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 2015

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

Highlights of Results

The Group recorded the following results for the six months ended 30 September 2015:

- Revenue amounted to HK$19,549 million (78.2% from mainland China market), representing an increase of 5.8% compared to the same period last year.
- Sales of TV products and digital set-top boxes accounted for 73.3% and 11.2% of the Group's total revenue, respectively.
- Gross profit achieved HK$4,023 million, increased by 11.4%; the gross profit margin was 20.6%, increased by 1.1 percentage point compared with that for the same period last year.
- Unaudited profit before and after non-controlling interests for the Reporting Period were HK$985 million and HK$869 million, respectively, increased by 8.5% and 5.5%, respectively, on a year-on-year basis.
- The Board has proposed an interim dividend of HK9.6 cents per Share with an option to elect scrip dividend in lieu of cash.

The Board is pleased to announce the unaudited interim results of the Group for the six months ended 30 September 2015. These results have been reviewed by the Audit Committee and the Company's auditor, Messrs. Deloitte Touche Tohmatsu.

* *For identification purpose only*

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

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

	NOTES	Six months ended 30 September **2015** *(unaudited)*	2014 *(unaudited)*
Revenue	3	**19,549**	18,478
Cost of sales		**(15,526)**	(14,866)
Gross profit		**4,023**	3,612
Other income		**606**	568
Other gains and losses		**(34)**	45
Selling and distribution expenses		**(2,236)**	(2,247)
General and administrative expenses		**(1,040)**	(790)
Finance costs		**(85)**	(85)
Share of results of associates		**(2)**	-
Share of results of joint ventures		**4**	(4)
Profit before taxation		**1,236**	1,099
Income tax expense	5	**(251)**	(191)
Profit for the period	6	**985**	908
Other comprehensive (expense) income			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation		**(429)**	124
Fair value loss on available-for-sale financial assets		**(7)**	(1)
Cumulative gain reclassified to profit or loss on disposal of investments classified as available-for-sale		**(3)**	-
Reclassification adjustment upon impairment of available-for-sale financial assets		**10**	1
Other comprehensive (expense) income for the period		**(429)**	124
Total comprehensive income for the period		**556**	1,032
Profit for the period attributable to:			
Owners of the Company		**869**	824
Non-controlling interests		**116**	84
		985	908
Total comprehensive income for the period attributable to:			
Owners of the Company		**482**	939
Non-controlling interests		**74**	93
		556	1,032
Earnings per share (expressed in Hong Kong cents)			
Basic	7	**30.66**	29.13
Diluted	7	**30.20**	29.09

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 30 SEPTEMBER 2015

Amounts expressed in millions of Hong Kong dollars

	NOTES	**As at 30 September 2015** *(unaudited)*	As at 31 March 2015 *(audited)*
Non-current Assets			
Property, plant and equipment		**5,623**	5,223
Deposits for purchase of property, plant and equipment		**88**	56
Investment properties		**5**	5
Prepaid lease payments on land use rights		**595**	550
Goodwill		**506**	411
Intangible assets	14	**109**	-
Interests in associates		**17**	18
Interests in joint ventures		**56**	54
Held-to-maturity investments		**1,700**	325
Available-for-sale investments		**1,257**	1,424
Finance lease receivables		**184**	-
Deferred tax assets		**194**	195
		10,334	8,261
Current Assets			
Inventories		**4,623**	4,342
Stock of properties		**745**	830
Prepaid lease payments on land use rights		**16**	14
Derivative financial instruments		-	1
Held-to-maturity investments		**1,160**	653
Available-for-sale investments		**1,114**	821
Held-for-trading investments		**24**	-
Trade and other receivables, deposits and prepayments	9	**8,305**	7,204
Loan receivables		**717**	96
Finance lease receivables		**344**	-
Bills receivable	10	**5,015**	7,297
Loan to a joint venture		-	25
Amounts due from associates		-	38
Prepaid tax		**24**	-
Pledged bank deposits		**365**	423
Bank balances and cash		**4,163**	3,317
		26,615	25,061
Current Liabilities			
Trade and other payables	11	**9,762**	9,154
Bills payable	12	**3,760**	4,835
Dividend payable		**312**	-
Derivative financial instruments		**2**	2
Provision for warranty		**184**	166
Amounts due to associates		**16**	5
Tax liabilities		**109**	448
Bank borrowings		**3,877**	1,274
Deferred income		**190**	185
		18,212	16,069
Net Current Assets		**8,403**	8,992
Total Assets less Current Liabilities		**18,737**	17,253

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – continued
AT 30 SEPTEMBER 2015

Amounts expressed in millions of Hong Kong dollars

	NOTE	**As at 30 September 2015** ***(unaudited)***	As at 31 March 2015 *(audited)*
Non-current Liabilities			
Other payable	11	**116**	-
Provision for warranty		**57**	65
Bank borrowings		**2,469**	1,312
Deferred income		**502**	522
Deferred tax liabilities		**147**	151
		3,291	2,050
NET ASSETS		**15,446**	15,203
Capital and Reserves			
Share capital		**286**	285
Share premium		**2,655**	2,567
Share option reserve		**200**	221
Share award reserve		**41**	37
Shares held for share award scheme		**(105)**	(76)
Investment revaluation reserve		**-**	-
Surplus account		**38**	38
Capital reserve		**1,165**	1,165
Exchange reserve		**695**	1,082
Accumulated profits		**8,979**	8,420
Equity attributable to owners of the Company		**13,954**	13,739
Non-controlling interests		**1,492**	1,464
		15,446	15,203

NOTES:

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with HKAS 34 *Interim Financial Reporting* issued by the HKICPA as well as with the applicable disclosure requirements of Appendix 16 to the Listing Rules.

