Skyworth

Skyworth Digital Holdings Limited

(Incorporated in Bermuda with limited liability)

Stock Code: 751

2010/11

Annual Report

E92 Series

CONTENTS

FINANCIAL HIGHLIGHTS

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

	2011	2010	Change
OPERATING RESULTS			
Turnover	**24,339**	22,769	+6.9%
Operating Profit (EBIT)	**1,615**	1,658	-2.6%
Net Profit for the year	**1,281**	1,326	-3.4%
Profit attributable to equity holders of the Company	**1,174**	1,251	-6.2%
FINANCIAL POSITION			
Net cash from (used in) operating activities	**1,861**	(2,000)	+193.1%
Cash position*	**3,082**	4,585	-32.8%
Bank loans	**4,355**	6,721	-35.2%
Bank loans excluding the financial liabilities arising from discounted bills and foreign exchange arrangements	**3,612**	968	+273.1%
Equity attributable to equity holders of the Company	**7,074**	5,773	+22.5%
Working capital	**6,012**	4,268	+40.9%
Bills receivable	**7,251**	6,938	+4.5%
Bills discounted with recourse	**693**	3,428	-79.8%
Trade receivables	**2,051**	1,584	+29.5%
Inventories	**2,657**	3,298	-19.4%
KEY RATIOS			
Gross profit margin (%)	**19.2%**	21.4%	-2.2pp
Earnings before interest, taxation, depreciation and amortisation (EBITDA) margin (%)	**7.7%**	8.3%	-0.6pp
Profit margin (%)	**5.3%**	5.8%	-0.5pp
Return on equity holders of the Company (ROE) (%)	**16.6%**	21.7%	-5.1pp
Debt to equity (%)**	**61.6%**	116.4%	-54.8pp
Debt to equity excluding portion of financial liabilities arising from discounted bills and foreign exchange arrangements (%)	**51.1%**	16.8%	+34.3pp
Net debt to equity***	**Net Cash**	Net Cash	n/a
Current ratio (times)	**1.6**	1.3	+23.1%
Trade receivable turnover period (days)****	**134**	116	+15.5%
Trade receivable turnover period excluding portion arising from discounted bills receivable (days)****	**103**	78	+32.1%
Inventories turnover period (days)****	**55**	47	+17.0%
DATA PER SHARE (HK CENTS)			
Earnings per share – Basic	**45.90**	52.32	-12.3%
Earnings per share – Diluted	**44.18**	49.46	-10.7%
Dividend per share	**14.00**	16.00	-12.5%
Dividend payout ratio – Basic	**30.5%**	30.6%	-0.1pp
Dividend payout ratio – Diluted	**31.7%**	32.3%	-0.6pp
Book value per share	**272.7**	228.5	+19.3%
SHARE INFORMATION AT FINANCIAL YEAR END			
Number of shares in issue (million)	**2,594**	2,527	+2.7%
Market capitalisation	**11,440**	22,920	-50.1%

* Cash position refers to bank balances and cash and pledged bank deposits

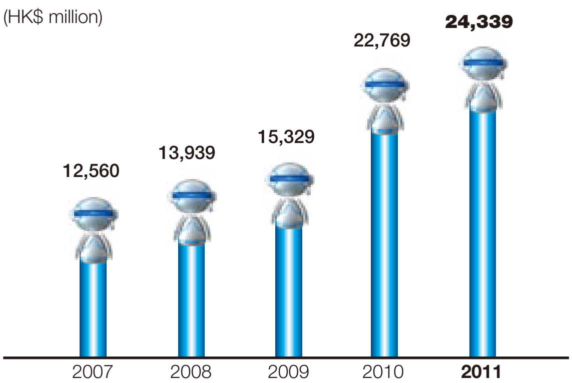
** Bank loans and financial liabilities arising from discounted bills / equity attributable to equity holders of the Company at year end

*** Calculated based on (cash position + bills on hand — bank loans) / equity attributable to equity holders of the Company at year end

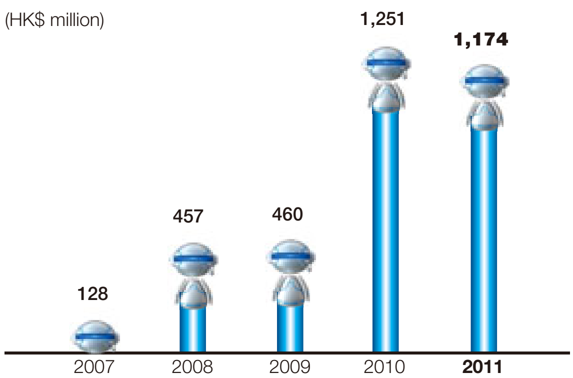
**** Calculated based on average inventory / average sum of bills receivable and trade receivables

FINANCIAL HIGHLIGHTS

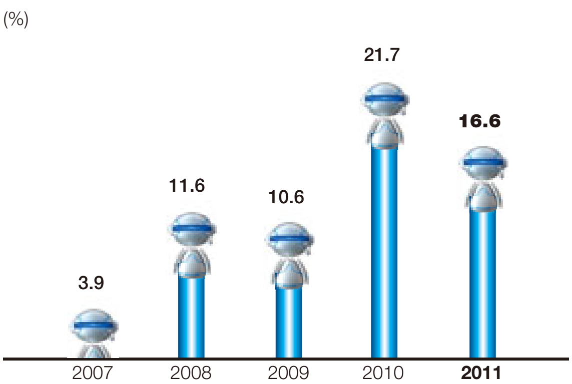
Turnover



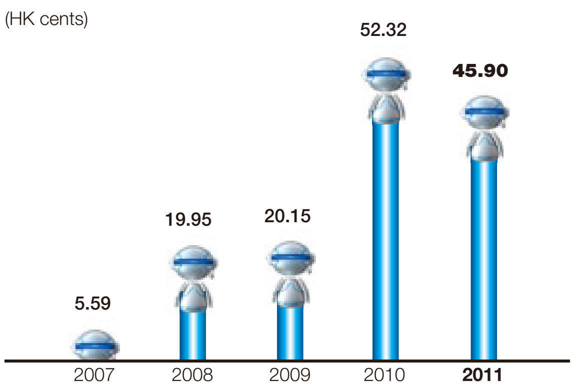
Profits Attributable to Equity Holders of the Company



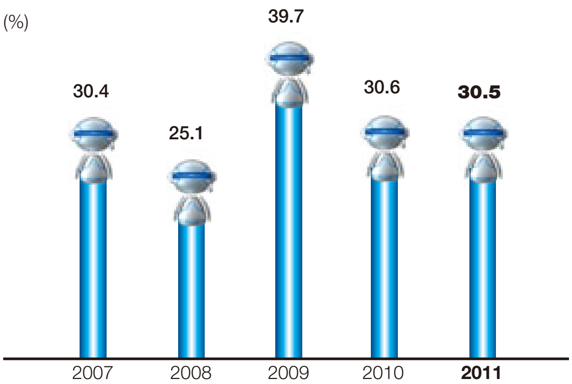
Return on Equity Holders of the Company (ROE)



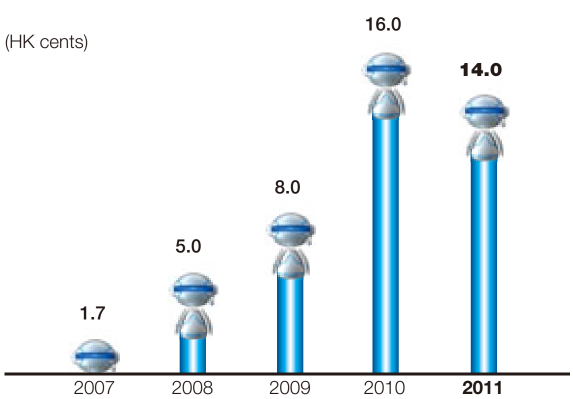
Earnings Per Share - Basic



Payout Ratio



Dividend Per Share



Letter from Executive Chairman and Chief Executive Officer

LETTER FROM EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Zhang Xuebin
Executive Chairman and Chief Executive Officer

Highlights of Results

The Group recorded the following results during the year ended 31 March 2011:

- Turnover reached HK$24,339 million (91.1% from the mainland China market), an increase of 6.9% from that of the financial year ended 31 March 2010 (the "Previous Year").
- Sales of TV products and digital set-top boxes accounted for 82.8% and 15.2% of the Group's total turnover respectively.
- Gross profit achieved HK$4,663 million (HK$1,971 million in the first half year), decreased by 4.3%; and gross profit margin was 19.2% (17.7% in the first half year), decreased by 2.2 percentage points compared with that of Previous Year.
- Profit before non-controlling interests for the year were HK$1,281 million, a decrease of 3.4% from that of Previous Year.
- The Board has proposed a final dividend of HK9.0 cents per share with an option to elect new shares in lieu of cash. This represents a dividend payout ratio of 30.5% for the whole year.

Dear shareholders, partners and other stakeholders:

2010 had been a challenging year. Although the world economy had been experiencing recovery, the foundation remained fragile. The effect of various policies to stimulate economic growth following the financial tsunami had emerged. Surge of price for commodity and durable goods and uncertainties for business environment further accelerated. Our television ("TV") business had also inevitably facing the challenges of product upgrade, slowdown of consumers demand and keen competition in the industry. However, Skyworth Digital Holdings Limited (the "Company", together with its subsidiaries, the "Group") was able to excel in its performance in the industry with its talented and experienced staff, its market sense and product edge in the market and vision and mission of the management together with the aid of Chinese Government's (the "Government") policies, "Home Appliances to the Countryside" and "Swapping Old to New", to stimulate internal consumption. According to market surveys, the Group's sales volume and revenue of TV products in mainland China ranked number 1 and 2, respectively, last year.

Outstanding Operating Results

The financial year ended 31 March 2011 (the "Reporting Year") marked another year of solid performance for the Group. During the Reporting Year, the Group achieved a turnover of HK$24,339 million, up from HK$22,769 million as compared to that of the financial year ended 31 March 2010 (the "Previous Year"), representing a rise of 6.9% year-on-year. Gross profit and net profit were maintained at a similar level of HK$4,663 million and HK$1,281 million respectively. The net assets of the Group recorded an encouraging growth of 24%, reached HK$7,249 million up from HK$5,854 million. The steady growth in turnover was mainly attributable to our digital set-top boxes. It recorded a turnover of HK$3,696 million, a substantial increase of HK$1,800 million or 95% from the Previous Year.

For the year under review, the sales revenue and volume of our TV products in mainland China accounted for 83% and 80% of the Group's total revenue and volume of the TV business. Although the volume of our TV products decreased 9% in the domestic market as compared with those in the Previous Year, the total revenue was able to maintain at similar level. As a result of consumers' ever more sophisticated tastes and constantly evolving technology, the electronic products become obsolete quickly. In the first half of the year, the Group, by quickly re-formulating its marketing strategies, was not only able to realize those obsolete and slowing moving inventories but also successfully increased its sales revenue and gross profit.

The achievements of our remarkable performance were the contributions of our loyal and dedicated employees. The Company always understands that they are the most valuable assets. To express its gratitude to them, the Company granted 56 million share options to about 500 selected staff members during the Reporting Year. The Group wishes to share the honour and profits with them.

During the Reporting Year, the board of directors (the "Board") of the Group appointed Mr. Lu Rongchang as an executive director and Ms. Chan Wai Kay, Katherine as an Independent Non-Executive Director. Mr. Lu joined the Group as the head of the Skyworth Research & Development ("R&D") Institute and the general manager of the R&D Department in 2006. Mr. Lu has extensive experience in the electronics industry and has achieved many national and provincial honours. Ms. Chan has more than 20 years of experience in financial services industry and holds various key positions in listed companies. Ms. Chan has profound practicing knowledge in company's strategic planning and corporate management of listed companies. We believe that these two new members will definitely bring new visions to the Board. Let us welcome them aboard!

Outlook

2011 represents the first year of the Government's "12th Five Year Plan". The economy of mainland China is expected to grow in a steady and healthy manner. To ensure growing in line with the Government's long term plan, the Group is ready to launch its Five Year Plan aiming for raising its revenue to HK$50 billion in the financial year 2015/2016.

The year ended 31 March 2012 (the "Upcoming Year") will definitely be a challenging year to our Group. The global economy is confronted with a number of uncertainties. The European debt crisis, the turmoil in the Middle East and the Japan earthquake are most likely to dampen growth. However, the Group is optimistic about its future. With the support of the Government, the management team's vision and mission, the efforts of 23,300 dedicated and loyal employees, we firmly believe we have the capability to meet those challenges and opportunities. We are well equipped and we are ready to mark another milestone.

LETTER FROM EXECUTIVE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Appreciation

On behalf of the Board, I would like to extend my sincere gratitude to our business associates, shareholders and customers for their ongoing support. The management and all staff members are equally deserving of praise for their diligence and loyal services. With their dedications, commitments and contributions, another fruitful year has concluded. In the Upcoming Year, we will continue to work closely to create greater success for the Group and drive higher returns to the shareholders.

I look forward to reporting to you another fruitful year in 2012.

Yours Sincerely,

Zhang Xuebin
Executive Chairman and Chief Executive Officer
29 June 2011

E96RA Series

Management Discussion and Analysis

Business Performance Review

Steady Growth in Turnover

The consolidated turnover of the Group for the Reporting Year reached HK$24,339 million (Year 2010: HK$22,769 million), representing an increase of 6.9%. The profit for the year reached HK$1,281 million (Year 2010: HK$1,326 million), slightly decreased by 3.4%, year-on-year. Gross profit margin was 19.2% (Year 2010: 21.4%), declined by 2.2 percentage points compared with that of Previous Year.

For the Reporting Year, steady growth in turnover was driven by a leaping sales volume in digital set-top boxes. As a result of the intense market competence and product-mix transformation, although the overall sales volume of television products reduced by 11.2%, turnover was only 1.8% less than that of the Previous Year. In a blazed competing year, the Group remained predominance to its strategic market share that adequately reflected consumers' confidence to our products.

Sales Networks in the PRC

Business Review by Geographical and Product Segments

Mainland China Market

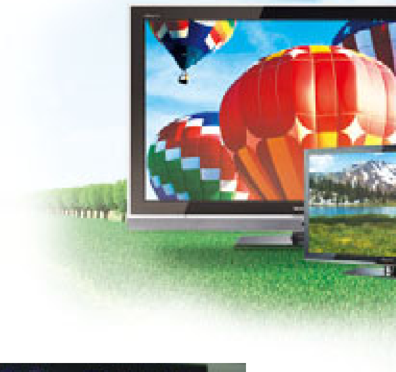
For the Reporting Year, the mainland China market accounted for 91.1% of the Group's total turnover, recorded a 6.8% growth from HK$20,761 million of that in Previous Year to HK$22,180 million. The related gross profit margin was 19.7% (Year 2010: 22.5%), representing a decrease of 2.8 percentage points year on year.

The Group's TV business unit in mainland China accounted for 86.4% of the total domestic turnover. The sales of digital set-top boxes and LCD modules units accounted for 12.1% and 0.5%, respectively. Other business units including those engaging in manufacturing of washing machines, refrigerators, moulds, automobile electronics, other electronics products and rental collection etc attributed the remaining 1.0%.

TV products

The Group has been dedicating to enhance the market share of liquid crystal display ("LCD") televisions with light emitting diode backlight ("LED LCD TV"). CooCaa E70 Health-Fitness TV and CooCaa Smart 3D TV which was launched in the Reporting Year provided high-quality entertainment and audio-visual experience to consumers. For the Reporting Year, over 6.26 million Flat Panel TV sets under **Skyworth** brand were sold in mainland China, of which 1.56 million were LED LCD TV, representing 25.0% of TV sold by the Group in mainland China, increased by 23.2 percentage points.

For the Reporting Year, the TV sales in mainland China market slightly decreased by 0.7% and reached HK$19,103 million (Year 2010: HK$19,247 million). Year 2011 was a year fraught with challenges; the Group maintained glamorous success in turnover although TV industry has confronted with an abnormal high inventory level and fierce competition, especially in the first half of the Reporting Year. Relying on the endless creativity of our professional team and wide covered nationwide distribution network, the Group has become one of the largest TV manufacturers in mainland China. According to the TV market survey performed by All View Consulting Co., Ltd. ("AVC"), Skyworth LCD TV (including LCD TV with cold cathode fluorescent lamp backlight ("CCFL LCD TV") and LED LCD TV) ranked first in terms of cumulative sales volume, representing 15.8% of total market share, and ranked first and second in all TV in terms of cumulative sales volume and amount accounting for 14.4% and 13.0% of total market share, respectively, for twelve consecutive months ended 31 March 2011. 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.



Having pace of LED LCD TV accelerated to replace CCFL LCD TV, Smart TV (general term for TV with an operating system, proprietary and/or independent application software and internet connectivity) and LCD TV with three-dimensional ("3D") display technology ("3D TV") will be the market focus. The Group seized this opportunity to expand LED TV, Smart TV and 3D TV market to maintain its leadership. The Group's China TV business unit has launched LED LCD TV with film patterned retarded ("FPR") 3D technology since December 2010. In early March 2011, it has launched CCFL LCD TV with the same kind of FPR 3D technology but at a price level lower than LED LCD TV with FPR 3D technology mainly to target for mainstream potential consumers.

The Group continuously strives for innovation, with establishment of the Research Institute and Innovation Design Center that ceaselessly upgrade our product design, functionality and technology. These new products will fulfill the mainland China and international markets in order to secure our leading position. During the Reporting Year, the Group's sales in innovation products accounted for 80% of the overall turnover. In the 44th International Consumer Electronics Show, the **Skyworth** brand was awarded both "Chinese Top 10 Consumer Electronics Brands" and "Global Top 20 TV Brands". It demonstrated the Group's strength in the consumer electronics industry.

Other key awards contributing to the improvement of TV products sales in mainland China market include:

- research on energy-saving LCD TV enhances our image in corporate environmental responsibility. The Group launched the CooCaa TV with LED backlight series to enrich high-end market line in further to advance our market image. Some of the LED TV models even titled with the "Green Product Award" and the "Energy Saving Star";
- on the 5th convention of China's Electronics Enterprise Brands in 2010, the Group ranked top three for the "Top 10 Fastest-Growing Brands" and had retained the title for three consecutive years. The Group also won "2010 1st China Flat TV Brand Value", "2010 Chinese Exemplary Brand of Healthy and Green Home Appliances" and "2010 Chinese Top 10 Social Responsibility Brands", while the Group's CooCaa LED E70 Healthy-Fitness TV was honored the "2010 Top 10 China New Products";
- the Group was the only enterprise in color TV industry that honored the "China Top 10 After-Sale Service Enterprises";
- the Group has won both Red Star Award and Red Cotton Award of China's innovative industrial design. E18 series of CooCaa TV grasped the Red Star Award for its innovative exterior design with outstanding craft performance and low-carbon environment protection. E16, E81 and E70 series have grasped the Red Cotton Award (home appliance category) in 2010;
- the Group won "2010 China Most Competitive Consumer Electronics Brand" and CooCaa 3D engine won "The Best Comfort 3D Technology Award" of the "2010 China Best Technical Innovation Award of Consumer Electronics" in the 6th Annual Convention of China's Consumer Electronics; and
- the Group had the most qualified TV products in terms of different models and quantities under the "Home Appliances to the Countryside" policy in 2011. Among the 80 qualified models, the Group's TV basically covered from low to high-end products, more than half of these are LED TV products. In addition, specific LED backlight series are catered for the rural areas to enhance the Group's competitiveness.

Digital set-top boxes

During the Reporting Year, the Group seized the opportunity of 3C (ie., content, computers and communication) convergence as well as the international events such as High-Definition World Cup, High-Definition Expo and High-Definition Asian games, to build up our brand awareness and product penetrability. As a result, the sales volume of digital set-top boxes exceeded 10 million sets and ranked number one among set-top boxes industry in mainland China. In addition, the digital set-top boxes business unit has stepped up efforts to expand the market in the second and third tier cities in mainland China. The demand for 3C convergence on set-top boxes and the broadcasting of satellite programs helped the development of the related products and assisted the Group to enlarge its market share that doubled the turnover. For the Reporting Year, the digital set-top boxes turnover in mainland China market recorded HK$2,676 million (Year 2010: HK$1,186 million), representing a substantial growth of 125.6% or HK$1,490 million.

Being the market leader with the advance technology to lower cost and to increase production efficiency, the Group would be able to take advantage of the overall inclining demand of digital set-top boxes.

LCD Modules

For the Reporting Year, LCD modules focused on providing original equipment manufacturing ("OEM") services for both internal and external customers, as a result, turnover of LCD modules in mainland China recorded HK$111 million (Year 2010: HK$189 million), representing a decrease of 41.3%.

With the increasing popularity and affordability of LED backlight display products, featured by slimmer, brighter and sharper pictures, as well as greater color contrast and lower power consumption, all of these characteristics boosted up the demand for LCD products. The Group is sophisticated in LCD module production with years of experience, regardless of either large-size or small-size LCD module, our exertion in LED backlight module technology successfully retained our brand reputation. Recognition of product quality by international brands helped the Group to maintain a stable customer base.

During the year, management of the Group's LCD Modules business unit issued a series of instructions, regulatory manuals and supply chain management rules in order to standardize the management system and strengthen resources to reduce the defective rate. Being affected by individual customer pricing, gross profit margin for the Reporting Year was 14.1% (Year 2010: 18.1%), slipped by 4.0 percentage points.

Overseas Markets

The turnover generated from overseas markets accounted for HK$2,159 million (Year 2010: HK$2,008 million), equivalent to 8.9% of overall turnover (Year 2010: 8.8%), rose HK$151 million or 7.5%. The gross profit margin was 12.9% (Year 2010: 10.7%), representing an increase of 2.2 percentage points.

TV products

For the Reporting Year, the turnover of overseas TV products was HK$1,060 million (Year 2010: HK$1,292 million), equivalent to 49.1% (Year 2010: 64.4%) of the total overseas turnover, slipped by 18.0%. Total overseas sales volume decreased 19.0% to 1.60 million sets due to the overseas sales volume of cathode ray tube ("CRT") TVs declined 28.7% to 1.12 million sets, and flat panel TVs increased by only 19.9% or 0.78 million sets, which partly offset the gap of decrease in CRT TVs.

During the year, 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. The Group steps up in negotiations with new strategic partners. With surging LCD TV demands and rising popularity towards LCD TVs brought upon gradually improvements in the Group's overseas TV sales.

Digital set-top boxes

The sales amount of overseas digital set-top boxes for the Reporting Year increased by 43.7% to HK$1,020 million (Year 2010: HK$710 million).

Benefitting from the product-mix flexibility, the supply chains enhancement and the successful marketing strategies, the digital set-top boxes sales in America recorded strong growth with turnover increased by 97.4%. Although Europe was under the shadow of the sovereignty debt crisis, with the well-built customer relationship and the improvement of the product quality, the slowdown in Europe did not affect the business unit's performance. During the Reporting Year, the overall sales in Europe had recorded a steady growth of 17.0%. 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

During the Reporting Year, the Group actively exploited emerging markets in Asia, causing Asian contributions rose to the first among all other overseas areas. With aggregation to Europe and America consists up to 84% in overseas turnover and forms the major overseas market. Africa, Middle East, and Australia and New Zealand markets accounted for 16% of the total overseas turnover. The geographical distribution of the turnover in percentage for overseas markets is illustrated as follows:

	twelve months ended 31 March	
	2011	2010
	(%)	(%)
Asia (including Japan, Korea, Vietnam, etc.)	**31**	21
Europe	**27**	37
America	**26**	30
Africa	**6**	6
Middle East	**5**	5
Australia and New Zealand	**5**	1
	100	100

Gross Profit Margin

For the Reporting Year, the overall gross profit margin of the Group dropped 2.2 percentage points to 19.2% (Year 2010: 21.4%); but increased by 1.5 percentage points from 17.7% of the first half of the financial year.

Over-optimistic forecast throughout the mainland China TV industry resulted in an abnormally high inventory level in the first half of the Reporting Year. Coupled with the product mix transition from CCFL LCD TV to LED LCD TV, the Group focused to clear the TV inventory which caused abnormal pressure on the gross profit margin in the first half of the Reporting Year. The Group continued to optimize its product mix, made relentless efforts to develop high-end and high value-added products to improve its gross profit margin.

The Group remains confidence to bring improvement to the gross profit margin due to the increase in sales of LED TV and 3D TV products as well as the improvement of our product quality and procurement costs in the year ending 31 March 2012 (the "Upcoming 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, repairs and maintenance and transportation expenses. For the Reporting Year, S&D expenses dropped 3.8% or HK$114 million from last year to HK$2,854 million. The ratio of S&D expense to turnover reduced 1.3 percentage points from 13.0% to 11.7%.

During the year, the Group has adopted stringent cost controls, especially on human resources and transportation costs, by adjusting salesmen's bonus computation and optimizing supply chains. In addition, the Group endeavored to continuously improve the quality of products, constraining warranty and maintenance costs to enhance brand and Group's reputation to maximize stakeholder interests in the long run.

