Skyworth Digital Holdings Limited

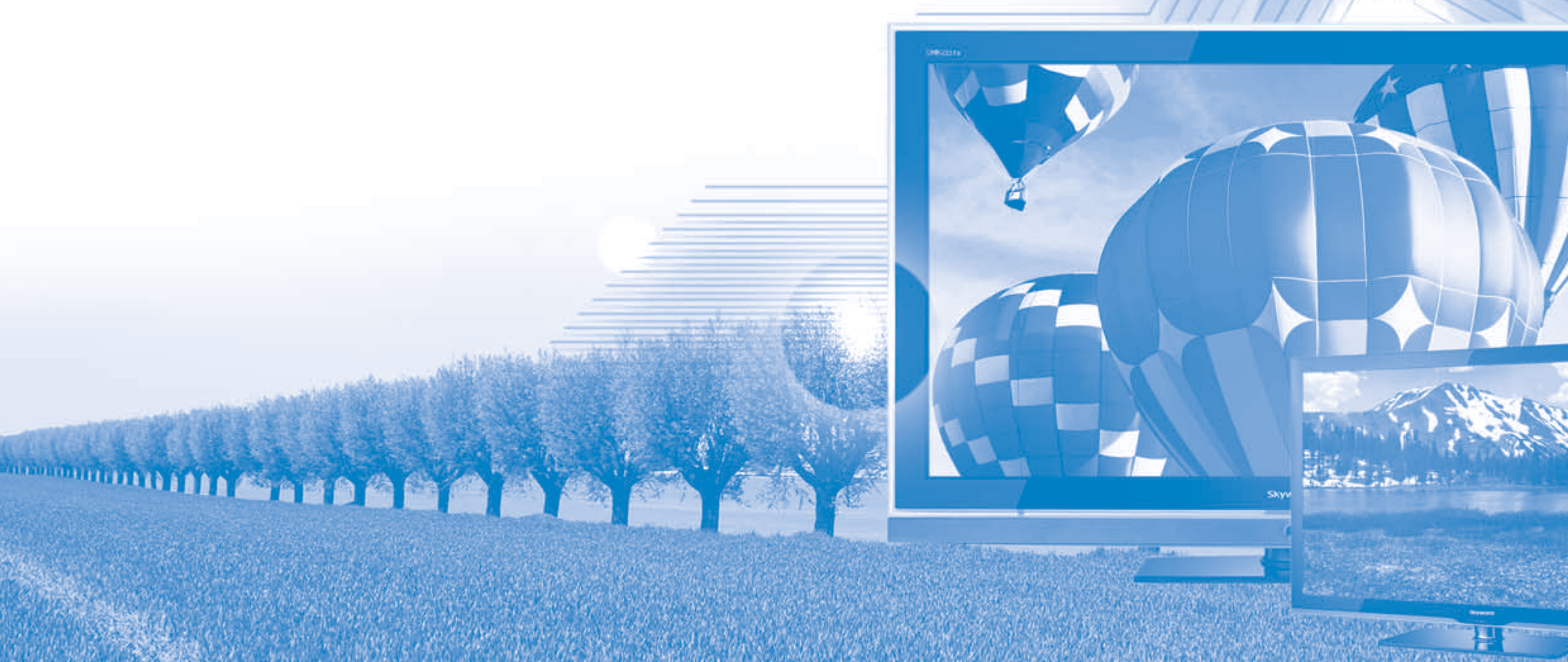
(Incorporated in Bermuda with limited liability)

Stock Code: 751

Interim Report

2010/11

CONTENTS



FINANCIAL HIGHLIGHTS

Amounts expressed in HK$ million (except for share data)

	Six months ended 30 September 2010 (unaudited)	2009 (unaudited)	Change
OPERATING RESULTS			
Turnover	**11,148**	10,013	11.3%
Operating Profit (EBIT)	**556**	776	-28.4%
Profit attributable to owners of the Company	**354**	573	-38.2%
FINANCIAL POSITION			
Net cash from (used in) operating activities	**2,246**	(181)	1,340.9%
Cash position*	**2,933**	3,870	-24.2%
Bank loans	**3,176**	3,992	-20.4%
Bank loans excluding the financial liabilities arising from discounted bills and foreign exchange arrangements	**1,525**	17	8,870.6%
Equity attributable to owners of the Company	**6,170**	5,033	22.6%
Working capital	**5,045**	3,460	45.8%
Bills receivable	**8,337**	5,057	64.9%
Bills discounted with recourse	**1,007**	1,989	-49.4%
Trade receivables	**2,719**	2,499	8.8%
Inventories	**2,903**	2,737	6.1%
KEY RATIOS			
Gross profit margin (%)	**17.7%**	22.7%	-5pp
Earnings before interest, taxation, depreciation and amortisation (EBITDA) margin (%)	**6.2%**	8.7%	-2.5pp
Profit margin (%)	**3.2%**	5.7%	-2.5pp
Return on owners of the Company (ROE) (%)**	**11.5%**	22.9%	-11.4pp
Debt to equity (%)***	**51.5%**	80.6%	-29.1pp
Debt to equity excluding portion of financial liabilities arising from discounted bills and foreign exchange arrangements (%)	**24.7%**	0.3%	24.4pp
Net debt to equity	**Net Cash**	Net Cash	n/a
Current ratio (times)	**1.4**	1.3	7.7%
Trade receivable turnover period (days)#	**161**	121	33.1%
Trade receivable turnover period excluding portion arising from discounted bills receivable (days)#	**123**	103	19.4%
Inventories turnover period (days)#	**62**	56	10.7%
DATA PER SHARE (HK CENTS)			
Earnings per share – Basic	**13.96**	24.83	-43.8%
Earnings per share – Diluted	**13.40**	24.02	-44.2%
Dividend per share	**5.0**	8.0	-37.5%
Book value per share	**240**	212	13.2%
SHARE INFORMATION AT FINANCIAL PERIOD END			
Number of shares in issue (million)	**2,569**	2,371	8.4%
Market capitalisation	**13,898**	8,512	63.3%

* Cash position refers to bank balances and cash, including pledged bank deposits of approximately HK$ 783 million

** Calculated based on annualised comprehensive income for the period attributable to owners of the Company/equity attributable to owners of the Company

*** Bank loans and financial liabilities arising from discounted bills/equity attributable to equity holders of the Company at period end

\# Calculated based on average inventory/average sum of bills receivable and trade receivables

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Xuebin *(Executive Chairman and Chief Executive Officer)*
Ms. Ding Kai
Mr. Yang Dongwen
Ms. Lin Wei Ping
Mr. Lu Rongchang (appointed on 21 June 2010)
Mr. Leung Chi Ching, Frederick *(Chief Financial Officer)*

Independent Non-executive Directors

Mr. So Hon Cheung, Stephen
Mr. Li Weibin
Mr. Tsui Tsin Tong (passed away on 2 April 2010)
Ms. Chan Wai Kay, Katherine (appointed on 22 July 2010)

MEMBERS OF COMMITTEES

Audit Committee

Mr. So Hon Cheung, Stephen *(Chairman)*
Mr. Li Weibin
Mr. Tsui Tsin Tong (passed away on 2 April 2010)
Ms. Chan Wai Kay, Katherine (appointed on 7 October 2010)

Executive Committee

Mr. Zhang Xuebin *(Chairman)*
Ms. Ding Kai
Mr. Yang Dongwen
Ms. Lin Wei Ping
Mr. Lu Rongchang
Mr. Leung Chi Ching, Frederick
Mr. Liu Tangzhi
Mr. Wang Dehui
Mr. Kuang Yubin (resigned on 30 August 2010)
Mr. Hu Zhaohui
Mr. Guo Limin
Ms. Dong Ning
Ms. Zhou Tong
Mr. Li Xiaofang
Ms. Shao Meifang
Mr. Sun Weizhong (appointed on 30 August 2010)

Remuneration Committee

Mr. Li Weibin *(Chairman)*
Mr. So Hon Cheung, Stephen
Mr. Leung Chi Ching, Frederick
Mr. Tsui Tsin Tong (passed away on 2 April 2010)
Ms. Chan Wai Kay, Katherine (appointed on 7 October 2010)

Nomination Committee

Ms. Chan Wai Kay, Katherine *(Chairlady, appointed on 7 October 2010)*
Mr. So Hon Cheung, Stephen
Mr. Leung Chi Ching, Frederick
Mr. Li Weibin
Mr. Tsui Tsin Tong (passed away on 2 April 2010)

COMPANY SECRETARY

Mr. Leung Chi Ching, Frederick

AUDITOR

Deloitte Touche Tohmatsu

LEGAL ADVISORS

Richards Butler

PRINCIPAL BANKERS

Bank of China
China Construction Bank
China Merchant Bank
CITIC Bank International
Industrial and Commercial Bank
Standard Chartered Bank

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

Rooms 1601-04 Westlands Centre
20 Westlands Road
Quarry Bay
Hong Kong

BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

HSBC Bank Bermuda Limited
(formerly known as The Bank of Bermuda Limited)
6 Front Street, Hamilton HM 11
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Hong Kong Registrars Limited
Rooms 1712-16 Hopewell Centre
183 Queen's Road East
Hong Kong

SHARE LISTING

The Company's shares are listed on
The Stock Exchange of Hong Kong Limited
Stock Code: 751

IMPORTANT INFORMATION FOR 2010 / 2011

Results Announcement Date

Interim results – 30 November 2010

Dividend Per Share

Interim dividend – HK5 cents

Dividend Payment Date

Interim dividend – 1 February 2011

Closing Period of the Register of Members

Interim – From 24 December 2010 to 31 December 2010 both dates inclusive

COMPANY WEBSITE

http://www.skyworth.com

OPERATIONAL AND FINANCIAL REVIEW

RESULT HIGHLIGHTS

Skyworth Digital Holdings Limited (the "Company", together with its subsidiaries, the "Group") recorded the following results for the six months ended 30 September 2010 (the "Period"):

- Turnover increased by 11.3% from that of the same period previous year, reached HK$11,148 million (90.4% from mainland China market).

- Sales of TV products and digital set-top boxes accounted for 82.3% and 15.6%, respectively of the Group's total turnover.

- Gross profit achieved HK$1,971 million, decreased by 13.2%; and the gross profit margin was 17.7%, decreased by 5 percentage points compared with that for the same period last year.

- Unaudited profits before non-controlling interests for the Period was HK$413 million, decreased by 32.2% compared with that for the same period last year, but significantly higher than that of all other corresponding periods since the Group listed its shares in 2000.

- The Board has proposed an interim cash dividend of HK5 cents per share with an option to elect scrip dividend in lieu of cash.

BUSINESS PERFORMANCE REVIEW

Steady growth in turnover

The Group's turnover for the Period reached HK$11,148 million, representing an increase of 11.3% over the same period last year.

Growth in turnover during the Period was driven by the core businesses of the Group, namely: TV product and digital set-top box businesses. Benefiting from China government's "Swapping Old to New" policy, the coverage of which increased to 28 provinces and municipals during the Period, the Group seized the opportunity to further broaden its sales distribution channels from the first-tier cities to third and fourth-tier cities and rural areas. With the strategic advantages in variability of product features, leading industrial position and strategically advantages in marketing & promoting plans of television sets ("TVs") with liquid crystal display ("LCD") and light emitting diode ("LED") backlight stimulated an increase of 9.3% in flat-panel TV sales. However, the overall sales volume was reduced by 13.1% over the same period of previous year which was mainly due to the oversupply of upstream resources and price competition triggered by the foreign brands, narrowing down the overall turnover growth.

Turnover analysis by geographical and product segments

Mainland China market

During the Period, the mainland China market accounted for 90.4% of the Group's total turnover, recorded a 12.2% growth from HK$8,982 million for the same period last year to HK$10,079 million.