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 2015.

The Group's operations are seasonal, the revenue from September to January (the peak season for sales of consumer electronic products in the mainland China) is relatively higher than the revenue 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 2015.

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 Reporting Period are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 March 2015.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with indefinite lives are carried at cost less any subsequent accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

2. PRINCIPAL ACCOUNTING POLICIES - continued

Finance lease arrangements

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Application of new amendments to Hong Kong Financial Reporting Standards

In the current interim period, the Group has applied, for the first time, the following new amendments to HKFRSs issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRSs	Annual Improvement to HKFRSs 2010 - 2012 Cycle
Amendments to HKFRSs	Annual Improvement to HKFRSs 2011 - 2013 Cycle
Amendments to HKAS 19	Defined Benefit Plans: Employee Contribution

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. REVENUE

Revenue 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 revenue from provision of processing service for the period. An analysis of the Group’s revenue for the period is as follows:

	Six months ended 30 September	
	2015	2014
	HK$ million	HK$ million
	(unaudited)	(unaudited)
Manufacture and sales of TV products	**14,322**	13,436
Manufacture and sales of digital set-top boxes	**2,181**	2,270
Processing income and sales of LCD modules	**354**	348
Manufacture and sales of white appliances	**1,132**	1,323
Property rental income	**132**	122
Sales of properties	**204**	-
Others	**1,224**	979
	19,549	18,478

4. SEGMENT INFORMATION

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

For the six months ended 30 September 2015 (unaudited)

	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
Revenue									
Segment revenue from external customers	**11,241**	**3,081**	**2,181**	**354**	**1,132**	**132**	**1,428**	**-**	**19,549**
Inter-segment revenue	**478**	**-**	**-**	**391**	**-**	**18**	**213**	**(1,100)**	**-**
Total segment revenue	**11,719**	**3,081**	**2,181**	**745**	**1,132**	**150**	**1,641**	**(1,100)**	**19,549**
Results									
Segment results	**858**	**79**	**212**	**42**	**56**	**95**	**(29)**	**-**	**1,313**
Interest income									**157**
Unallocated corporate expenses less income									**(151)**
Finance costs									**(85)**
Share of results of associates									**(2)**
Share of results of joint ventures									**4**
Consolidated profit before taxation of the Group									**1,236**

For the six months ended 30 September 2014 (unaudited)

	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
Revenue									
Segment revenue from external customers	11,396	2,040	2,270	348	1,323	122	979	-	18,478
Inter-segment revenue	344	-	-	456	-	11	150	(961)	-
Total segment revenue	11,740	2,040	2,270	804	1,323	133	1,129	(961)	18,478
Results									
Segment results	774	50	279	85	29	82	(21)	-	1,278
Interest income									72
Unallocated corporate expenses less income									(162)
Finance costs									(85)
Share of results of joint ventures									(4)
Consolidated profit before taxation of the Group									1,099

Segment results represent the profit earned by (loss from) each segment without allocation of interest income, corporate expenses less income, 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.

Inter-segment revenue is charged at prevailing market rates.

5. INCOME TAX EXPENSE

	Six months ended 30 September	
	2015	2014
	HK$ million	HK$ million
	(unaudited)	(unaudited)
The charge (credit) comprises:		
PRC income tax		
Current period	**257**	185
(Over)underprovision in prior periods	**(6)**	10
	251	195
LAT	**5**	-
Taxation arising in jurisdictions outside the PRC:		
Current period	**2**	-
	258	195
Deferred taxation	**(7)**	(4)
	251	191

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%.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use right and all property development expenditures.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

In 2011, the 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.