General and Administrative Expenses

The Group's general and administrative ("G&A") expenses for the Reporting Year rose by HK$16 million or 2.4% to HK$696 million. The G&A expenses to turnover ratio for the year have decreased slightly by 0.1 percentage points to 2.9%.

To cope with a series of policies launched by the Government and improvement in product quality and features, the Group had devoted more resources in research and development ("R&D") during the Reporting Year, caused an increase of HK$27 million or 27.6% in R&D expenses and increase of HK$17 million or 70.8% in technical consultancy fees. Other expenses did not change significantly, compared with that of last year.

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

Inventory Control

The net carrying value of the Group's inventories reached HK$2,657 million (Year 2010: HK$3,298 million) as at the Reporting Year ended, representing a decrease of HK$641 million or 19.4% from that as at 31 March 2010.

The market expected significant LCD TV sales growth in mainland China that caused the Group to realign raw material reserves. However, with the effect of shortening TV product cycle, which in consequence a high inventory level at the beginning of the financial year. Facing the slowdown in demand for LCD TVs, an inclining foreign brands penetration and an intensifying competition of domestic brands, the Group had taken a series of measures, such as price reduction, effective inventory control, logistics and supply-chain management etc to reduce the inventory level especially in the first half of the Reporting Year. Eventually inventory was maintained in an acceptable level, but inventory turnover days were still longer than last year.

In order to stringent inventory control over logistics and supply-chain management, and remain vigilant to the risk of slow-moving and obsolete inventories, the following courses of actions were adhered:

- **Effective supply chain and logistics management** – improve supply chain management system including further refine liaison and communication between procurement, logistics, production processes, improve sensitivity on market prices, controls on product sourcing, unified supplies and distributions to ensure production efficiency, speed of product flow, and prevent accumulation of excessive inventory; and

- **Inventory status as Key Performance Indicators (“KPI”) criteria** – using inventory turnover days, raw material shortage ratio, and inventory provision as evaluation basis for business unit performance to align the interests among the business units and the Group as a whole.

At the end of the Reporting Year, the inventory turnover days for raw materials and finished goods were 22 days and 32 days (Year 2010: 17 days and 27 days), respectively. The inventory turnover was although lengthen in comparison to 2010, but it improved since first half of the year (23 days and 36 days respectively), reflecting the effectiveness on inventory control and speeding up to the products transformation.

Trade Receivables and Bills Receivable

At the ended of the Reporting Year, the Group had a total of HK$9,302 million (Year 2010: HK$8,522 million) trade receivables and bills receivable. Comparing to the year ended at 31 March 2010, the two receivables increased by HK$780 million, or 9.2%. Trade receivables increased by HK$467 million or 29.5% to HK$2,051 million, whilst bills receivable also increased by HK$313 million or 4.5% to HK$7,251 million.

Due to the rising demand for the digital set-top boxes, the sales and the trade receivables in digital set-top boxes business unit were higher than that of Previous Year. The cable operators under national, provincial and municipal broadcasters as being the major customers, both long repayment terms and large scale of sales volume during the year was consistent with the growth ratio in trade and bills receivables. The business unit had implemented a measurement to customer’s creditability to determine their credit limit and period, and established systematic procedure to track customers’ overdue. Furthermore, the business unit plans to finance through long aged accounts receivable conversion with the financial institutions.

Skyworth Flicker-free 3D

Normal Flicker 3D

Trade Payables and Bills Payable

At the end of the Reporting Year, the Group's trade payables amounted to HK$2,615 million (Year 2010: HK$3,046 million), dropped by HK$431 million; bills payable accounted for HK$917 million (Year 2010: HK$586 million) which increased by HK$331 million.

For the Reporting Year, the Group had undergone a series of settlement procedures and system optimization, 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 stable financial position. At the end of the Reporting Year, the Group's net current assets amounted to HK$6,012 million (Year 2010: HK$4,268 million) which increased by HK$1,744 million or 40.9%. Bank balances and cash amounted to HK$2,524 million (Year 2010: HK$2,191 million), representing an increase of HK$333 million, compared with that at 31 March 2010; whilst the pledged bank deposits amounted to HK$558 million at 31 March 2011, representing a decrease of HK$1,836 million from that at 31 March 2010. The significant decrease in pledged bank deposits was mainly due to the maturity of foreign currency forward contracts with financial institutions as disclosed in note 33 of the annual financial report.

To maintain adequate liquidity for operation, the Group facilitated various means of trade finance from banks. At the end of the Reporting Year, the balance of the discounted bills receivable with recourse amounted to HK$693 million (Year 2010: HK$3,428 million), representing a decrease of HK$2,735 million or 79.8% 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 trade facilities and loans granted from various banks. Such secured assets included HK$558 million bank deposits and HK$36 million structured bank deposits, as well as certain prepaid lease payments on land use rights, leasehold land and properties in mainland China and Hong Kong with net book value of HK$179 million (at 31 March 2010: HK$218 million) as at the end of the Reporting Year.

The Group adopted principle of prudence and remained financially sounded. At the end of the Reporting Year, total bank loans amounted to HK$4,355 million which included discounted bills receivable with recourse and foreign currency forward contracts for HK$693 million and HK$50 million, respectively. Equity attributable to owners of the Company amounted to HK$7,074 million (Year 2010: HK$5,773 million); debt to equity ratio was 51.1% (Year 2010: 16.8%) 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 annual financial report.

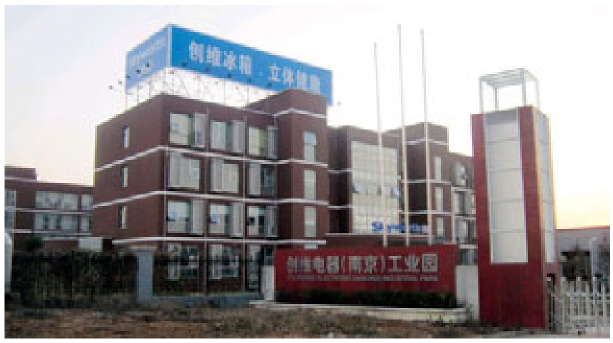
During the Reporting Year, the Group changed its funding strategies to utilise more low interest US dollar bank loans than high cost bill discounting to finance its working capital.

Treasury Policy

With investments mainly situated in mainland China, the Group's assets and liabilities are mainly denominated in Renminbi ("RMB"), and the remaining are denominated in Hong Kong dollars or US dollars. During the Reporting Year, the Group required to carry out general trade financing to fulfill operation cash flow needs. In order to reduce the finance costs, the Group increased the utilizations of currency-based and income-based financial management tools introduced by banks to offset the financing pressure. During the Reporting Year, the Group had recognised HK$97 million (Year 2010: HK$29 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 Reporting Year, the Group engaged into several arrangements with certain banks, such as foreign currency forward contracts, target redemption forward contracts, equity linked structured contract with guaranteed return and cross-currency interest rate swaps contract of which the purpose is to manage the Group's foreign currency exposure in relation to its payables arising from time to time denominated partly in US dollar. For details of the arrangements, please refer to note 29 of the annual financial report.

Significant Investments and Acquisition



During the Reporting Year, certain investment properties with net carrying value of HK$37 million was transferred from investment properties to property, plant and equipment in accordance with Hong Kong accounting standards. For the Reporting Year, an addition of HK$254 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$221 million on machinery in production line setups and other equipments; and has planned to commit HK$133 million on plant, logistic centres and machinery procurement, aiming to cater for future business needs, productivity and logistic efficiency enhancements.

During the Reporting Year, the Group formally entered into the washing machine and refrigerator market. On 8 June 2011, the Group entered into cooperation agreements with the Management Committee of the Lishui Economic Development Zone. Pursuant to the agreements, the Group shall invest RMB400 million (equivalent to approximately HK$480 million) over the next 2 to 3 years to increase the Group's production of refrigerators and washing machines in Lishui, Nanjing and RMB2,100 million (equivalent to approximately HK$2,520 million) into the production of LCD TVs and other electronic products in the Lishui Economic Development Zone by building a new production plant and production line.

Resource integration is one crucial strategy to target good qualities for product elements. The Group invested HK$26.10 million in technological research and development through direct investments or available-for-sale investments in industries related to TV and digital set-top boxes businesses, to constitute supports for more integrated TV and digital set-top boxes products development.

Contingent Liabilities

The Group held no material contingent liabilities during the Reporting Year. The details of certain patent disputes are disclosed in note 47 to the condensed consolidated financial statements in the annual financial report.

Human Resources Capital

At 31 March 2011, the Group had over 23,300 (Year 2010: 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.

Sales Volume Targets for the New Financial Year

With reasonable forecasts on the upcoming economic and TV market conditions, the Group projects an aggregated annual target of 9 million sets TV sales volume for the Upcoming Year, 7 million sets in the mainland China market and 2 million sets in the overseas markets respectively. The mainland China TV sales target consists of 3 million LCD TV with cold cathode fluorescent lamp ("CCFL") and 4 million LED LCD TV (including 1.5 million 3D LED LCD TV).

Corporate Governance Report

CORPORATE GOVERNANCE REPORT

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

Compliance with the Code

During the year ended 31 March 2011 and up to the date of this report, the Company has complied with the code provisions in the Code, except for one major deviation described below.

Code provision A.2.1

Under code provision A.2.1 of the Code, the roles of chairman and chief executive officer of an issuer should be separate and should not be performed by the same individual.

At present Mr. Zhang Xuebin ("Mr. Zhang") acts as both the executive chairman and the chief executive officer of the Company. Mr. Zhang is not only responsible for overseeing the business operations of the Company and its subsidiaries (the "Group") and implementing the business strategies and policies as determined by the board of directors of the Company (the "Board") from time to time, he is also responsible for the management of the Board, and the formulation of corporate strategy and future direction of the Company and its subsidiaries (the "Group").

After evaluation of the current situation of the Group and taking into account of the experience and past performance of Mr. Zhang, the Board is of the opinion that it is appropriate and in the best interests of the Company at the present stage for Mr. Zhang to hold both positions as the executive chairman and the chief executive officer of the Company as it helps to maintain the continuity of the policies and the stability of the operations of the Group. Further, the Board considers that such change would not impair the balance of power and authority within the Board.

Key Corporate Governance Principles

Board of Directors

The Board is responsible for the leadership and control of, and promoting the success of the Group. This is achieved by the setting up of corporate and strategic objectives and policies, and the monitoring and evaluations of operating activities and financial performance of the Group.

Board composition

As at the date of this report, the Board consists of nine members. Among them, six are executive directors ("EDs") and three are independent non-executive directors ("INEDs"). The biographical details of the directors of the Company ("Directors"), including their respective interests in the Company and their respective relationships with other Directors and senior management of the Group, are set out on pages 53 to 63 of this annual report.

Executive directors

All of the EDs possess the qualification and experiences in their respective areas of responsibility and many of them have been worked for the Group for many years. Under the leadership of the executive chairman, the EDs are able to maintain the success of the Group's business.

Mr. Lu Rongchang was appointed as an executive director of the Company on 21 June 2010. Mr. Lu joined the Group as an executive vice president of China TV business unit and the head of Research Institute in May 2006. With his extensive experience and solid technical background in the electronics industry, the Board believes that Mr. Lu could definitely bring new insights to the Board.

Independent non-executive directors

Ms. Chan Wai Kay, Katherine was appointed as an independent non-executive director of the Company on 27 July 2010. Ms. Chan has over 20 years work experience in the finance industry and has extensive experience on corporate governance of listed companies.

Currently, the three INEDs are experienced professionals with different expertise in accounting, legal and finance. Their mix of skills and experience, and their independent view would definitely provide constructive comments and suggestions to the Board, contributing to the proper functioning of the Board and safeguarding the interests of the shareholders in general and the Company as a whole.

Appointment, re-election and removal of Directors

A person may be appointed as a member of the Board at any time either by the shareholders in a general meeting or by the Board upon recommendation of the Nomination Committee of the Company. Directors who are appointed by the Board must retire at the first annual general meeting after their appointment.

According to the bye-laws of the Company as amended from time to time and the Code, all Directors are subject to retirement by rotation once every three years and no less than provided that one-third of the Directors for the time being shall retire from office by rotation at each annual general meeting.

Access for supporting

The Directors may have access to the advice and services of the company secretary of the Company ("Company Secretary") with a view to ensuring that board procedures, and all applicable rules and regulations, are followed. In addition, the Directors may, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses. The Board shall resolve to provide separate appropriate independent professional advice to the Directors to assist the relevant Directors to discharge their duties.

Appropriate insurance cover has been arranged in respect of legal action arising from the business of the Group against the Directors.

Board and executive meetings

The Board had held a total of four meetings during the year ended 31 March 2011. Of these, two meetings were held mainly for approving the 2009/10 final results and the 2010/11 interim results of the Company; the other meetings were held to consider important issues of the Group.

Sufficient notices to board meetings are given to all Directors prior to the meetings for the purpose of providing all Directors with sufficient time to reschedule their business for the meetings, if necessary, and to propose matters to be included in the agenda for the meetings. An agenda and related documents are dispatched to all Directors at least three days before each of the meetings to ensure that the Directors have sufficient time to review the related documents and be adequately prepared for the meeting. When Directors are unable to attend a meeting, they are advised of the matters to be discussed and given an opportunity to make their views known to the executive chairman prior to the meeting.

Management of the Company has, from time to time, supplied to the Board relevant information, as well as reports relating to operational and financial performance of the Group, enabling the Directors to make informed decisions. Members of the management who are responsible for the preparation of the documents for discussion at the board meetings are usually invited to present the relevant documents and to take any questions or address queries that the directors may have on the documents. This enables the Board to perform a comprehensive and informed evaluation as part of the Board's decision making processes.

The proceedings of the Board at its meetings are conducted by the executive chairman who is responsible to ensure that sufficient time is allocated for discussion and consideration of each item on the agenda and that equal opportunities are given to the Directors to speak and express their views and share their concerns. Minutes of the board meetings are recorded in sufficient detail about the matters considered by the Board and the decisions reached, including any concerns raised by the Directors. The minutes are kept by the Company Secretary or another personnel appointed by the Board at the meetings. Subsequently, the minutes are circulated to the Directors and are opened for inspection by the Directors.

Apart from the board meetings, the EDs also held ad hoc meetings to discuss affairs of the Group, mainly on operations and business issues, investment and performance evaluation, and management personnel appraisal, for subsequent reporting to the Board. During the year ended 31 March 2011, the EDs held one meeting, which was held and organised in a manner accepted by each of the EDs.

The attendance of individual members at board meetings and EDs' meetings held during the year ended 31 March 2011 are set out as follows:

Name of director	Board meetings Number of meetings attended/held	Board meetings Attendance rate	EDs' meetings Number of meetings attended/held	EDs' meetings Attendance rate
Executive Directors:				
Mr. Zhang Xuebin	4/4	100%	1/1	100%
Ms. Ding Kai	4/4	100%	1/1	100%
Mr. Yang Dongwen	3/4	75%	1/1	100%
Ms. Lin Wei Ping	4/4	100%	1/1	100%
Mr. Lu Rongchang	2/3	66%	1/1	100%
Mr. Leung Chi Ching, Frederick	4/4	100%	1/1	100%
Independent non-executive Directors:				
Mr. So Hon Cheung, Stephen	4/4	100%	N/A	N/A
Mr. Li Weibin	3/4	75%	N/A	N/A
Ms. Chan Wai Kay, Katherine	2/2	100%	N/A	N/A
Mr. Tsui Tsin Tong	N/A	N/A	N/A	N/A

Securities transactions of Directors

The Company has adopted a code of conduct regarding securities transactions by Directors ("Code of Conduct") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors of the Company, the Company received confirmation from all of the Directors that they had complied with the Code of Conduct throughout the year ended 31 March 2011.

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 terms of reference of the four committees can be found on the Company's website through the link http://investor.skyworth.com.index.asp. All of these committees are provided with sufficient resources to discharge their duties.

Executive Committee

An executive committee was established by the Board on 5 February 2005 (the "Executive Committee") with written terms of reference adopted on the same date. The Executive Committee currently comprises 15 members, including all EDs and several senior management personnel of the Company.

The Executive Committee has been delegated with powers from the Board to deal with matters of the Group. The authority and major duties of the Executive Committee are summarised as follows:

- to establish strategic planning and financial budgets for Board approval;
- to monitor daily business operations, including sales, productions, brand and product promotion and human resources capital, within the Group;
- to review and approve management reports;
- to evaluate investments opportunities for Board approval; and
- to monitor fund flows and evaluate cash management policies within the Group.

The Executive Committee held monthly meetings during the year ended 31 March 2011 to review, discuss and evaluate the monthly business performance and other business and operational matters of each major subsidiary within the Group.

Nomination Committee

A nomination committee was set up under the auspices of the Board on 5 February 2005 (the "Nomination Committee") with written terms of reference adopted on 19 August 2005. The Nomination Committee currently comprises four members. The chairman of the Nomination Committee is Ms. Chan Wai Kay, Katherine and the other members are Mr. So Hon Cheung, Stephen, Mr. Li Weibin and Mr. Leung Chi Ching, Frederick. Except for Mr. Leung Chi Ching, Frederick is an ED, the remaining three members are all INEDs.

The terms of reference of the Nomination Committee are as follows:

- to review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and make recommendations to the Board regarding any proposed changes;
- to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships;
- to assess the independence of INEDs; and
- to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of directors and succession planning for Directors, in particular, the chairman and the chief executive officer.

In considering the new appointment of Directors, the Nomination Committee makes reference to certain criteria such as integrity, independent mindness, experience, skill and the ability to commit time and effort to carry out his duties and responsibilities effectively, etc.

The Nomination Committee held two meetings during the year ended 31 March 2011. The meetings were held to review the composition of the Board and to nominate an executive director and an INED for the Board.

The attendance of individual members at the meetings of the Nomination Committee held during the year ended 31 March 2011 is set out as follows:

Name of Director	Number of meetings attended/held	Attendance rate
INEDs:		
Ms. Chan Wai Kay, Katherine *(Chairlady)*	N/A	N/A
Mr. So Hon Cheung, Stephen	2/2	100%
Mr. Li Weibin	2/2	100%
Mr. Tsui Tsin Tong	N/A	N/A
ED:		
Mr. Leung Chi Ching, Frederick	2/2	100%

Remuneration Committee

A remuneration committee was set up under the auspices of the Board on 5 February 2005 (the "Remuneration Committee") with written terms of reference adopted on 19 August 2005. The Remuneration Committee currently comprises four members. The chairman of the Remuneration Committee is Mr. Li Weibin and the other members are Mr. So Hon Cheung, Stephen and Mr. Leung Chi Ching, Frederick. Except for Mr. Leung Chi Ching, Frederick is an ED, the remaining three members are INEDs.

The terms of reference of the Remuneration Committee are summarised as follows:

(1) to make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration;

(2) to have the delegated responsibility to determine the specific remuneration packages of all EDs and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of INEDs. The Remuneration Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration;

(3) to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Board from time to time;

(4) to review and approve the compensation payable to EDs and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;

(5) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate; and

(6) to ensure that no Director or any of his associates is involved in deciding his own remuneration and that, as regards the remuneration of an INED who is a member of the Remuneration Committee, his remuneration should be determined by the other members of the Remuneration Committee.

The Remuneration Committee held six meetings during the year ended 31 March 2011. The meetings were held to review the compensation and incentives package for the senior management of the Group, to review the amount of bonus payable to EDs and senior management by the Group for performance incentive payments for the year ended 31 March 2011, and to discuss the work plan for the Remuneration Committee in this financial year.

The attendance of individual members at the meetings of the Remuneration Committee held during the year ended 31 March 2011 is set out as follows:

Name of Director	Number of meetings attended/held	Attendance rate
INEDs:		
Mr. Li Weibin *(Chairman)*	6/6	100%
Mr. So Hon Cheung, Stephen	6/6	100%
Ms. Chan Wai Kay, Katherine	2/2	100%
Mr. Tsui Tsin Tong	N/A	N/A
ED:		
Mr. Leung Chi Ching, Frederick	6/6	100%

Remuneration policy of the Group

The remuneration policy of the Group is designed to ensure remuneration offered to the Directors or employees is appropriate for the corresponding duties performed, sufficiently compensated for the effort and time dedicated to the affairs of the Group, and competitive and effective in attracting, retaining and motivating employees. The key components of the Company's remuneration package include basic salary, and where appropriate, other allowances, incentive bonus, mandatory provident funds, state-managed retirement benefits scheme and share options granted under the share option schemes of the Company. Details of the share option schemes of the Company are set out in note 39 to the consolidated financial statements.

The emoluments payable to Directors are determined with reference to the responsibilities, qualifications, experience and performance of the Directors. They include incentive bonus primarily based on the results of the Group and share options granted under the share option schemes of the Company. The Remuneration Committee performs review on the emoluments of the Directors from time to time. No Director, or any of his associates and executive, is involved in deciding his own emoluments.

Employees' remuneration packages are determined with reference to the responsibilities, qualifications and experience of individuals. The packages are reviewed annually and as required from time to time. The Group also continuously spends resources in training, retention and recruitment programs, and encouraging staff for self development and improvements. The Group uses the "key performance indicators", a methodical system, to monitor and evaluate the performance of managerial staff, aiming to achieve continuous improvements and correction of deficiencies by establishing a measurable benchmark.

The Board recognises that the future success of the Group depends on its ability to build up a team of high calibre professional managers as its human resource capital. The Group is fully committed to build up such human resource capital to enhance its assets for ensuring future growth.

The remuneration of the individual directors and the 5 highest paid individuals are set out in notes 14 and 15 to the consolidated financial statements.

Audit Committee

The audit committee was established by the Board since the initial listing of the Company's shares on Stock Exchange on 6 April 2000 (the "Audit Committee"). The Audit Committee currently comprises of three INEDs. The chairman of the Audit Committee is Mr. So Hon Cheung, Stephen and the other members are Mr. Li Weibin and Ms. Chan Wai Kay, Katherine.

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

The major duties of the Audit Committee are summarised as follows:

- to serve as a focal point for communication between Directors, the external auditors and the head of risk management of the Company (the "Head of Risk Management");
- to review the current financial reporting system to ensure the adequacy of resources, qualifications and experience of staff of accounting and financial reporting function of the Group, and their training programmes and budget;
- to assist the Board in fulfilling its responsibilities by providing an independent review and supervision of financial reporting, and the effectiveness of the Group's internal control system; and
- to review the appointment of external auditors on an annual basis as well as to ensure continuing auditors' independence.

During the year ended 31 March 2011, the Audit Committee held three meetings, all of which were held with the chief financial officer and the external auditors. The work performed by the Audit Committee during the year includes the following:

- reviewed the accounting principles and practices adopted by the Group and other financial reporting matters;
- reviewed and commented on the annual report and interim report (including the consolidated financial statements contained therein) of the Company;
- discussed with the external auditors on significant findings from their audit or review of the Group's financial statements and related issues;
- discussed on the Company's corporate governance practices;
- discussed on the Group's internal audit plan with the Risk Management Department;
- discussed the effectiveness of the systems of internal controls throughout the Group, including financial and operational controls; and
- considered and made recommendation to the Board on the engagement of external auditors and the estimated audit fee for the year ended 31 March 2011.

The attendance of individual members at the meetings of the Audit Committee held during the year ended 31 March 2011 is set out as follows:

Name of Director	Number of meetings attended/held	Attendance rate
INEDs:		
Mr. So Hon Cheung, Stephen *(Chairman)*	3/3	100%
Mr. Li Weibin	3/3	100%
Ms. Chan Wai Kay, Katherine	3/3	100%
Mr. Tsui Tsin Tong	N/A	N/A

Accountability and Audit

The Board is accountable to the shareholders of the Company through proper financial reporting, regular internal control reviews, interim reviews and annual audits. These are the most efficient way in assessing the effectiveness of the Board in managing the business and affairs of the Group.

Financial reporting

The Directors are responsible for overseeing the preparation of the annual consolidated financial statements which give a true and fair view of the state of affairs and of the results and cash flow of the Group for the year. In preparing the consolidated financial statements for the year ended 31 March 2011, the Directors have:

- approved the adoption of the applicable Hong Kong Financial Reporting Standards;
- selected suitable accounting policies and applied them consistently throughout the period covered by the consolidated financial statements;
- made judgments and estimates that are prudent and reasonable, and ensure the consolidated financial statements are prepared on a going concern basis; and
- ensured that the consolidated financial statements are prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance, the Listing Rules and the applicable accounting standards.

The Board recognises that high quality corporate reporting is important in enhancing the relationship between the Company and its stakeholders. The Board aims at presenting a balanced, clear and comprehensive vision of the performance, position and prospects of the Group in all corporate communications.

Internal controls

The Board acknowledges its responsibility to ensure that a sound and effective internal control system is maintained. The system includes a defined management structure with specified limits of authority, to:

- achieve business objectives and safeguard assets against unauthorised use or disposition;
- ensure maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication; and
- ensure compliance with the relevant legislation and regulations.

The internal control system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and manage rather than eliminate risks of failure in operational systems, and to ensure achievement of the Group's objectives.

