approximately HK$634 million in the renovation of a new headquarters in Shenzhen and improvement of the production plants' facilities. The Group spent approximately HK$618 million on ancillary machinery in production lines and other equipment; and was planning to further invest HK$1,351 million on plants and machinery procurement, aiming to cater for its diversified development, productivity and logistic efficiency enhancements.

During the Reporting Year, the Group successfully acquired China Resources Jinhua Co., Ltd. (the "China Resources Jinhua"), a company listed on the Shenzhen Stock Exchange and acquired 遂寧錦華紡織有限公司 (the "Suining"). The fair value of property, plant and equipment at the date of acquisition were HK$171 million. On 7 November 2014, China Resources Jinhua was renamed as Skyworth Digital Co., Limited.

## 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 consolidated financial statements of the Group.

## HUMAN RESOURCES CAPITAL

As at 31 March 2014, the Group had approximate 34,000 (2014: 35,000) employees in China (Hong Kong and Macau inclusive) and overseas, including sales personnel situated throughout 41 branches and 211 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.

## OUTLOOK

Despite a slowdown in the economic growth of mainland China in Year 2015, expectation for total TV sales volume in mainland China remains a steady growth, amounting to around 45.0 million units. However, there will be a change in product structure, where Smart TV and larger-screen TV will increase their weighting. The market will start to explore the business model for Smart TV and generate revenue from it. The Chinese TV manufacturers will enter international markets rapidly. The Group will focus on rolling out diversified, international and smart products. The Group believes that with our prospective products technologies, we are able to sustain our leading position. Meanwhile, the Group will increase brand promotion, in order to build a strong brand image on consumer electronic products that deliver content services, and transform our business model from "business drives brand" to "brand drives business". Hence, the Group projects an aggregated annual target of 15.0 million units TV sales volume for the Financial Year 2015/16, 10.0 million units (including 2.5 million 4K Cloud TVs and 4.0 million Cloud TVs) in mainland China market and 5.0 million units in the overseas market respectively.

In Year 2015/16, the Group's main strategy is to expand its overseas markets. The Group will start its strategy by ways of share investments and acquisitions in overseas market. Meanwhile, The Group will develop an overseas sales sharing platform that apart from consolidating growth in Asia and America markets, but also seeking opportunity to increase market shares in Europe, Middle East and Russia etc., aiming at establish its overseas market position. Furthermore, the Group will enhance its product structure according to different market needs, so as to roll out more mid to high end products and accelerate the market penetration process. This will improve the sales proportion of those high-end, high-margin products in overseas markets and ensure a sustainable growth in sales volume and turnover in overseas markets.

The Group is turning its direction toward smart home appliances. Riding on the competitive advantages in TV industry, Smart TV will become an entrance to household, linking up other home electronic appliances to become a service interface as well as content engine for Smart Home . The user habits will be further developed and extended to convert the business model from "product-oriented operation" to "user-oriented operation". Therefore, the Group had set up a "Smart Home Strategy Department" on 1 March 2015 which will plug in the concept of intelligent products, technologies, software and systems into our products. On the other hand, Group has always been open to any cooperation opportunity in smart screen and smart hardware platform. The Group will publish standard protocols to invite upstream and downstream developers to share smart screen technology and jointly develop Smart Home service contents. Let the world share the wonderfulness, convenience and liberty brought by Smart Home technology.

Last but not least, the Group believes, through the vertical and horizontal synergies in operations and financing capabilities among our business units, by taking the streamlined advantages of consolidated resources, will drive the rapid development in key and emerging business units, to create flourishing and fruitful returns to all stakeholders.

## COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

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 best practice on corporate governance, and to comply to the extent practicable, with the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on Stock Exchange.

During the year ended 31 March 2015 and up to the date of this report, the Company has complied with the code provisions in the Code.

## 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"). The Audit Committee currently comprises of three INEDs. The chairperson of the Audit Committee is Mr. Cheong Ying Chew, Henry and the other members are Mr. Li Weibin and Mr. Wei Wei.

The Audit Committee has its written terms of reference adopted since its establishment. The terms of reference were subsequently revised to comply with the Code. The terms of reference of the Audit Committee are available on the Company's website through the link: http://investor.skyworth.com/html/index.php.

## REVIEW OF CONSOLIDATED FINANCIAL STATEMENTS

The Audit Committee of the Company has reviewed the consolidated financial statements of the Group for the year ended 31 March 2015.

## SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2015 as set out in this Preliminary Announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this Preliminary Announcement.

## 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 year.

## FINAL DIVIDEND

The Board has proposed a final dividend for the year ended 31 March 2015 of HK11.0 cents per ordinary share (2014: HK6.5 cents), approximately HK$314 million (2014: HK$184 million) in total as at announcement date to shareholders whose names appear on the register of members of the Company at the close of business on 2 September 2015 (Wednesday). Shareholders may elect to receive final 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 31 August 2015 (Monday) to 2 September 2015 (Wednesday), both dates inclusive, during which no transfer of shares will be registered. In order to qualify for the final dividend payable on or around 20 October 2015 (Tuesday), all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited, at Rooms 1712-16 Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on 28 August 2015 (Friday).

## PUBLICATION OF RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE

All the financial and other related information required by paragraph 45 of Appendix 16 to the Listing Rules will be published on the website of the Stock Exchange 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 year.

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

Hong Kong, 19 June 2015

*As at the date of this announcement, the Board comprises Ms. Lin Wei Ping as the executive chairperson of the Board, Mr. Yang Dongwen as executive director and the chief executive officer, Mr. Lu Rongchang, Mr. Shi Chi and Ms. Chan Wai Kay, Katherine as executive directors, and Mr. Li Weibin, Mr. Wei Wei and Mr. Cheong Ying Chew, Henry as independent non-executive directors.*

** For identification purpose only*