The Group's TV business in mainland China accounted for 86.0% of the total domestic turnover engaged in moulding. The sales of digital set-top boxes and LCD modules accounted for 12.1% and 0.4%, respectively. Other business units, automobile electronics, other electronic products and rental collection attributed 1.5% of the total domestic turnover.

TV products

The Group focuses on high-end TV market, and recognizes market penetration as the most critical factor to succeed in mainland China. During the Period, the TV products in mainland China market grew by 3.4% and reached HK$8,660 million in sales, also the Group preceded its sales volume of LCD TV in mainland China market. Retrieving from the TV market survey performed by All View Consulting Co., Ltd. ("AVC"), Skyworth LCD TV (including LCD TVs with cold cathode fluorescent lamp ("CCFL") backlight and LED LCD TV) ranked first in terms of cumulative sales volume, representing 15.3% of total market share, and ranked second in all TV in terms of cumulative sales volume and amount, accounting for 14.0% and 12.7% of total market share, respectively for twelve consecutive months ended 30 September 2010. AVC is a subsidiary of the China Video Industry Association which performs quantitative TV researches with data covering 390 major cities and 4,300 retail terminals in the mainland China.

During the Period, in order to strengthen the market share in LED LCD TVs, the Group launched a series of marketing strategies to stimulate the sales and to provoke the demand of LED LCD TVs. The increase in LED LCD TV sales offsetted the impact of the price drop in other products. During the period, over 2.82 million Flat Panel TV sets under **Skyworth** brand were sold in mainland China, of which 0.55 millions were LED LCD TVs, representing 18.8% of the Group's total sales volume of TVs in mainland China.

Other key factors contributing to the improvement of sales of TV products including:

- researching on energy-saving LCD TV to enhance Group image in corporate environmental responsibility. The Group already launched the CooCaa TV with LED backlight series to enhance the high end market line and to promote the market image. Some LED LCD TV models had won the "Green Product Award" and the "Energy Saving Star".

- Skyworth had the most qualified TV products in terms of different models and LED LCD TVs under the "Swapping Old to New" policy. Different models from 24 to 55 inches, prices from low to high ends to suit the different customers' needs. In addition, the Group had also produced other LED backlight series to suit the rural areas markets to enhance its competitive edge.

Digital set-top boxes

The turnover of digital set-top boxes in mainland China market recorded HK$1,224 million, representing a substantial growth of 176.9%, compared with HK$442 million recorded in the same period of previous year.

The strong push by China government in promoting high-definition broadcastings stimulated the demand in digital TVs and set-top boxes in inner cities. The broadcasting of satellite programs helped the development of the related products and assisted the Group to enlarge its market share. Being the market leader, with the advance in technology knowhow and the ability to lower the cost and to increase the efficiency of production, the Group would be able to take advantage of the increasing overall demand of digital set-top boxes.

LCD modules

LCD modules turnover in mainland China decreased to HK$36 million, representing a decrease of 53.2% over the same period of previous year.

During the Period, the LCD modules focused on providing original equipment manufacturing ("OEM") services for both internal and external customers. At the meantime, the LCD modules business unit continues to explore in different markets and expands the customer base progressively.

Overseas markets

The turnover generated from overseas markets accounted for HK$1,031 million, or 9.2% of the Group's total turnover for the Period. Compared with HK$1,000 million turnover recorded in the same period of previous year, representing a slight increase of 3.1%.

TV products

The turnover of overseas TV products for the Period was HK$511 million, or 49.6% of the total overseas turnover, slipping 17.2% from the same period last year. The sales volume of overseas declined 23.8% to 0.72 million sets, of which cathode ray tube ("CRT") TVs declined to 0.56 million sets, equivalent to 29.1% and flat panel TV increased by only 2.4%.

During the Period under review, cautious strategy was adopted due to the tardiness recovery in foreign economy and debt crisis in Europe, coupled with the transformation of the product structure and stagnated growth in flat-panel TVs, resulted in slowdown sales in overseas markets.

Digital set-top boxes

The sales amount of overseas digital set-top boxes for the Period increased by 35.8% to HK$516 million from the same period last year.

Benefitting from the flexibility product mix, the enhancement of the supply chains and the successful marketing strategies, the digital set-top box sales in America markets recorded strong growth with turnover recorded an increase of 345.2%, compared with the same period last year. Although the European market was under the shadow of the sovereignty debt crisis, with the well built customer relationship and the improvement of the product quality, the slowdown sales in European markets did not affect the Group's performance. During the Period, the overall sales in European market had recorded a steady growth of 5.5%. Apart from that, the digital set-top boxes would keep on exploring overseas markets and would further strengthen its relationship with its customers.

Geographical distribution

The strong growth of digital set-top boxes in America region forced the Group to fine tune the sales distribution network. During the Period, America, Europe and Asia were the Group's major overseas markets, with aggregation of 84% in overseas turnover. The geographical distribution of the turnover in percentage for overseas markets is illustrated as follows:

	Six months ended 30 September	
	2010	2009
	(%)	(%)
America	**36**	30
Europe	**27**	34
Asia (including Japan, Korea, Vietnam, etc.)	**21**	23
Middle East	**5**	5
Africa	**7**	6
Australia and New Zealand	**4**	2
	100	100

Gross profit margin

For the Period, the overall gross profit margin of the Group dropped 5.0 percentage points to 17.7% in comparison to the same period last year.

The growth of LCD TV sales has gradually slowdown and over-optimistic forecast of the mainland China TV industry resulting in an abnormal high inventory level at the beginning of the year. During the Period, the major foreign and local TV brands in mainland China were undergoing a transitional period of shifting their product mix from CCFL LCD TV to LED LCD TV. In response to these phenomena, the major foreign and local TV brands were in a continuous process to clear their TV inventory (mainly CCFL LCD TV) and, simultaneously, to assist their customers to clear the TV inventory in the channel. This created abnormal pressure on the gross profit margin of the TV brands in the mainland China market.

However, TV division will accelerate the pace in promoting LED products to the countryside, put in more resources in research and development ("R&D") on new products as well as optimise product mix. All these would bring in sales growth in sales volume and improvement in gross profit margin in the second half year.

Selling and distribution expenses

The Group's selling and distribution ("S&D") expenses consisted of brand promotion and marketing expenses, sales and marketing related salaries, maintenance and transportation expenses. During the Period, S&D expenses rose 3.3% or HK$42 million from the same period last year to HK$1,320 million. Contrastingly, the ratio of S&D expense to turnover reduced 1.0 percentage point from 12.8% to 11.8%.

During the Period, in line with the introduction of new products, the Group did not only increase the amount in advertising on large outdoor billboard, but also organized the technical presentations, image spokespersons, media advertisement and other activities to reinforce our brand influence. Therefore, the advertising expenses rose by 20.1% over the same period last year. In addition, the Group endeavored to continuously improve the reliability of product, constraining warranty and maintenance costs to enhance brand and Group's reputation to maximise stakeholder interests in the long run.

General and administrative expenses

The Group's general and administrative ("G&A") expenses for the Period rose by HK$26 million or 8.1% from the same period last year to HK$348 million. The G&A expenses to turnover ratio for the Period have improved by 0.1 percentage points, down to 3.1%.

To cope with a series of policies launched by China government and to improve product quality and features, the Group had devoted more resources in R&D during the Period, caused an increase of HK$12 million or 23.5% in R&D expenses. Other expenses did not change materially, compared with the same period last year.

Inventory control

The net carrying value of the Group's inventories reached HK$2,903 million as at the Period ended, representing a decrease of HK$395 million or 12.0% from the balance as at 31 March 2010 and an increase of HK$166 million or 6.1% from the balance as at 30 September 2009.

The market expectation of significant growth in LCD TV sales in mainland China at the beginning of this year, coupled with the effect of shortened TV product cycle caused the Group to realign adequate raw material reserves which led to high inventory level at the beginning of the year. However, with the slowdown growth of LCD TV in mainland China market, the increase in penetration of foreign brands into the mainland China market and the intensifying competition from resurgence of PRC brands, even though the Group had taken a series of measures, including price promotions to reduce inventory level and emphasized on effective inventory, logistics and supply-chain management, the inventory value was still at high level, and inventory turnover days were still longer than last year.

As at the Period ended, the inventory turnover days for raw materials and finished goods were 23 days and 36 days respectively; while as at 31 March 2010, the turnover days were 17 days and 27 days respectively.

In the second half year, the Group will emphasize risk managements on inventory and product cycle that cause potential externalities; also, sensitivity awareness to supplier markets, improving inventory cost observation and negotiation to reduce inventory level and speed up the inventory turnover days.

Trade receivables and bills receivable

At 30 September 2010, the Group had a total of HK$11,056 million trade receivables and bills receivable. Comparing to the year ended at 31 March 2010, the two receivables increased by HK$2,534 million, or 29.7%. Trade receivables increased by HK$1,135 million or 71.7% to HK$2,719 million, whilst bills receivable also increased by HK$1,399 million or 20.2% to HK$8,337 million. Such increase is coherent with the seasonal peak sales in September greeting for the October National Day in mainland China.

Comparing to the same period ended last year, trade receivables and bills receivable increased by HK$220 million and HK$3,280 million, respectively. The total receivables for the Period end increased by HK$3,500 million or 46.3%, which was higher than the growth in sales. Due to fierce competition in the TV market during the Period, the TV business unit needed to increase credit sales to match up the promotional activities and enhance its market share. With a flexible and reliable characteristics of bills receivable, the Group took this advantage to increase the proportion of bills receivable, not only accelerated the recovery of cash, but also avoided the risk of bad and doubtful debts.

Trade payables and bills payable

At 30 September 2010, the Group's trade payables and bills payable amounted to HK$6,285 million and HK$822 million, respectively. As compared with that as at 31 March 2010, the amounts increased by HK$3,239 million and HK$236 million, respectively.

Compared with the amounts as at 30 September 2009, the trade payables grew by HK$2,298 million; whilst the bills payable dropped by HK$250 million. During the Period, the payable balance increased primarily reflected the massive procurements by TV and digital set-top boxes divisions in order to meet the product demands in the peak season. As the increase in sales necessitated the needs to enhance trade payable settlements, the Group has undergone a series of settlement procedures and system optimisation, enhanced monitoring and controls by improving information system accuracy and payment timeliness to uplift the Group's overall credibility.

LIQUIDITY, FINANCIAL RESOURCES AND CASH FLOW MANAGEMENT

The Group maintained a strong financial position. The Group's net current assets as at the Period ended increased by HK$960 million or 22.5% from 31 March 2010. Bank balances and cash amounted to HK$2,150 million, representing a decrease of HK$41 million, compared with that at 31 March 2010, an increase of HK$351 million from the same period last year; whilst the pledged bank deposits amounted to HK$783 million at 30 September 2010, representing a decrease of HK$1,611 million and HK$1,288 million from that at 31 March 2010 and the same period of previous year, respectively. The significant decrease in pledged bank deposits at the Period end was mainly due to the cash deposits were released from the maturity of most engagements of foreign currency forward contracts with financial institutions as disclosed in note 17 of the interim financial report.

To maintain liquidity adequacy for operation continuity, the Group facilitated various means of trade finance from banks and certain suppliers. At the Period end, the balance of the discounted bills receivable with recourse amounted to HK$1,007 million, representing a decrease of HK$2,421 million or 70.6% when compared with that at 31 March 2010. Such discounted bills receivable with recourse would be released upon maturity.

The Group secured certain assets against its certain trade facilities and loans granted from various banks. Such secured assets included HK$783 million 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$222 million (at 31 March 2010: HK$218 million) as at the Period end.