Internal control framework

The internal control framework that the Board established in maintaining effective internal controls within the Group is as follows:

(1) Distinct organisational structure

To allow delegation of authority as well as to enhance accountability, a distinct organisational structure exists which details lines of authority and control responsibilities in each business unit of the Group. Division/Department heads are involved in preparing the strategic plan and the operation plan based on the corporate strategies and annual operational and financial targets determined by the Board. Both the strategic plan and the annual operating plan laid down the foundation for the preparation of the annual budgets, which identify and prioritize business opportunities with reference to the resources allocation.

During the year ended 31 March 2011, the Group continued to implement a series of corporate reorganisation programmes in order to achieve a unit chain of command and improve the operation flow. With the continuous focus on the unit chain of command, the Group anticipates to attain better controls and effectively monitor the management, operational and financial processes.

(2) Comprehensive management reporting

A comprehensive management reporting system is in place providing financial and operational performance measurement indicators to the management and relevant financial information for reporting and disclosure purposes. Variances between actual performances and targets are prepared, analysed and explained, and appropriate actions are taken, if necessary, to rectify the deficiencies noted. This helps the management of the Company to monitor the business operations and enables the Board to formulate a strategic plan in a timely and prudent manner.

(3) Regular risk assessment

Systems and procedures are set up to identify, measure, manage and control risks including but not limited to operational risk, accounting risk, interest rate risk and compliance risk that may have an impact on the business of the Group. The Risk Management Department evaluates whether the Group's risk management is in line with the established strategies, policies and procedures of the Company.

(4) Regulated cash/treasury management

The Group maintains a sound system and a clear authority limit to ensure daily cash/treasury operations meet the relevant policies and rules established by the Group.

(5) Regular reviews by Risk Management Department and Internal Audit Department

The Risk Management Department was established by the Company in December 2005. The key function of the Risk Management Department is to provide an independent appraisal function to examine and evaluate operations, the system of internal control and risk management as a service to the Company and its subsidiaries. The Risk Management Department assists all levels of administrations in the achievement of the organisational goals and objectives by striving to provide a positive impact on:

- efficiency and effectiveness of operating functions;
- reliability of financial reporting;
- status of implementation and effectiveness of the internal control policies and procedures; and
- compliance with applicable laws and regulations.

The Risk Management Department also has a role to assist the Board and the Audit Committee to ensure that the Company maintains a sound system of internal controls by:

- reviewing all aspects of the Group's activities and internal controls with unrestricted right of access;
- conducting comprehensive audits of the practices and procedures of the Group;
- conducting comprehensive audits of income and expenditure, internal controls of all business units of the Group;
- conducting comprehensive audits of cash and operational management for various sales offices on a rotation basis with the support by the Internal Audit Department; and
- conducting special reviews and investigations of areas of concern identified by the Board or the management.

The Head of Risk Management has unrestricted direct access to the Audit Committee and reports directly to the Board and the Audit Committee. The Head of Risk Management is invited to attend the Audit Committee meetings and has the right to bring appropriate matters identified during the course of the risk assessment and the internal audits to the attention of the Audit Committee. This reporting structure allows the Risk Management Department to maintain its independence and to have free access to all members of the Board.

During the year and up to the date of this report, the work performed by the Risk Management Department includes:

- reviewed and evaluated revenues cycle, collection process of account receivable, supplier authentication process and warehouse management of the set-top box business unit in domestic market; and
- reviewed and evaluated major business cycles of several business units.

The Internal Audit Department was established since 1996 mainly for examining and evaluating the operations and compliance status of the sales offices and branches in the mainland China TV business unit, which is the largest cash flow and revenue contributor of the Group. Besides, it also carries out special audits when senior employees leaving their positions either due to resignations or job rotations within the Group. During the year, the Internal Audit Department also carried out the audit of certain major business units, in order to enhance the management and operational efficiency. Currently, the Internal Audit Department has over 30 staff, most of them continuously travel all over mainland China to perform their internal audit work.

During the year ended 31 March 2011, the Internal Audit Department issued over 200 reports to the Board and senior management on its regular reviews of operations and compliance audits of certain business units, sales offices and branches as well as reports on senior employees leaving their positions.

Internal audit plan

After considering current status and future development of the Group, the Risk Management Department, by considering current status and future development of the Group, would submit an internal audit plan yearly ("IA Annual Plan") to the Audit Committee and the Board of Directors for their approval, in order to match with the business strategy.

Internal control review

During the year, the Board, through the work performed by the Risk Management Department, conducted a review on the system of internal controls in accordance with the IA Annual Plan, which covers material controls, including financial, operational and compliance controls and risk management functions. The results of the review indicated that the system of internal controls of the Group is effective notwithstanding that there were some improvement opportunities identified. The Board would consider and evaluate those improvement opportunities identified by the Risk Management Department and make corresponding changes to the current system as and when appropriate. The Board would continue to review and improve the internal control system in fulfillment of business objective.

External auditors

The Group's external auditors are Deloitte Touche Tohmatsu. The Audit Committee is mandated to ensure continuing auditors' objectivity and safeguarding independence of the auditors. Up to the date of this report, the Audit Committee has considered and approved the engagement of Deloitte Touche Tohmatsu as auditors of the Group for the year ended 31 March 2011 and the corresponding audit fees estimation.

The remuneration paid or payable by the Group to Deloitte Touche Tohmatsu in respect of their audit and other non-audit services for the year ended 31 March 2011 were as follows:

	For the year ended 31 March	
	2011	2010
	Amounts	Amounts
Nature of services	**HK$'000**	HK$'000
Audit service (including review of financial statements)	**9,672**	8,144
Tax related service	**137**	153
Total	**9,809**	8,297

Corporate Communication with Stakeholders

The Company has in place an effective corporate communication system which provides transparent, regular and timely public disclosures to its stakeholders, including, inter alia, the general public, analysts, and the institutional and individual shareholders. The main features of the system are that:

- the Company maintains a website on which comprehensive information about the Group, including corporate structure, management profile, products and services provided, financial reports, public announcements and news of the Group, are disclosed;
- the Company establishes and maintains different communication channels with its stakeholders through the publication of annual and interim reports, announcements and press releases. To promote effective communication, the shareholders can obtain corporate communication electronically via the Company's corporate website http://investor.skyworth.com/index.asp;
- annual general meetings of the Company provide a useful forum for the shareholders to exchange views with the Board. The chairman of the Board as well as chairmen of the Audit, Nomination and Remuneration Committees, or in their absence, members of the committees will be available to answer questions which may be raised by the shareholders;
- separate resolutions are proposed at general meetings for each substantial issue, including the election of individual Directors;
- details of the poll voting procedures and the rights of shareholders to demand a poll are included in a circular to the shareholders dispatched 21 days prior to the date of the relevant general meeting. The circular also includes relevant details of proposed resolutions;
- the poll results are published on the website of Stock Exchange www.hkexnews.hk and on the Company's corporate website http://investor.skyworth.com/index.asp; and
- the Company publishes its own newspaper and magazine, which report up-to-date corporate strategy and business development of the Group, on a regular basis for internal circulation.

E91RD Series

Directors and Senior Management Profiles

DIRECTORS AND SENIOR MANAGEMENT PROFILES

Executive Directors

Mr. Zhang Xuebin

Aged 48, is an executive director and the chief executive officer of the Company, and has been elected by the board as executive chairman with effect from 1 April 2007. He is also a director of certain subsidiaries of the Company. Mr. Zhang joined the Group in March 2001. He is responsible for overseeing the business operations of the Group and implementing the strategies and policies as determined by the board from time to time. After his appointment as the executive chairman, Mr. Zhang is also responsible for the management of the board, and the formulation of corporate strategy and future directions of the Group. Mr. Zhang graduated from Zhongnan University of Economics and Law in the PRC with a bachelor degree in accountancy and a master degree in economics. Mr. Zhang had worked for Hainan Coconut Palm Group Company Limited from March 1991 to February 2001 and was appointed as its general manager in August 1997.

Save and except for the relationship with the Group, Mr. Zhang does not have any relationship with any director, senior management, substantial shareholders or controlling shareholders of the Company.

As at 31 March 2011, Mr. Zhang has interests in the shares of the Company within the meaning of Part XV of the SFO. Please refer to the details of interests listed in a separate confirmation.

Ms. Ding Kai

Aged 76, is an executive director of the Company, a director of certain subsidiaries of the Company, and Chairlady of 深圳創維群欣安防科技有限公司 ("群欣安防"), a jointly controlled entity of the Group. Ms. Ding joined the Group in 1988. She has over 40 years of experience in operations management in electronics companies and was qualified as senior economist in the PRC. She is currently responsible for the daily strategic management of 群欣安防.

Ms. Ding is the mother of Mr. Hu Zhaohui, the senior management of the Group. Save and except for the relationship mentioned above, Ms. Ding does not have any relationship with any director, senior management, substantial shareholders or controlling shareholders of the Company.

As at 31 March 2011, Ms. Ding has interests in the shares of the Company within the meaning of Part XV of the SFO. Please refer to the details of interests listed in a separate confirmation.

Mr. Leung Chi Ching, Frederick

Aged 53, is an executive director, the chief financial officer and company secretary of the Company. Mr. Leung joined the Group as director of finance on 20 December 2004 and has been re-designated as chief financial officer of the Company with effect from 8 January 2007. He is also a director and/or company secretary of certain subsidiaries of the Company. Mr. Leung is mainly responsible for overseeing the finance functions, corporate governance matters, investor relationship and third party intellectual property right management of the Group. Mr. Leung is an associate member of the Hong Kong Institute of Certified Public Accountants, a member of the American Institute of Certified Public Accountants and the Hong Kong Securities Institute. Mr. Leung has over 28 years' experience in corporate finance, banking and accounting.

Save and except for the relationship with the Group, Mr. Leung does not have any relationship with any director, senior management, substantial shareholders or controlling shareholders of the Company.

As at 31 March 2011, Mr. Leung has interests in the shares of the Company within the meaning of Part XV of the SFO. Please refer to the details of interests listed in a separate confirmation.

DIRECTORS AND SENIOR MANAGEMENT PROFILES

Ms. Lin Wei Ping

Aged 53, joined the Group in 1993 and is an executive director of the Company and a director of certain subsidiaries of the Company. She is currently the vice president and director of Skyworth Digital Group Limited, in-charge of the administration and human capital management of the Group. Prior to that, Ms. Lin was the deputy manager of purchasing department and administration manager in Hong Kong, primarily responsible for material purchasing from overseas market for the Group and administration and human capital management for certain companies within the Group. Ms. Lin graduated from South China University of Technology in the PRC with a bachelor degree in electronic engineering. Before joining the Group, Ms. Lin had worked in the Ministry of Information Industry in the PRC as a research engineer.

Ms. Lin is the spouse of Mr. Wong Wang Sang, Stephen, who is a former non-executive director of the Company. Save and except for the relationship mentioned above, Ms. Lin does not have any relationship with any director, senior management, substantial shareholders or controlling shareholders of the Company.

As at 31 March 2011, Ms. Lin has interests in the shares of the Company within the meaning of Part XV of the SFO. Please refer to the details of interests listed in a separate confirmation.

Mr. Yang Dongwen

Aged 46, is an executive director and a director of certain subsidiaries of the Company. He is currently the president of Shenzhen Chuangwei – RGB Electronics Co., Ltd. and the China TV business unit of the Group, responsible for managing the research, manufacture and sales of the Group's television products. Mr. Yang is also the vice president and the director of Skyworth Digital Group Limited. Mr. Yang joined the Group in May 1998 as the financial controller of the finance headquarters in the PRC and from August 2000 to August 2003, he was the general manager of the sales headquarters of the Group in the PRC and the vice president of the Group. Mr. Yang left the Group in August 2003 for 2 years working for Oriental Yeyang Textile Co., Ltd. as president. He rejoined the Group in September 2005. Mr. Yang graduated from Zhongnan University of Economics and Laws in the PRC with a bachelor degree in economics and law and graduated from Nankai University in the PRC with a master degree in Law. He served as the director of the accountancy department and the associate professor of the School of Economics in Hainan University in the PRC in his early years. He was later the director of the Hainan Zhongda Certified Public Accountants firm.

Save and except for the relationship with the Group, Mr. Yang does not have any relationship with any director, senior management, substantial shareholders or controlling shareholders of the Company.

As at 31 March 2011, Mr. Yang has interests in the shares of the Company within the meaning of Part XV of the SFO. Please refer to the details of interests listed in a separate confirmation.

Mr. Lu Rongchang

Aged 65, joined the Group in May 2006, is an executive director of the Company, the executive vice president of China TV business unit of the Group, the head of the Skyworth R&D Institute, and the general manager of the R&D Department of Shenzhen Chuangwei-RGB Electronics Co., Ltd. He is also a director of certain subsidiaries of the Company. Mr. Lu graduated from the Nanjing Institute of Technologies (now is called Southeast University) with major in automation control. Prior to joining the Group, he had over 18 years working experience as general manager and chief engineer for companies in television and communications industry, including Panda Electronics Group. Mr. Lu has achieved many national and provincial honors.

Save and except for the relationship with the Group, Mr. Lu does not have any relationship with any director, senior management, substantial shareholders or controlling shareholders of the Company.

As at 31 March 2011, Mr. Lu has interests in the shares of the Company within the meaning of Part XV of the SFO. Please refer to the details of interests listed in a separate confirmation.

Independent Non-executive Directors

Mr. So Hon Cheung, Stephen

Aged 55, is an independent non-executive director of the Company, the chairman of the audit committee, and a member of remuneration committee and nomination committee of the Company. Mr. So is a practicing accountant and is a director of the accounting firm T.M. Ho, So & Leung CPA Limited. Mr. So holds a bachelor degree of commerce from the University of British Columbia, Canada. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, a member of the Canadian Institute of Chartered Accountants, a member of the Chartered Institute of Management Accountants and a member of the Society of Certified Management Accountants of Canada. He is a visiting professor of various universities and colleges in Beijing, Liaoning, Sichuan, Xinjiang, Qinghai and Guangdong in the PRC. Mr. So has extensive experience in the commercial sector of manufacturing, wholesale and trading in various companies in Hong Kong and Canada.

At present, Mr. So is also an independent non-executive director of several companies listed on The Stock Exchange of Hong Kong Limited, including Pine Technology Holdings Limited, Hang Ten Group Holdings Limited and Milan Station Holdings Limited. Mr. So is a fellow member of the Hong Kong Institute of Directors.

Save and except for the relationship with the Company, Mr. So does not have any relationship with any director, senior management, substantial shareholders or controlling shareholders of the Company.

As at 31 March 2011, Mr. So has interests in the shares of the Company within the meaning of Part XV of the SFO. Please refer to the details of interests listed in a separate confirmation.

Mr. Li Weibin

Aged 50, is an independent non-executive director of the Company, the chairman of remuneration committee, a member of audit committee and nomination committee of the Company. Mr. Li is a practicing solicitor in Hong Kong and is the founder and senior partner of Li & Partners, a firm of solicitors in Hong Kong. He graduated from the China University of Political Science and Law in Beijing, the postgraduate school of the Chinese Academy of Social Sciences in Beijing and the University of Hong Kong with a bachelor degree in law, a master degree in law and a bachelor degree in common law, respectively. Mr. Li is also admitted to practice law in the PRC, England and Wales and New York, the USA. Mr. Li is a China-appointed attesting officer, a visiting professor in the China University of Political Science and Law and has worked in the legal field for 26 years.

Save and except for the relationship with the Company, Mr. Li does not have any relationship with any director, senior management, substantial shareholders or controlling shareholders of the Company.

As at 31 March 2011, Mr. Li has interests in the shares of the Company within the meaning of Part XV of the SFO. Please refer to the details of interests listed in a separate confirmation.

Ms. Chan Wai Kay Katherine

Aged 52, is an independent non-executive director of the Company, the chairlady of nomination committee, a member of audit committee and remuneration committee of the Company. Ms. Chan holds a Bachelor degree of Business Administration from the University of Southern California, USA. Ms. Chan has more than 20 years of experience in financial services industry and has extensive experience in supervising initial public offerings and other fund raising exercises conducted by companies in Asia. With various key positions previously held in listed companies, Ms. Chan has profound practicing knowledge in company's strategic planning and corporate management of listed companies.

At present, Ms. Chan is also the Chairlady and an executive director of China Ground Source Energy Limited (Stock code: 8128) which is listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong.

Save and except for the relationship with the Company, Ms. Chan does not have any relationship with any director, senior management, substantial shareholders or controlling shareholders of the Company.

As at 31 March 2011, Ms. Chan has no interest in the shares of the Company within the meaning of Part XV of the SFO.

Senior Management

Mr. Shi Chi

Aged 40, joined the Group in 2000 and is the President of Shenzhen Skyworth Digital Technology Co. Ltd. and also a director of certain subsidiaries of the Company. Mr. Shi graduated from Huazhong University of Science & Technology with a D.E. in Communication and Information System. He has been in charge of designing several high-end digital televisions and has published over 20 articles in various professional and science journals.

Save and except for the relationship with the Company, Mr. Shi does not have any relationship with any director, senior management, substantial shareholders or controlling shareholders of the Company.

Mr. Liu Tangzhi

Aged 48, joined the Group in 1998 and is the general manager of Skyworth Sales China Regional Headquarters, the vice president of China TV business unit of the Group and also a director of certain subsidiaries of the Company. Mr. Liu graduated from Zhongnan University of Economics and Law in Wuhan with a bachelor degree in economics, and graduated from Macao University of Science and Technology with a master degree in business administration.

Save and except for the relationship with the Company, Mr. Liu does not have any relationship with any director, senior management, substantial shareholders or controlling shareholders of the Company.

Mr. Wang Dehui
Aged 55, joined the Group in 2007 and is the general manager of manufacture headquarters in Shenzhen Chuangwei-RGB Electronics Co., Ltd. and a director of certain subsidiaries of the Company. Mr. Wang graduated from Jiangxi Institute of Technologies (now is called Nanchang University) with a bachelor degree in mechanical engineering, and graduated from Renmin University of China in master of business administration in 2003. Mr. Wang has dedicated to research moulds, injection moulding, spraying and machinery manufacturing industry for over 28 years. In 1996, he was awarded the title of senior engineer, has owned a number of national patent and national scientific and technological achievements.

Save and except for the relationship with the Company, Mr. Wang does not have any relationship with any director, senior management, substantial shareholders or controlling shareholders of the Company.

Mr. Hu Zhaohui
Aged 41, joined the Group in January 2006 and is the general manager of 深圳創維群欣安防科技有限公司 and a director of certain subsidiaries of the Company. Mr. Hu graduated from Xian University with a bachelor degree in electronic science and technology and graduated from Toyo University in Japan with a master degree in economics. Prior to joining the Group, he had worked for China Southern Fund Management Co., Ltd. and Shenzhen SEG Hitachi Color Display Devices Co., Ltd.

Mr. Hu is the son of Ms. Ding Kai, the executive director of the Company. Save and except for the relationship mentioned above, Mr. Hu does not have any other relationships with any other director, senior management, substantial shareholders or controlling shareholders of the Company.

Mr. Guo Limin

Aged 53, joined the Group in July 1999, and is the director of Skyworth Holdings Limited, the head of the legal affairs department of the Company, the chairman of the supervisory committee of Shenzhen Skyworth Digital Technology Company Limited and also director of certain subsidiaries of the Company. Prior to that, Mr. Guo was the assistant to the Chairman and the head of the administration department of the Company. Mr. Guo graduated from the Southwest University of Political Science & Law in Chongqing with a bachelor degree in law, and is admitted to practice law in the PRC. Before joining the Group, Mr. Guo had worked in the Southwest University of Political Science & Law and has experience in the field of legal affairs and administration.

Save and except for the relationship with the Company, Mr. Guo does not have any relationship with any director, senior management, substantial shareholders or controlling shareholders of the Company.

Mr. Li Xiaofang

Aged 48, joined the Group in 2000, and is the general manager of Skyworth LCD Modules (Shenzhen) Co., Ltd. Mr. Li graduated from Shaanxi University of Technology with a bachelor degree in mechanical engineering in 1984; and graduated from Xi'an Jiaotong University with a master of management engineering in 1986. Mr. Li has dedicated to business management teaching, research and practice for over 20 years. He has owned a number of national monographs and national scientific and technological achievements.

Save and except for the relationship with the Company, Mr. Li does not have any relationship with any director, senior management, substantial shareholders or controlling shareholders of the Company.

Ms. Dong Ning

Aged 34, joined the Group in 1999, is the head of the administration department of the Group in mainland China, in charge of the project centre, commercial, statistics, administration of the Group. Ms. Dong holds a bachelor degree in economics of Lanzhou University and a master degree in business administration of Hong Kong Baptist University. Ms. Dong has experience in administration, human resources, planning and organising of large-scale business activities and events.

Save and except for the relationship with the Company, Ms. Dong does not have any relationship with any director, senior management, substantial shareholders or controlling shareholders of the Company.

Ms. Zhou Tong

Aged 43, joined the Group in 2003 and acted as branding director and the first corporate spokeswoman of the Group. Then she acted as the vice president of Shenzhen Skyworth Digital Technology Company Limited. Now she is one of the board member of Skyworth Holdings Limited, the general manager of corporate strategy, partnership and investment, and a director of certain subsidiaries of the Company. Ms. Zhou holds a bachelor degree in materials, and a master degree in business administration. She has 22 years of working experience in various business management areas a crossed auto parts, consumer electronics, and services industries. Her 18 years of services in senior and executive management positions such as enterprise strategy, investment, operation, process reengineering, marketing and brand management etc. have achieved constant outstanding business performances.

Save and except for the relationship with the Company, Ms. Zhou does not have any relationship with any director, senior management, substantial shareholders or controlling shareholders of the Company.

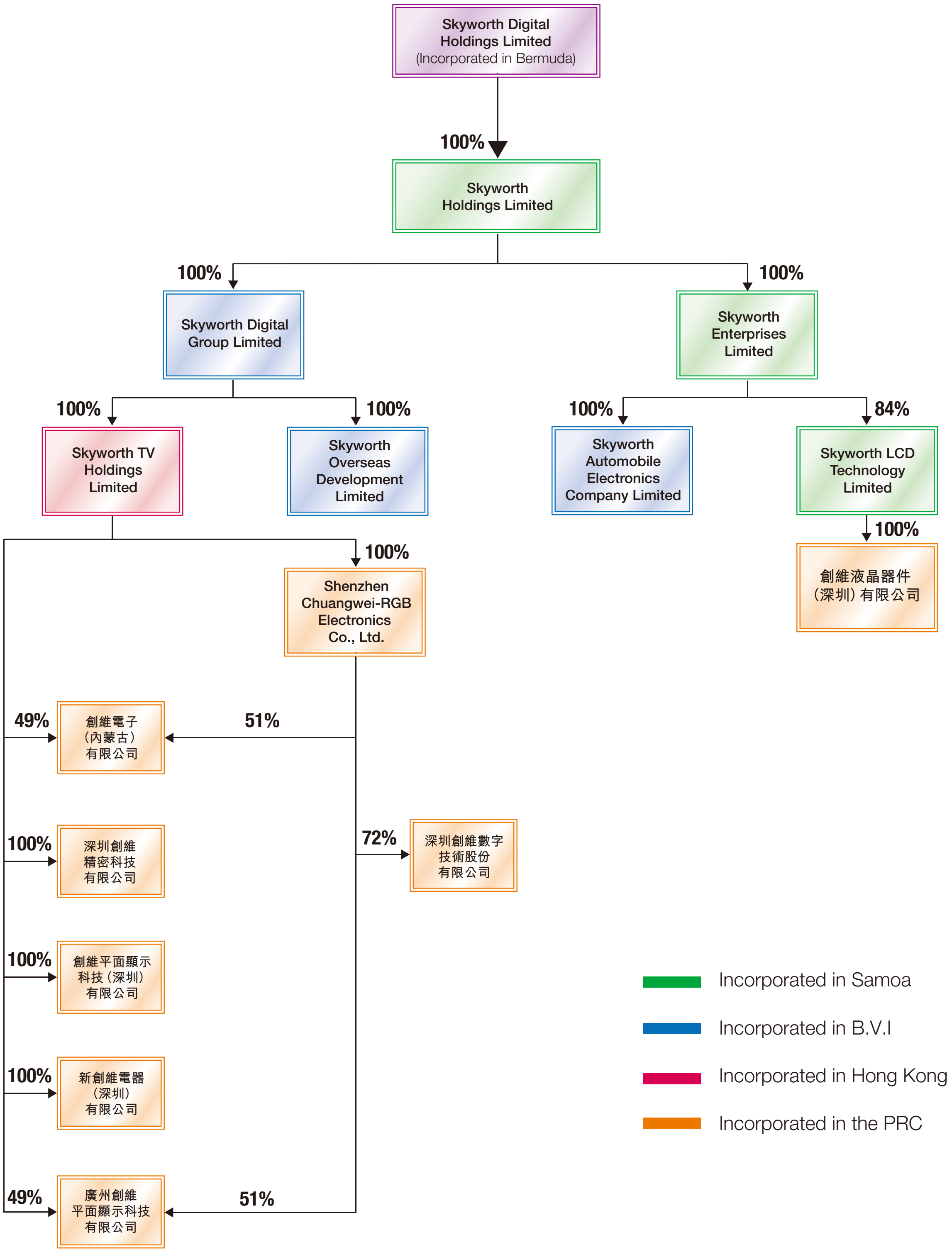
Ms. Shao Meifang

Aged 55, joined the Group in 2002, is the general manager of Skyworth Group Property Management Limited, the chief officer of capital construction headquarters, and director of certain subsidiaries of the Company. Ms. Shao graduated from Suzhou Vocational University major in economic management. In the year of 2006, she completed the course of operating real estate business administration from the Research Institute of Tsinghua University. She holds the qualification of China senior commerce operator. Before joining the Group, Ms. Shao has over 20 years of working experience in star-rated hotels and investing development companies acting as deputy general manager, general manager and other management positions, respectively.