6. PROFIT FOR THE PERIOD

	Six months ended 30 September	
	2015	2014
	HK$ million	HK$ million
	(unaudited)	(unaudited)
Profit for the period has been arrived at after charging (crediting):		
Cost of inventories recognised as an expense	**15,336**	14,821
Cost of stock of properties recognised as an expense	**137**	-
Depreciation of property, plant and equipment	**284**	227
Dividend income from unlisted investments	**-**	(8)
Government grants		
- related to assets	**(93)**	(84)
- related to expense items	**(58)**	(101)
	(151)	(185)
Imputed interest income from trade receivables	**(4)**	(6)
Interest income	**(153)**	(66)
	(157)	(72)
Release of prepaid lease payments on land use rights	**8**	8
Rental income from leasing of properties less related outgoings of HK$53 million (for the six months ended 30 September 2014: HK$45 million)	**(79)**	(77)
Staff costs, including directors' emoluments	**1,900**	1,717
VAT refund	**(190)**	(153)

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	
	2015	2014
	HK$ million	HK$ million
	(unaudited)	(unaudited)
Earnings:		
Earnings for the purposes of basic and diluted earnings per share:		
Profit for the period attributable to owners of the Company	**869**	824
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,834,459,507**	2,828,715,220
Effect of dilutive potential ordinary shares in respect of share options outstanding	**21,974,073**	3,220,793
Effect of dilutive potential ordinary shares in respect of share awards outstanding	**20,827,046**	864,786
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,877,260,626**	2,832,800,799

The weighted average number of ordinary shares shown above has been arrived at after deducting the shares held by the Company under a Share Award Scheme.

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 ended 30 September 2015 and 2014.

8. DIVIDENDS

	Six months ended 30 September	
	2015	2014
	HK$ million	HK$ million
	(unaudited)	(unaudited)
Dividends recognised as distribution during the period:		
2015 Final dividend - HK11.0 cents (for the six months ended 30 September 2014: 2014 Final dividend - HK6.5 cents) per share	**315**	184
Special cash dividend paid upon the completion of acquisition of subsidiaries and partial disposal of a subsidiary	**-**	114
Less: Dividends for shares held by the Share Award Scheme	**(3)**	-
	312	298

8. DIVIDENDS - continued

The final dividend for the year ended 31 March 2015 of HK11.0 cents per share, amounting to HK$312 million in total, was recognised as distribution and as dividend payable on the condensed consolidated statement of financial position upon approval by the Shareholders in the Company's Annual General Meeting held on 20 August 2015. Such dividend payable was settled subsequently on 20 October 2015. Of such final dividend, an aggregate amount of HK$227 million was satisfied by way of scrip dividend by an allotment of new shares of the Company credited as fully paid.

The Board has resolved that an interim dividend of HK9.6 cents per share for the Reporting Period, amounting to approximately HK$280 million in total, be paid to the Shareholders whose names appear in the Register of Members on 11 December 2015 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 prepayments:

	As at 30 September 2015 HK$ million (unaudited)	As at 31 March 2015 HK$ million (audited)
Within 30 days	**2,918**	2,083
31 to 60 days	**1,017**	701
61 to 90 days	**605**	565
91 to 365 days	**1,399**	1,403
366 days or over	**468**	506
Trade receivables	**6,407**	5,258
Purchase deposits paid for materials	**288**	367
Receivables from disposals of property, plant and equipment and prepaid lease payment on land use rights	-	207
Receivables from government for refunds paid to customers on buying energy-saving products	**153**	157
VAT receivables	**508**	483
Prepayment on acquisition of land for property development	**240**	-
Other deposits paid, prepayments and other receivables	**709**	732
	8,305	7,204

10. BILLS RECEIVABLE

The maturity dates of bills receivable at the end of the Reporting Period are analysed as follows:

	As at 30 September 2015 HK$ million (unaudited)	As at 31 March 2015 HK$ million (audited)
Within 30 days	**610**	601
31 to 60 days	**474**	1,168
61 to 90 days	**922**	1,511
91 days or over	**2,618**	3,711
Bills endorsed to suppliers with recourse	**4**	5
Bills discounted to banks with recourse	**387**	301
	5,015	7,297

The carrying values of bills endorsed to suppliers and bills discounted to banks with recourse continue to be recognised as assets in the condensed 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 payables and borrowings as disclosed in note 11, are not derecognised in the condensed consolidated financial statements as well.

The maturity dates of bills endorsed to suppliers and bills discounted 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 2015 HK$ million (unaudited)	As at 31 March 2015 HK$ million (audited)
Within 30 days	**3,312**	2,325
31 to 60 days	**750**	897
61 to 90 days	**370**	546
91 days or over	**367**	323
Trade payables under endorsed bills	**4**	5
Trade payables	**4,803**	4,096
Accruals and other payables	**990**	1,046
Accrued staff costs	**598**	803
Accrued selling and distribution expenses	**405**	400
Deposits received for sales of goods	**949**	979
Deposits received for sales of properties	**184**	308
Membership fee received	**251**	237
Other deposits received	**423**	407
Payables for acquisition of subsidiaries (note 14)	**209**	-
Payables for purchase of property, plant and equipment	**106**	91
Sales rebate payable	**916**	766
VAT payable	**44**	21
	9,878	9,154
Less: Amount due one year after end of Reporting Period under non-current liabilities (note 14)	**(116)**	-
Amounts shown under current liabilities	**9,762**	9,154

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

12. BILLS PAYABLES

The maturity dates of bills payable at the end of the Reporting Period are analysed as follows:

	As at 30 September 2015 HK$ million (unaudited)	As at 31 March 2015 HK$ million (audited)
Within 30 days	**884**	1,180
31 to 60 days	**641**	952
61 to 90 days	**733**	901
91 days or over	**1,502**	1,802
	3,760	4,835

All bills payable at the end of the Reporting Period are not yet due.