The Group adopted principle of prudence and committed to maintain a healthy financial position. At the end of the Period, total bank loans amounted to HK$3,176 million which included discounted bills receivable with recourse and foreign currency forward contracts for HK$1,007 million and 644 million, respectively. Equity attributable to owners of the Company amounted to HK$6,170 million; debt to equity ratio was 24.7% which excluded portion of the bank loans arising from discounted bills receivable with recourse and foreign currency forward contracts. Other key financial ratios are included in Financial Highlights of the interim financial report.

TREASURY POLICY

Most of the Group's major investments and revenue stream situate in mainland China. The Group's assets and liabilities are mainly denominated in Renminbi, others included Hong Kong dollars and US dollars. The Group may require carrying out general trade financing to fulfill operation cash flow needs. In order to reduce the finance costs, the Group utilisation of currency-based and income-based financial management tools introduced by banks to offset the financing pressure. During the Period, the Group had recognised HK$76 million net foreign exchange gains due from US dollars loans associated with foreign currency forward contracts and general operation with reference to mild RMB fluctuations.

The management reviewed the fluctuation of foreign currency and interest rate from time to time to determine the need on hedging actions appropriating to both foreign currency and interest movements, and the optimistic view of anticipating RMB appreciation in the long run. During the Period, the Group entered into a two-year target redemption forward contract with a bank, of which the purpose is to manage the Group's foreign currency exposure in relation to its payables arising from time to time denominated partly in US dollar. For details of the arrangements, please refer to note 17 of the interim financial report.

SIGNIFICANT INVESTMENTS AND ACQUISITION

During the Period, an addition of HK$112 million in construction projects were under way, including certain new production line projects, the ongoing construction of logistic centres, and the new construction phases for Guangzhou and Shenzhen production plants. These projects are positive influential to the productivity and bottleneck breakthroughs, providing tactics to complete orders on time. The Group had spent approximately HK$67 million on machinery in production line setups and other equipments; and has planned to commit HK$197 million on plant, logistic centres and machinery procurement, aiming to cater for future business needs, productivity and logistic efficiency enhancements.

CONTINGENT LIABILITIES

The Group held no material contingent liabilities during the Period. The details of certain patent disputes are disclosed in note 26 to the condensed consolidated financial statements in the interim financial report.

HUMAN RESOURCES CAPITAL

At 30 September 2010, the Group had over 22,000 employees in China (Hong Kong and Macau inclusive), including sales personnel situated throughout 42 branches and 188 sales offices. The Group gives high emphasis on fundamental employee benefits, appraisal systems, long-term and short-term incentive scheme, in motivation and recognition of staffs with outstanding contributions and performance. The Group values and allocates substantial resources for staff development, focusing on pre-employment and on-job trainings, providing punctual commentaries on latest industry trends, policies and guidelines to improve the quality of human capital.

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

OUTLOOK

Looking forward, the business environment of the global TV industry remains full of opportunities and challenges. The intensified competition from PRC brands and foreign brands in mainland China market is anticipated. The Group will continue to take advantage of the market opportunities as promulgated by the China government's implementation of the "Three Networks Convergence" project, the "Home Appliances to the Countryside" scheme, the "Swapping Old to New" scheme and "Promotion of Energy Efficient Appliances" policies. The Group will further promote LED LCD TV and increase the efforts in R&D capability on 3D products to meet consumers' demand with an optimal product mix. In order to maintain its leadership in the TV market, the Group will pay close attention to technological innovation to improve the quality of network television, coupled with actively exploring overseas markets to increase overall scale as well as continuously adopting prudent financial strategies.

OUTLOOK – *continued*

The China government will launch the "12th Five-Year Plan" to stimulate domestic demand, bringing new growth points to companies targeting mainland China markets. To ensure growing in line with the China government's long-term plans, the Group closely monitors and executes further developments with the same direction. In addition, the management has taken a series of measures during the Period, including formation of a LED LCD TV sales strategy, production line adjustment, supply chain enhancement, numerous operational restructuring, clearance of inventory of obsolete TV models, sales channels improvement, combined with which will enable the Group to enhance its operational efficiency and improve the profitability in the second half year.

Moreover, the China government announced that new energy efficiency standards would be implemented starting from 1 December 2010, which will create more opportunities for energy-saving and environmental friendly products including LED LCD TVs. The Group will take full advantageous R&D in green energy products to further strengthen its position and garner greater market share.

In view of negative growth in sales volume during the first half year and in order to be consistent with the Group's usual strategy of maximising profitability whilst maintaining high market share in mainland China market, the Group revised annual targeted TV sales volume from 7.5 million sets to 7 million sets (including 2 million LED LCD TVs) in mainland China market, and a decrease of annual targeted TV sales volume in overseas market from 2 million sets to 1.3 million sets.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

Amounts expressed in HK$ million (except for earnings per share data)

	Notes	**Six months ended 30 September 2010 (unaudited)**	2009 (unaudited)
Turnover	*3*	**11,148**	10,013
Cost of sales		**(9,177)**	(7,741)
Gross profit		**1,971**	2,272
Other income		**174**	109
Other gains and losses	*5*	**64**	(5)
Selling and distribution expenses		**(1,320)**	(1,278)
General and administrative expenses		**(348)**	(322)
Finance costs	*6*	**(59)**	(34)
Share of results of jointly controlled entities		**15**	6
Profit before taxation		**497**	748
Income taxes	*7*	**(84)**	(139)
Profit for the period	*8*	**413**	609
Other comprehensive income			
Exchange differences arising on translation to the Group's presentation currency		**127**	2
Fair value (loss) gain on available-for-sale investments		**(1)**	3
Fair value gain on available-for-sale investments reclassified to profit or loss on disposal of the investments		**–**	(2)
Deferred tax arising on exchange differences on the Group's net investments in foreign operations		**(7)**	–
Other comprehensive income for the period		**119**	3
Total comprehensive income for the period		**532**	612
Profit for the period attributable to:			
Owners of the Company		**354**	573
Non-controlling interests		**59**	36
		413	609
Total comprehensive income for the period attributable to:			
Owners of the Company		**468**	576
Non-controlling interests		**64**	36
		532	612
Earnings per share (expressed in HK cents)			
Basic	*9*	**13.96**	24.83
Diluted	*9*	**13.40**	24.02

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2010
Amounts expressed in HK$ million

	Notes	**As at 30 September 2010 (unaudited)**	As at 31 March 2010 (audited)
Non-current assets			
Property, plant and equipment	*11*	**1,478**	1,399
Investment properties	*11*	**116**	125
Prepaid lease payments on land use rights		**283**	230
Interests in jointly controlled entities	*12*	**183**	156
Interest in an associate		**–**	–
Other receivable	*13*	**93**	90
Available-for-sale investments		**47**	43
Prepayment		**8**	12
Deferred tax assets		**43**	35
		2,251	2,090
Current assets			
Inventories	*14*	**2,903**	3,298
Prepaid lease payments on land use rights		**6**	5
Trade and other receivables	*15*	**3,454**	2,276
Bills receivable	*16*	**8,337**	6,938
Derivative financial instruments	*17*	**–**	4
Amounts due from jointly controlled entities		**17**	13
Held for trading investments		**13**	13
Pledged bank deposits		**783**	2,394
Bank balances and cash		**2,150**	2,191
		17,663	17,132
Current liabilities			
Trade and other payables	*18*	**8,675**	5,189
Bills payable	*19*	**822**	586
Obligation arising from put options written to non-controlling interests	*20*	**106**	84
Derivative financial instruments	*17*	**20**	11
Provision for warranty		**45**	40
Amounts due to jointly controlled entities		**9**	1
Amounts due to minority shareholders of subsidiaries		**–**	14
Tax liabilities		**132**	178
Secured bank borrowings	*21*	**2,594**	6,721
Deferred income		**32**	40
		12,435	12,864
Net current assets		**5,228**	4,268
Total assets less current liabilities		**7,479**	6,358

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – *continued*

AT 30 SEPTEMBER 2010

Amounts expressed in HK$ million

	Notes	**As at 30 September 2010 (unaudited)**	As at 31 March 2010 (audited)
Non-current liabilities			
Obligation arising from put options written to non-controlling interests	*20*	**171**	159
Provision for warranty		**39**	32
Secured bank borrowings	*21*	**582**	–
Deferred income		**276**	215
Deferred tax liabilities		**108**	98
		1,176	504
NET ASSETS		**6,303**	5,854
Capital and reserves			
Share capital	*22*	**257**	253
Share premium		**1,790**	1,665
Share option reserve		**94**	91
Investment revaluation reserve		**3**	4
Surplus account		**38**	38
Capital reserve		**277**	277
Exchange reserve		**626**	511
Accumulated profits		**3,085**	2,934
Equity attributable to owners of the Company		**6,170**	5,773
Non-controlling interests		**133**	81
		6,303	5,854

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

Amounts expressed in HK$ million

	Attributable to owners of the Company									Attributable to non-controlling interests	
	Share capital	Share premium	Share option reserve	Investment revaluation reserve	Surplus account	Capital reserve	Exchange reserve	Accumulated profits	Sub-total	Share of net assets of subsidiaries	Total
Balance at 1 April 2009 (audited)	228	1,188	84	3	38	202	487	2,123	4,353	51	4,404
Profit for the period	–	–	–	–	–	–	–	573	573	36	609
Exchange difference arising on translation to Group's presentation currency	–	–	–	–	–	–	2	–	2	–	2
Fair value gain on available-for-sale investments	–	–	–	3	–	–	–	–	3	–	3
Fair value gain on available-for-sale investments reclassified to profit or loss on disposal of the investments	–	–	–	(2)	–	–	–	–	(2)	–	(2)
Total comprehensive income for the period	–	–	–	1	–	–	2	573	576	36	612
Recognition of equity-settled share-based payments	–	–	4	–	–	–	–	–	4	–	4
Transfer to capital reserve	–	–	–	–	–	14	–	(14)	–	–	–
Issue of shares under share option schemes	9	91	–	–	–	–	–	–	100	–	100
Contributions from non-controlling interests	–	–	–	–	–	–	–	–	–	1	1
Dividend paid to non- controlling interests	–	–	–	–	–	–	–	–	–	(8)	(8)
Balance at 30 September 2009 (unaudited)	237	1,279	88	4	38	216	489	2,682	5,033	80	5,113
Balance at 1 April 2010 (audited)	253	1,665	91	4	38	277	511	2,934	5,773	81	5,854
Profit for the period	–	–	–	–	–	–	–	354	354	59	413
Exchange difference arising on translation to Group's presentation currency	–	–	–	–	–	–	122	–	122	5	127
Fair value loss on available-for-sale investments	–	–	–	(1)	–	–	–	–	(1)	–	(1)
Deferred tax arising on exchange on the Group's net investments in foreign operations	–	–	–	–	–	–	(7)	–	(7)	–	(7)
Total comprehensive (expense) income for the period	–	–	–	(1)	–	–	115	354	468	64	532
Recognition of equity-settled share-based payments	–	–	3	–	–	–	–	–	3	–	3
Issue of shares under share option schemes	1	12	–	–	–	–	–	–	13	–	13
Issue of shares under scrip dividend scheme	3	113	–	–	–	–	–	–	116	–	116
Dividends recognised as distribution *(note 10)*	–	–	–	–	–	–	–	(203)	(203)	–	(203)
Adjustment arising from obligation from put options written to non-controlling interests	–	–	–	–	–	–	–	–	–	(21)	(21)
Contributions from non-controlling interests	–	–	–	–	–	–	–	–	–	1	1
Non-controlling interests arising on disposal of partial interest in a subsidiary that does not result in losing control of the subsidiary *(note 27)*	–	–	–	–	–	–	–	–	–	8	8
Balance at 30 September 2010 (unaudited)	257	1,790	94	3	38	277	626	3,085	6,170	133	6,303