Save and except for the relationship with the Company, Ms. Shao does not have any relationship with any director, senior management, substantial shareholders or controlling shareholders of the Company.

CORPORATE STRUCTURE

Simplified corporate structure diagram



Investor Relations

INVESTOR RELATIONS

Calendar of Major IR Activities

April 2010 – March 2011

Time	Events
April 2010	• 2010/11 Skyworth New Products Show – Investors tour • UBS HK/China Corporate Day 2010
May 2010	• 15th CLSA China Forum at Shanghai, China
July 2010	2009/10 annual results announcement • Analysts presentation, webcasting and conference calls • Press conference • Post-result Hong Kong roadshow arranged by CLSA • Post-result Singapore roadshow arranged by Credit Suisse • Post annual results Tokyo roadshow arranged by Daiwa Capital Markets • Investor group plant visit arranged by CLSA • Post annual results US roadshow arranged by JP Morgan
August 2010	• Sales office and distribution group visit at Chengdu, Sichuan, China arranged by China International Capital Corporation (CICC) • Post annual results QDII Shanghai roadshow arranged by CICC
September 2010	• Post annual results UK & Europe roadshow arranged by Credit Suisse • 17th CLSA Investors' Forum in Hong Kong • 2009/10 annual general meeting & press briefing
December 2010	2010/11 interim results announcement • Analysts presentation, webcasting and conference calls • Press conference • Post-result Hong Kong & Singapore roadshows arranged by Credit Suisse • Post-result Singapore roadshow arranged by JP Morgan
March 2011	• Bank of America Merrill Lynch "Petite Sweets" small group meeting • Bank of America Merrill Lynch "Taiwan, Technology & Beyond" Conference in Taipei • The 14th Credit Suisse Asian Investment Conference 2011 in Hong Kong

Share Price Performance (1 April 2010 – 31 March 2011)

E96RS Series

Directors' Report

DIRECTORS' REPORT

The Directors have pleasure in presenting their annual report and the audited consolidated financial statements of Skyworth Digital Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2011.

Principal Activities

The Company is an investment holding company. The principal activities of the Company's principal subsidiaries and jointly controlled entities are the manufacture and sale of consumer electronic products and upstream accessories, and property holding, details of which are set out in notes 51 and 21 of the consolidated financial statements, respectively.

Results and Appropriations

The results of the Group for the year ended 31 March 2011 are set out in the consolidated statement of comprehensive income on page 66 of the annual report.

An interim dividend of HK5 cents (2010: HK8 cent) per share amounting to HK$129 million was paid to the shareholders during the year. The Directors now recommend the payment of a final dividend of HK9 cents (2010: HK8 cents) per share to the shareholders on the register of members of the Company on 16 September 2011, estimated to be HK$233 million, and the retention of the remaining profit for the year in reserves.

Financial Summary

A summary of the results and of the assets and liabilities of the Group for the past five financial years is set out on page 170 of the annual report.

Major Customers and Suppliers

During the year, the aggregate turnover attributable to the Group's five largest customers was less than 15% of the Group's total turnover. The aggregate purchase attributable to the Group's five largest suppliers accounted for 44% of the Group's total purchase and the purchase attributable to the Group's largest supplier was 26.92% of the total purchases.

None of the Directors, their associates or any shareholders (who to the knowledge of the Directors owns more than 5% of the Company's share capital) has any interest in any of the Group's five largest suppliers or customers.

Property, Plant and Equipment

During the year, the Group further incurred approximately HK$254 million in production plants construction at various locations within the People's Republic of China (the "PRC").

The Group acquired additional plant and machinery at a cost of approximately HK$106 million for the expansion of existing and setting up new production facilities. Details of these and other movements in the property, plant and equipment of the Group during the year are set out in note 18 to the consolidated financial statements.

Share Capital

Details of movements in the share capital of the Company during the year are set out in note 41 to the consolidated financial statements.

Share Premium and Reserves

Details of movements in the share premium and reserves of the Group during the year are set out in the consolidated statement of changes in equity.

Distributable Reserves of the Company

The Company's reserves available for distribution to shareholders as at 31 March 2011 amounted to approximately HK$953 million (2010: HK$1,264 million).

Donations

During the year, the Group made charitable donations amounting to HK$283,656.

Directors

The Directors of the Company for the year and up to the date of this report were:

Executive directors:

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

Directors *(continued)*

Independent non-executive directors:

So Hon Cheung, Stephen	
Li Weibin	
Tsui Tsin Tong	(passed away on 2 April 2010)
Chan Way Kai, Katherine	(appointed on 27 July 2010))

In accordance with Clauses 86 and 87 of the Company's bye-laws, Mr. Zhang Xuebin, Ms. Lin Wei Ping and Mr. Li Weibin will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company. All other Directors continue in office.

Biographical Details of Directors and Senior Management

Brief biographical details of Directors and senior management of the Company are set out on pages 39 to 47 of the annual report.

Directors' Service Contracts

Each of the Directors has entered into a service contract with the Company for a term of two or three years. These service contracts remain valid unless terminated for causes or by either party giving at least three months' written notice.

None of the Directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Emolument Policy

The emoluments of the Directors of the Company are reviewed by the Remuneration Committee of the Company from time to time, with reference to the qualifications, responsibilities, experience and performance of the individual Directors, and the operating results of the Group. Details of the policy are set out in the "Corporate Governance Report" on pages 25 to 37 of the annual report.

Retirement Benefits Schemes

Details of the retirement benefits schemes of the Group are set out in note 48 to the consolidated financial statements.

Directors' Interests in Shares and Share Options

As at 31 March 2011, the interests of the Directors and of their associates in the shares, share options and underlying shares of the Company and its associated corporations (within the meaning of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of 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 31 March 2011, certain Directors of the Company held long positions in the shares of the Company as follows:

Name of director	Capacity		Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Lin Wei Ping	Beneficial owner		5,881,065	0.23%
	Held by trust	*(Note a)*	801,975,183	30.92%
	Held by spouse	*(Note b)*	68,709,297	2.65%
		(Note c)	876,565,545	33.80%
Yang Dongwen	Beneficial owner		11,833,243	0.46%
Zhang Xuebin	Beneficial owner		6,104,593	0.24%
Leung Chi Ching, Frederick	Beneficial owner		4,074,082	0.16%
Ding Kai	Beneficial owner		2,309,436	0.09%
Lu Rongchang	Beneficial owner		1,281,842	0.05%
Li Weibin	Beneficial owner		750,000	0.03%
So Hon Cheung, Stephen	Beneficial owner		132,553	0.01%

Notes:

(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 801,975,183 ordinary shares of the Company.

(b) Ms. Lin Wei Ping is deemed to be interested in 68,709,297 ordinary shares of the Company, being the interests held beneficially by her spouse, Mr. Wong Wang Sang, Stephen.

(c) Mr. Wong Wang Sang, Stephen is deemed to be interested in 876,565,545 ordinary shares of the Company, being the interests held by his spouse, Ms. Lin Wei Ping.

Directors' Interests in Shares and Share Options *(continued)*

(b) Share options of the Company

(i) Particulars of the share option schemes of the Company (including certain defined terms used below) are set out in note 42 to the consolidated financial statements.

(ii) As at 31 March 2011, certain directors of the Company had interests in the share options granted under the Company's share option schemes as follows:

Name of director	Capacity	Number of share options held/underlying shares of the Company
Zhang Xuebin	Beneficial owner	4,000,000
Ding Kai	Beneficial owner	2,500,000
Yang Dongwen	Beneficial owner	7,500,000
Lin Wei Ping	Beneficial owner	1,500,000
Lu Rongchang	Beneficial owner	7,750,000
Leung Chi Ching, Frederick	Beneficial owner	2,500,000
So Hon Cheung, Stephen	Beneficial owner	250,000
Li Weibin	Beneficial owner	250,000
		26,250,000

(iii) The particulars of share options granted to the Directors of the Company and the movement during the year were as follows:

Date of grant	Exercise price HK$	Vesting period	Exercisable period	Number of share options: Outstanding at 1 April 2010	Granted during the year	Exercised during the year	Cancelled during the year	Outstanding at 31 March 2011
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
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

Directors' Interests in Shares and Share Options *(continued)*

(b) Share options of the Company *(continued)*

				Number of share options				
Date of grant	**Exercise price** HK$	**Vesting period**	**Exercisable period**	**Outstanding at 1 April 2010**	**Granted during the year**	**Exercised during the year**	**Cancelled during the year**	**Outstanding at 31 March 2011**
Directors: *(continued)*								
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
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
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
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

Directors' Interests in Shares and Share Options *(continued)*

(b) Share options of the Company *(continued)*

				Number of share options				
Date of grant	**Exercise price** HK$	**Vesting period**	**Exercisable period**	**Outstanding at 1 April 2010**	**Granted during the year**	**Exercised during the year**	**Cancelled during the year**	**Outstanding at 31 March 2011**
Directors: *(continued)*								
Yang Dongwen: *(continued)*								
24 March 2011	4.440	24 March 2011 to 31 August 2012	1 September 2012 to 30 September 2018	–	1,000,000	–	–	1,000,000
		24 March 2011 to 31 August 2013	1 September 2013 to 30 September 2018	–	1,000,000	–	–	1,000,000
		24 March 2011 to 31 August 2014	1 September 2014 to 30 September 2018	–	1,000,000	–	–	1,000,000
		24 March 2011 to 31 August 2015	1 September 2015 to 30 September 2018	–	1,000,000	–	–	1,000,000
		24 March 2011 to 31 August 2016	1 September 2016 to 30 September 2018	–	1,000,000	–	–	1,000,000
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
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

Directors' Interests in Shares and Share Options *(continued)*

(b) Share options of the Company *(continued)*

				Number of share options				
Date of grant	Exercise price HK$	Vesting period	Exercisable period	Outstanding at 1 April 2010	Granted during the year	Exercised during the year	Cancelled during the year	Outstanding at 31 March 2011
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 30 April 2011	1 May 2011 to 28 August 2012	250,000	–	–	–	250,000
		1 February 2008 to 30 April 2012	1 May 2012 to 28 August 2012	250,000	–	–	–	250,000
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
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

Directors' Interests in Shares and Share Options *(continued)*

(b) Share options of the Company *(continued)*

Date of grant	Exercise price HK$	Vesting period	Exercisable period	Number of share options: Outstanding at 1 April 2010	Granted during the year	Exercised during the year	Cancelled during the year	Outstanding at 31 March 2011
Directors: *(continued)*								
Leung Chi Ching, Frederick *(continued)*								
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
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 30 April 2011	1 May 2011 to 28 August 2012	125,000	–	–	–	125,000
		1 February 2008 to 30 April 2012	1 May 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 30 April 2011	1 May 2011 to 28 August 2012	125,000	–	–	–	125,000
		1 February 2008 to 30 April 2012	1 May 2012 to 28 August 2012	125,000	–	–	–	125,000
				26,750,000	11,000,000	(11,500,000)	–	26,250,000

Save as disclosed above, none of the Directors or chief executives, nor their associates, had any interests or short positions in any shares, share options or underlying shares 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, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at 31 March 2011.

Directors' Rights to Subscribe Shares or Debentures

Other than the interests in share options of the Company disclosed above, and in the share option scheme disclosed in note 42 to the financial statements, at no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or chief executives, or their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in or debenture of the Company or any other body corporate, and none of them had any right to subscribe for the securities of the Company or its associated corporations, or had exercised any such right during the year ended 31 March 2011.

Directors' Interests in Contracts

Save as disclosed above, no other contracts of significance, to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Management Contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

Substantial Shareholders

As at 31 March 2011, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO showed 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 of the issued share capital of the Company
Target Success Group (PTC) Limited	Trustee *(Note a)*	801,975,183	30.92%
HSBC International Trustee Limited	Trustee *(Note b)*	801,975,183	30.92%
Wong Wang Sang, Stephen	Beneficial owner	68,709,297	2.65%
	Held by spouse *(Note c)*	807,856,248	31.14%
		876,565,545	33.79%
Deutsche Bank Aktiengesellschaft	Beneficial owner/*(Note d)*	147,509,006(L)	5.68%
	Person having a security interest in shares	105,691,325(S)	4.07%
	Custodian corporation/approved lending agent	2,853,362(P)	0.11%

Substantial Shareholders *(continued)*

Note a: Target Success Group (PTC) Limited held the shares of the Company in the capacity 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 801,975,183 ordinary 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 807,856,248 being the interests held by his spouse, Ms. Lin Wei Ping (801,975,183 shares held by Target Success Group (PTC) Limited and 5,881,065 shares held by herself).

Note d: Deutsche Bank Aktiengesellschaft held 147,509,006 shares, 105,691,325 shares and 2,853,362 shares in long position, short position and lending pool respectively.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions held by any other person in the share or share options of the Company as at 31 March 2011.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company's bye-laws, or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Public Float

On the basis of information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has complied with the public float requirement of the Listing Rules throughout the year ended 31 March 2011.

Auditor

The consolidated financial statements of the Group for the year ended 31 March 2011 have been audited by Messrs. Deloitte Touche Tohmatsu who retire and, being eligible, offer themselves for re-appointment. A resolution will be proposed at the forthcoming Annual General Meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board

Zhang Xuebin
Executive Chairman and Chief Executive Officer
29 June 2011

E61 Series

Independent Auditor's Report

Deloitte.
德勤

TO THE MEMBERS OF SKYWORTH DIGITAL HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Skyworth Digital Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 66 to 168, which comprise the consolidated statement of financial position as at 31 March 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 March 2011, and of its profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
29 June 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

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

	NOTES	2011	2010
Turnover	7	**24,339**	22,769
Cost of sales		**(19,676)**	(17,896)
Gross profit		**4,663**	4,873
Other income	9	**390**	402
Other gains and losses	10	**101**	33
Selling and distribution expenses		**(2,854)**	(2,968)
General and administrative expenses		**(696)**	(680)
Finance costs	11	**(139)**	(122)
Share of results of jointly controlled entities		**29**	14
Profit before taxation		**1,494**	1,552
Income taxes	12	**(213)**	(226)
Profit for the year	13	**1,281**	1,326
Other comprehensive income (expense)			
Exchange differences arising on translation		**254**	26
Fair value gain on available-for-sale financial assets		**7**	3
Fair value loss on cash flow hedges		**(19)**	–
Cumulative gain reclassified to profit or loss on disposal of investments classified as available-for-sale		**–**	(2)
Deferred tax arising on exchange differences on the Group's net investments in foreign operations		**(13)**	(2)
Other comprehensive income for the year		**229**	25
Total comprehensive income for the year		**1,510**	1,351
Profit for the year attributable to:			
Owners of the Company		**1,174**	1,251
Non-controlling interests		**107**	75
		1,281	1,326
Total comprehensive income for the year attributable to:			
Owners of the Company		**1,390**	1,276
Non-controlling interests		**120**	75
		1,510	1,351
Earnings per share (expressed in HK cents)			
Basic	17	**45.90**	52.32
Diluted	17	**44.18**	49.46

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2011

Amounts expressed in HK$ million

	NOTES	2011	2010
Non-current Assets			
Property, plant and equipment	18	**1,709**	1,399
Investment properties	19	**77**	125
Prepaid lease payments on land use rights	20	**294**	230
Interests in jointly controlled entities	21	**195**	156
Other receivable	22	**96**	90
Available-for-sale investments	23	**197**	43
Prepayment		**4**	12
Deferred tax assets	24	**60**	35
		2,632	2,090
Current Assets			
Inventories	25	**2,657**	3,298
Stock of properties	26	**4**	–
Prepaid lease payments on land use rights	20	**7**	5
Trade and other receivables, deposits and prepayments	27	**2,954**	2,276
Bills receivable	28	**7,251**	6,938
Derivative financial instruments	29	**6**	4
Amounts due from jointly controlled entities	30	**32**	13
Held for trading investments	31	**14**	13
Structured bank deposit	32	**36**	–
Pledged bank deposits	33	**558**	2,394
Bank balances and cash	33	**2,524**	2,191
		16,043	17,132
Current Liabilities			
Trade and other payables	34	**5,162**	5,189
Bills payable	35	**917**	586
Obligations arising from put options written to non-controlling interests	36	**125**	84
Derivative financial instruments	29	**19**	11
Provision for warranty	37	**49**	40
Amounts due to jointly controlled entities	38	**5**	1
Amounts due to minority shareholders of subsidiaries	38	**–**	14
Tax liabilities		**154**	178
Bank borrowings	39	**3,577**	6,721
Deferred income	40	**23**	40
		10,031	12,864
Net Current Assets		**6,012**	4,268
Total Assets less Current Liabilities		**8,644**	6,358

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2011

Amounts expressed in HK$ million

	NOTES	2011	2010
Non-current Liabilities			
Obligations arising from put options written to non-controlling interests	36	183	159
Provision for warranty	37	44	32
Bank borrowings	39	778	–
Deferred income	40	263	215
Deferred tax liabilities	24	127	98
		1,395	504
NET ASSETS		7,249	5,854
Capital and Reserves			
Share capital	41	259	253
Share premium		1,863	1,665
Share option reserve		97	91
Investment revaluation reserve		11	4
Surplus account		38	38
Capital reserve		319	277
Exchange reserve		739	511
Hedging reserve		(19)	–
Accumulated profits		3,767	2,934
Equity attributable to owners of the Company		7,074	5,773
Non-controlling interests		175	81
		7,249	5,854

The consolidated financial statements on pages 66 to 168 were approved and authorised for issue by the board of directors on 29 June 2011 and are signed on its behalf by:

Zhang Xuebin	**Leung Chi Ching, Frederick**
Director	*Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2011
Amounts expressed in HK$ million

	Attributable to owners of the Company											
	Share capital	Share premium	Share option reserve	Investment revaluation reserve	Surplus account *(Note a)*	Capital reserve *(Note b)*	Exchange reserve	Hedging reserve	Accumulated profits	Total	Non-controlling interests	Total
Balance at 1 April 2009	228	1,188	84	3	38	202	487	–	2,123	4,353	51	4,404
Profit for the year	–	–	–	–	–	–	–	–	1,251	1,251	75	1,326
Exchange differences arising on translation	–	–	–	–	–	–	26	–	–	26	–	26
Fair value gain on available-for-sale financial assets	–	–	–	3	–	–	–	–	–	3	–	3
Cumulative gain reclassified to profit or loss on disposal of the investments classified as available-for-sale	–	–	–	(2)	–	–	–	–	–	(2)	–	(2)
Deferred tax arising on exchange differences on the Group's net investments in foreign operations	–	–	–	–	–	–	(2)	–	–	(2)	–	(2)
Total comprehensive income for the year	–	–	–	1	–	–	24	–	1,251	1,276	75	1,351
Recognition of equity-settled share based payments	–	–	7	–	–	–	–	–	–	7	–	7
Transfer to capital reserve	–	–	–	–	–	75	–	–	(75)	–	–	–
Issue of shares under share option schemes	19	235	–	–	–	–	–	–	–	254	–	254
Issue of shares under scrip dividend scheme	6	242	–	–	–	–	–	–	–	248	–	248
Dividend recognised as distribution *(note 16)*	–	–	–	–	–	–	–	–	(365)	(365)	–	(365)
Adjustment arising from obligation from put options written to non-controlling interests *(note 36)*	–	–	–	–	–	–	–	–	–	–	(60)	(60)
Contributions from non-controlling interests	–	–	–	–	–	–	–	–	–	–	24	24
Dividend paid to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(9)	(9)
Balance at 31 March 2010	253	1,665	91	4	38	277	511	–	2,934	5,773	81	5,854
Profit for the year	–	–	–	–	–	–	–	–	1,174	1,174	107	1,281
Exchange differences arising on translation	–	–	–	–	–	–	241	–	–	241	13	254
Fair value gain on available-for-sale financial assets	–	–	–	7	–	–	–	–	–	7	–	7
Fair value loss on cash flow hedges	–	–	–	–	–	–	–	(19)	–	(19)	–	(19)
Deferred tax arising on exchange differences on the Group's net investments in foreign operations	–	–	–	–	–	–	(13)	–	–	(13)	–	(13)
Total comprehensive income (expense) for the year	–	–	–	7	–	–	228	(19)	1,174	1,390	120	1,510

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2011
Amounts expressed in HK$ million

	Attributable to owners of the Company											
	Share capital	Share premium	Share option reserve	Investment revaluation reserve	Surplus account *(Note a)*	Capital reserve *(Note b)*	Exchange reserve	Hedging reserve	Accumulated profits	Total	Non-controlling interests	Total
Recognition of equity-settled share–based payments	–	–	11	–	–	–	–	–	–	11	–	11
Transfer to capital reserve	–	–	–	–	–	42	–	–	(42)	–	–	–
Issue of shares under share option schemes	2	20	(5)	–	–	–	–	–	–	17	–	17
Issue of shares under scrip dividend scheme	4	178	–	–	–	–	–	–	–	182	–	182
Dividend recognised as distribution (note 16)	–	–	–	–	–	–	–	–	(332)	(332)	–	(332)
Adjustment arising from obligations from put options written to non-controlling interests *(note 36)*	–	–	–	–	–	–	–	–	–	–	(40)	(40)
Contributions from non-controlling interests	–	–	–	–	–	–	–	–	–	–	11	11
Non-controlling interests arising on disposal of partial interests in subsidiaries that does not result in losing control of the subsidiaries	–	–	–	–	–	–	–	–	33	33	3	36
Balance at 31 March 2011	259	1,863	97	11	38	319	739	(19)	3,767	7,074	175	7,249

Notes:

(a) Surplus account as at 31 March 2011 represented the difference between the nominal amount of the share capital issued by the Company and the aggregate of the nominal amount of the issued share capital and other reserve accounts of Skyworth Digital Group Limited, the subsidiary which was acquired by the Company pursuant to the group reorganisation carried out in 2000 ("Group Reorganisation"). The payment of final dividend of HK$64 million for the year ended 31 March 2006 was made from the surplus account which was approved by the shareholders in the annual general meeting of the Company held on 28 September 2006.

(b) Capital reserve as at 31 March 2011 represented The People's Republic of China (the "PRC") statutory reserves of HK$319 million (2010: HK$277 million). Pursuant to the relevant PRC regulations and the Articles of Association of the PRC subsidiaries of the Company, each of the PRC subsidiaries is required to transfer not less than 10% of its profits after tax to statutory reserve (i.e. capital reserve) as reserve funds until the aggregated amount has reached 50% of its registered capital. This reserve should only be used for making up losses, capitalisation into capital and expansion of production and operation.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2011
Amounts expressed in HK$ million

	2011	2010
OPERATING ACTIVITIES		
Profit before taxation	**1,494**	1,552
Adjustments for:		
Amortisation of prepaid lease payments on land use rights	**7**	6
Cumulative gain reclassified from equity on disposal of investments classified as available-for-sale	**–**	(2)
Depreciation of investment properties	**7**	2
Depreciation of property, plant and equipment	**252**	218
Dividend income	**(15)**	(8)
Fair value adjustment upon initial recognition of trade receivables from sales on instalment basis	**4**	2
Finance costs	**139**	122
(Gain) loss from changes in fair value of derivative financial instruments	**(8)**	1
Impairment loss on bills receivable	**–**	15
Impairment loss on trade receivables	**25**	47
Impairment loss recognised in respect of available-for-sale investments	**1**	–
Imputed interest income from trade receivables	**(1)**	(19)
Imputed interest income from other receivable	**(6)**	(6)
Interest income from bank deposits	**(38)**	(51)
Loss (gain) on disposal of property, plant and equipment	**2**	(4)
Loss from changes in fair value of financial assets classified as held for trading	**1**	1
Provision for warranty	**18**	5
Share-based payment expenses	**42**	15
Share of results of jointly controlled entities	**(29)**	(14)
Write-back of inventories	**(27)**	(4)
Operating cash flows before movements in working capital	**1,868**	1,878
Decrease (increase) in inventories	**770**	(2,011)
Increase in trade and other receivables, deposits and prepayments	**(653)**	(493)
Increase in bills receivable	**(68)**	(2,378)
Increase in amounts due from jointly controlled entities	**(2)**	(4)
Increase (decrease) in amount due to a jointly controlled entity	**4**	(11)
Increase in held for trading investments	**–**	(14)
Decrease in amounts due to minority shareholders of subsidiaries	**(1)**	(12)
(Decrease) increase in trade and other payables	**(177)**	806
Increase in bills payable	**331**	395
Increase (decrease) in deferred income	**31**	(14)
Cash generated from (used in) operations	**2,103**	(1,858)
Hong Kong Profits Tax paid	**–**	(1)
PRC income tax paid	**(242)**	(141)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**1,861**	(2,000)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2011
Amounts expressed in HK$ million

	2011	2010
INVESTING ACTIVITIES		
Dividend received	**13**	19
Interest received	**76**	13
Purchase of property, plant and equipment	**(475)**	(339)
Proceeds on disposal of property, plant and equipment	**10**	43
Prepaid lease payments on land use rights	**(58)**	–
Investments in jointly controlled entities	**(20)**	(41)
Investments in available-for-sale investments	**(146)**	(13)
Proceeds on disposal of available-for-sale investments	**–**	2
Increase in structured bank deposits	**(36)**	–
Decrease (increase) in pledged bank deposits	**1,836**	(2,240)
Cash received on settlement of target redemption forward contracts	**11**	5
NET CASH FROM (USED IN) INVESTING ACTIVITIES	**1,211**	(2,551)
FINANCING ACTIVITIES		
Dividends paid	**(163)**	(112)
Interest paid	**(150)**	(76)
Issue of shares	**17**	254
Contributions from non-controlling interests	**11**	24
Repayments from minority shareholders of subsidiaries	**–**	1
New bank borrowings raised	**7,103**	2,610
Net funds arising from discounted bills with recourse	**2,762**	2,934
Repayment of bank borrowings	**(12,430)**	(284)
Proceeds on disposal of partial interests in subsidiaries without losing control	**13**	–
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(2,837)**	5,351
NET INCREASE IN CASH AND CASH EQUIVALENTS	**235**	800
CASH AND CASH EQUIVALENTS AT 1 APRIL	**2,191**	1,385
Effect of foreign exchange rate changes	**98**	6
CASH AND CASH EQUIVALENTS AT 31 MARCH, represented by bank balances and cash	**2,524**	2,191

1. GENERAL

The Company is an exempted company incorporated in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and the principal place of business of the Company are disclosed in the corporate information of the annual report.