13. PLEDGE OF ASSETS

As at 30 September 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 values of HK$68 million (as at 31 March 2015: HK$71 million) and HK$133 million (as at 31 March 2015: HK$135 million) respectively; and

(b) pledged bank deposits of HK$365 million (as at 31 March 2015: HK$423 million).

14. ACQUISITIONS OF SUBSIDIARIES

On 10 July 2015, a sales and purchase agreement was entered into between (i) Smart Choice, an indirect non-wholly owned subsidiary of the Company, and (ii) the shareholders of Strong Media, in relation to the acquisition of equity interest in Strong Media by Smart Choice from the shareholders of Strong Media (the "Acquisition") .

Pursuant to the sales and purchase agreement, (i) Smart Choice acquired 80% equity interest in Strong Media in phase 1, and (ii) Smart Choice agreed to acquire remaining 20% equity interest in Strong Media in phase 2, upon satisfaction of certain conditions as set out in the agreement.

During the Reporting Period, all the conditions precedent under the sales and purchase agreement for phase 1 have been fulfilled. Strong Media becomes an indirect non-wholly owned subsidiary of the Company thereafter.

14. ACQUISITIONS OF SUBSIDIARIES - continued

The total consideration for phase 1 and phase 2 of the Acquisition is EUR30 million (equivalent to HK$262 million), which is to be satisfied in cash. 80% of the total consideration (i.e. HK$209 million) is payable upon completion of phase 1.

Strong Media and its subsidiaries are principally engaged in the business of sale and distribution of reception facilities of digital televisions.

Consideration to be transferred

	HK$ million (unaudited)
Cash consideration:	
Due within one year	93
Due after one year	116
	209

Acquisition-related costs relating the above acquisition are excluded from the cost of acquisition and have been recognised as an expense in the profit or loss.

The fair value of assets and liabilities recognised at the date of acquisition (determined on provisional basis) are as follow:

	HK$ million (unaudited)
Non-current Assets	
Property, plant and equipment	8
Intangible assets	109
Current Assets	
Inventories	127
Trade and other receivables	108
Pledged bank deposits	13
Bank balances and cash	55
Current Liabilities	
Trade and other payables	(170)
Bank borrowings	(100)
Tax liabilities	(3)
Non-current Liabilities	
Bank borrowings	(3)
	144

14. ACQUISITIONS OF SUBSIDIARIES - continued

The trade and other receivables acquired with a fair value of HK$108 million at the date of acquisition had gross contractual amounts of HK$108 million.

The initial accounting for the assets and liabilities acquired in the above business combination with fair value of HK$144 million have been determined on a provisional basis, awaiting the completion of professional valuations. The amounts of goodwill may be adjusted accordingly.

The goodwill arising on acquisition (determined on provisional basis) is as follows:

	HK$ million (unaudited)
Consideration	209
Less: Net assets acquired	(144)
Plus: Non-controlling interests	30
Goodwill arising on acquisition	95

Net cash inflows arising on acquisition is as follows:

	HK$ million (unaudited)
Cash consideration paid up to 30 September 2015	-
Less: bank balances and cash acquired	55
Net cash inflows for the period	55

During the Reporting Period, Strong Media and its subsidiaries did not have material contribution to the revenue and profit of the Group.

BUSINESS PERFORMANCE REVIEW

(1) Moderate increase in revenue

The Group's revenue for the Reporting Period amounted to HK$19,549 million, representing an increase of 5.8% compared to the same period last year.

In mainland China market, the Group has continuously focused on large panel and ultra-high definition products, kept debut launches of new innovative products and speeded up the vertical integration of online and offline business strategy, resulted in a continuous increase in the sales volume proportion through e-commerce sales channel. Currently, the sales of TV products under Coocaa brand represented 4.7% of sales in the mainland China market, increased by 1.6 percentage point when compared with the same period in the previous year. In addition, the Group will continue to explore acquisition opportunities in the overseas market, and focus our effort in improving the brand awareness as well as market shares of our own-branded products outside of China. During the Reporting Period, the Company has been selected as a constituent member of Hang Seng Corporate Sustainability Benchmark Index, which further affirmed that the Group was an excellent company in the market. As the sales quantity of the TV products increased by 11.0%, the Group delivered an increment in revenue.

During the Reporting Period, the Group's sales volume of TV by product and geographical segments are as follows:

	April to September 2015 *Unit ('000)*	**April to September 2014** *Unit ('000)*	**April to September 2015 vs. April to September 2014** ***Increase/ (Decrease)***
<u>TV business unit TV sales volume</u>			
China Market	**4,452**	**4,328**	**3%**
which comprises:			
- Smart TV (4K)	***1,095.7***	***574.5***	***91%***
- Smart TV (Non-4K)	***1,632.6***	***1,541.1***	***6%***
- Other Flat Panel TV	***1,723.7***	***2,212.8***	***(22%)***
Overseas Market	**2,143**	**1,610**	**33%**
which comprises:			
- LED LCD TV	***2,139.1***	***1,607.8***	***33%***
- Other TV	***3.4***	***2.3***	***48%***
Total TV sales volume	**6,595**	**5,938**	**11%**

(2) Revenue analysis by geographical and product segments

(a) Mainland China Market

During the Reporting Period, the mainland China market accounted for 78.2% of the Group's total revenue, recorded an increase of 3.0% from HK$14,856 million for the same period last year to HK$15,296 million.