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

Amounts expressed in HK$ million

	Six months ended 30 September	
	2010 (unaudited)	2009 (unaudited)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**2,246**	(181)
NET CASH FROM (USED IN) INVESTING ACTIVITIES		
Dividend received	**14**	9
Interest received	**45**	6
Purchase of property, plant and equipment	**(179)**	(153)
Proceeds on disposal of property, plant and equipment	**6**	11
Prepaid lease payment on land use right	**(52)**	–
Cash investment in a jointly controlled entity	**(8)**	–
Purchase of available-for-sales investments	**(3)**	–
Proceeds on disposal of available-for-sales investments	**–**	2
Decrease (increase) in pledged bank deposits	**1,611**	(1,917)
	1,434	(2,042)
NET CASH (USED IN) FROM FINANCING ACTIVITIES		
Interest paid	**(61)**	(18)
Dividends paid	**(87)**	(8)
Contributions from non-controlling interests	**1**	1
Issue of shares	**13**	100
New bank borrowings	**1,866**	1,956
Repayment of borrowings	**(2,365)**	(1,304)
Proceeds from target redemption forward contracts	**6**	–
Net (repayment of) proceeds from funds arising from discounting of bills with recourse	**(3,130)**	1,906
Proceeds on disposal of partial interest in a subsidiary that does not result in losing control of the subsidiary *(note 27)*	**8**	–
	(3,749)	2,633
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(69)**	410
CASH AND CASH EQUIVALENTS AT 1 APRIL	**2,191**	1,385
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**28**	4
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER, represented by bank balances and cash	**2,150**	1,799

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2010

1. BASIS OF PREPARATION

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

The preparation of condensed consolidated financial statements in conformity with Hong Kong Financial Reporting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated financial statements and the reported amount of revenues and expenses during the reporting period. The estimates and assumptions are consistent with those as disclosed in the annual consolidated financial statements for the year ended 31 March 2010.

The Group's operations are seasonal, the turnover from September to January (the peak season for sales of consumer electronic products in the mainland China) is relatively higher than the turnover from the rest of the year. Results for interim periods are not necessarily indicative of the results for the entire financial year. This interim report should be read, where relevant, in conjunction with the annual report of the Group for the year ended 31 March 2010.

2. PRINCIPAL ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2010, except for those described below.

In the current interim period, the Group has applied, for the first time, the following new and revised standards and interpretations ("new and revised HKFRSs") issued by the HKICPA.

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008
HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKAS 27 (Revised)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Classification of Rights Issues
HKAS 39 (Amendment)	Eligible Hedged Items
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (Revised)	Business Combinations
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners

The application of the above new and revised HKFRSs has had no material impact on the condensed consolidated financial statements of the Group for the current and prior accounting periods.

2. PRINCIPAL ACCOUNTING POLICIES – *continued*

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

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKAS 24 (Revised)	Related Party Disclosures[2]
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters[3]
HKFRS 7 (Amendment)	Disclosures – Transfers of Financial Assets[4]
HKFRS 9	Financial Instruments[5]
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[2]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments[3]

1 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate
2 Effective for annual periods beginning on or after 1 January 2011
3 Effective for annual periods beginning on or after 1 July 2010
4 Effective for annual periods beginning on or after 1 July 2011
5 Effective for annual periods beginning on or after 1 January 2013

HKFRS 9 "Financial Instruments" introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of HKFRS 9 might affect the classification and measurement of the Group's available-for-sale investments.

The directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. TURNOVER

Turnover includes the aggregate consideration received or receivable for goods sold, taking into account the amount of goods returns, trade discounts and sales related taxes. Turnover also includes rental income from leasing of properties for the period. An analysis of the Group's turnover for the period is as follows:

	Six months ended 30 September	
	2010	2009
	(unaudited)	(unaudited)
	HK$ million	*HK$ million*
Sales of TV products	**9,175**	9,019
Sales of digital set-top boxes	**1,740**	821
Sales of LCD modules	**38**	77
Sales of other electronic products	**157**	65
Property rental income	**38**	31
	11,148	10,013

4. SEGMENT INFORMATION

The Group's operating segments, based on information reported to the chief operating decision makers (i.e. the executive directors of the Company) for the purposes of resource allocation and performance assessment are as follows:

1. TV products (PRC market) – design, manufacture and sale of televisions in The People's Republic of China (the "PRC")
2. TV products (overseas market) – design, manufacture and sale of televisions in overseas market
3. Digital set-top boxes – design, manufacture and sale of digital set-top boxes
4. LCD modules – design, manufacture and sale of LCD modules
5. Other electronic products – design, manufacture and sale of other products mainly relate to electronics
6. Property holding – leasing of property in the PRC

The following is an analysis of the Group's revenue and results by operating segment for the period under review:

For the six months ended 30 September 2010

	TV products (PRC market) *HK$ million*	TV products (Overseas market) *HK$ million*	Digital set-top boxes *HK$ million*	LCD modules *HK$ million*	Other electronic products *HK$ million*	Property holding *HK$ million*	Eliminations *HK$ million*	Total *HK$ million*
Turnover								
External sales and rental income	8,660	515	1,740	38	157	38	–	11,148
Inter-segment sales and rental income	25	19	2	358	39	–	(443)	–
Segment revenue	8,685	534	1,742	396	196	38	(443)	11,148
Results								
Segment results	333	(8)	206	12	4	21	–	568
Interest income								28
Unallocated corporate expenses less income								(55)
Finance costs								(59)
Share of results of jointly controlled entities								15
Profit before taxation								497

4. SEGMENT INFORMATION – *continued*

For the six months ended 30 September 2009

	TV products (PRC market) *HK$ million*	TV products (Overseas market) *HK$ million*	Digital set-top boxes *HK$ million*	LCD modules *HK$ million*	Other electronic products *HK$ million*	Property holding *HK$ million*	Eliminations *HK$ million*	Total *HK$ million*
Turnover								
External sales and rental income	8,374	645	821	65	77	31	–	10,013
Inter-segment sales and rental income	66	–	–	3	100	23	(192)	–
Segment revenue	8,440	645	821	68	177	54	(192)	10,013
Results								
Segment results	647	9	137	21	8	13	–	835
Interest income								22
Unallocated corporate expenses less income								(81)
Finance costs								(34)
Share of results of jointly controlled entities								6
Profit before taxation								748

Segment profit represents the profit earned by each segment without allocation of interest income, corporate expenses less income, finance costs and share of results of jointly controlled entities. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Inter-segment sales and rental are charged at prevailing market rates.

5. OTHER GAINS AND LOSSES

	Six months ended 30 September **2010** **(unaudited)** ***HK$ million***	2009 (unaudited) *HK$ million*
Other gains and losses comprises:		
Cumulative gain reclassified from equity on disposal of investments classified as available-for-sale	**–**	2
Exchange gains	**76**	17
Gain on disposal of property, plant and equipment	**2**	1
Loss from change in fair value of derivative financial instruments *(note 17)*	**(14)**	(25)
	64	(5)

6. FINANCE COSTS

	Six months ended 30 September	
	2010	2009
	(unaudited)	(unaudited)
	HK$ million	*HK$ million*
Interest on bank borrowings wholly repayable within five years	**50**	26
Imputed interest expenses on obligation arising from put options written to non-controlling interests *(note 20)*	**9**	8
	59	34

7. INCOME TAXES

	Six months ended 30 September	
	2010	2009
	(unaudited)	(unaudited)
	HK$ million	*HK$ million*
The income taxes charge comprises:		
PRC income tax		
Current period	**85**	93
Overprovision in prior periods	**(3)**	–
	82	93
Deferred taxation		
Current period	**2**	46
	84	139

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 recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual tax rate used is the rate prevailing in the areas in which the Group operates.

Certain subsidiaries of the Group operating in the PRC are eligible for certain tax holidays and concessions and exempted from PRC income taxes for the period.

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 held by the PRC entity shall be subject to EIT pursuant to Articles 3 and 27 of the Enterprise Income Tax Law of the PRC and Article 91 of the Implementation Rules of Enterprise Income Tax Law of the PRC. Deferred tax expense of HK$6 million (2009: HK$7 million) in respect of the liability on the undistributed earnings of subsidiaries and jointly controlled entities has been recognised in profit or loss for the period.

8. PROFIT FOR THE PERIOD

	Six months ended 30 September	
	2010	2009
	(unaudited)	(unaudited)
	HK$ million	*HK$ million*
Profit for the period has been arrived at after charging (crediting):		
Cost of inventories recognised as an expense	**9,124**	7,676
Depreciation of:		
– property, plant and equipment	**126**	96
– investment properties	**3**	–
Dividend income from available-for-sale investments	**(14)**	(9)
Exchange losses	**30**	9
Fair value adjustment upon initial recognition of trade receivable from sale on instalment basis	**3**	7
Government grants	**(26)**	(11)
Impairment losses on trade receivables	**1**	10
Interest income:		
Interest income from bank deposits	**(23)**	(17)
Imputed interest income from		
– other receivable *(note 13)*	**(3)**	(3)
– trade receivable from sale on instalment basis	**(2)**	(2)
	(28)	(22)
Release of prepaid lease payments on land use rights	**4**	2
Refund of value added tax	**(47)**	(31)
Rental income from leasing of properties less related outgoings of HK$25 million (2009: HK$18 million)	**(13)**	(13)
Staff costs, including directors' emoluments	**618**	699
Write-down of inventories	**28**	47

9. EARNINGS PER SHARE

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

	Six months ended 30 September	
	2010	2009
	(unaudited)	(unaudited)
	HK$ million	*HK$ million*
Earnings:		
Earnings for the purposes of basic and diluted earnings per share	**354**	573
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,535,465,532**	2,307,533,778
Effect of dilutive potential ordinary shares:		
– Share options outstanding	**107,147,257**	77,641,009
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,642,612,789**	2,385,174,787

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.

10. DIVIDENDS

During the period, a dividend of HK8 cents per share totally amounting to HK$203 million (for the six months ended 30 September 2009: Nil) was distributed to shareholders as the final dividend for the year ended 31 March 2010. Of such final dividend, an aggregate amount of HK$116 million (for the six months ended 30 September 2009: Nil) was satisfied by way of scrip dividend by an allotment of new shares of the Company to be credited as fully paid.

Subsequent to 30 September 2009 and on 22 October 2009, a dividend of HK7 cents per share totally amounting to HK$165 million was paid to shareholders as the final dividend for the year ended 31 March 2009. Of such final dividend, amounting to HK$125 million was satisfied by way of scrip dividend by an allotment of new shares of the company to be credited a fully paid.

The Board of Directors has resolved that an interim dividend of HK5 cents per share for the year ending 31 March 2011 to be paid to the shareholders of the Company whose names appear in the Register of Members on 23 December 2010 with an option to elect scrip dividend wholly or partly in lieu of cash dividend.

11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

During the six months ended 30 September 2009, certain properties with an aggregate carrying amount of HK$6 million were transferred from property, plant and equipment to investment properties upon commencement of operating leases to outsiders after the end of owner-occupation by the Group. There was no such transfer during the current period.

Besides, the Group had incurred approximately HK$112 million (for the six months ended 30 September 2009: approximately HK$49 million) in construction in progress, mainly for the development of a factory plant situated on land in the PRC held under medium-term leases, and spent approximately HK$67 million (for the six months ended 30 September 2009: approximately HK$104 million) on the acquisition of other property, plant and equipment for business operation and expansion.

12. MOVEMENTS IN INTERESTS IN JOINTLY CONTROLLED ENTITIES

During the current period, the Group invested HK$8 million to set up a 50% owned jointly controlled entity that principally engaged in the business of research and development of light-emitting diode ("LED") technology.