The Company's functional currency is Renminbi ("RMB"). The consolidated financial statements are presented in Hong Kong dollars ("HK$") as the directors consider that HK$ is the appropriate presentation currency as the management of the Company controls and monitors the performance and financial position of the Group using HK$.

The Group, comprising the Company and its subsidiaries, is principally engaged in the manufacture and sales of consumer electronic products and upstream accessories, and property holding. Details of the principal activities of the principal subsidiaries and jointly controlled entities are set out in notes 51 and 21 respectively.

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

In the current year, the Group has applied the following new and revised Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions
HKFRS 3 (as revised in 2008)	Business Combinations
HKAS 27 (as revised in 2008)	Consolidated and Separate Financial Statements
HKAS 32 (Amendments)	Classification of Rights Issues
HKAS 39 (Amendments)	Eligible Hedged Items
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009
HKFRSs (Amendments)	Amendments to HKFRS 5 as part of Improvements to HKFRSs issued in 2008
HK(IFRIC) – Int 17	Distributions of Non-cash Assets to Owners
HK – Int 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The application of the new and revised Standards and Interpretations in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

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

The Group has not early applied the following new and revised Standards and Interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs issued in 2010[1]
HKAS 12 (Amendments)	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 24 (as revised in 2009)	Related Party Disclosures[3]
HKAS 27 (as revised in 2011)	Separate Financial Statements[4]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[4]
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets[5]
HKFRS 9	Financial Instruments[4]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair value measurement[4]
HK(IFRIC) – Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement[3]
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments[6]

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 2012.
3 Effective for annual periods beginning on or after 1 January 2011.
4 Effective for annual periods beginning on or after 1 January 2013.
5 Effective for annual periods beginning on or after 1 July 2011.
6 Effective for annual periods beginning on or after 1 July 2010.

HKFRS 9 Financial Instruments

HKFRS 9 *Financial Instruments* (as issued in November 2009) introduces new requirements for the classification and measurement of financial assets. HKFRS 9 *Financial Instruments* (as revised in November 2010) adds requirements for financial liabilities and for derecognition.

Under HKFRS 9, all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at either amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. The application of HKFRS 9 regarding the classification and measurement of the Group's financial assets may have significant impact.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors of the Company anticipate that the application of the other new and revised Standards and Interpretations will have no material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company or its subsidiaries. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All inter-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in subsidiaries are presented separately from the equity of the owners of the Company.

Allocation of total comprehensive income to non-controlling interests

Total comprehensive income and expense of a subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Prior to 1 April 2009, losses applicable to the non-controlling interests in excess of the non-controlling interests in the subsidiary's equity were allocated against the interests of the Group except to the extent that the non-controlling interests had a binding obligation and were able to make an additional investment to cover the losses.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of consolidation *(continued)*

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries on or after 1 April 2010

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted according to the change in net asset values shared by non-controlling interests, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

Changes in the Group's ownership interests in existing subsidiaries prior to 1 January 2010

Increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. For decreases in interests in subsidiaries, regardless of whether the disposals would result in the Group losing control over the subsidiaries, the difference between the consideration received and the adjustment to the non-controlling interests, according to the effective change in net asset value shared by non-controlling interest was recognised in profit or loss.

Business combinations

Business combinations that took place on or after 1 April 2010

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations *(continued)*

Business combinations that took place on or after 1 April 2010 *(continued)*

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment transactions with share-based payment transactions of the Group are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or another measurement basis required by another Standard.

Changes in the value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Business combinations *(continued)*

Business combinations that took place prior to 1 April 2010

Acquisition of businesses was accounted for using the purchase method. The cost of the acquisition was measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree, plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities that met the relevant conditions for recognition were generally recognised at their fair value at the acquisition date.

Goodwill arising on acquisition was recognised as an asset and initially measured at cost, being the excess of the cost of the acquisition over the Group's interest in the recognised amounts of the identifiable assets, liabilities and contingent liabilities recognised. If, after assessment, the Group's interest in the recognised amounts of the acquiree's identifiable assets, liabilities and contingent liabilities exceeded the cost of the acquisition, the excess was recognised immediately in profit or loss.

The minority interest in the acquiree was initially measured at the minority interest's proportionate share of the recognised amounts of the assets, liabilities and contingent liabilities of the acquiree.

Property, plant and equipment

Property, plant and equipment including land and buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below) are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Properties which comprise a portion that is held to earn rentals and another significant portion that is held for use in the production or supply of goods or for administration purposes, and the portion of properties rent out under operating lease cannot be sold out separately (or cannot be leased out separately under a finance lease), are accounted for as property, plant and equipment.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than construction in progress, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Construction in progress includes property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Construction in progress are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment *(continued)*

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

An item of property, plant and equipment is transferred to an investment property when its use has been changed as evidenced by end of owner-occupation.

A transfer of an item from investment properties to property, plant and equipment is made where there is a change in use as, evidenced by commencement of owner occupation.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Impairment losses on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Prepaid lease payments on land use rights

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments on land use rights" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

Interests in jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which venturers have joint control over the economic activity of the entity are referred to as jointly controlled entities.

The results and assets and liabilities of jointly controlled entities are incorporated in the consolidated financial statements using the equity method of accounting. Under the equity method, interests in jointly controlled entities are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the jointly controlled entities. When the Group's share of losses of a jointly controlled entity equals or exceeds its interest in that jointly controlled entity (which includes any long-term interests that, in substance, form part of the Group's net investment in the jointly controlled entity), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that jointly controlled entity.

When a group entity transacts with its jointly controlled entity, profits and losses resulting from the transactions with the jointly controlled entity are recognised in the Group' consolidated financial statements only to the extent of interests in the jointly controlled entity that are not related to the Group.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Stock of properties

Completed properties and properties under development for sale are stated at the lower of cost and net realisable value. Cost includes the cost of land, development expenditure and other directly attributable expenses. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale, determined by management based on prevailing market conditions.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

A financial asset and a financial liability shall not be offset and the gross amount shall be presented in the consolidated statement of financial position unless the Group (a) currently has a legally enforceable right to set off the recognised amounts; and (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

The Group's financial assets are classified into financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale financial assets. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Financial assets at fair value through profit or loss

Financial assets at FVTPL has two subcategories, including financial assets held for trading and those designated as at FVTPL on initial recognition.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are measured at fair value, with changes in fair value arising from remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including other receivable, trade and other receivables, bills receivable, amounts due from jointly controlled entities, structured bank deposit, pledged bank deposits, and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

Available-for-sale financial assets are measured at fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in investment revaluation reserve, until the financial asset is disposed of or is determined to be impaired, at which time, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss (see accounting policy on impairment of financial assets below).

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of the reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For financial assets carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets (continued)

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, and bills receivable, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable, other receivable or bills receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Impairment losses on available-for-sale equity investments will not be reversed in profit or loss in subsequent periods. Any increase in fair value subsequent to impairment loss is recognised directly in other comprehensive income and accumulated in investment revaluation reserve.

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The Group's financial liabilities are generally classified into financial liabilities at FVTPL and other financial liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the initial carrying amount.

Interest expense is recognised on an effective interest basis.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Financial liabilities and equity instruments *(continued)*

Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL represents financial liabilities held for trading.

Derivative financial instruments that are not designated and effective as hedging instruments are classified as held for trading.

Financial liabilities at FVTPL are measured at fair value, with changes in fair value arising on remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any interest paid on the financial liabilities.

Other financial liabilities

Other financial liabilities, including trade and other payables, bills payable, obligations arising from put options written to non-controlling interests, amounts due to jointly controlled entities, amounts due to minority shareholders of subsidiaries, and bank borrowings, are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derivative financial instruments and hedging

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flows hedges are recognised in other comprehensive income The gain or loss relating to the ineffective portion is recognised immediately in profit or loss as other gains or losses.

Amounts previously recognised in other comprehensive income and accumulated in equity (hedging reserve) are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments *(continued)*

Obligations arising from put options on shares of a subsidiary written to non-controlling interests

Financial liabilities arising from put options written to acquire the non-controlling interests in a subsidiary (that will be settled by delivery of a fixed amount of shares for a fixed amount of cash) are measured at the present value of the obligations to deliver the fixed amount of cash when the put options are exercised. On initial recognition of the liabilities, the corresponding entry is recognsied as non-controlling interests. At the end of each reporting period, liabilities are recognised using the effective interest method. Interest expense determined using the effective interest method is recognised in the profit or loss.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit and loss. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit and loss.

Provisions

Provisions for warranty are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provisions for warranty are measured at the directors' best estimate of the warranty expenditure required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation, and are discounted to present value (where the effect is material).

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants related to depreciable assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss over the useful lives of the related assets. Other government grants are recognised as revenue over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any).

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences arising on a monetary item that forms part of the Group's net investment in a foreign operation, in which case, such exchange differences are recognised in other comprehensive income and accumulated in equity and will be reclassified from equity to profit or loss on disposal of the foreign operation. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies *(continued)*

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) at the rate of exchange prevailing at the end of the reporting period, and their income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (the exchange reserve).

Taxation

Income taxes represent the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, and interests in jointly controlled entities and an associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity respectively.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Retirement benefit costs

Payments to defined contribution retirement benefit plans, including state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme, are charged as an expense when employees have rendered service entitling them to the contributions.

Equity-settled share-based payment transactions

For share options granted to the directors and employees of the Group, the fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period with a corresponding increase in equity (share option reserve).

At the time when the share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to accumulated profits.

Where ordinary shares of the Company's subsidiary are sold to employees of the same subsidiary at a consideration below the fair value of the shares at the time of the disposal, the excess of the fair value of the ordinary shares disposed of over the consideration received is expensed on a straight-line basis over the service period to be provided by the employees. Where such share sale arrangements also contain contingent obligations to deliver cash in exchange for the subsidiary's ordinary shares, such obligations are measured on initial recognition at the best estimate of the share redemption amount that could be required to be paid when the employee exercise the put options. The corresponding entry is recognised as an adjustment to non-controlling interests. At the end of each reporting period, such obligations are measured at the best estimate of the redemption amount that could be required to be paid when the employees exercise the put options. Changes in the carrying amount of such obligations are recognised as adjustments to non-controlling interests.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

Specifically, revenue from sales of goods is recognised when the goods are delivered and title has passed to ultimate customers.

Where goods are sold on instalment payment basis, the fair value of sales proceeds is determined by discounting the sales proceeds with instalment terms using the effective interest rate for other similar credit arrangement. The difference between the fair value and the nominal value of sales proceeds is initially recognised in profit or loss as a reduction of sales proceeds and subsequently allocated to profit or loss as interest income using the effective interest rate over the interest-free period.

Service income is recognised when services are provided.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In connection with the preparation of the Group's consolidated financial statements in accordance with the Group's accounting policies as described in note 3, the management has made judgements, estimates and assumptions about future events, and applied judgements that affect the reported amounts of assets, liabilities, revenue and expenses and the related disclosures.

Based on historical experience, current trends and other factors, the management makes assumptions and best estimates which are relevant at the time when the consolidated financial statements are prepared. Management believes that the following assumptions and accounting estimates are the most critical to aid in fully understanding and evaluating the results of the Group.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Allowance for inventories

Inventories are stated at the lower of cost and net realisable value. For the year ended 31 March 2011, allowance for inventories of HK$27 million (2010: HK$4 million) was written back that was mainly due to the subsequent sales of the related inventories in the current year.

The determination of the amount of allowance requires judgement because the assessment of net realisable values of inventories requires management to make assumptions and to apply judgement regarding forecast consumer demand, the promotion activities, inventory aging, subsequent sales information and technological obsolescence. The directors believe that there will not be a material change in the estimates or assumptions which are used in the assessment of net realisable values of inventories.

However, if estimates regarding consumer demand are inaccurate and changes in technology affect demand for certain products in an unforeseen manner, allowance for inventories may increase or decrease accordingly.

Impairment of trade receivables

Impairment loss of trade receivables is made when there is objective evidence that the recoverability of trade receivables due from customers becomes doubtful. During the year ended 31 March 2011, impairment loss of HK$25 million (2010: HK$47 million) is made on trade receivables. The impairment loss calculation requires judgement because management is required to make assumptions and to apply judgement regarding historical settlement experience, debt aging, financial status of customers and general economic conditions. The directors believe that there will not be a material change in the estimates or assumptions which are used in the calculations of impairment loss of trade receivables. However, when the actual outcome or expectation in future is different from the original estimates, an additional impairment loss may have to be recognised.

Provision for warranty

Being an industry practice, the Group provides one to three years product warranty to its customers depending on product type, under which faulty products are repaired or replaced. During the year ended 31 March 2011, provision for warranty of HK$154 million (2010: HK$89 million) is made for the products sold during the year. The amount of the provision for the warranty requires judgement because it requires management to estimate defective rate of products sold. As the Group continues to develop new technologies and upgrade its product quality, it is possible that the past defective rate of products is not a good indicator of future claims by customers in respect of past sales. Any increase or decrease in the actual claims will affect profit or loss in future years.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt which includes bank borrowings disclosed in note 39, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure periodically. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. The Group will also balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt, if necessary.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2011 **HK$ million**	2010 HK$ million
Financial assets		
Loans and receivables at amortised cost (including cash and cash equivalents)	**12,659**	13,379
Held for trading investments	**14**	13
Available-for-sale financial assets	**197**	43
Derivative financial instruments	**6**	4
Financial liabilities		
Liabilities at amortised cost	**9,700**	12,063
Derivative financial instruments	**19**	11

(b) Financial risk management objectives and policies

The Group's major financial instruments include derivative financial instruments, other receivable, available-for-sale investments, trade and other receivables, bills receivable, amounts due from jointly controlled entities, held for trading investments, structured bank deposit, pledged bank deposits, bank balances and cash, trade and other payables, bills payable, obligations arising from put options written to non-controlling interests, amounts due to jointly controlled entities, amounts due to minority shareholders of subsidiaries, and bank borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

6. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign exchange rate, interest rate and equity price.

Currency risk

The Group's sales in the PRC represents over 91% (2010: 91%) of the Group's total turnover. All of these sales are conducted in China. The Group needs to convert revenue in RMB into foreign currencies from time to time in order to meet its ongoing obligations and payment of dividends. Although RMB is not a freely convertible currency, the Group did not experience any difficulties in such conversion to meet operational requirements.

The Group currently has entered into foreign currency forward contracts to reduce the currency exposures arising from borrowings denominated in the United States dollars ("US$"). The Group has not accounted for such forward contracts using hedge accounting and they are deemed as financial assets or financial liabilities held for trading. The management manages its foreign currency risk by closely watching the movement of the foreign currency rate.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2011 HK$ million	2010 HK$ million	**2011 HK$ million**	2010 HK$ million
US$	**415**	707	**3,204**	3,684
HK$	**301**	77	**2**	4

The directors of the Company considered that the foreign currency forward contracts are naturally hedged with borrowings denominated in US$ as disclosed in note 29, as the principal amounts and the maturity dates of these foreign currency borrowings and foreign currency forward contracts are similar. Accordingly, in the opinion of the directors of the Company, the net foreign currency exposure arising from the forward contracts and the US$ denominated bank borrowings is insignificant.

6. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Market risk *(continued)*

Currency risk (continued)

Currency risk sensitivity analysis

The Group mainly exposes to fluctuation against foreign currencies of US$ and HK$. The following table only details the Group's sensitivity to a 5% (2010: 5%) increase and decrease in the relevant foreign currencies against RMB. 5% (2010: 5%) is the sensitivity rate used when it represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items excluding certain foreign currency loans and the relevant forward foreign exchange contracts as disclosed above and adjusts their translation at the year end for a 5% (2010: 5%) change in foreign currency rates. The sensitivity analysis includes trade and other receivables, structured bank deposit, pledged bank deposits, bank balances and cash, trade and other payables, bills payable as well as bank borrowings. A positive number below indicates an increase in profit for the year where US$ or HK$ weakens 5% against RMB. For a 5% (2010: 5%) strengthening of US$ or HK$ against RMB, there would be an equal and opposite impact on the profit for the year.

	2011 **HK$ million**	2010 HK$ million
Profit for the year		
US$ against RMB	**137**	33
HK$ against RMB	**(15)**	(4)

In management's opinion, the sensitivity analysis is unrepresentative of the foreign exchange risk inherent in the financial assets and liabilities, as the exposure at the end of the reporting period does not represent the exposure during the year.

Interest rate risk

The Group is exposed to cash flow interest rate risk as certain of its bank borrowings are subject to floating interest rates (see note 39 for details of the borrowings). It is the Group's policy to keep majority of its borrowings at floating rate of interests so as to minimise the fair value interest rate risk. Management will also consider hedging significant interest rate exposure should the need arise.

The Group is exposed to fair value interest rate risk in relation to its fixed-rate bank borrowings (see note 39 for details of the borrowings).

The Group's cash flow interest rate risk is mainly related to the fluctuation of People's Bank of China ("PBOC") lending rate and London Interbank Offered Rate ("LIBOR") against the Group's borrowings.

6. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Market risk *(continued)*

Interest rate risk (continued)

Interest rate risk sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to floating interest rates for bank borrowings at the end of the reporting period and assumed the amounts outstanding at the end of the reporting period were outstanding for the whole year and held constant throughout the financial year. If interest rates on interest bearing bank borrowings had been 50 (2010: 50) basis points higher/lower and all other variables were held constant, the profit for the year would decrease/increase by approximately HK$10 million (2010: HK$4 million).

Price risk

The Group is exposed to equity price risk through its investments in listed equity securities. The Group's equity price risk is mainly concentrated on equity investments operating in banking industry sector quoted in the Stock Exchange. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Price risk sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

If the prices of the respective equity instruments had been 10% (2010: 10%) higher/lower:

- post-tax profit for the year ended 31 March 2011 would increase/decrease by HK$1 million (2010: increase/decrease by HK$1 million) as a result of the changes in fair value of held for trading investments; and
- investment valuation reserve and post-tax result for the year would increase/decrease by HK$15 million/HK$8 million (2010: HK$1 million/HK$1 million) and nil/HK$7 million (2010: nil/nil) respectively for the Group as a result of the changes in fair value of available-for-sale investments.

The Group's sensitivity to available-for-sale investments and held for trading investments has not changed significantly from the prior year.

6. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position. In order to minimise the credit risk, the management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts, including to secure a third party guarantee and to enter into export credit insurance contracts. In addition, the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regards, the directors of the Company consider that the Group's credit risk is significantly reduced.

The bank balances are placed in a number of counterparties, most of which are licensed banks with high credit ratings. As such, the credit risk on liquid funds is limited.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As at 31 March 2011, the Group has available unutilised bank borrowing facilities of approximately HK$17,042 million (2010: HK$7,734 million).

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivatives financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative instruments that settle on a net basis, and the undiscounted gross (inflows) and outflows on those derivatives that require gross settlement. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

6. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Liquidity risk *(continued)*

Liquidity and interest risk tables

	Weighted average effective interest rate %	Repayable on demand or less than 1 month HK$ million	1 to 3 months HK$ million	Over 3 months but not more than 1 year HK$ million	1 to 5 years HK$ million	Total undiscounted cash flows HK$ million	Carrying amount at 31.3.2011 HK$ million
2011							
Non-derivative financial liabilities							
Trade and other payables	–	2,848	956	311	–	4,115	4,115
Bills payable	–	200	460	257	–	917	917
Obligations arising from put options written to non-controlling interests *(note 36(a))*	–	125	–	–	–	125	125
Obligations arising from put options written to non-controlling interests *(note 36(b))*	10.00	–	–	–	217	217	183
Amounts due to jointly controlled entities	–	5	–	–	–	5	5
Bank borrowings – variable rate	2.99	123	267	2,077	806	3,273	3,195
Bank borrowings – fixed rate	4.61	111	471	134	490	1,206	1,160
		3,412	2,154	2,779	1,513	9,858	9,700
Derivatives settled, net							
Foreign currency forward contracts, net	–	–	–	(6)	–	(6)	(6)
Cross-currency interest rate swaps contract	–	–	–	–	19	19	19
		–	–	(6)	19	13	13

6. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Liquidity risk *(continued)*

Liquidity and interest risk tables (continued)

	Weighted average effective interest rate %	Repayable on demand or less than 1 month HK$ million	1 to 3 months HK$ million	Over 3 months but not more than 1 year HK$ million	1 to 5 years HK$ million	Total undiscounted cash flows HK$ million	Carrying amount at 31.3.2010 HK$ million
2010							
Non-derivative financial liabilities							
Trade and other payables	–	2,093	2,123	282	–	4,498	4,498
Bills payable	–	169	249	168	–	586	586
Obligations arising from put options written to non-controlling interests *(note 36(a))*	–	84	–	–	–	84	84
Obligations arising from put options written to non-controlling interests *(note 36(b))*	10.00	–	–	–	217	217	159
Amounts due to jointly controlled entities	–	1	–	–	–	1	1
Amounts due to minority shareholders of subsidiaries	–	14	–	–	–	14	14
Bank borrowings – variable rate	1.95	176	794	–	–	970	957
Bank borrowings – fixed rate	2.65	942	1,891	2,983	–	5,816	5,764
		3,479	5,057	3,433	217	12,186	12,063
Derivatives settled, net							
Foreign currency forward contracts, net	–	1	(1)	6	–	6	6
Target redemption forward contracts	–	–	–	1	–	1	1
		1	(1)	7	–	7	7

6. FINANCIAL INSTRUMENTS *(continued)*

(c) Fair value

The fair value of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market bid prices;

- the fair value of other financial assets and financial liabilities (excluding derivative instruments as disclosed in note 29) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rate from observable current market transactions as input; and

- the fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, discounted cash flow analysis is used based on the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values:

	2011		2010	
	Carrying amount HK$ million	**Fair value HK$ million**	Carrying amount HK$ million	Fair value HK$ million
Other receivable	**96**	**97**	90	94

Fair value measurements recognised in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

6. FINANCIAL INSTRUMENTS *(continued)*

(c) Fair value *(continued)*

Fair value measurements recognised in the consolidated statement of financial position *(continued)*

	Level 1 HK$ million	Level 2 HK$ million	Level 3 HK$ million	Total HK$ million
2011				
Available-for-sale financial assets				
Listed equity securities	**152**	**–**	**–**	**152**
Held for trading investments				
Listed equity securities	**14**	**–**	**–**	**14**
Derivative financial instruments				
Foreign currency forward contracts	**–**	**6**	**–**	**6**
Cross-currency interest rate swaps contract	**–**	**(19)**	**–**	**(19)**
	–	**(13)**	**–**	**(13)**
2010				
Available-for-sale financial assets				
Listed equity securities	5	–	–	5
Held for trading investments				
Listed equity securities	13	–	–	13
Derivative financial instruments				
Foreign currency forward contracts	–	(6)	–	(6)
Target redemption forward contracts	–	(1)	–	(1)
	–	(7)	–	(7)

7. TURNOVER

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

	2011 **HK$ million**	2010 HK$ million
Sales of TV products	**20,163**	20,539
Sales of digital set-top boxes	**3,696**	1,895
Sales of LCD modules	**111**	189
Sales of other electronic products	**294**	79
Property rental income	**75**	67
	24,339	22,769

8. SEGMENT INFORMATION

The Group is organised into certain operating business units according to the nature of the goods sold or services. The Group determines its operating segments based on these business units by reference to the goods sold or services, for the purpose of reporting to the chief operating decision maker (the executive directors of the Company).