The Group's TV business in mainland China accounted for 73.5% of the total domestic revenue. The sales of digital set-top boxes, white appliances and LCD modules accounted for 9.3%, 6.4% and 1.9% respectively. Other business units include those engaged in rental collection, property development, lighting products, security systems, air conditioner, other electronic products and financial services, etc., attributed the remaining 8.9%.

TV products

The TV market in mainland China has entered into a competitive stage both in high-end products and content services. To cope with this, the Group has persisted in developing products with innovative technology and smart features. During the Reporting Period, the Group applied products differentiation as our selling strategy and continuously strengthen our position as a high-end brand. The Group has emphasised in promoting Smart TV products with higher profit margin and higher average selling price. As a result, the portion of 4K Smart TV products sales volume reached 24.6% when compared with the total TV products sales volume in the mainland China, also represented a year-on-year growth of 90.7%. This had minimised the impact from decreasing average selling price and the revenue of TV products in the mainland China market recorded, HK$11,241 million, comparing with HK$11,396 million recorded in the same period of previous year, representing a slightly decrease of 1.4%.

Along with the increasing popularity of internet and the booming numbers of internet users, the e-commerce business has run into a great opportunity to develop and grow. The Group has seized this opportunity by positioning its subsidiary, Coocaa Company, as an internet brand. On one hand, leveraging on the continued increase in sale of our Smart TV, the Group has determined to adhere to the internet transformation strategy and have developed eight business models in order to derive servicing income, which include: content, advertising, education, shopping, gaming, travelling, Apps store and music, Coocaa Company is pushing forward the services development on smart platform; on another hand, Coocaa Company has kept on improving its infrastructure of services platform including payment system, operating system, online after-sales service system, etc., in order to implementing its monetisation strategy. Coocaa brand targets mainly on the youth community. In order to create a soundbite within the youngsters, Coocaa Company has developed a fans group with high viscosity that involves itself into the fans lives and to create a lifestyle that being pursued.

According to the extrapolated TV sales data based on the market survey covering 711 cities with 6,023 retail terminals in the mainland China conducted 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 the PRC, the Group's market shares among local and foreign TV brands in the mainland China for the 12 months ended 30 September 2015 are as follows:

	Ranking	**Market share**
All TV		
- Volume	1	17.3%
- Revenue	1	16.8%
LCD TV (included CCFL and LED LCD TV)		
- Volume	1	17.4%
- Revenue	1	16.9%
4K UHD TV		
- Volume	1	20.0%
- Revenue	2	17.9%

Digital set-top boxes

The revenue of digital set-top boxes in the mainland China market recorded HK$1,429 million, representing an increase of 30.1% or HK$331 million, compared with HK$1,098 million recorded in the same period of previous year.

Throughout the years, the Group has constructed a smart eco-system, based on broadcasting networks, telecommunication networks and internet that amid the system of “Platform + Content + Terminal+ Application”, as well as to ally with its strategic partners such as cable operators, content, application and channel providers, etc. The Group has progressively unveiled digital TV, intelligent network, IPTV etc, the full spectrum of set-top boxes. Its intelligent network access equipment, intelligent vehicle network, goods linked network and other series of smart products, also make system and operational service fully meet the demands of cable operators and end-users. During the Reporting Period, driven by larger business coverage and high-end market share, marked a favorable result in revenue.

White Appliances

The revenue of white appliances in the mainland China market recorded HK$983 million, representing a decrease of 10.6% or HK$117 million, compared with HK$1,100 million recorded in the same period of previous year.

During the Reporting Period, the Group aimed to expand the market share of white appliances business set up the professional sales and after sales services etc. Meanwhile, the Group adopted the strategy to upgrade in 5 aspects covering our product, quality, manufacturing, market and brand, rapidly enhanced the brand awareness and consumers' trust.

In order to promote sales and development of Skyworth and Toshiba products in the mainland China and Japan, the Group formed a strategic partnership with Toshiba Lifestyle Products and Services Corporation and will acquire 5% equity interests in each of Toshiba HA Manufacturing (Nanhai) Co., Ltd. and Toshiba Home Appliances Manufacturing (Shenzhen) Co., Ltd.. According to the strategic agreements, the Group was granted an exclusive sales right in the PRC for designated models of refrigerators, washing machines, and vacuum cleaners manufactured by the two aforementioned Toshiba companies. This will further enhance its revenue and market position of white appliances.

LCD modules

The revenue of LCD modules in the mainland China recorded HK$287 million, representing a decrease of 1.7% or HK$5 million, compared with HK$292 million recorded in the same period of previous year.