During the six months ended 30 September 2009, the Group acquired the remaining equity of a 51% owned jointly controlled entity principally engaged in the provision of network services from the joint venture partner for a consideration of HK$3 million. That jointly controlled entity had become a wholly-owned subsidiary of the Group thereafter.

13. OTHER RECEIVABLE

On 17 January 2008, the Group entered into a contract to invest RMB97 million (approximately HK$109 million) for a non-controlling interest in an unlisted PRC company (the "unlisted equity securities"), which operates a LCD module factory in the PRC.

On 6 June 2008, the Group invested the total amount of RMB97 million upon the receipt of the approval and registration documents from the relevant government authorities. There are put and call options granted to the Group and the majority shareholder of that unlisted equity securities (the "majority shareholder") respectively, which enable the Group to require the majority shareholder to purchase / the majority shareholder to require the Group to sell the Group's interest in the unlisted equity securities at the original consideration of RMB97 million after a 5 year lock-up period from the date of capital injection.

At the end of the reporting period, the consideration paid has not been recognised as an investment of the Group. The majority shareholder has retained control and significant risks and rewards over the unlisted equity securities. Therefore, the consideration paid by the Group is classified as other receivable which is interest-free and is considered to be repayable on demand after the 5 year lock-up period.

The effective interest rate adopted for the measurement of fair value upon the initial recognition of the other receivable is 6.40% per annum.

14. INVENTORIES

	As at 30 September 2010 (unaudited) ***HK$ million***	As at 31 March 2010 (audited) *HK$ million*
Raw materials	**864**	1,276
Work in progress	**238**	217
Finished goods	**1,801**	1,805
	2,903	3,298

15. TRADE AND OTHER RECEIVABLES

Sales in the PRC are generally settled by payment on delivery or receipt of bills issued by banks with maturity dates ranging 30 to 180 days. Sales to certain retailers in the PRC are settled within one to two months after sales. Certain district sales managers in the PRC are authorised to make credit sales with credit period of 30 to 60 days up to a specified 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 normally ranges 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 settled 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:

	As at 30 September 2010 (unaudited) *HK$ million*	As at 31 March 2010 (audited) *HK$ million*
Within 30 days	**1,627**	662
31 to 60 days	**276**	262
61 to 90 days	**111**	132
91 to 365 days	**608**	427
Over 365 days	**97**	101
Trade receivables	**2,719**	1,584
Purchase deposits paid to suppliers	**128**	104
Value-added-tax ("VAT") receivables	**213**	294
Deposits, prepayments and other receivables	**394**	294
	3,454	2,276

16. BILLS RECEIVABLE

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

	As at 30 September 2010 (unaudited) *HK$ million*	As at 31 March 2010 (audited) *HK$ million*
Within 30 days	**459**	360
31 to 60 days	**341**	421
61 to 90 days	**472**	629
91 days or over	**2,646**	1,394
Bills endorsed to suppliers with recourse	**3,412**	706
Bills discounted with recourse	**1,007**	3,428
	8,337	6,938

16. BILLS RECEIVABLE – *continued*

The carrying values of bills endorsed to suppliers and bills discounted with recourse continue to be recognised as assets in the condensed consolidated financial statements as the Group is still exposed to credit risk on these receivables at the end of the reporting period. Accordingly, the liabilities associated with such bills, mainly borrowings and payables, are recognised 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 within the end of the reporting period.

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

17. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 30 September 2010 (unaudited) *HK$ million*	As at 31 March 2010 (audited) *HK$ million*
Derivative financial instruments are analysed as:		
Foreign currency forward contracts *(Note 1)*	**6**	6
Target redemption forward contracts *(Note 2)*	**14**	1
	20	7

	Six months ended 30 September 2010 (unaudited) *HK$ million*	2009 (unaudited) *HK$ million*
Loss from change in fair value of derivative financial instruments comprise:		
Foreign currency forward contracts *(Note 1)*	**8**	1
Target redemption forward contracts *(Note 2)*	**6**	24
	14	25

The following is the analysis of the derivative financial instruments for financial reporting purposes:

	As at 30 September 2010 (unaudited) *HK$ million*	As at 31 March 2010 (audited) *HK$ million*
Assets		
Foreign currency forward contracts	**–**	4
Liabilities		
Foreign currency forward contracts	**6**	10
Target redemption forward contracts	**14**	1
	20	11
	(20)	(7)

17. DERIVATIVE FINANCIAL INSTRUMENTS – *continued*

Note 1: Foreign currency forward contracts

The Group has entered into arrangements with various commercial banks in the PRC that the Group borrowed 6 month/one year United States Dollars loans from these banks for settlement in United States Dollars payable to suppliers denominated in United States Dollars. At the same time, the Group (a) placed 6 month/one year fixed deposits (amounted to the Renminbi equivalent of the respective amounts of United States Dollars loans plus interests thereon) to the banks as security against the United States Dollars loans, and (b) entered into forward contracts with the banks to purchase United States Dollars (amounted to the United States Dollars loans plus interests thereon) in Renminbi at predetermined forward rates.

At 30 September 2010, the United States Dollars loans of HK$644 million (at 31 March 2010: HK$2,325 million) and fixed deposits denominated in Renminbi of HK$662 million (at 31 March 2010: HK$2,331 million) are included in secured bank borrowings and pledged bank deposits as disclosed in notes 21 and 24 respectively.

The related interest income on the fixed deposits of HK$17 million (for the six months ended 30 September 2009: HK$11 million) and exchange gain on United States Dollars loans of HK$15 million (for the six months ended 30 September 2009: HK$3 million) are included in profit or loss, while the interest expenses on United States Dollars loans of HK$16 million (for the six months ended 30 September 2009: HK$8 million) are included in finance costs as disclosed in note 6.

Major terms of foreign currency forward contracts, each with single maturity date, are as follows:

Aggregate Principal amount	Maturity	Forward exchange rate (net settlement)
As at 30 September 2010		
US$82,953,068	From October 2010 to December 2010	Buy US$/sell RMB at 6.6490 to 6.8647
As at 31 March 2010		
US$121,872,085	From April 2010 to June 2010	Buy US$/sell RMB at 6.7120 to 6.8802
US$102,429,699	From July 2010 to September 2010	Buy US$/sell RMB at 6.7630 to 6.8900
US$75,113,883	From October 2010 to December 2010	Buy US$/sell RMB at 6.6490 to 6.8647

The foreign currency forward contracts are not entered for hedging purpose.

At 30 September 2010, the fair value of the Group's foreign currency forward contracts is estimated to be a financial liability of HK$6 million (at 31 March 2010: HK$6 million). These amounts are based on market prices quoted by the counterparty financial institutions at the end of the reporting period. During the period, loss from change in fair value of foreign currency forward contracts amounting to HK$8 million (for the six months ended 30 September 2009: HK$1 million) has been recognised in profit or loss.

17. DERIVATIVE FINANCIAL INSTRUMENTS – *continued*

Note 2: Target redemption forward contracts

2010 Two-year Target Redemption Forward Contract

During the current period, the Group entered into a two-year target redemption forward contract ("2010 Two-year Target Redemption Forward Contract") with a bank, of which the purpose is to manage the Group's foreign currency exposure in relation to its payables arising from time to time denominated partly in US Dollars. The target redemption forward contract comprises non-deliverable settlement on a monthly basis, that is, measured at 24 different expiry dates, save for the event leading to the knock-out and termination of the contract as discussed below.

At each expiry date:

(i) if the US dollar to RMB spot exchange rate (the "Spot Rate") is greater than or equal to the lower barrier rate (buy US$/sell RMB at 6.55, the "2010 Lower Barrier Rate") and less than or equal to the upper barrier rate (buy US$/sell RMB at 6.86, the "2010 Upper Barrier Rate") as specified in the contract, the Group would receive a predetermined fixed amount of RMB540,000 which would be settled in US Dollars equivalent.

    The contract would be knocked-out and terminated when the cumulative net settlements received by the Group reach RMB6,480,000 as stipulated in the contract;

(ii) if the Spot Rate is either greater than the 2010 Upper Barrier Rate; or fall between the 2010 Lower Barrier Rate and the rate specified in the contract (buy US$/sell RMB at 6.40, the "2010 Contract Rate"), there would have no settlement;

(iii) if the Spot Rate is less than the 2010 Contract Rate, the Group would pay to the bank a net settlement calculated based on the difference between the Spot Rate and the 2010 Contract Rate times a notional amount of US$30 million, settled in US Dollars equivalent. There are no knock-out and termination features for losses.

Loss from change in fair value of HK$11 million in respect of 2010 Two-year Target Redemption Forward Contract has been recognised in profit or loss for the six months ended 30 September 2010.

2009 Two-year Target Redemption Forward Contract

During the six months ended 30 September 2009, the Group entered into a similar two-year target redemption forward contract ("2009 Two-year Target Redemption Forward Contract"). The target redemption forward contract comprises non-deliverable settlement on a monthly basis, that is, measured at 24 different expiry dates, save for the event leading to the knock-out and termination of the contract as discussed below.

At each expiry date:

(i) if the Spot Rate is greater than or equal to the Lower Barrier Rate (buy US$/sell RMB at 6.63, the "2009 Lower Barrier Rate") and less than or equal to the Upper Barrier Rate (buy US$/sell RMB at 6.90, the "2009 Upper Barrier Rate") as specified in the contract, the Company would receive a predetermined fixed amount of RMB600,000 which would be settled in US$ equivalent.

    The contract would be knocked-out and terminated when the cumulative net settlements received by the Group reach RMB7,200,000 as stipulated in the contract;

(ii) if the Spot Rate is either greater than the 2009 Upper Barrier Rate; or fall between the 2009 Lower Barrier Rate and the rate specified in the contract (buy US$/sell RMB at 6.50, the "2009 Contract Rate"), there would have no settlement;

(iii) if the Spot Rate is less than the 2009 Contract Rate, the Company would pay to the bank a net settlement calculated based on the difference between the Spot Rate and the 2009 Contract Rate times a notional amount of US$20 million, settled in US$ equivalent. There are no knock-out and termination features for losses.

17. DERIVATIVE FINANCIAL INSTRUMENTS – *continued*

Note 2: Target redemption forward contracts – *continued*

2009 Two-year Target Redemption Forward Contract – continued

During the period, the contract is knocked-out and terminated as the cumulative net settlements received by the Group reached RMB7,200,000.

Gain from change in fair value of HK$5 million in respect of 2009 Two-year Target Redemption Forward Contract has been recognised in profit or loss for the six months ended 30 September 2010 (for the six months ended 30 September 2009: loss from change in fair value of HK$24 million).

18. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables at the end of the reporting period:

	As at 30 September 2010 (unaudited) ***HK$ million***	As at 31 March 2010 (audited) *HK$ million*
Within 30 days	**1,894**	963
31 to 60 days	**336**	456
61 to 90 days	**515**	719
91 days or over	**128**	202
Trade payables under endorsed bills	**3,412**	706
Trade payables	**6,285**	3,046
Accrued selling and distribution expenses	**604**	407
Accrued staff costs	**254**	573
Sales deposits received	**746**	499
VAT payable	**68**	32
Deposits in advance, accruals and other payables	**718**	632
	8,675	5,189

The maturity dates of trade payables under endorsed bills at the end of the reporting period are less than 6 months.