Specifically, the Group's operating and reportable operating segments under HKFRS 8 are as follows:

1. TV products (PRC market) – design, manufacture and sale of televisions for the PRC market
2. TV products (overseas market) – design, manufacture and sale of televisions for the overseas market
3. Digital set-top boxes – design, manufacture and sale of digital set-top boxes
4. LCD modules – design, manufacture and sale of LCD modules
5. Other electronic products – design, manufacture and sale of other products, mainly relating to electronics
6. Property holding – leasing of property

Segment information about these businesses is presented below.

8. SEGMENT INFORMATION *(continued)*

Segment revenues and results

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

For the year ended 31 March 2011

	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								
Segment revenue from external customers	19,069	1,094	3,696	111	294	75	–	24,339
Inter-segment revenue	215	49	–	707	105	–	(1,076)	–
Total segment revenue	19,284	1,143	3,696	818	399	75	(1,076)	24,339
Results								
Segment results	1,291	23	371	7	(13)	45	–	1,724
Interest income								45
Unallocated corporate expenses less income								(165)
Finance costs								(139)
Share of results of jointly controlled entities								29
Consolidated profit before taxation of the Group								1,494

8. SEGMENT INFORMATION *(continued)*

Segment revenues and results *(continued)*

For the year ended 31 March 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								
Segment revenue from external customers	19,181	1,358	1,895	189	79	67	–	22,769
Inter-segment revenue	96	–	–	338	63	57	(554)	–
Total segment revenue	19,277	1,358	1,895	527	142	124	(554)	22,769
Results								
Segment results	1,229	–	272	61	10	36	–	1,608
Interest income								76
Unallocated corporate expenses less income								(24)
Finance costs								(122)
Share of results of jointly controlled entities								14
Consolidated profit before taxation of the Group								1,552

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment results represent the profit earned by (loss from) each segment without allocation of interest income, corporate expenses less income, finance costs and share of results of jointly controlled entities. This is the measure reported to the chief operating decision maker (i.e. the executive directors) for the purposes of resource allocation and performance assessment.

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

8. SEGMENT INFORMATION *(continued)*

Segment assets and liabilities

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

As at 31 March 2011

	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
Assets								
Segment assets	10,775	307	2,359	190	374	82	–	14,087
Interests in joint controlled entities								195
Unallocated corporate assets								4,393
Total consolidated assets								18,675
Liabilities								
Segment liabilities	3,853	317	1,609	171	175	41	–	6,166
Unallocated corporate liabilities								5,260
Total consolidated liabilities								11,426

8. SEGMENT INFORMATION *(continued)*

Segment assets and liabilities *(continued)*

As at 31 March 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
Assets								
Segment assets	10,984	667	1,565	101	130	125	–	13,572
Interests in joint controlled entities								156
Unallocated corporate assets								5,494
Total consolidated assets								19,222
Liabilities								
Segment liabilities	4,340	491	1,065	105	53	12	–	6,066
Unallocated corporate liabilities								7,302
Total consolidated liabilities								13,368

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

- all assets are allocated to reportable segments other than interest in jointly controlled entities, available-for-sale investments, deferred tax assets, derivative financial instruments, held for trading investments, structured bank deposit, pledged bank deposits, bank balances and cash, and other unallocated corporate assets; and

- all liabilities are allocated to reportable segments other than obligations arising from put options written to non-controlling interests, derivative financial instruments, amounts due to jointly controlled entities, amounts due to minority shareholders of subsidiaries, tax liabilities, bank borrowings, deferred income, deferred tax liabilities and other unallocated corporate liabilities.

8. SEGMENT INFORMATION *(continued)*

Other segment information

For the year ended 31 March 2011

	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
Included in measure of segment results or segment assets:								
Amortisation of prepaid lease payments on land use rights	4	–	2	–	–	1	–	7
Capital expenditure on								
– Property, plant and equipment	201	4	43	12	84	131	–	475
– Prepaid lease payments for land	58	–	–	–	–	–	–	58
Depreciation of								
– Property, plant and equipment	183	17	17	7	19	9	–	252
– Investment properties	–	–	–	–	–	7	–	7
(Write-back) write-down of inventories	(18)	(19)	9	2	(1)	–	–	(27)

8. SEGMENT INFORMATION *(continued)*

Other segment information *(continued)*

For the year ended 31 March 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
Included in measure of segment results or segment assets:								
Amortisation of prepaid lease payments on land use rights	3	–	1	–	–	2	–	6
Capital expenditure on								
– Property, plant and equipment	237	13	30	23	7	29	–	339
Depreciation of								
– Property, plant and equipment	129	23	10	5	17	34	–	218
– Investment properties	–	–	–	–	–	2	–	2
Write-down (write-back) of inventories	6	(22)	10	3	(1)	–	–	(4)

8. SEGMENT INFORMATION *(continued)*

Geographical information

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

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

	Revenue from external customers		Non-current assets (Note)	
	2011 HK$ million	2010 HK$ million	**2011 HK$ million**	2010 HK$ million
PRC	**22,180**	20,761	**2,070**	1,740
Asia region (other than PRC)	**663**	416	**3**	3
Europe	**588**	734	**1**	4
Other regions	**908**	858	**6**	7
	24,339	22,769	**2,080**	1,754

Note: Non-current assets excluded interests in jointly controlled entities, other receivable, prepayment, available-for-sale investments and deferred tax assets.

9. OTHER INCOME

	2011 HK$ million	2010 HK$ million
Other income comprises:		
Dividend income from		
– listed investments	**2**	–
– unlisted investments	**13**	8
Government grants *(note 40)*	**99**	64
Imputed interest income from		
– trade receivables	**1**	19
– other receivable	**6**	6
Interest income from bank deposits	**38**	51
Refund of value-added-tax ("VAT") *(Note 1)*	**130**	97
Others *(Note 2)*	**101**	157
	390	402

Notes:

(1) Pursuant to the State Taxation Bureau of Guangdong Province, [2008] No.211, VAT levied over 3% of the proceeds from sale of approved software products in Guangdong Province would be refunded to the Group upon application.

(2) During the year ended 31 March 2010, the Group received compensation on certain civil claims in which the Group was the plaintiff amounting to HK$79 million upon obtaining the final judgement from the relevant court on the claims.

10. OTHER GAINS AND LOSSES

	2011 **HK$ million**	2010 HK$ million
Other gains and losses comprise:		
Cumulative gain reclassified from equity on disposal of investments classified as available-for-sale	**–**	2
Exchange gains, net	**97**	29
Gain (loss) from changes in fair value of derivative financial instruments *(note 29)*	**8**	(1)
Impairment loss recognised in respect of available-for-sale investments *(note 23)*	**(1)**	–
Loss from changes in fair value of financial assets classified as held for trading	**(1)**	(1)
(Loss) gain on disposal of property, plant and equipment	**(2)**	4
	101	33

11. FINANCE COSTS

	2011 **HK$ million**	2010 HK$ million
Finance costs comprise:		
Interest on bank borrowings wholly repayable within five years	**121**	106
Imputed interest expenses on obligations arising from put options written to non-controlling interests *(note 36)*	**18**	16
	139	122

12. INCOME TAXES

	2011 **HK$ million**	2010 HK$ million
Income taxes comprise:		
Hong Kong Profits Tax		
Underprovision in prior years	**–**	3
PRC income tax		
Current year	**255**	196
Overprovision in prior years	**(35)**	–
	220	199
Deferred taxation *(note 24)*	**(7)**	27
	213	226

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

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

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

Pursuant to the PRC enterprise income tax law and its detailed implementation rules promulgated on 16 March 2007 and 6 December 2007 respectively, for those subsidiaries without preferential tax rates, the tax rate for domestic and foreign enterprises is unified at 25% effective from 1 January 2008; and for those subsidiaries which were enjoying preferential tax rate of 15%, the tax rate is increased from 15% over 5 years to 25% based on the relevant transitional provision. Deferred tax is recognised based on the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Certain subsidiaries of the Company continue to enjoy tax holidays and concessions, such as “2+3 tax holiday” (two years’ exemption followed by three years of half deduction) granted to them under the tax law and implementation rules. Such holidays and concessions will be expired in 2012.

According to a joint circular of Ministry of Finance and State Administration of Taxation, Cai Shui [2008] No. 1, dividend distributed out of the profits generated since 1 January 2008 by the PRC entity shall be subject to 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$25 million (2010: HK$25 million) in respect of the additional undistributed earnings of subsidiaries and jointly controlled entities has been recognised in profit or loss for the year while HK$3 million (2010: nil) of the previously provided deferred tax has been reversed and charged as current tax upon distributions by its subsidiaries during the year.

12. INCOME TAXES *(continued)*

Details of deferred taxation are set out in note 24.

The income taxes for the year can be reconciled to the profit before taxation per the consolidated statement of comprehensive income as follows:

	2011 HK$ million	2010 HK$ million
Profit before taxation	**1,494**	1,552
Tax at applicable tax rate at 15% *(Note)* (2010: 15%)	**224**	233
Tax effect of expenses not deductible for tax purpose	**12**	22
Tax effect of income not taxable for tax purpose	**(25)**	(17)
(Over)underprovision in prior years	**(35)**	3
Tax effect of tax losses not recognised	**34**	4
Utilisation of tax losses previously not recognised	**(8)**	(15)
Tax effect of share of results of jointly controlled entities	**(2)**	(2)
Effect of income taxed at concessionary rate granted by the PRC tax authorities	**(64)**	(53)
Effect of different tax rates applicable to subsidiaries operating in Hong Kong and regions in the PRC other than Hong Kong	**48**	26
Deferred tax on undistributed earnings of PRC subsidiaries and jointly controlled entities	**25**	25
Others	**4**	–
Income taxes for the year	**213**	226

Note: The applicable tax rate is with reference to the statutory tax rate of the Company's principal subsidiary which is approved as New-High Technology Enterprise by relevant government authority and is enjoying preferential tax rate of 15% for three years starting from 16 December 2008 subject to renewal upon expiration.

13. PROFIT FOR THE YEAR

	2011 **HK$ million**	2010 HK$ million
Profit for the year has been arrived at after charging (crediting):		
Auditors' remunerations	**7**	7
Cost of inventories recognised as an expense	**19,661**	17,846
Depreciation of property, plant and equipment	**252**	218
Depreciation of investment properties	**7**	2
Fair value adjustment upon initial recognition of trade receivables from sales on instalment basis	**4**	2
Impairment loss on bills receivable	**–**	15
Impairment loss on trade receivables	**25**	47
Impairment loss recognised in respect of available-for-sale investments	**1**	–
Loss (gain) on disposal of property, plant and equipment	**2**	(4)
Operating lease rentals in respect of land and buildings	**41**	41
Release of prepaid lease payments on land use rights	**7**	6
Rental income from leasing of properties less related outgoings of HK$42 million (2010: HK$54 million)	**(33)**	(13)
Research and development costs included in general and administrative expenses (including staff costs of HK$88 million (2010: HK$71 million))	**125**	98
Share of income taxes of jointly controlled entities	**6**	2
Staff costs:		
– Directors' emoluments *(note 14)*	**59**	53
– Research and development related staff costs	**88**	71
– Salaries, bonus, retirement benefits and others of other staff	**1,364**	1,547
	1,511	1,671
Write-back of inventories	**(27)**	(4)

14. DIRECTORS' EMOLUMENTS

	2011 HK$ million	2010 HK$ million
Directors' fees	**1,341**	1,298
Other emoluments		
Basic salaries and allowances	**9,192**	7,079
Retirement benefits scheme contributions	**69**	69
Performance related incentive payments *(Note)*	**44,302**	42,263
Share-based payments	**4,005**	2,064
	58,909	52,773

Note: The performance related incentive payments are determined based on the results of the Group and/or the performance of the directors.

No directors waived any emoluments in both years ended 31 March 2011 and 31 March 2010.

The emoluments paid or payable to each of the directors of the Company are set out below:

	Directors' fees HK$'000	Basic salaries and allowances HK$'000	Retirement benefits scheme contributions HK$'000	Performance related incentive payments HK$'000	Share-based payments HK$'000	Total HK$'000
2011						
Executive directors:						
Zhang Xuebin	–	2,323	–	25,059	264	27,646
Ding Kai	–	1,600	–	–	161	1,761
Leung Chi Ching, Frederick	–	1,600	12	5,405	161	7,178
Lin Wei Ping	–	840	36	–	72	948
Yang Dongwen	–	1,859	21	11,280	211	13,371
Lu Rongchang	–	970	–	2,558	3,116	6,644
	–	9,192	69	44,302	3,985	57,548
Independent non-executive directors:						
So Hon Cheung, Stephen	504	–	–	–	10	514
Li Weibin	504	–	–	–	10	514
Chan Wai Kay, Katherine	333	–	–	–	–	333
	1,341	–	–	–	20	1,361
Total directors' emoluments	1,341	9,192	69	44,302	4,005	58,909

14. DIRECTORS' EMOLUMENTS *(continued)*

	Directors' fees HK$'000	Basic salaries and allowances HK$'000	Retirement benefits scheme contributions HK$'000	Performance related incentive payments HK$'000	Share-based payments HK$'000	Total HK$'000
2010						
Executive directors:						
Zhang Xuebin	–	2,276	–	26,457	575	29,308
Ding Kai	–	618	–	–	350	968
Leung Chi Ching, Frederick	–	1,600	12	5,637	350	7,599
Lin Wei Ping	–	840	36	–	152	1,028
Yang Dongwen	–	1,745	21	10,169	603	12,538
	–	7,079	69	42,263	2,030	51,441
Independent non-executive directors:						
So Hon Cheung, Stephen	480	–	–	–	17	497
Li Weibin	480	–	–	–	17	497
Xie Zhengcai	153	–	–	–	–	153
Tsui Tsin Tong	185	–	–	–	–	185
	1,298	–	–	–	34	1,332
Total directors' emoluments	1,298	7,079	69	42,263	2,064	52,773

15. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, four (2010: three) were directors of the Company, whose emoluments are included in note 14 above. The emoluments of all of the five individuals with the highest emoluments in the Group for each of the two years ended 31 March 2011 are as follows:

	2011 HK$ million	2010 HK$ million
Basic salaries, allowances and benefits in kind	**8**	8
Retirement benefit scheme contributions	**1**	1
Performance related incentive payments *(Note)*	**48**	48
Share-based payments	**4**	2
	61	59

Note: The performance related incentive payments are determined based on the results of the Group and/or the performance of the individuals.

15. EMPLOYEES' EMOLUMENTS *(continued)*

The above employees' emoluments were within the following bands:

	Number of individuals	
	2011	2010
HK$3,500,001 to HK$4,000,000	**–**	1
HK$4,000,001 to HK$4,500,000	**–**	1
HK$4,500,001 to HK$5,000,000	**1**	–
HK$6,500,001 to HK$7,000,000	**1**	–
HK$7,000,001 to HK$7,500,000	**1**	–
HK$7,500,001 to HK$8,000,000	**–**	1
HK$12,500,001 to HK$13,000,000	**–**	1
HK$13,000,001 to HK$13,500,000	**1**	–
HK$27,500,001 to HK$28,000,000	**1**	–
HK$29,000,001 to HK$29,500,000	**–**	1

No emoluments were paid by the Group to the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office during each of the two years ended 31 March 2011.

16. DIVIDENDS

	2011 **HK$ million**	2010 HK$ million
(a) Dividends recognised as distribution during the year:		
2010 Final – HK$8.0 cents (2010: 2009 final dividend HK$7.0 cents) per share	**202**	165
2011 Interim – HK$5.0 cents (2010: 2010 interim dividend HK$8.0 cents) per share	**130**	200
	332	365
(b) Dividends attributable to the year:		
Interim dividend declared and paid of HK5.0 cents (2010: HK8.0 cents) per share	**129**	200
Final dividend proposed after the end of the reporting period of HK9.0 cents (2010: HK8.0 cents) per share	**233**	202
	362	402

16. DIVIDENDS *(continued)*

The final dividend of HK9.0 cents per share is proposed by the directors of the Company on 29 June 2011. Such final dividend is satisfied by way of cash or shareholders may elect to receive scrip dividend wholly or partly in lieu of the cash dividend. The scrip dividend will be satisfied by an allotment of new shares of the Company to be credited as fully paid. As the final dividend is declared after the end of the reporting period, such dividend is not recognised as a liability as at 31 March 2011.

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

	2011 HK$ million	2010 HK$ million
2010 Final dividend (2010: 2009 Final dividend):		
Cash	**87**	40
Scrip dividends	**115**	125
	202	165
2011 Interim dividend (2010: 2010 Interim dividend):		
Cash	**63**	77
Scrip dividends	**67**	123
	130	200

17. EARNINGS PER SHARE

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

	2011 HK$ million	2010 HK$ million
Earnings:		
Earnings for the purposes of basic and diluted earnings per share	**1,174**	1,251
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,557,514,563**	2,390,899,032
Effect of dilutive potential ordinary shares in respect of share options outstanding	**99,670,345**	138,496,099
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,657,184,908**	2,529,395,131

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.

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings HK$ million	Construction in progress HK$ million	Plant and machinery HK$ million	Furniture, equipment and motor vehicles HK$ million	Total HK$ million
COST					
At 1 April 2009	1,216	94	911	263	2,484
Additions	2	97	137	103	339
Disposals	(32)	–	(45)	(66)	(143)
Transferred to investment properties	(13)	(116)	–	–	(129)
Reclassification	43	(47)	4	–	–
Exchange realignment	8	–	6	3	17
At 31 March 2010	1,224	28	1,013	303	2,568
Additions	–	254	106	115	475
Disposals	(2)	–	(55)	(134)	(191)
Transferred from investment properties	41	–	–	–	41
Reclassification	2	(18)	16	–	–
Exchange realignment	50	6	39	12	107
At 31 March 2011	1,315	270	1,119	296	3,000
DEPRECIATION					
At 1 April 2009	217	–	689	145	1,051
Provided for the year	63	–	63	92	218
Eliminated on disposals	(1)	–	(44)	(59)	(104)
Transferred to investment properties	(2)	–	–	–	(2)
Exchange realignment	1	–	4	1	6
At 31 March 2010	278	–	712	179	1,169
Provided for the year	58	–	84	110	252
Eliminated on disposals	–	–	(47)	(132)	(179)
Transferred from investment properties	4	–	–	–	4
Exchange realignment	12	–	26	7	45
At 31 March 2011	352	–	775	164	1,291
CARRYING VALUES					
At 31 March 2011	963	270	344	132	1,709
At 31 March 2010	946	28	301	124	1,399

18. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold land and buildings	Over the shorter of the terms of the leases or 50 years
Plant and machinery	20% to 50%
Furniture, equipment and motor vehicles	20% to 50%

Included in leasehold land and buildings of the Group are certain properties with carrying value of approximately HK$100 million (2010: HK$102 million) held under operating leases to earn rentals during the year. These properties do not qualify as investment properties, as more than insignificant portions of the entire properties are held for use by the Group in the production or supply of goods or services or for administrative purposes and these portions could not be sold separately.

The carrying values of leasehold land and buildings, and construction in progress shown above comprise:

	2011 HK$ million	2010 HK$ million
Leasehold land and buildings:		
In the PRC held under		
– long term leases	**30**	32
– medium-term leases	**178**	143
	208	175
In Hong Kong held under long term leases	**17**	17
	225	192
Buildings:		
In the PRC held under medium-term leases	**738**	754
	963	946
Construction in progress:		
In the PRC held under medium-term leases	**270**	28
	1,233	974

19. INVESTMENT PROPERTIES

	HK$ million
COST	
At 1 April 2009	–
Transferred from property, plant and equipment *(Note (1))*	129
At 31 March 2010	129
Transferred to property, plant and equipment *(Note (2))*	(41)
Reclassified to prepaid lease payments on land use rights	(8)
Exchange realignment	4
At 31 March 2011	84
DEPRECIATION	
At 1 April 2009	–
Provided for the year	2
Transferred from property, plant and equipment *(Note (1))*	2
At 31 March 2010	4
Provided for the year	7
Transferred to property, plant and equipment *(Note (2))*	(4)
At 31 March 2011	7
CARRYING VALUES	
At 31 March 2011	77
At 31 March 2010	125

Notes:

(1) During the year ended 31 March 2010, certain properties with an aggregate carrying amount of approximately HK$127 million were transferred from property, plant and equipment upon commencement of operating leases to outsiders after the end of owner-occupation by the Group.

(2) During the year, certain properties with an aggregate carrying amount of approximately HK$37 million were transferred to property, plant and equipment upon commencement of owner-occupation by the Group after the end of operating leases to outsiders.

(3) For those investment properties located in the PRC, as the lease payments between the leasehold land and buildings components can be made reliably, and the Group chooses to use the cost model to account for its investment properties, the leasehold land element with carrying amount of HK$20 million (2010: HK$17 million) at the end of the reporting period continues to be classified as prepaid lease payments on land use rights and carried at cost and amortised over the lease term on a straight-line basis.

19. INVESTMENT PROPERTIES *(continued)*

The above investment properties are depreciated on a straight-line basis over the shorter of the term of the lease or 50 years.

The fair value of the Group's investment properties at 31 March 2011 was approximately HK$116 million (2010: HK$149 million). The fair value has been arrived at based on a valuation carried out by Greater China Appraisal Limited, independent valuers not connected with the Group. The valuation was determined by reference to recent market prices for similar properties in the same locations and conditions.

The carrying value of investment properties shown above comprises:

	2011 **HK$ million**	2010 HK$ million
Buildings on leasehold land in the PRC held under medium-term leases	**66**	114
Leasehold land and buildings in Hong Kong held under long term leases	**11**	11
	77	125

20. PREPAID LEASE PAYMENTS ON LAND USE RIGHTS

	2011 **HK$ million**	2010 HK$ million
Balance at 1 April	**235**	239
Additions	**58**	–
Released during the year	**(7)**	(6)
Reclassified from investment properties	**8**	–
Transferred to stock of properties	**(4)**	–
Exchange realignment	**11**	2
Balance at 31 March	**301**	235
Analysed for reporting purposes as:		
Non-current assets	**294**	230
Current assets	**7**	5
	301	235

The Group's prepaid lease payments on land use rights represent the land situated in the PRC and held under medium-term leases.

21. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	2011 HK$ million	2010 HK$ million
Cost of unlisted investments	177	157
Share of post-acquisition profits, losses and other comprehensive income, net of dividends received	18	(1)
	195	156

The following sets out the jointly controlled entity of the Group as at 31 March 2011 and 31 March 2010 which, in the opinion of the directors, principally affected the results or net assets of the Group. To give details of all jointly controlled entities would, in the opinion of the directors, result in particulars of excessive length.

Name of entity	Form of business structure	Place of registration and operation	Paid up registered capital	Effective interest held by the Group		Principal business
				2011	2010	
深圳市創維群欣安防科技有限公司	Equity joint venture	PRC	RMB45,000,000	50%	50%	Manufacture and sales of monitor systems

The Group has joint control over the financial and operating policies of these companies with other joint venture partners in accordance with joint venture agreements, and accordingly, these companies have been accounted for as jointly controlled entities.

The summarised financial information in respect of the Group's interests in the jointly controlled entities which are accounted for using equity method is as follows:

	2011 HK$ million	2010 HK$ million
Share of assets and liabilities attributable to the Group		
Non-current assets	89	78
Current assets	182	132
Current liabilities	(99)	(90)
Non-current liabilities	(15)	(1)
	157	119

21. INTERESTS IN JOINTLY CONTROLLED ENTITIES *(continued)*

	2011 HK$ million	2010 HK$ million
Share of results attributable to the Group		
Total revenue	**232**	142
Total expenses	**(203)**	(128)
	29	14

The Group has discontinued recognition of its share of losses of certain jointly controlled entities. The amount of unrecognised share of these jointly controlled entities, both for the year and cumulatively, are as follows:

	2011 HK$ million	2010 HK$ million
Unrecognised share of losses of jointly controlled entities for the year	**–**	–
Accumulated unrecognised share of losses of jointly controlled entities	**38**	38

22. OTHER RECEIVABLE

On 17 January 2008, the Group entered into a contract to invest RMB97 million (approximately HK$109 million) for non-controlling equity 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 of ownership 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 receivable had been recorded at initial recognition at its present value of HK$80 million with a corresponding charge of HK$29 million recognised in profit or loss for the year ended 31 March 2009. The effective interest rate adopted for the measurement of fair value upon the initial recognition of the other receivable was 6.40% per annum.

23. AVAILABLE-FOR-SALE INVESTMENTS

	2011 **HK$ million**	2010 HK$ million
Unlisted equity securities, at cost		
– in the PRC	**40**	32
– in overseas	**23**	23
Less: Impairment loss recognised	**(18)**	(17)
	45	38
Listed equity securities		
– in Hong Kong, at fair values	**152**	5
	197	43

The unlisted equity securities in the PRC and overseas are not stated at fair value but at cost less any impairment loss because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair values cannot be measured reliably.

The directors conducted a review of the recoverable amounts of the Group's available-for-sale investments at the end of the reporting period and determined that an impairment loss of HK$1 million (2010: nil) is required to be made.