During the Reporting Period, owing to a weaken market demand, the orders from TV module and LED module customers dropped slightly, resulting in a mild decrease in revenue when compared with the same period of previous year. Although the small to medium module products showed a delightful sales result, it is unable to offset the downsides of certain products. However, the Group has years of experiences in developing LED backlight products and possessed of mature technique especially in self-designed small to medium size modules. The business unit maintains an excellent customer base, with customers’ trust and support, it is anticipated that the situation will be improved in the second half of the financial year.

(b) Overseas Market

The revenue generated from the overseas markets accounted for HK$4,253 million, or 21.8% of the Group's total revenue for the Reporting Period. Comparing with HK$3,622 million recorded in the same period of previous year, representing an increase of 17.4%.

TV products

The revenue of overseas TV products for the Reporting Period was HK$3,081 million, or 72.4% of the total overseas revenue for the Reporting Period, comparing with HK$2,040 million recorded in the same period of previous year, representing an increase of 51.0%.

During the Reporting Period, the Group successfully acquired the TV segment of METZ in Germany. After setting up its branch office in Germany, and leveraging on the brand awareness and distribution channels of METZ in Germany and Europe, the Group will implement a parallel dual-brand marketing strategy to promote the Group's products in the European markets. The Group participated in the IFA exhibition in Berlin. During the IFA exhibition, the Group demonstrated a variety of self-developed high intelligence products with the latest technology, and also established a smart home experience center which allows users to experience the wonderful features of Skyworth products, in our effort to further strengthen our brand reputation in the European markets.

Over the years, with OEM and ODM as our foundation in the overseas market, we publicise and promote through incorporating branches in different countries to further enhance our brand popularity and awareness. During the Reporting Period, our own brand sales in overseas market has increased by 43.2%, on a year-on-year basis. In addition, the Group would tailored made its product mix according to the market demand of individual market, as well as rapidly ramping up our higher-end products to achieve our target of increasing the sales in the overseas market.

It is anticipated that in the second half of the financial year, the Group will continuously apply a dual-brand marketing strategy in African and European markets, so as to tackle the European markets which will be one of the major growth drivers in the overseas market in the next three to four years.

Digital set-top boxes

The revenue of digital set-top boxes in the overseas market for the Reporting Period recorded HK$752 million, comparing with HK$1,172 million recorded in the same period of previous year, representing a decreased of 35.8%.

During the Reporting Period, our overseas development strategy for digital set-top box is to utilise its market competitive advantages, to actively exploit the European and American markets. The Group aimed to establish an international sales team and to create a diversified sales channels and service platforms. Meanwhile, the business model will extend from B2B to B2C, in order to provide multi-business operators with value-added, professional services, end-to-end distribution and delivery services of set-top boxes, for promoting its brand value and improving its bargaining power. The Group has acquired Strong Media in Europe, and by utilising its existing distribution channels and customer networks, we aim to improve brand image and awareness in the European markets. All of these will help to accelerate the growth of our overseas sales in the second half of the financial year.

Geographical distribution of revenue in overseas markets

During the Reporting Period, Asia, Africa, America and Europe dominate the Group's overseas markets, with aggregation up to 96% in the overseas revenue. The revenue from Asia market rose by 14 percentage points due to emerging markets expansion. The geographical distribution of the revenue in percentage for overseas markets is illustrated as follows:

	Six months ended 30 September	
	2015	2014
	(%)	(%)
Asia	40	26
Africa	20	26
America	30	24
Europe	6	17
Middle East	4	6
Australia and New Zealand	0	1
	100	100

(3) Gross profit margin

During the Reporting Period, the overall gross profit margin of the Group increased 1.1 percentage point from 19.5% to 20.6% in comparison to the same period last year.

During the Reporting Period, apart from stringent cost and expenditure control, the Group constantly adjusts its product mix in line with the market needs. We focused on promoting products with higher profit margin and larger size smart products. The sales volume of star products with 49 inches or above has been increased quite significantly on monthly basis and drove an increase in gross profit margin year-on-year. The sales volume of 4K Smart TV which has higher gross profit margin showed a 90.7% year-on-year growth which accounted for 16.6% of the total sales volume. This is a key factor that directly improved the gross profit margin.

(4) Expenses

The Group's selling and distribution expenses for the Reporting Period decreased by HK$11 million or 0.5% to HK$2,236 million. The selling and distribution expenses to revenue ratio decreased by 0.8 percentage points from 12.2% to 11.4%.

The Group's general and administrative expenses for the Reporting Period rose by HK$250 million or 31.6% to HK$1,040 million. The general and administrative expenses to revenue ratio increased by 1.0 percentage points from 4.3% to 5.3%. In which, research and development expenses increased by HK$201 million or 62.6% to HK$522 million, the Group had devoted plenty of resources in research and development expenses during the Reporting Period to offer high quality smart products with latest features.