19. BILLS PAYABLE

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

	As at 30 September 2010 (unaudited) ***HK$ million***	As at 31 March 2010 (audited) *HK$ million*
Within 30 days	**255**	169
31 to 60 days	**223**	126
61 to 90 days	**140**	123
91 days or over	**204**	168
	822	586

20. OBLIGATION ARISING FROM PUT OPTION WRITTEN TO NON-CONTROLLING INTERESTS

(a) In September 2007, Shenzhen Chuangwei-RGB Electronics Co., Ltd. ("RGB"), a wholly-owned subsidiary of the Company, entered into sale and purchase agreements and related supplementary agreements with senior management and staff (the "Employees") of Skyworth Digital Technology (Shenzhen) Company Limited ("SDT"), a wholly-owned subsidiary of RGB, for disposal of, in aggregate, 12% of the equity interests in SDT to the Employees for a cash consideration of HK$24 million which approximated to the carrying amount of equivalent portion of the net asset value at the transaction date. As stipulated in the supplementary agreements entered into between RGB and the Employees, the Employees are obliged to pay back RGB at 3 times of the consideration paid for acquiring the shares of SDT if they cease their employment services for SDT within 5 years after September 2007. In addition, pursuant to the supplementary agreements in November 2007, the Employees have an option to sell the shares to RGB at net asset value of the latest audited financial statements of SDT, and RGB is obliged to buy the shares of SDT from the Employees, when they cease, their employment within 5 years after September 2007 and before the initial public offering of SDT shares.

The shortfall of the cash consideration below the fair value of 12% SDT shares at the transaction date of approximately HK$39 million represented the fair value of future services to be rendered by the Employees and was charged to profit or loss on a straight-line basis over the vesting period, i.e. the contractual service period, of five years.

At 30 September 2010, a liability of HK$106 million, measured at the Employees' share of net asset value of SDT at the end of the reporting period, has been recognised in the condensed consolidated statement of financial position in relation to the put options written to the Employees and presented as a current liability (at 31 March 2010: HK$84 million).

(b) On 20 November 2007, RGB entered into sale and purchase agreements with each of independent third parties, Mr. Li Pu, Mr. Ye Xiao Bin and 深圳市領優投資有限公司 (the "Purchasers"). Under the agreements, RGB agreed to dispose of, in aggregate, 16% of the equity interest in SDT to the Purchasers at an aggregate consideration of approximately RMB119 million (equivalent to approximately HK$132 million).

Based on the terms of the agreements, RGB also wrote a put option to the Purchasers that if the shares of SDT are not listed on any stock exchange within 28 months after 20 November 2007 (the "Vesting Period"), the Purchaser can require RGB to buy back their shares at the original consideration paid plus dividends, guaranteed at 10% of the original consideration paid by the Purchaser, per annum.

During the year ended 31 March 2010, RGB reached an agreement with the Purchasers to extend the Vesting Period to 31 December 2013. Accordingly, the obligation arising from put options written to the Purchasers was classified as a non-current liability.

At 30 September 2010, a liability determined based on the present value of the obligation to deliver the share redemption amount at discount rate of 10% of HK$171 million has been recognised and presented as a non-current liability in the condensed consolidated statement of financial position (at 31 March 2010: HK$159 million).

20. OBLIGATION ARISING FROM PUT OPTION WRITTEN TO NON-CONTROLLING INTERESTS – *continued*

Movement in the obligation arising from put option written to non-controlling interests is as follows:

	As at 30 September 2010 (unaudited) *HK$ million*	As at 31 March 2010 (audited) *HK$ million*
At the beginning of the period/year	**243**	178
Imputed interest expenses for the period/year	**9**	16
Changes in estimated redemption price regarding put options written to the Employees	**21**	60
Dividends paid for the period/year	**–**	(12)
Exchange realignment	**4**	1
At the end of the period/year	**277**	243
Analysis as:		
Current liabilities	**106**	84
Non-current liabilities	**171**	159
	277	243

21. SECURED BANK BORROWINGS

	As at 30 September 2010 (unaudited) *HK$ million*	As at 31 March 2010 (audited) *HK$ million*
Secured bank borrowings comprise the following:		
Financial liabilities on bills discounted with recourse	**1,007**	3,428
Invoice financing loans	**–**	11
United States Dollars loans associated with foreign currency forward contracts *(note 17)*	**644**	2,325
Other bank borrowings	**1,525**	957
	3,176	6,721
Analysis as:		
Current liabilities	**2,594**	6,721
Non-current liabilities	**582**	–
	3,176	6,721

22. SHARE CAPITAL

	Number of shares		Share capital	
	1.4.2010 to 30.9.2010	1.4.2009 to 31.3.2010	**1.4.2010 to 30.9.2010 (unaudited)**	1.4.2009 to 31.3.2010 (audited)
			HK$ million	*HK$ million*
Ordinary shares of HK$0.1 each:				
Authorised:				
At beginning and at end of the period/year	**10,000,000,000**	10,000,000,000	**1,000**	1,000
Issued and fully paid:				
At beginning of the period/year	**2,527,338,923**	2,282,497,245	**253**	228
Issue of shares under share option schemes	**13,516,000**	184,466,500	**1**	19
Issue of shares under scrip dividend scheme	**28,592,005**	60,375,178	**3**	6
At end of the period/year	**2,569,446,928**	2,527,338,923	**257**	253

23. SHARE-BASED PAYMENTS

The Company has applied HKFRS 2 "Share-based payment" to account for its share options (Note (i)) and sales of shares of subsidiary to employees at consideration below fair value (Note (ii)). An amount of share-based payment expenses of HK$7 million (for the six months ended 30 September 2009: HK$8 million) has been recognised in the current period.

Note (i): Share options

The Company has a share option scheme for eligible employees of the Group. Details of the share options outstanding during the current period are as follows:

	1.4.2010 to 30.9.2010		1.4.2009 to 31.3.2010	
	Number of share options	**Weighted average exercise price**	Number of share options	Weighted average exercise price
		HK$		*HK$*
Outstanding at the beginning of the period/year	**138,454,500**	**1.070**	323,832,000	1.242
Granted during the period/year	**6,000,000**	**6.580**	–	–
Exercised during the period/year	**(13,516,000)**	**1.014**	(184,466,500)	1.375
Lapsed during the period/year	**–**	**–**	(911,000)	0.336
Outstanding at the end of the period/year	**130,938,500**	**1.328**	138,454,500	1.070

23. SHARE-BASED PAYMENTS – *continued*

The fair value of the share options granted during the period was HK$3.02, using the Black-Scholes Model. The details of the variables used in the calculations are summarised as follow:

Date of grant of the share options	21 June 2010
Grant date share price	HK$6.58
Exercise price	HK$6.58
Expected life	5 years
Expected volatility	50%
Expected dividend yield	10%
Risk-free interest rate	2.355%

The Black-Scholes Model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The closing prices of the Company's shares immediately before 21 June 2010, the date of grant of the options, was HK$6.25.

Note (ii): Sale of shares of subsidiary to employees at consideration below fair value

Details of the equity settled share-based payments in respect of sale of SDT's shares at consideration below fair value are set out in note 20(a).

24. PLEDGE OF ASSETS

At 30 September 2010 the Group's bank borrowings were secured by the following:

(a) charges over prepaid lease payments on land use rights and leasehold land and buildings with carrying value of HK$106 million (at 31 March 2010: HK$103 million) and HK$116 million (at 31 March 2010: HK$115 million) respectively; and

(b) bank deposits of HK$783 million (at 31 March 2010: HK$2,394 million).

In addition, there were other bills receivable endorsed to suppliers and discounted with recourse of HK$3,412 million (at 31 March 2010: HK$706 million) and HK$1,007 million (at 31 March 2010: HK$3,428 million) respectively as disclosed in note 16.

25. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had the following capital commitments:

	As at 30 September 2010 (unaudited) ***HK$ million***	As at 31 March 2010 (audited) *HK$ million*
Contracted but not provided for, in respect of:		
Purchase of property, plant and equipment	**69**	78
Factory buildings and logistic centers under development	**128**	81
	197	159
Authorised but not contracted for, in respect of:		
Purchase of property, plant and equipment	**2**	7
Factory buildings and logistic centers under development	**699**	23
	701	30

In addition to those described above, on 19 March 2010, RGB entered into a joint venture agreement with two independent third parties, LG Display Co., Ltd ("LG") and Guangzhou-Kaide Technologies Development Co., Ltd. ("Kaide"), in relation to the formation of joint venture, LG Display (China) ("LGD"), in the PRC. The proposed principal business activities of LGD are the manufacture and sales of TFT-LCD materials and other electronics components, import of such products for domestic sales and export and the provision of after sales services. RGB, LG and Kaide agreed to invest US$133.4 million, US$933.8 million and US$266.8 million respectively to LGD, representing 10%, 70% and 20% of the registered capital of LG Display (China). The incorporation of LGD is subject to the approval by the relevant government authorities in the PRC and registration being made at the State Administration of Industry and Commerce of the PRC.

The transaction has not yet been completed and the related capital injection has not been made by the Group as of the date of this report.

26. CONTINGENT LIABILITIES

Up to the date of the report, there are individual patent disputes which arise from time to time in the ordinary course of the business of the Group. The Group is in the course of processing these matters. While it is in an early stage of those disputes, the directors of the Company are of the view that these patent disputes will not have a material adverse impact on the interim financial statements of the Group.

27. RELATED PARTY TRANSACTIONS

Trading transactions

During the period, the Group has the following transactions with jointly controlled entities:

	Six months ended 30 September	
	2010	2009
	(unaudited)	(unaudited)
	HK$ million	*HK$ million*
Advertising and promotional expenses paid	**12**	3
Purchase of finished goods	**14**	10
Rental income	**–**	1
Sales of finished goods	**–**	1
Sales of raw materials	**4**	6

In addition to those described above, the Group in the current period disposed of 16% of Skyworth LCD Technology Limited, a wholly-owned subsidiary of the Company, to Guan Da Limited for a cash consideration of HK$8 million. Guan Da Limited is a company in which certain senior management of the Company has beneficial interest. No gain or loss arose from the transaction.

The transaction was completed during the period.

Compensation of key management personnel

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

	Six months ended 30 September	
	2010	2009
	(unaudited)	(unaudited)
	HK$ million	*HK$ million*
Short-term benefits	**23**	29
Share-based payments	**2**	2

The remuneration of directors and key management is reviewed by the remuneration committee having regard to the responsibilities and performance of the relevant individuals and market trends.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

Deloitte.
德勤

TO THE BOARD OF DIRECTORS OF SKYWORTH DIGITAL HOLDINGS LIMITED

(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 12 to 35, which comprises the condensed consolidated statement of financial position of Skyworth Digital Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 September 2010 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

DELOITTE TOUCHE TOHMATSU
Certified Public Accountants
Hong Kong

30 November 2010

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERIM DIVIDEND

The board of directors (the "Board") of Skyworth Digital Holdings Limited (the "Company") has proposed to pay an interim dividend for the six months ended 30 September 2010 of HK5 cents (2009: HK8 cents) per ordinary share, totaling approximately HK$129 million (2009: HK$197 million) to the shareholders of the Company on or around 1 February 2011 whose names appear on the register of members of the Company at the close of business on 23 December 2010. Shareholders may elect to receive interim dividend in the form of new shares of the Company or cash or partly in shares and partly in cash.