24. DEFERRED TAXATION

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the current and prior reporting periods.

	Accelerated tax depreciation HK$ million	Tax losses HK$ million *(Note 1)*	Provision HK$ million	Undistributed earnings of PRC subsidiaries and jointly controlled entities HK$ million *(Note 2)*	Others HK$ million *(Note 3)*	Total HK$ million
At 1 April 2010	4	(20)	(1)	22	29	34
Charge (credit) to profit or loss	1	19	(6)	25	(12)	27
Charge to other comprehensive income	–	–	–	–	2	2
At 31 March 2010	5	(1)	(7)	47	19	63
(Credit) charge to profit or loss	(4)	–	(8)	22	(17)	(7)
Charge to other comprehensive income	–	–	–	–	13	13
Exchange realignment	–	–	–	(1)	(1)	(2)
At 31 March 2011	1	(1)	(15)	68	14	67

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2011 HK$ million	2010 HK$ million
Deferred tax assets	**(60)**	(35)
Deferred tax liabilities	**127**	98
	67	63

24. DEFERRED TAXATION *(continued)*

Notes:

(1) At the end of the reporting period, the Group has unutilised tax losses of HK$892 million (2010: HK$797 million) available for offset against future profits. A deferred tax asset has been recognised in respect of tax losses of HK$5 million (2010: HK$5 million). No deferred tax asset has been recognised in respect of the remaining unutilised tax losses of HK$887 million (2010: HK$792 million) due to the unpredictability of future profit streams.

Unutilised tax losses will expire as follows:

	2011 **HK$ million**	2010 HK$ million
2010	**–**	100
2011	**137**	139
2012	**99**	109
2013	**28**	47
2014	**22**	23
2015	**211**	–
Carried forward indefinitely	**395**	379
	892	797

(2) Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to HK$1,762 million (2010: HK$1,177 million) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

(3) Amount mainly represents taxable temporary difference from the exchange gain arising on the translation of Group's net investments in foreign operations and deductible temporary difference from government grants.

25. INVENTORIES

	2011 **HK$ million**	2010 HK$ million
Raw materials	**870**	1,276
Work in progress	**157**	217
Finished goods	**1,630**	1,805
	2,657	3,298

26. STOCK OF PROPERTIES

	2011 **HK$ million**	2010 HK$ million
Properties for sales		
– under development	**4**	–

The properties under development are not expected to be substantially realised within one year from the end of the reporting period.

27. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

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

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

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

27. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(continued)*

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:

	2011 HK$ million	2010 HK$ million
Within 30 days	**733**	662
31 to 60 days	**203**	262
61 to 90 days	**235**	132
91 to 365 days	**749**	427
Over 365 days	**131**	101
Trade receivables	**2,051**	1,584
Advertising deposits paid	**75**	35
Purchase deposits paid	**312**	104
VAT receivables	**265**	294
Other deposits paid, prepayments and other receivables	**251**	259
	2,954	2,276

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK$872 million (2010: HK$762 million) which are past due at the end of the reporting period for which the Group has not provided for impairment loss. The trade receivables that were past due but not impaired were related to amounts due from certain independent retailers and television stations in the PRC that have a good repayment history. Based on past experience, the management of the Group is of the opinion that no further provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

Of the trade receivables, an amount of HK$41 million (2010: HK$51 million) has credit period of over one year. During the year, receivables with principal amount of HK$35 million (2010: HK$26 million) have been recorded at initial recognition at its present value of HK$31 million (2010: HK$24 million) with a corresponding debit of HK$4 million (2010: HK$2 million) to turnover for the year as disclosed in note 13. The effective interest rate adopted for the measurement of fair value upon the initial recognition of the receivables is 9.96% (2010: 5.985%) per annum.

27. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(continued)*

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

	2011 **HK$ million**	2010 HK$ million
Overdue:		
Within 30 days	**309**	325
31 to 60 days	**148**	107
61 to 90 days	**70**	67
91 days or over	**345**	263
	872	762

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

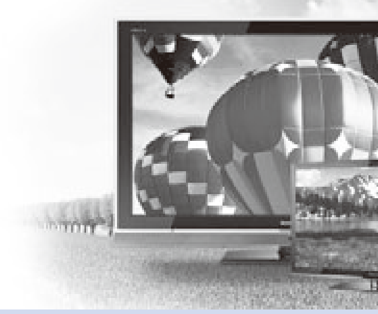
Allowance on trade receivables are made based on estimated irrecoverable amounts by reference to past default experience and objective evidence of impairment determined by the difference between the carrying amount and the present value of the estimated future cash flows discounted at the original effective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

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

Movement in the allowance for doubtful debts is as follows:

	2011 **HK$ million**	2010 HK$ million
Balance at 1 April	**145**	107
Impairment loss recognised on trade receivables	**25**	47
Amounts uncollectible written off	**(65)**	(10)
Exchange realignment	**2**	1
Balance at 31 March	**107**	145

Included in the allowance for doubtful debts are individually impaired trade receivables with aggregate balance of HK$107 million (2010: HK$145 million) which have either been placed under liquidation or in severe financial difficulties. The Group does not hold any collateral over these balances.



28. BILLS RECEIVABLE

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

	2011	2010
	HK$ million	HK$ million
Within 30 days	**967**	360
31 to 60 days	**943**	421
61 to 90 days	**1,501**	629
91 days or over	**2,841**	1,394
Bills endorsed to suppliers with recourse	**306**	706
Bills discounted with recourse	**693**	3,428
	7,251	6,938

The carrying values of bills endorsed to suppliers and bills discounted with recourse continue to be recognised as assets in the consolidated financial statements as the Group is still exposed to credit risk on these receivables as at end of the reporting period. Accordingly, the liabilities associated with such bills, mainly borrowings and payables as disclosed in notes 39 and 34 respectively, are not derecognised in the 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.

28. BILLS RECEIVABLE *(continued)*

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

Movement in the allowance for doubtful debts is as follows:

	2011 HK$ million	2010 HK$ million
Balance at 1 April	**15**	–
Impairment loss recognised on bills receivables	**–**	15
Amounts uncollectible written off	**(15)**	–
Balance at 31 March	**–**	15

29. DERIVATIVE FINANCIAL INSTRUMENTS

	2011 HK$ million	2010 HK$ million
Derivative financial instruments are analysed as:		
Derivatives not under hedge accounting:		
Foreign currency forward contracts *(Note 1)*	**6**	(6)
Target redemption forward contracts *(Note 2)*	**–**	(1)
	6	(7)
Derivative under hedge accounting:		
Cross-currency interest rate swaps contract *(Note 3)*	**(19)**	–
	(13)	(7)
Gain (loss) from changes in fair value of derivative financial instruments comprise:		
Foreign currency forward contracts *(Note 1)*	**(4)**	(5)
Target redemption forward contracts *(Note 2)*	**12**	4
	8	(1)

29. DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

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

	2011 HK$ million	2010 HK$ million
Assets		
Foreign currency forward contracts	**6**	4
	6	4
Liabilities		
Foreign currency forward contracts	**–**	(10)
Target redemption forward contracts	**–**	(1)
Cross-currency interest rate swaps contract	**(19)**	–
	(19)	(11)
	(13)	(7)

Note 1: Foreign currency forward contracts

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

As at 31 March 2011, US$ loans of HK$50 million (2010: HK$2,325 million) and fixed deposits denominated in Renminbi of HK$52 million (2010: HK$2,331 million) are included in other bank loans and pledged bank deposits as disclosed in notes 39 and 44 respectively.

The related interest income on the fixed deposits of HK$18 million (2010: HK$37 million) and exchange gain on US$ loans of HK$15 million (2010: gain of HK$12 million) are included in profit or loss, while the interest expenses on US$ loans of HK$16 million (2010: HK$30 million) are included in finance cost.

Other than the arrangements as described in above, the Group also entered into foreign currency forward contracts with various established commercial banks in Hong Kong to purchase US$ in RMB at predetermined forward rates.

29. DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

Note 1: Foreign currency forward contracts *(continued)*

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 31 March 2011		
US$31,356,935	From October 2011 to December 2011	Buy US$/sell RMB at 6.4430 to 6.5200
US$64,959,269	From January 2012 to March 2012	Buy US$/sell RMB at 6.4610 to 6.5160
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

At 31 March 2011, the fair value of the Group's foreign currency forward contracts is estimated to be HK$6 million (2010: liability of 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 year, the loss from changes in fair value of the foreign currency forward contracts amounting to HK$4 million (2010: HK$5 million) has been recognised in profit or loss.

Note 2: Target redemption forward contracts

2010 Two-year Target Redemption Forward Contract

The Group entered into a two-year target redemption forward contract ("2010 Two-year Target Redemption Forward Contract") with a bank during the year, 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$. 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$ 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$ 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; and

(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$30 million, settled in US$ equivalent. There are no knock-out and termination features for losses.

During the year, the contract is knocked-out and terminated as the cumulative net settlements received by the Group reached RMB6,480,000.

29. DERIVATIVE FINANCIAL INSTRUMENTS *(continued)*

Note 2: Target redemption forward contracts *(continued)*

2009 Two-year Target Redemption Forward Contract

The Group entered into a similar two-year target redemption forward contract ("2009 Two-year Target Redemption Forward Contract") during the year ended 31 March 2010. 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 Group 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; and

(iii) if the Spot Rate is less than the 2009 Contract Rate, the Group 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.

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

Gain from changes in fair value of HK$12 million (2010: HK$4 million) has been recognised in profit or loss for the year.

Note 3: Cross-currency interest rate swaps contract

The Group use cross-currency interest rate swaps contract which is designated as highly effective hedging instruments to minimise its exposures to foreign currency and cash flow interest rate risk of its floating-rate US$ bank borrowing by swapping the floating-rate US$ bank borrowing to fixed-rate RMB bank borrowing. The cross-currency interest rate swaps of the Group with notional amount of US$60,000,000 (equivalent to RMB402,300,000 at the date of inception of the loan) has fixed currency payments in RMB at exchange rate of US$ to RMB at 6.705, fixed interest payments in RMB at 2.99% per annum and floating interest receipts in US$ at 3% plus US$-LIBOR-BBA per annum for periods up to August 2013. The cross-currency interest rate swaps and the corresponding bank borrowings have the same terms and the directors consider that the cross-currency interest rate swaps contract are highly effective hedging instruments.

At the end of the reporting period, the fair value of the above cross-currency interest rate swaps was determined based on valuation provided by the counterparty bank using valuation techniques.

Loss from changes in fair value of HK$19 million (2010: nil) has been recognised in other comprehensive income and accumulated in hedging reserve during the year.

30. AMOUNTS DUE FROM JOINTLY CONTROLLED ENTITIES

The amounts due from jointly controlled entities are unsecured, interest free and repayable on demand. Included in amounts due from jointly controlled entities are dividend receivable amounting to HK$17 million (2010: nil).

31. HELD FOR TRADING INVESTMENTS

	2011	2010
	HK$ million	HK$ million
Listed securities:		
– Equity securities listed in Hong Kong	**14**	13

32. STRUCTURED BANK DEPOSIT

During the year, the Group entered into an equity link structured contract with a bank with a principal sum of RMB30,000,000. The structured bank deposit is a principal-protect yield enhancement bank deposit and contains an embedded derivative, which represents the return varying with the share price of China Construction Bank listed in the Stock Exchange and accounted for separately as disclosed in note 29(3).

The structured bank deposit carries a minimum interest rate of 1% per annum plus a maximum additional interest rate of 3% per annum which will be determined by reference to the share price of China Construction Bank at certain pre-determined dates.

The principal amount together with its return will be repaid on the maturity date of 28 December 2011.

33. PLEDGED BANK DEPOSITS/BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less, which carry interest at variable market rates ranging from 0.01% to 3.00% (2010: 0.01% to 3.00%).

Pledged bank deposits are pledged to secure the short term bank borrowings, which carry interest at market rates ranging from 1.98% to 3.05% (2010: 1.98% to 2.25%).

34. TRADE AND OTHER PAYABLES

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

	2011 HK$ million	2010 HK$ million
Within 30 days	**1,273**	963
31 to 60 days	**333**	456
61 to 90 days	**559**	719
91 days or over	**144**	202
Trade payables under endorsed bills	**306**	706
Trade payables	**2,615**	3,046
Accrued selling and distribution expenses	**610**	407
Accruals and other payables	**619**	545
Accrued staff costs	**381**	573
Rental and utility deposits received and others	**108**	87
Sales deposits received	**718**	499
VAT payable	**111**	32
	5,162	5,189

35. BILLS PAYABLE

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

	2011 HK$ million	2010 HK$ million
Within 30 days	**200**	169
31 to 60 days	**218**	126
61 to 90 days	**242**	123
91 days or over	**257**	168
	917	586

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

36. OBLIGATIONS ARISING FROM PUT OPTIONS 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 the Company, for disposal of, in aggregate, 12% of the equity interests in SDT to the Employees at cash consideration of HK$24 million which approximated to the carrying amount of equivalent portion of the net asset value. 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 to 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 of 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.

As at 31 March 2011, a liability of HK$125 million has been recognised in the consolidated statement of financial position in relation to the put options written to the Employees and presented as a current liability (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 10% guaranteed dividends per annum.

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

As at 31 March 2011, a liability determined based on the present value of the obligation to deliver the share redemption amount at discount rate of 10% of HK$183 million (2010: HK$159 million) has been recognised and presented as a non-current liability in the consolidated statement of financial position.

36. OBLIGATIONS ARISING FROM PUT OPTIONS WRITTEN TO NON-CONTROLLING INTERESTS *(continued)*

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

	2011 **HK$ million**	2010 HK$ million
At the beginning of the year	**243**	178
Imputed interest expenses for the year	**18**	16
Changes in estimated redemption price regarding put options to the Employees	**40**	60
Dividends paid for the year	**–**	(12)
Exchange realignment	**7**	1
At the end of the year	**308**	243
Analysis as:		
Current liabilities	**125**	84
Non-current liabilities	**183**	159
	308	243

37. PROVISION FOR WARRANTY

	2011 **HK$ million**	2010 HK$ million
Balance at 1 April	**72**	67
Adjustment arising from use of revised defective rates	**(33)**	(17)
Additional provision in respect of current year's sales	**154**	89
Utilised	**(103)**	(67)
Exchange realignments	**3**	–
Balance at 31 March	**93**	72
Analysed for reporting purposes as:		
Current liabilities	**49**	40
Non-current liabilities	**44**	32
	93	72

37. PROVISION FOR WARRANTY *(continued)*

The Group provides one to three year product warranty to its customers depending on the product type, under which faulty products are repaired or replaced. The estimate of the provision for the warranty is based on sales volumes and past experience of the level of repairs and returns. The estimation is reviewed on an ongoing basis and revised by reference to the current defective rate of products sold.

38. AMOUNTS DUE TO JOINTLY CONTROLLED ENTITIES/MINORITY SHAREHOLDERS OF SUBSIDIARIES

Included in amounts due to jointly controlled entities are amounts of HK$5 million (2010: HK$1 million) which are unsecured, interest free and with credit terms of 30 days. All other amounts due are unsecured, interest free and repayable on demand.

The amounts due to minority shareholders of subsidiaries were unsecured, interest free and fully repaid during the year. Included in amounts due to minority shareholders of subsidiaries as at 31 March 2010 were dividend payable amounting to HK$13 million.

39. BANK BORROWINGS

	2011 **HK$ million**	2010 HK$ million
Bank borrowings comprise the following:		
Financial liabilities on bills discounted with recourse	**693**	3,428
Invoice financing loans	**–**	11
US$ loans associated with foreign currency forward contracts *(note 29)*	**50**	2,325
Other bank loans	**3,612**	957
	4,355	6,721
Secured	**3,066**	6,721
Unsecured	**1,289**	–
	4,355	6,721
Carrying amount repayable:		
Within one year	**3,577**	6,721
More than two years but not more than five years	**778**	–
	4,355	6,721

39. BANK BORROWINGS *(continued)*

Included in the balance as at 31 March 2011 are fixed-rate bank borrowings of HK$1,160 million (2010: HK$5,718 million) and carry interest rates ranging from 2.99% to 5.85% (2010: from 0.5% to 5.7%).

All other bank borrowings are carried interest at variable market interest rates, which are based on London Interbank Offered Rate or PBOC lending rate plus a specific margin, ranging from 0.5% to 3.29% (2010: 1.73% to 2.0%) per annum.

As at the end of the reporting period, the Group had US$ denominated bank borrowings of HK$2,302 million (2010: HK$3,281 million). All other bank borrowings are denominated in RMB.

40. DEFERRED INCOME

	2011	2010
	HK$ million	HK$ million
Deferred income	**286**	255
Less: Amount to be recognised as income within one year included in current liabilities	**(23)**	(40)
Amount to be recognised as income after one year	**263**	215

Deferred income represents government grants provided by the relevant PRC government authorities for the purposes of financing the development of new products or the construction of production plant. The amounts are recognised as income to match with related expenses or on systematic basis over the useful lives of the relevant assets. The policy has resulted in a credit to profit or loss in the current year of HK$99 million (2010: HK$64 million).

41. SHARE CAPITAL

	Number of shares	Share capital HK$ million
Ordinary shares of HK$0.1 each:		
Authorised		
At 1 April 2009, 31 March 2010 and 31 March 2011	10,000,000,000	1,000
Issued and fully paid		
At 1 April 2009	2,282,497,245	228
Issue of shares upon exercise of share options	184,466,500	19
Issue of shares under scrip dividend scheme	60,375,178	6
At 31 March 2010	2,527,338,923	253
Issue of shares upon exercise of share options	22,458,000	2
Issue of shares under scrip dividend scheme	44,019,018	4
At 31 March 2011	2,593,815,941	259

The new shares rank pari passu with the existing shares in all respects.

Details of the exercise of share options during the two years ended 31 March 2011 are set out in note 42.

42. SHARE OPTIONS

The Company adopted three share option schemes mainly for the purpose of providing incentives to directors, eligible employees and selected eligible persons. Particulars of the share option schemes are detailed below:

(i) Pursuant to a resolution passed on 27 March 2000, the Company adopted a share option scheme under which the directors of the Company may grant options to eligible employees, including executive directors of the Company, any of its subsidiaries and associates, to subscribe for shares in the Company (the "2000 Share Option Scheme").

Options granted must be taken up within a period of 30 days from the date of grant, upon payment of HK$1 per grant. Options may be exercised in portions and in the exercisable period determined by the directors of the Company at the date of grant. All of the options, if not otherwise exercised, amended or cancelled, was lapsed on 27 March 2010.

42. SHARE OPTIONS *(continued)*

(i) *(continued)*

Under 2000 Share Option Scheme, the exercise price is determined by the directors of the Company at a price not less than 80% of the average of the closing prices of the shares of the Company on the Stock Exchange on the five trading days immediately preceding the date of offer of the options or the nominal value of the shares of the Company, whichever is the higher.

With effect from 1 September 2001, in accordance with the amended Chapter 17 of the Listing Rules, the exercise price of any share options granted by the Company must be at least the higher of the closing price of the shares of the Company on the date of grant, and the average closing prices of the shares of the Company for the five business days immediately preceding the date of grant. Unless the grants of share options under 2000 Share Option Scheme complies with the amended rules in the Listing Rules governing share option schemes, no further option can be granted under 2000 Share Option Scheme from 1 September 2001. Nevertheless, options previously granted under 2000 Share Option Scheme will continue to be exercisable in accordance with 2000 Share Option Scheme.

(ii) Pursuant to a special resolution passed on 28 August 2002, the Company adopted a new share option scheme under which the directors of the Company may grant options to eligible person, including any directors, whether executive or non-executive (including any independent non-executive directors), and any employee, whether full time or part time, of any member of the Group (the “2002 Share Option Scheme”).

The Company then further terminated 2002 Share Option Scheme and adopted a new share option scheme (“2008 Share Option Scheme”) at its 2008 Annual General Meeting held on 30 September 2008. The principal terms of 2002 Share Option Scheme and 2008 Share Option Scheme are basically the same.

Under each of 2002 Share Option Scheme and 2008 Share Option Scheme, options granted must be taken up within a period of 30 days from the date of grant, upon payment of HK$1 per grant. Options may be exercised in portions and in the exercisable period determined by the directors of the Company at the date of grant. All of the options, if not otherwise exercised, amended or cancelled, will lapse on 28 August 2012 under 2002 Share Option Scheme and on 30 September 2018 under 2008 Share Option Scheme.

Each grant of an option to a director, chief executive or substantial shareholder of the Company (or any of their respective associates) must be approved by the independent non-executive directors, excluding any independent non-executive director who is the grantee of the option.

Under each of 2002 Share Option Scheme and 2008 Share Option Scheme, the maximum number of shares issuable upon exercise of all options to be granted under the aforesaid schemes and any other share option scheme of the Company as from the commencement of the scheme period, excluding those options which have lapsed in accordance with the terms of 2002 Share Option Scheme or 2008 Share Option Scheme or any other share option schemes of the Company, must not in aggregate exceeds 10% of the Company’s shares in issue as at the date of adoption of the respective Share Option Scheme or exceed any of the refreshed limit.

42. SHARE OPTIONS *(continued)*

(ii) *(continued)*

No option shall be granted to an eligible person which would cause the aggregate number of shares already issued and to be issued upon exercise of options granted to such eligible person under 2002 Share Option Scheme and 2008 Share Option Scheme and any other share option scheme of the Company (including cancelled, exercised and outstanding options) in any 12-month period up to the date of grant exceeding 1% of the shares in issue. Any further grant of options in excess of this limit may be made only with the separate approval of the shareholders in general meeting with that eligible person and his associates abstaining from voting.

The total number of shares available for grant under the share option schemes of the Company is approximately 171,996,500 (2010: 138,454,500) representing approximately 6.63% (2010: 5.48%) of the issued share capital of the Company as at the end of the reporting period.

For the year ended 31 March 2011

Under 2002 Share Option Scheme

The following tables show the movements in the Company's share options granted under 2002 Share Option Scheme and 2008 Share Option Scheme during the year ended 31 March 2011:

Date of grant	Exercise price HK$	Vesting period	Exercisable period	Outstanding at 1 April 2010	Granted during the year *(Note a)*	Exercised during the year *(Note b)*	Cancelled during the year	Outstanding at 31 March 2011
16 October 2003	1.660	16 October 2003 to 15 October 2004	16 October 2004 to 28 August 2012	11,832,500	–	(50,000)	–	11,782,500
		16 October 2003 to 15 October 2005	16 October 2005 to 28 August 2012	12,422,500	–	(150,000)	–	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

42. SHARE OPTIONS *(continued)*

For the year ended 31 March 2011 *(continued)*

Under 2002 Share Option Scheme *(continued)*

Date of grant	Exercise price HK$	Vesting period	Exercisable period	Outstanding at 1 April 2010	Granted during the year *(Note a)*	Exercised during the year *(Note b)*	Cancelled during the year	Outstanding at 31 March 2011
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

42. SHARE OPTIONS *(continued)*

For the year ended 31 March 2011 *(continued)*

Under 2002 Share Option Scheme *(continued)*

Date of grant	Exercise price HK$	Vesting period	Exercisable period	Outstanding at 1 April 2010	Granted during the year *(Note a)*	Exercised during the year *(Note b)*	Cancelled during the year	Outstanding at 31 March 2011
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	–	(50,000)	–	175,000
		11 May 2007 to 10 May 2010	11 May 2010 to 28 August 2012	12,375,000	–	(9,875,000)	–	2,500,000
		11 May 2007 to 10 May 2011	11 May 2011 to 28 August 2012	12,375,000	–	–	–	12,375,000
1 February 2008	0.770	1 February 2008 to 31 January 2009	1 February 2009 to 28 August 2012	1,033,500	–	(104,500)	–	929,000
		1 February 2008 to 31 January 2010	1 February 2010 to 28 August 2012	2,202,000	–	(997,500)	–	1,204,500
		1 February 2008 to 30 April 2011	1 May 2011 to 28 August 2012	8,337,500	–	–	–	8,337,500
		1 February 2008 to 30 April 2012	1 May 2012 to 28 August 2012	8,337,500	–	–	–	8,337,500
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

42. SHARE OPTIONS *(continued)*

For the year ended 31 March 2011 *(continued)*

Under 2002 Share Option Scheme *(continued)*

Date of grant	Exercise price HK$	Vesting period	Exercisable period	Outstanding at 1 April 2010	Granted during the year *(Note a)*	Exercised during the year *(Note b)*	Cancelled during the year	Outstanding at 31 March 2011
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	–	(1,261,000)	–	964,000
		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
				106,858,000	–	(13,837,000)	–	93,021,000

Notes:

(a) No share option was granted under 2002 Share Option Scheme during the year ended 31 March 2011.

(b) The weighted average closing prices of the Company's shares immediately before the dates on which the share options were exercised during the year ended 31 March 2011 was HK$5.88.