LIQUIDITY, FINANCIAL RESOURCES AND CASH FLOW MANAGEMENT

The Group adopted a prudent financial policy to maintain a stable financial growth. The Group's net current assets as at the end of the Reporting Period was HK$8,403 million, decreased by HK$589 million or 6.6%, when compared with that as at 31 March 2015. As at the end of the Reporting Period, bank balances and cash amounted to HK$4,163 million, representing an increase of HK$846 million when compared with that as at 31 March 2015; also an increase of HK$1,161 million when compared with that as at 30 September 2014. Pledged bank deposits amounted to HK$365 million decreased by HK$58 million when compared with that as at 31 March 2015.

The Group secured certain assets against its certain trade facilities and loans granted from various banks. Such secured assets included HK$365 million pledged 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$201 million (as at 31 March 2015: HK$206 million) as at the end of the Reporting Period.

The Group adheres to its principle of prudence and committed to maintain a healthy financial position. At the end of the Reporting Period, total bank loans amounted to HK$6,346 million. Equity attributable to owners of the Company amounted to HK$13,954 million (as at 31 March 2015: HK$13,739 million). The debt to equity ratio revealed as 41.1% (as at 31 March 2015: 17.0%).

TREASURY POLICY

The Group's major investments and revenue streams are derived from the mainland China. The Group's assets and liabilities are mainly denominated in 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 Period, since RMB was significantly depreciated, the Group recognised a decrease in net foreign exchange gains to HK$19 million associated with the fluctuation of RMB.

The management of the Group regularly reviews the foreign currency and interest rate exposures, in order to determine the need on hedging of foreign exchange. It is expected that in the second half of the financial year, RMB will remain steady or slightly depreciate. However, since RMB is the Group's major transaction currency, it is anticipated that the Group will not expose to a significant exchange rate risk due to the fluctuation of RMB. In addition, the Group's actively reduce loans and payables which are denominated in US dollars, so as to minimise losses triggered by its appreciation.

SIGNIFICANT INVESTMENTS AND ACQUISITIONS

During the Reporting Period, in order to cope with the expanding production scale and improving production capacity, an addition of HK$316 million in construction projects were underway. This includes expansion of production plant and improvement of facilities in production plants located in Guangzhou, Nanjing, Yichun and Shenzhen. The Group had also spent approximately HK$271 million on ancillary machinery in production lines and other equipment. The Group planned to further invest HK$953 million on property, plant and equipment, factory buildings and office premises under development, in order to cater for future business needs in intelligent, diversified and internationalised products.

During the Reporting Period, the Group executed its internationalisation strategy by acquiring TV related assets from METZ at approximately Euro 5.43 million, and acquiring 80% equity interests in Strong Media at Euro 24 million.

METZ is a high-tech company mainly engaged in manufacturing of high-end TV, camera flash light and injection molded parts. The Group acquired METZ's TV business related assets, which promoted a fast-paced supply chain development in the European market. At the same time, with METZ's research & development technology, reputable brand and existing distribution channels, the Group is able to benefit from these advantages to develop our own branded products in the European market.

Meanwhile, the Group has acquired Europe's leading set-top box brands – Strong Media, so as to combine our research, development, design, supply chain and manufacturing advantages with the international brand name, distribution channels and distribution capabilities of Strong Media. This will bring complementary resources and synergy for both companies and provide a greater impetus to the expansion of overseas market. This will enhance the Group's market share in Europe, Central Asia and North African markets.

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 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

As at 30 September 2015, the Group had over 38,000 employees in China (Hong Kong and Macau inclusive) and overseas, including sales personnel situated throughout 41 branches and 217 sales offices. The Group gives high emphasis on fundamental employee benefits, appraisal systems, long-term and short-term incentive schemes, in motivation and recognition of staff with outstanding contributions and performance. The Group values and allocates substantial resources for staff development, focusing on pre-employment and on-the-job trainings, providing punctual commentaries on latest industrial trends, policies and guidelines to improve the quality of human capital. Meanwhile, the Group is continuous strengthening the infrastructure of human resources, providing guidance to the position title, salary norms, and gradually establishes a long-term centralised selection, training and development mechanism and a specified department to enhance the professionalism and leadership skill of senior personnel staff.

The Group's remuneration policy is based on individual performance, functions and conditions of human resources market.

OUTLOOK

The management of the Group acknowledged that the China TV competitive landscape has been transforming from hardware to “hardware + services”, however, our overseas market is still in a fast growing stage. The fading out of the Japanese brands provides ample room for Chinese TV manufacturers to grow and seize the expansion in the overseas market. As such, the Group will formulate strategies in four aspects: product innovation, business model innovation, product diversification and internationalisation. At the same time, the Group will continue to promote more smart products to further develop our internet businesses.