DIRECTORS' INTEREST IN SHARES AND SHARE OPTIONS

As at 30 September 2010, the interests of the directors and of their associates in the shares and share options of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

(a) *Ordinary shares of HK$0.1 each of the Company*

As at 30 September 2010, certain directors of the Company had long positions in the shares of the Company as follows:

Name of director	Capacity		Number of issued ordinary shares held	Percentage to the issued share capital of the Company
Lin Wei Ping	Beneficial owner		5,314,083	0.207%
	Held by trust	*(Note a)*	792,841,070	30.856%
	Held by spouse	*(Note b)*	58,688,732	2.284%
		(Note c)	856,843,885	33.347%
Zhang Xuebin	Beneficial owner		5,285,066	0.206%
Ding Kai	Beneficial owner		1,478,641	0.058%
Yang Dongwen	Beneficial owner		11,198,469	0.436%
Lu Rongchang	Beneficial owner		1,020,090	0.040%
Leung Chi Ching, Frederick	Beneficial owner		3,528,000	0.137%
So Hon Cheung, Stephen	Beneficial owner		131,044	0.005%
Li Weibin	Beneficial owner		750,000	0.029%

Note a: These shares are held by Target Success Group (PTC) Limited in its capacity as trustee of the Skysource Unit Trust, all of the units in which are owned by the Skysource Trust. Ms. Lin Wei Ping and her children are the discretionary beneficiaries of the Skysource Trust. Accordingly, Ms. Lin Wei Ping is deemed to be interested in 792,841,070 ordinary shares of the Company.

Note b: Ms. Lin Wei Ping is deemed to be interested in 58,688,732 ordinary shares of the Company being the interests held beneficially by her spouse, Mr. Wong Wang Sang, Stephen.

Note c: Mr. Wong Wang Sang, Stephen is deemed to be interested in 856,843,885 ordinary shares of the Company being the interests held and deemed to be held by his spouse, Ms. Lin Wei Ping.

DIRECTORS' INTEREST IN SHARES AND SHARE OPTIONS – *continued*

(b) Share options of the Company

As at 30 September 2010, certain directors of the Company had personal interests in the share options granted under the Company's share option schemes as follows:

Name of director	Capacity	Number of shares options held/underlying shares of the Company
Zhang Xuebin	Beneficial owner	4,750,000
Ding Kai	Beneficial owner	3,000,000
Yang Dongwen	Beneficial owner	3,000,000
Lin Wei Ping	Beneficial owner	2,000,000
Lu Rongchang	Beneficial owner	8,000,000
Leung Chi Ching, Frederick	Beneficial owner	3,000,000
So Hon Cheung, Stephen	Beneficial owner	250,000
Li Weibin	Beneficial owner	250,000

Save as disclosed above and the nominee shares in certain subsidiaries held in trust for the Group, none of the directors or chief executives, nor their associates, had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the SFO) as recorded in the register required to be kept under Section 352 of the SFO as at 30 September 2010, and none of the directors or chief executives, or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company or its associated corporations, or had exercised any such right during the six months ended 30 September 2010.

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the directors nor the chief executives, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the period.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2010, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, other than the interests disclosed above in respect of certain directors, the following shareholders had notified the Company of the relevant interests in the issued share capital of the Company.

Name of shareholder	Capacity	Number of issued ordinary shares held – Long positions	Percentage to the issued share capital of the Company
Target Success Group (PTC) Limited	Trustee *(Note a)*	792,841,070	30.86%
HSBC International Trustee Limited	Trustee *(Note b)*	792,841,070	30.86%
Wong Wang Sang, Stephen	Beneficial owner	58,688,732	2.28%
	Held and deemed to be held by spouse *(Note c)*	798,155,153	31.07%
		856,843,885	33.35%
Morgan Stanley	Interest of controlled corporations *(Note d)*	136,964,434 (L) 131,612,802 (S)	5.33% 5.12%

Note a: Target Success Group (PTC) Limited held the shares of the Company in the capital as trustee of the Skysource Unit Trust, all of the units in which are held by HSBC International Trustee Limited in its capacity as trustee of the Skysource Trust.

Note b: HSBC International Trustee Limited is deemed to be interested in 792,841,070 shares of the Company as it is the trustee of the Skysource Trust.

Note c: Mr. Wong Wang Sang, Stephen is deemed to be interested in 798,155,153 shares of the Company being the interests held by his spouse, Ms. Lin Wei Ping (792,841,070 shares held by Target Success Group (PTC) Limited and 5,314,083 shares held by herself).

Note d: Morgan Stanley held 136,964,434 shares and 131,612,802 shares of the Company in long position and short position respectively.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 September 2010.

SHARE OPTIONS

Previously, the Company adopted two share option schemes in 2000 (“2000 Share Option Scheme”) and 2002 (“2002 Share Option Scheme”) mainly for the purpose of providing incentives to directors and eligible employees. Particulars of two share option schemes are detailed in the notes to the consolidated financial statements of the Company for the year ended 31 March 2010 as set out in the Company’s annual report 2009/10.

2000 Share Option Scheme was terminated on 28 August 2002. The Company then further terminated 2002 Share Option Scheme and adopted a new share option scheme (“2008 Share Option Scheme”) in its 2008 Annual General Meeting held on 30 September 2008. 6,000,000 share options were granted under 2008 Share Option Scheme during the period ended 30 September 2010.

SHARE OPTIONS – *continued*

The following tables showed the movements in the Company's share options granted to the directors and the employees and/or consultants under 2002 Share Option Scheme and 2008 Share Option Scheme during the period ended 30 September 2010:

Under 2002 Share Option Scheme

				Number of share options				
Date of grant	Exercise price *HK$*	Vesting period	Exercisable period	Outstanding at 1 April 2010	Granted during the period	Exercised/ cancelled during the period *(Note a)*	Lapsed during the period	Outstanding at 30 September 2010
Directors:								
Zhang Xuebin								
11 May 2007	1.048	11 May 2007 to 10 May 2010	11 May 2010 to 28 August 2012	2,500,000	–	(2,500,000)	–	–
		11 May 2007 to 10 May 2011	11 May 2011 to 28 August 2012	2,500,000	–	–	–	2,500,000
Ding Kai								
11 May 2007	1.048	11 May 2007 to 10 May 2010	11 May 2010 to 28 August 2012	1,500,000	–	(1,500,000)	–	–
		11 May 2007 to 10 May 2011	11 May 2011 to 28 August 2012	1,500,000	–	–	–	1,500,000
Leung Chi Ching, Frederick								
11 May 2007	1.048	11 May 2007 to 10 May 2010	11 May 2010 to 28 August 2012	1,500,000	–	(1,500,000)	–	–
		11 May 2007 to 10 May 2011	11 May 2011 to 28 August 2012	1,500,000	–	–	–	1,500,000
Lin Wei Ping								
11 May 2007	1.048	11 May 2007 to 10 May 2010	11 May 2010 to 28 August 2012	500,000	–	(500,000)	–	–
		11 May 2007 to 10 May 2011	11 May 2011 to 28 August 2012	500,000	–	–	–	500,000
Yang Dongwen								
11 May 2007	1.048	11 May 2007 to 10 May 2010	11 May 2010 to 28 August 2012	1,500,000	–	(1,500,000)	–	–
		11 May 2007 to 10 May 2011	11 May 2011 to 28 August 2012	1,500,000	–	–	–	1,500,000

SHARE OPTIONS – *continued*

Under 2002 Share Option Scheme – continued

Date of grant	Exercise price HK$	Vesting period	Exercisable period	Number of share options: Outstanding at 1 April 2010	Granted during the period	Exercised/ cancelled during the period *(Note a)*	Lapsed during the period	Outstanding at 30 September 2010
Directors: – *continued*								
Lu Rongchang								
11 May 2007	1.048	11 May 2007 to 10 May 2010	11 May 2010 to 28 August 2012	750,000	–	(750,000)	–	–
		11 May 2007 to 10 May 2011	11 May 2011 to 28 August 2012	750,000	–	–	–	750,000
1 February 2008	0.770	1 February 2008 to 31 January 2011	1 February 2011 to 28 August 2012	250,000	–	–	–	250,000
		1 February 2008 to 31 January 2012	1 February 2012 to 28 August 2012	250,000	–	–	–	250,000
So Hon Cheung, Stephen								
1 February 2008	0.770	1 February 2008 to 31 January 2010	1 February 2010 to 28 August 2012	125,000	–	(125,000)	–	–
		1 February 2008 to 31 January 2011	1 February 2011 to 28 August 2012	125,000	–	–	–	125,000
		1 February 2008 to 31 January 2012	1 February 2012 to 28 August 2012	125,000	–	–	–	125,000
Li Weibin								
1 February 2008	0.770	1 February 2008 to 31 January 2010	1 February 2010 to 28 August 2012	125,000	–	(125,000)	–	–
		1 February 2008 to 31 January 2011	1 February 2011 to 28 August 2012	125,000	–	–	–	125,000
		1 February 2008 to 31 January 2012	1 February 2012 to 28 August 2012	125,000	–	–	–	125,000
				17,750,000	–	(8,500,000)	–	9,250,000

SHARE OPTIONS – *continued*

Under 2002 Share Option Scheme – continued

				Number of share options				
Date of grant	Exercise price *HK$*	Vesting period	Exercisable period	Outstanding at 1 April 2010	Granted during the period	Exercised/ cancelled during the period *(Note a)*	Lapsed during the period	Outstanding at 30 September 2010
Employees/Consultants:								
16 October 2003	1.660	16 October 2003 to 15 October 2004	16 October 2004 to 28 August 2012	11,882,500	–	(100,000)	–	11,782,500
		16 October 2003 to 15 October 2005	16 October 2005 to 28 August 2012	12,372,500	–	(100,000)	–	12,272,500
		16 October 2003 to 15 October 2006	16 October 2006 to 28 August 2012	12,672,500	–	(300,000)	–	12,372,500
		16 October 2003 to 15 October 2007	16 October 2007 to 28 August 2012	13,274,000	–	(276,000)	–	12,998,000
		16 October 2003 to 15 October 2008	16 October 2008 to 28 August 2012	1,000,000	–	–	–	1,000,000
16 April 2004	2.740	16 April 2004 to 15 April 2005	16 April 2005 to 28 August 2012	132,500	–	–	–	132,500
		16 April 2004 to 15 April 2006	16 April 2006 to 28 August 2012	132,500	–	–	–	132,500
		16 April 2004 to 15 April 2007	16 April 2007 to 28 August 2012	132,500	–	–	–	132,500
		16 April 2004 to 15 April 2008	16 April 2008 to 28 August 2012	132,500	–	–	–	132,500
25 January 2006	1.136	25 January 2006 to 24 January 2007	25 January 2007 to 28 August 2012	125,000	–	–	–	125,000
		25 January 2006 to 24 January 2008	25 January 2008 to 28 August 2012	125,000	–	–	–	125,000
		25 January 2006 to 24 January 2009	25 January 2009 to 28 August 2012	125,000	–	–	–	125,000
		25 January 2006 to 24 January 2010	25 January 2010 to 28 August 2012	125,000	–	–	–	125,000

SHARE OPTIONS – *continued*

Under 2002 Share Option Scheme – continued

				Number of share options				
Date of grant	Exercise price *HK$*	Vesting period	Exercisable period	Outstanding at 1 April 2010	Granted during the period	Exercised/ cancelled during the period *(Note a)*	Lapsed during the period	Outstanding at 30 September 2010
Employees/Consultants: – *continued*								
11 May 2007	1.048	11 May 2007 to 10 May 2008	11 May 2008 to 28 August 2012	125,000	–	–	–	125,000
		11 May 2007 to 10 May 2009	11 May 2009 to 28 August 2012	225,000	–	–	–	225,000
		11 May 2007 to 10 May 2010	11 May 2010 to 28 August 2012	4,125,000	–	(1,375,000)	–	2,750,000
		11 May 2007 to 10 May 2011	11 May 2011 to 28 August 2012	4,125,000	–	–	–	4,125,000
1 February 2008	0.770	1 February 2008 to 31 January 2009	1 February 2009 to 28 August 2012	1,033,500	–	(104,000)	–	929,500
		1 February 2008 to 31 January 2010	1 February 2010 to 28 August 2012	1,952,000	–	(597,000)	–	1,355,000
		1 February 2008 to 31 January 2011	1 February 2011 to 28 August 2012	7,837,500	–	–	–	7,837,500
		1 February 2008 to 31 January 2012	1 February 2012 to 28 August 2012	7,837,500	–	–	–	7,837,500
2 April 2008	0.712	2 April 2008 to 1 April 2010	2 April 2010 to 28 August 2012	750,000	–	(750,000)	–	–
		2 April 2008 to 1 April 2011	2 April 2011 to 28 August 2012	750,000	–	–	–	750,000
		2 April 2008 to 1 April 2012	2 April 2012 to 28 August 2012	750,000	–	–	–	750,000