2015 is the initial year for the Group to monetarise our smart TV users. In the next three years, we will focus to form more strategic partnerships with internet platform providers, in order to accelerate the monetization of our big data in the following eight areas: content, advertising, education, shopping, gaming, travelling, Apps store and music. During the revolutions of technology, smart home products will become the mainstream in the market. Leveraging on the success of our TV and set top box in the China market, we will integrate our refrigerator, washing machine, air conditioner, lighting products and security system, etc., to create a health caring and environmental friendly smart home. In the second half of the financial year, the Group will endeavor to promote larger-size and higher-end smart TV products, coupled with building up our internet service platform and offering more online services, in our effort to attract customers to switch to smart products. This strategy will lead the Group to achieve its full year target in TV sales volume and revenue.

Furthermore, the Group will implement three strategies in the overseas market development: (i) to develop the overseas sales team to build an overseas terminal sales network by developing distribution channels and partnerships with local dealers; (ii) to increase the investment in research and development for products; (iii) to establish overseas production assembly factories. It is expected that by 2017, the Group can establish its entire overseas supply chain by establishing overseas production bases via self-development, acquisition and joint venture, etc. At the same time, overseas business will further expand from TV and set-top box to white appliances products such as refrigerator, washing machine and air conditioner. The overseas distribution channels and brand promotion of TV, will also be shared with the white appliances products, in order to create synergy and to generate the best returns for our stakeholders.

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 the Shareholders. The Company devotes to the best practice on corporate governance, and to comply to the extent practicable with the CG 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 2014/15.

During the Reporting Period, the Company has complied with all the code provisions as set out in the CG Code.

AUDIT COMMITTEE

The Audit Committee was established by the Board since its listing of the Shares on the Stock Exchange on 7 April 2000. The Audit Committee comprises three members, Mr. Cheong Ying Chew, Henry (Chairperson), Mr. Li Weibin and Mr. Wei Wei, all of whom are independent non-executive Directors.

During the Reporting Period and up to the date of this announcement, the Audit Committee held two meetings and performed the following duties:

(a) to review and comment on the Company's draft annual and interim financial reports;

(b) to oversee the Group's financial reporting system, risk management and internal control systems on an ongoing basis;

(c) to review the financial reporting system to ensure the adequacy of resources, qualifications and experience of staff of accounting and financial reporting functions of the Group;

(d) to discuss on the Group's internal audit plan with the Risk Management Department; and

(e) to meet and communicate with the external auditors for audit works of the Group.

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, 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 Reporting Period.

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

During the Reporting Period, the Company has purchased 13,344,000 Shares in the market through an independent trustee, for the purpose of the Share Award Scheme. Save as disclosed above, during the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

INTERIM DIVIDEND

The Board has resolved to pay an interim dividend for the six months ended 30 September 2015 of HK9.6 cents (2014: HK9.5 cents) per Share, totaling approximately HK$280 million (2014: HK$270 million) to the Shareholders on or around Wednesday, 3 February 2016 whose names appear on the register of members of the Company at the close of business on Friday, 11 December 2015. Shareholders may elect to receive interim dividend in the form of new Shares 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 Wednesday, 9 December 2015 to Friday, 11 December 2015, both days inclusive, during which no transfer of Shares will be registered. In order to qualify for the interim dividend payable on or around Wednesday, 3 February 2016, 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, Wan Chai, Hong Kong not later than 4:30 p.m. on Tuesday, 8 December 2015.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the Company's website (http://investor.skyworth.com/html/index.php) and the website of the Stock Exchange (http://www.hkexnews.hk). The Company's 2015/16 interim report will be made available on the websites of the Company and the Stock Exchange and will be despatched to the 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 to the Group throughout the Reporting Period.

By order of the Board
Skyworth Digital Holdings Limited
Lin Wei Ping
Executive Chairperson

Hong Kong, 23 November 2015

GLOSSARY

"Board"	the board of Directors
"CCFL"	cold cathode fluorescent lamp backlights
"CG Code"	Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules
"Company"	Skyworth Digital Holdings Limited
"Coocaa Company"	Shenzhen Coocaa Network Technology Company Limited
"Director(s)"	directors of the Company
"Group"	the Company together with its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKAS"	Hong Kong Accounting Standard
"HKFRSs"	Hong Kong Financial Reporting Standards
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFA"	Internationale Funkausstellung, an electronics exhibition held in Berlin, Germany
"IRD"	Hong Kong Inland Revenue Department
"LAT"	Land appreciation tax
"LCD"	liquid crystal display
"LED"	light emitting diode backlights
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Macau"	the Macau Special Administrative Region of the PRC
"METZ"	METZ-Werke GmbH & Co. KG, a company incorporated in Germany
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"PRC" or "China"	People's Republic of China
"Reporting Period"	the six months ended 30 September 2015
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Smart Choice"	Smart Choice Store Company Limited, a company incorporated in Hong Kong
"Share Award Scheme"	Share award scheme approved and adopted by the Board on 24 June 2014
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strong Media"	Strong Media Group Limited , a company incorporated in the British Virgin Islands
"TV"	television
"UHD"	ultra-high definition
"VAT"	Value-added-tax
"2008 Share Option Scheme"	Share option scheme approved and adopted at the 2008 annual general meeting held on 30 September 2008
"4K Smart TV"	Smart TV with ultra-high definition (4Kx2K) panel
"%"	per cent

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.