SHARE OPTIONS – *continued*

Under 2002 Share Option Scheme – continued

Date of grant	Exercise price HK$	Vesting period	Exercisable period	Number of share options: Outstanding at 1 April 2010	Granted during the period	Exercised/ cancelled during the period (Note a)	Lapsed during the period	Outstanding at 30 September 2010
Employees/Consultants: – *continued*								
19 August 2008	0.830	19 August 2008 to 18 August 2009	19 August 2009 to 28 August 2012	691,000	–	(23,000)	–	668,000
		19 August 2008 to 18 August 2010	19 August 2010 to 28 August 2012	2,225,000	–	(1,161,000)	–	1,064,000
		19 August 2008 to 18 August 2011	19 August 2011 to 28 August 2012	2,225,000	–	–	–	2,225,000
		19 August 2008 to 18 August 2012	19 August 2012 to 28 August 2012	2,225,000	–	–	–	2,225,000
				89,108,000	–	(4,786,000)	–	84,322,000
				106,858,000	–	(13,286,000)	–	93,572,000

Note a: The weighted average closing prices of the Company's shares immediately before the date on which the share options were exercised during the six months ended 30 September 2010 was HK$5.97.

SHARE OPTIONS – *continued*

Under 2008 Share Option Scheme

				Number of share options				
Date of grant	Exercise price HK$	Vesting period	Exercisable period	Outstanding at 1 April 2010	Granted during the period	Exercised/ cancelled during the period (Note b)	Lapsed during the period	Outstanding at 30 September 2010
Directors:								
Zhang Xuebin								
6 November 2008	0.374	6 November 2008 to 5 November 2010	6 November 2010 to 30 September 2018	750,000	–	–	–	750,000
		6 November 2008 to 5 November 2011	6 November 2011 to 30 September 2018	750,000	–	–	–	750,000
		6 November 2008 to 5 November 2012	6 November 2012 to 30 September 2018	750,000	–	–	–	750,000
Ding Kai								
6 November 2008	0.374	6 November 2008 to 5 November 2010	6 November 2010 to 30 September 2018	500,000	–	–	–	500,000
		6 November 2008 to 5 November 2011	6 November 2011 to 30 September 2018	500,000	–	–	–	500,000
		6 November 2008 to 5 November 2012	6 November 2012 to 30 September 2018	500,000	–	–	–	500,000
Leung Chi Ching, Frederick								
6 November 2008	0.374	6 November 2008 to 5 November 2010	6 November 2010 to 30 September 2018	500,000	–	–	–	500,000
		6 November 2008 to 5 November 2011	6 November 2011 to 30 September 2018	500,000	–	–	–	500,000
		6 November 2008 to 5 November 2012	6 November 2012 to 30 September 2018	500,000	–	–	–	500,000
Lin Wei Ping								
6 November 2008	0.374	6 November 2008 to 5 November 2010	6 November 2010 to 30 September 2018	500,000	–	–	–	500,000
		6 November 2008 to 5 November 2011	6 November 2011 to 30 September 2018	500,000	–	–	–	500,000
		6 November 2008 to 5 November 2012	6 November 2012 to 30 September 2018	500,000	–	–	–	500,000

SHARE OPTIONS – *continued*

Under 2008 Share Option Scheme – continued

Date of grant	Exercise price *HK$*	Vesting period	Exercisable period	Number of share options: Outstanding at 1 April 2010	Granted during the period	Exercised/cancelled during the period *(Note b)*	Lapsed during the period	Outstanding at 30 September 2010
Directors: – *continued*								
Yang Dongwen								
6 November 2008	0.374	6 November 2008 to 5 November 2010	6 November 2010 to 30 September 2018	500,000	–	–	–	500,000
		6 November 2008 to 5 November 2011	6 November 2011 to 30 September 2018	500,000	–	–	–	500,000
		6 November 2008 to 5 November 2012	6 November 2012 to 30 September 2018	500,000	–	–	–	500,000
Lu Rongchang								
6 November 2008	0.374	6 November 2008 to 5 November 2010	6 November 2010 to 30 September 2018	250,000	–	–	–	250,000
		6 November 2008 to 5 November 2011	6 November 2011 to 30 September 2018	250,000	–	–	–	250,000
		6 November 2008 to 5 November 2012	6 November 2012 to 30 September 2018	250,000	–	–	–	250,000
21 June 2010	6.580	21 June 2010 to 20 June 2011	21 June 2011 to 30 September 2018	–	1,500,000	–	–	1,500,000
		21 June 2010 to 20 June 2012	21 June 2012 to 30 September 2018	–	1,500,000	–	–	1,500,000
		21 June 2010 to 20 June 2013	21 June 2013 to 30 September 2018	–	1,500,000	–	–	1,500,000
		21 June 2010 to 20 June 2014	21 June 2014 to 30 September 2018	–	1,500,000	–	–	1,500,000
				9,000,000	6,000,000	–	–	15,000,000

SHARE OPTIONS – *continued*

Under 2008 Share Option Scheme – continued

				Number of share options				
Date of grant	Exercise price HK$	Vesting period	Exercisable period	Outstanding at 1 April 2010	Granted during the period	Exercised/ cancelled during the period (Note b)	Lapsed during the period	Outstanding at 30 September 2010
Employees/Consultants:								
6 November 2008	0.374	6 November 2008 to 5 November 2009	6 November 2009 to 30 September 2018	883,000	–	(230,000)	–	653,000
		6 November 2008 to 5 November 2010	6 November 2010 to 30 September 2018	7,137,500	–	–	–	7,137,500
		6 November 2008 to 5 November 2011	6 November 2011 to 30 September 2018	7,137,500	–	–	–	7,137,500
		6 November 2008 to 5 November 2012	6 November 2012 to 30 September 2018	7,137,500	–	–	–	7,137,500
26 November 2008	0.415	26 November 2008 to 25 November 2009	26 November 2009 to 30 September 2018	1,000	–	–	–	1,000
		26 November 2008 to 25 November 2010	26 November 2010 to 30 September 2018	100,000	–	–	–	100,000
		26 November 2008 to 25 November 2011	26 November 2011 to 30 September 2018	100,000	–	–	–	100,000
		26 November 2008 to 25 November 2012	26 November 2012 to 30 September 2018	100,000	–	–	–	100,000
				22,596,500	–	(230,000)	–	22,366,500
				31,596,500	6,000,000	(230,000)	–	37,366,500

Note b: The weighted average closing prices of the Company's shares immediately before the date on which the share options were exercised during the six months ended 30 September 2010 was HK$6.68.

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

During the six months ended 30 September 2010, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry of all directors of the Company, all directors confirmed through a confirmation that they had complied with the required standards set out in the Model Code and the code of conduct regarding securities transaction by directors adopted by the Company throughout the six months ended 30 September 2010.

CORPORATE GOVERNANCE STANDARDS

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

During the period and up to the date of this report, the Company actively responded to the deviations with the Code that were existed within the Group during the year ended 31 March 2010 as described in the "Corporate Governance Report" of the Company's annual report 2009/10.

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 2009/10.

BOARD COMMITTEES

As an integral part of good corporate governance and to assist the Board in execution of its duties, the Board is supported by four board committees, namely Executive Committee, Nomination Committee, Remuneration Committee and Audit Committee. Each of these committees oversees particular aspects of the Group's affairs under its defined scope of duties and terms of reference approved by the Board, the summary of which were disclosed in the "Corporate Governance Report" of the Company's annual report 2009/10. The full terms of reference of the Nomination Committee, Remuneration Committee and Audit Committee are available on the Company's website through the link http://investor.skyworth.com/index.asp.

Executive Committee

An Executive Committee was established by the Board on 5 February 2005. The Executive Committee currently comprises fifteen members, including executive directors and senior management of the Company. During the period and up to the date of this report, the Executive Committee had held monthly meetings to review and evaluate the budget and the monthly and quarterly business performance of each major subsidiary within the Group, and discussed other business and operational matters.

BOARD COMMITTEES – *continued*

Nomination Committee and Remuneration Committee

The Nomination Committee and Remuneration Committee were both set up under the auspices of the Board on 5 February 2005. Each of the Nomination Committee and Remuneration Committee currently comprises four members, including Mr. So Hon Cheung, Stephen, Mr. Li Weibin (Chairman of Remuneration Committee), Mr. Leung Chi Ching, Frederick and Ms. Chan Wai Kay, Katherine (Chairlady of Nomination Committee) as members. Except that Mr. Leung Chi Ching, Frederick is an executive director of the Company, the other three members are all independent non-executive directors of the Company.

During the period and up to the date of this report, the Nomination Committee held two meetings to review the composition of the Board. The Remuneration Committee held six meetings to review the service contract of the directors of the Company, review the compensation and incentive package of the senior management of the Group, review the amount of bonus payable to senior management by the Group for the year ended 31 March 2010, and to discuss the work plan of the Remuneration Committee in this financial year.

Audit Committee

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

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

(a) reviewed and commented on the Company's draft annual and interim financial reports;

(b) reviewed and commented on the Company's corporate governance practices and the Group's systems of internal control;

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

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

(e) discussed about audit progress and findings.

RISK MANAGEMENT

The Board acknowledges that risk management is one of the key controls to monitor the effectiveness of financial reporting and internal control systems within the Group. To enhance better corporate governance in these aspects, independent unit from the Board, namely Risk Management Department, was established.

RISK MANAGEMENT – *continued*

Risk Management Department

The Risk Management Department was established at the end of 2005 with its major duty to provide an independent appraisal function to examine and evaluate operations, the systems of internal control and risk management as a service to the Company and its subsidiaries. The Risk Management Department assists all levels of administration in the achievement of the organizational goals and objectives by striving to provide a positive impact on:

(a) efficiency and effectiveness of operating functions;

(b) reliability of financial reporting;

(c) status of implementation and effectiveness of the internal control policies and procedures; and

(d) compliance with applicable laws and regulations.

The Head of Risk Management Department has unrestricted direct access to the Audit Committee and reports directly to the Board and the Audit Committee. During the period and up to the date of this report, the Head of Risk Management attended one meeting with the Board and two meetings with the Audit Committee to report the progress and findings of the works performed so far and to discuss the internal audit plan of the Group.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 24 December 2010 to Friday, 31 December 2010, both dates inclusive, during which no transfer of shares will be registered. In order to qualify for the interim dividend payable on or around 1 February 2011, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Registrar in Hong Kong, Hong Kong Registrars Limited, at Rooms 1712-16 Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on Thursday, 23 December 2010.

BOARD OF DIRECTORS

As at the date of this report, the Board of the Company comprises Mr. Zhang Xuebin as executive chairman of the Board and chief executive officer, Ms. Ding Kai, Mr. Yang Dongwen, Ms. Lin Wei Ping, Mr. Lu Rongchang and Mr. Leung Chi Ching Frederick, and as executive directors, and Mr. So Hon Cheung, Stephen, Mr. Li Weibin and Ms. Chan Wai Kay, Katherine as independent non-executive directors.

On behalf of the Board

Zhang Xuebin
Executive Chairman and
Chief Executive Officer

30 November 2010