42. SHARE OPTIONS *(continued)*

For the year ended 31 March 2011 *(continued)*

Under 2008 Share Option Scheme

Date of grant	Exercise price HK$	Vesting period	Exercisable period	Outstanding at 1 April 2010	Granted during the year *(Note c)*	Exercised during the year *(Note d)*	Cancelled during the year	Outstanding at 31 March 2011
6 November 2008	0.374	6 November 2008 to 5 November 2009	6 November 2009 to 30 September 2018	883,000	–	(348,500)	–	534,500
		6 November 2008 to 5 November 2010	6 November 2010 to 30 September 2018	10,137,500	–	(8,197,500)	–	1,940,000
		6 November 2008 to 5 November 2011	6 November 2011 to 30 September 2018	10,137,500	–	–	–	10,137,500
		6 November 2008 to 5 November 2012	6 November 2012 to 30 September 2018	10,137,500	–	–	–	10,137,500
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	–	(75,000)	–	25,000
		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
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

42. SHARE OPTIONS *(continued)*

For the year ended 31 March 2011 *(continued)*

Under 2008 Share Option Scheme *(continued)*

Date of grant	Exercise price HK$	Vesting period	Exercisable period	Outstanding at 1 April 2010	Granted during the year *(Note c)*	Exercised during the year *(Note d)*	Cancelled during the year	Outstanding at 31 March 2011
24 March 2011	4.440	24 March 2011 to 31 August 2012	1 September 2012 to 30 September 2018	–	10,000,000	–	–	10,000,000
		24 March 2011 to 31 August 2013	1 September 2013 to 30 September 2018	–	10,000,000	–	–	10,000,000
		24 March 2011 to 31 August 2014	1 September 2014 to 30 September 2018	–	10,000,000	–	–	10,000,000
		24 March 2011 to 31 August 2015	1 September 2015 to 30 September 2018	–	10,000,000	–	–	10,000,000
		24 March 2011 to 31 August 2016	1 September 2016 to 30 September 2018	–	10,000,000	–	–	10,000,000
				31,596,500	56,000,000	(8,621,000)	–	78,975,500

Notes:

(c) 56,000,000 share options were granted under 2008 Share Option Scheme during the year ended 31 March 2011.

(d) The weighted average closing prices of the Company's shares immediately before the dates on which the share options were exercised during the year ended 31 March 2011 was HK$4.48.

At the end of the reporting period, outstanding share options of 26,250,000 (2010: 24,000,000) above are held by the directors are disclosed in the section headed "Directors' Interests in Shares and Share Options" of the report of the directors.

42. SHARE OPTIONS *(continued)*

For the year ended 31 March 2010

The following tables show the movements in the Company's share options granted under 2000 Share Option Scheme, 2002 Share Option Scheme and 2008 Share Option Scheme during the year ended 31 March 2010:

Under 2000 Share Option Scheme

Date of grant	Exercise price HK$	Vesting period	Exercisable period	Outstanding at 1 April 2009	Granted during the year *(Note e)*	Exercised during the year *(Note f)*	Cancelled during the year	Outstanding at 31 March 2010
25 November 2000	0.336	25 November 2000 to 24 November 2001	25 November 2001 to 27 March 2010	254,000	–	(137,000)	(117,000)	–
		25 November 2000 to 24 November 2002	25 November 2002 to 27 March 2010	346,000	–	(152,000)	(194,000)	–
		25 November 2000 to 24 November 2004	25 November 2004 to 27 March 2010	3,960,000	–	(3,360,000)	(600,000)	–
23 January 2002	0.420	23 January 2002 to 22 January 2005	23 January 2005 to 27 March 2010	750,000	–	(750,000)	–	–
		23 January 2002 to 22 January 2006	23 January 2006 to 27 March 2010	750,000	–	(750,000)	–	–
				6,060,000	–	(5,149,000)	(911,000)	–

Notes:

(e) No share option was granted under 2000 Share Option Scheme during the year ended 31 March 2010.

(f) The weighted average closing prices of the Company's shares immediately before the dates on which the share options were exercised during the year ended 31 March 2010 was HK$2.98.

42. SHARE OPTIONS *(continued)*

For the year ended 31 March 2010 *(continued)*

Under 2002 Share Option Scheme

Date of grant	Exercise price HK$	Vesting period	Exercisable period	Outstanding at 1 April 2009	Granted during the year *(Note g)*	Exercised during the year *(Note h)*	Cancelled during the year	Outstanding at 31 March 2010
5 October 2002	0.840	5 October 2002 to 4 October 2004	5 October 2004 to 28 August 2012	2,000,000	–	(2,000,000)	–	–
		5 October 2002 to 4 October 2005	5 October 2005 to 28 August 2012	6,000,000	–	(6,000,000)	–	–
		5 October 2002 to 4 October 2006	5 October 2006 to 28 August 2012	6,000,000	–	(6,000,000)	–	–
28 March 2003	0.776	28 March 2003 to 27 March 2006	28 March 2006 to 28 August 2012	76,000	–	(76,000)	–	–
		28 March 2003 to 27 March 2007	28 March 2007 to 28 August 2012	72,000	–	(72,000)	–	–
9 June 2003	0.752	9 June 2003 to 8 June 2005	9 June 2005 to 28 August 2012	500,000	–	(500,000)	–	–
		9 June 2003 to 8 June 2006	9 June 2006 to 28 August 2012	500,000	–	(500,000)	–	–
		9 June 2003 to 8 June 2007	9 June 2007 to 28 August 2012	500,000	–	(500,000)	–	–
27 June 2003	0.742	27 June 2003 to 26 June 2005	27 June 2005 to 28 August 2012	250,000	–	(250,000)	–	–
		27 June 2003 to 26 June 2006	27 June 2006 to 28 August 2012	250,000	–	(250,000)	–	–
		27 June 2003 to 26 June 2007	27 June 2007 to 28 August 2012	250,000	–	(250,000)	–	–

42. SHARE OPTIONS *(continued)*

For the year ended 31 March 2010 *(continued)*

Under 2002 Share Option Scheme *(continued)*

Date of grant	Exercise price HK$	Vesting period	Exercisable period	Outstanding at 1 April 2009	Granted during the year *(Note g)*	Exercised during the year *(Note h)*	Cancelled during the year	Outstanding at 31 March 2010
16 October 2003	1.660	16 October 2003 to 15 October 2004	16 October 2004 to 28 August 2012	24,729,000	–	(12,896,500)	–	11,832,500
		16 October 2003 to 15 October 2005	16 October 2005 to 28 August 2012	25,865,000	–	(13,442,500)	–	12,422,500
		16 October 2003 to 15 October 2006	16 October 2006 to 28 August 2012	26,965,000	–	(14,292,500)	–	12,672,500
		16 October 2003 to 15 October 2007	16 October 2007 to 28 August 2012	33,565,000	–	(20,291,000)	–	13,274,000
		16 October 2003 to 15 October 2008	16 October 2008 to 28 August 2012	11,000,000	–	(10,000,000)	–	1,000,000
26 February 2004	2.575	26 February 2004 to 25 February 2005	26 February 2005 to 28 August 2012	100,000	–	(100,000)	–	–
		26 February 2004 to 25 February 2006	26 February 2006 to 28 August 2012	100,000	–	(100,000)	–	–
		26 February 2004 to 25 February 2007	26 February 2007 to 28 August 2012	100,000	–	(100,000)	–	–
		26 February 2004 to 25 February 2008	26 February 2008 to 28 August 2012	100,000	–	(100,000)	–	–

42. SHARE OPTIONS *(continued)*

For the year ended 31 March 2010 *(continued)*

Under 2002 Share Option Scheme *(continued)*

Date of grant	Exercise price HK$	Vesting period	Exercisable period	Outstanding at 1 April 2009	Granted during the year *(Note g)*	Exercised during the year *(Note h)*	Cancelled during the year	Outstanding at 31 March 2010
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
28 July 2004	2.275	N/A	28 July 2004 to 28 August 2012	1,000,000	–	(1,000,000)	–	–
		28 July 2004 to 27 July 2005	28 July 2005 to 28 August 2012	5,000,000	–	(5,000,000)	–	–
		28 July 2004 to 27 July 2006	28 July 2006 to 28 August 2012	5,000,000	–	(5,000,000)	–	–
		28 July 2004 to 27 July 2007	28 July 2007 to 28 August 2012	5,000,000	–	(5,000,000)	–	–
		28 July 2004 to 27 July 2008	28 July 2008 to 28 August 2012	5,000,000	–	(5,000,000)	–	–

42. SHARE OPTIONS *(continued)*

For the year ended 31 March 2010 *(continued)*

Under 2002 Share Option Scheme *(continued)*

Date of grant	Exercise price HK$	Vesting period	Exercisable period	Outstanding at 1 April 2009	Granted during the year *(Note g)*	Exercised during the year *(Note h)*	Cancelled during the year	Outstanding at 31 March 2010
30 September 2004	2.175	30 September 2004 to 29 September 2005	30 September 2005 to 28 August 2012	30,000	–	(30,000)	–	–
		30 September 2004 to 29 September 2006	30 September 2006 to 28 August 2012	30,000	–	(30,000)	–	–
		30 September 2004 to 29 September 2007	30 September 2007 to 28 August 2012	30,000	–	(30,000)	–	–
		30 September 2004 to 29 September 2008	30 September 2008 to 28 August 2012	30,000	–	(30,000)	–	–
5 October 2004	2.200	5 October 2004 to 4 October 2005	5 October 2005 to 28 August 2012	1,250,000	–	(1,250,000)	–	–
		5 October 2004 to 4 October 2006	5 October 2006 to 28 August 2012	1,250,000	–	(1,250,000)	–	–
		5 October 2004 to 4 October 2007	5 October 2007 to 28 August 2012	1,250,000	–	(1,250,000)	–	–
		5 October 2004 to 4 October 2008	5 October 2008 to 28 August 2012	1,250,000	–	(1,250,000)	–	–
11 October 2004	2.225	11 October 2004 to 10 October 2005	11 October 2005 to 28 August 2012	250,000	–	(250,000)	–	–
		11 October 2004 to 10 October 2006	11 October 2006 to 28 August 2012	250,000	–	(250,000)	–	–
		11 October 2004 to 10 October 2007	11 October 2007 to 28 August 2012	250,000	–	(250,000)	–	–
		11 October 2004 to 10 October 2008	11 October 2008 to 28 August 2012	250,000	–	(250,000)	–	–

42. SHARE OPTIONS *(continued)*

For the year ended 31 March 2010 *(continued)*

Under 2002 Share Option Scheme *(continued)*

Date of grant	Exercise price HK$	Vesting period	Exercisable period	Outstanding at 1 April 2009	Granted during the year *(Note g)*	Exercised during the year *(Note h)*	Cancelled during the year	Outstanding at 31 March 2010
25 January 2006	1.136	25 January 2006 to 24 January 2007	25 January 2007 to 28 August 2012	3,875,000	–	(3,750,000)	–	125,000
		25 January 2006 to 24 January 2008	25 January 2008 to 28 August 2012	3,875,000	–	(3,750,000)	–	125,000
		25 January 2006 to 24 January 2009	25 January 2009 to 28 August 2012	3,875,000	–	(3,750,000)	–	125,000
		25 January 2006 to 24 January 2010	25 January 2010 to 28 August 2012	3,875,000	–	(3,750,000)	–	125,000
11 May 2007	1.048	11 May 2007 to 10 May 2008	11 May 2008 to 28 August 2012	12,375,000	–	(12,250,000)	–	125,000
		11 May 2007 to 10 May 2009	11 May 2009 to 28 August 2012	12,375,000	–	(12,150,000)	–	225,000
		11 May 2007 to 10 May 2010	11 May 2010 to 28 August 2012	12,375,000	–	–	–	12,375,000
		11 May 2007 to 10 May 2011	11 May 2011 to 28 August 2012	12,375,000	–	–	–	12,375,000
1 February 2008	0.770	1 February 2008 to 31 January 2009	1 February 2009 to 28 August 2012	8,337,500	–	(7,304,000)	–	1,033,500
		1 February 2008 to 31 January 2010	1 February 2010 to 28 August 2012	8,337,500	–	(6,135,500)	–	2,202,000
		1 February 2008 to 30 April 2011	1 May 2011 to 28 August 2012	8,337,500	–	–	–	8,337,500
		1 February 2008 to 30 April 2012	1 May 2012 to 28 August 2012	8,337,500	–	–	–	8,337,500

42. SHARE OPTIONS *(continued)*

For the year ended 31 March 2010 *(continued)*

Under 2002 Share Option Scheme *(continued)*

Date of grant	Exercise price HK$	Vesting period	Exercisable period	Outstanding at 1 April 2009	Granted during the year *(Note g)*	Exercised during the year *(Note h)*	Cancelled during the year	Outstanding at 31 March 2010
2 April 2008	0.712	2 April 2008 to 1 April 2009	2 April 2009 to 28 August 2012	750,000	–	(750,000)	–	–
		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
19 August 2008	0.830	19 August 2008 to 18 August 2009	19 August 2009 to 28 August 2012	2,225,000	–	(1,534,000)	–	691,000
		19 August 2008 to 18 August 2010	19 August 2010 to 28 August 2012	2,225,000	–	–	–	2,225,000
		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
				276,822,000	–	(169,964,000)	–	106,858,000

Notes:

(g) No share option was granted under 2002 Share Option Scheme during the year ended 31 March 2010.

(h) The weighted average closing prices of the Company's shares immediately before the dates on which the share options were exercised during the year ended 31 March 2010 was HK$4.46.

42. SHARE OPTIONS *(continued)*

For the year ended 31 March 2010 *(continued)*

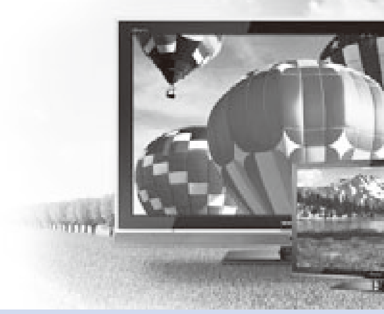
Under 2008 Share Option Scheme

Date of grant	Exercise price HK$	Vesting period	Exercisable period	Outstanding at 1 April 2009	Granted during the year *(Note i)*	Exercised during the year *(Note j)*	Cancelled during the year	Outstanding at 31 March 2010
6 November 2008	0.374	6 November 2008 to 5 November 2009	6 November 2009 to 30 September 2018	10,137,500	–	(9,254,500)	–	883,000
		6 November 2008 to 5 November 2010	6 November 2010 to 30 September 2018	10,137,500	–	–	–	10,137,500
		6 November 2008 to 5 November 2011	6 November 2011 to 30 September 2018	10,137,500	–	–	–	10,137,500
		6 November 2008 to 5 November 2012	6 November 2012 to 30 September 2018	10,137,500	–	–	–	10,137,500
26 November 2008	0.415	26 November 2008 to 25 November 2009	26 November 2009 to 30 September 2018	100,000	–	(99,000)	–	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
				40,950,000	–	(9,353,500)	–	31,596,500

Notes:

(i) No share option was granted under 2008 Share Option Scheme during the year ended 31 March 2010.

(j) The weighted average closing prices of the Company's shares immediately before the dates on which the share options were exercised during the year ended 31 March 2010 was HK$6.77.



43. SHARE-BASED PAYMENTS

The Company has applied HKFRS 2 Share-based Payment to account for its share options (Note (i)) and sale of shares of subsidiaries to employees at consideration below fair value (Note (ii)). An amount of share-based payment expenses of HK$42 million (2010: HK$15 million) has been recognised in the profit or loss of the current year.

Note (i) Share options

The particulars of the share option schemes of the Company, and the details of and the movements in share options during the two years ended 31 March 2011 are disclosed in note 41, a summary of which is presented below:

	2011		2010	
	Number of share options	**Weighted average exercise price HK$**	Number of share options	Weighted average exercise price HK$
Outstanding at the beginning of the year	**138,454,500**	**1.070**	323,832,000	1.242
Granted during the year	**56,000,000**	**4.669**	–	–
Exercised during the year	**(22,458,000)**	**0.773**	(184,466,500)	1.375
Lapsed during the year	**–**	**–**	(911,000)	0.336
Outstanding at the end of the year	**171,996,500**	**2.281**	138,454,500	1.070
Exercisable at the end of the year	**60,521,500**		58,303,000	

The weighted average share price at the date of exercise for share options exercised during the year was HK$5.343 (2010: HK$4.534). The share options outstanding as at 31 March 2011 have a weighted average remaining contractual life of 4.2 years (2010: 3.8 years) and the exercise prices of which range from HK$0.374 to HK$6.580 (2010: HK$0.374 to HK$2.740).

Share options expenses charge to profit or loss are based on valuation determined using the relevant valuation techniques. Share options granted in current year were valued based on the following assumptions:

43. SHARE-BASED PAYMENTS *(continued)*

Note (i) Share options *(continued)*

Date of grant	Number of share options granted	Valuation technique	Vesting period	Fair value per option HK$	Total fair values of options granted HK$	Closing share price at date of grant HK$	Exercise price HK$	Expected life	Expected volatility %	Expected dividend yield %	Risk free interest rate
21 June 2010	1,500,000	Black-Scholes model	21 June 2010 to 20 June 2011	3.11	4,665,000	6.58	6.58	5 years	50	10	2.355
21 June 2010	1,500,000	Black-Scholes model	21 June 2010 to 20 June 2012	3.11	4,665,000	6.58	6.58	5 years	50	10	2.355
21 June 2010	1,500,000	Black-Scholes model	21 June 2010 to 20 June 2013	3.11	4,665,000	6.58	6.58	5 years	50	10	2.355
21 June 2010	1,500,000	Black-Scholes model	21 June 2010 to 20 June 2014	3.11	4,665,000	6.58	6.58	5 years	50	10	2.355
	6,000,000				18,660,000						
24 March 2011	10,000,000	Binomial model	24 March 2011 to 30 August 2012	2.3423	23,423,000	4.41	4.44	7.5 years	63	2.95	2.813
24 March 2011	10,000,000	Binomial model	24 March 2011 to 30 August 2013	2.3370	23,370,000	4.41	4.44	7.5 years	63	2.95	2.813
24 March 2011	10,000,000	Binomial model	24 March 2011 to 30 August 2014	2.3229	23,229,000	4.41	4.44	7.5 years	63	2.95	2.813
24 March 2011	10,000,000	Binomial model	24 March 2011 to 30 August 2015	2.2990	22,990,000	4.41	4.44	7.5 years	63	2.95	2.813
24 March 2011	10,000,000	Binomial model	24 March 2011 to 30 August 2016	2.2653	22,653,000	4.41	4.44	7.5 years	63	2.95	2.813
	50,000,000				115,665,000						
	56,000,000				134,325,000						

43. SHARE-BASED PAYMENTS *(continued)*

Note (i) Share options *(continued)*

Expected volatility was determined by using the historical volatility of the Company's share price over previous year. The effects of time to vest, non-transferability, exercise restrictions and behavioral considerations have been taken into account in the model. The variables and assumptions used in computing the fair value of the share options are based on management's best estimate. The value of share options varies with different variables of certain subjective assumptions.

No share option was granted during the year ended 31 March 2010.

The Group recognised in the total expense of HK$11 million for the year (2010: HK$7 million) in relation to share options granted by the Company.

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

Details of the share-based payments in respect of sale of SDT shares at consideration below fair value are set out in note 36(a). The Group recognised in the total expense of HK$8 million for the year (2010: HK$8 million) in relation to sale of SDT shares.

Besides, the Group disposed of 16% and 20% of its interests in Skyworth LCD Technology Limited and Skyworth Optical Electronic (Shenzhen) Company Limited respectively to certain directors of the Group's subsidiaries without losing control of these subsidiaries during the year. The shortfall of cash consideration received of HK$13 million below the fair value of the equity interests disposed of HK$36 million, amounting to HK$23 million (2010: nil) represented the fair value of services rendered by those senior management and is recognised in profit or loss in the current year.

44. PLEDGE OF ASSETS

At 31 March 2011, the Group's bank borrowings were secured by the following:

(a) legal charges over prepaid lease payments on land use rights and leasehold land and buildings with carrying value of HK$87 million (2010: HK$103 million) and HK$92 million (2010: HK$115 million) respectively; and

(b) structured bank deposits and pledged bank deposits of HK$36 million (2010: nil) and HK$558 million (2010: HK$2,394 million).

In addition, the Group's bank borrowings at 31 March 2010 were secured by trade receivables of HK$22 million.

There were other bills receivable endorsed to suppliers and discounted with recourse of HK$306 million (2010: HK$706 million) and HK$693 million (2010: HK$3,428 million) respectively as disclosed in note 28.

45. OPERATING LEASE ARRANGEMENTS

The Group as lessee

At the end of the reporting period, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases in respect of rented land and buildings which fall due as follows:

	2011 HK$ million	2010 HK$ million
Within one year	**25**	22
In the second to fifth year inclusive	**57**	39
Over five years	**10**	4
	92	65

Operating lease payments represent rentals payable by the Group for certain of its offices and factory premises. Leases are negotiated for terms ranging from one to five years and rentals are fixed over the term of the relevant leases.

The Group as lessor

During the year, the Group earned rental income of HK$75 million (2010: HK$67 million) from the lease of the Group's properties. The leased properties have committed tenants for terms ranging from one to five years.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2011 HK$ million	2010 HK$ million
Within one year	**49**	40
In the second to fifth year inclusive	**40**	30
	89	70

46. CAPITAL COMMITMENTS

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

	2011 HK$ million	2010 HK$ million
Contracted but not provided for, in respect of:		
Purchase of property, plant and equipment	**50**	78
Factory buildings under development	**83**	81
	133	159
Authorised but not contracted for, in respect of:		
Purchase of property, plant and equipment	**1**	7
Factory buildings under development	**118**	23
	119	30

Except as 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 manufacturing and sales of TFT-LCD materials and other electronics components, importing of such products for domestic sales and exporting and the provision of after sales services. RGB, LG and Kaide agreed to invest US$133,400,000, US$933,800,000 and US$266,800,000 respectively to LGD, representing 10%, 70% and 20% of the registered capital of LGD. 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 approval for issuance of these consolidated financial statements.

47. CONTINGENT LIABILITIES

Up to the date of this 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 consolidated financial statements of the Group.

48. RETIREMENT BENEFITS SCHEMES

The employees of the Company's Hong Kong subsidiaries participate in a defined contribution scheme which is registered under the Occupational Retirement Scheme Ordinance (the "ORSO Scheme") or a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Ordinance in December 2000. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. Certain employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme remained with the ORSO Scheme, whereas all new employees joining the Group on or after 1 December 2000 are required to join the MPF Scheme.

Under the rule of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rate specified in the rules. The ORSO Scheme is funded by monthly contributions from both employees and the Group at 5% of the employees' basic salary. The pension costs charged to profit or loss represent contributions payable to the funds by the Group at rates specified in the rules of the schemes.

The employees of the Company's PRC subsidiaries are members of the state-managed retirement benefits scheme operated by the PRC government. The Company's PRC subsidiaries are required to contribute a certain percentage of their employees' payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

48. RETIREMENT BENEFITS SCHEMES *(continued)*

The aggregate retirement benefits scheme contributions and pension costs for the Group's employees, net of forfeited contributions, which have been dealt with in profit or loss, are as follows:

	2011	2010
	HK$ million	HK$ million
Retirement benefit scheme contributions in Hong Kong	**1**	1
Pension costs in the PRC	**93**	66
Total retirement benefit scheme contributions	**94**	67

At both 31 March 2011 and 31 March 2010, there were no forfeited contributions available to offset future employers' contributions to the schemes.

49. RELATED PARTY TRANSACTIONS

Trading transactions

During the year, the Group has the following transactions with related parties:

	2011	2010
	HK$ million	HK$ million
Jointly controlled entities		
Sales of raw materials	**5**	9
Sales of finished goods	**1**	1
Purchase of raw materials	**28**	–
Purchase of finished goods	**3**	13
Advertising and promotional expenses paid	**11**	9
Available-for-sale investments		
Sales of finished goods	**2**	–

49. RELATED PARTY TRANSACTIONS *(continued)*

Compensation of key management personnel

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

	2011 **HK$ million**	2010 HK$ million
Short-term benefits	**66**	65
Post-employment benefits	**1**	1
Share-based payments	**4**	3
	71	69

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.

50. SUBSEQUENT EVENTS

On 8 June 2011, Nanjing Skyworth Flat Panel Display Technology Company Limited ("NSFPD"), an indirect wholly-owned subsidiary of the Company incorporated in the PRC, entered into cooperation agreements with the Management Committee of the Lishui Economic Development Zone. Pursuant to the agreements, NSFPD shall invest RMB400,000,000 (equivalent to approximately HK$480,080,000) over the next 2 to 3 years to increase the Group's production of refrigerators and washing machines in Lishui, Nanjing and RMB2,100,000,000 (equivalent to approximately HK$2,520,420,000) into the production of LCD TVs and other electronic products in the Lishui Economic Development Zone by building a new production plant and production line.

51. PARTICULARS OF PRINCIPAL SUBSIDIARIES

The following lists the subsidiaries of the Company as at 31 March 2011 and 31 March 2010 which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued and fully paid share capital/paid up registered capital	Effective interest held by the Company		Principal activities
			2011 (Note a)	2010	
Skyworth Holdings Limited 創維控股有限公司	Samoa	Ordinary shares US$1	**100%**	100%	Investment holding
Skyworth Enterprises Limited 創維實業有限公司	Samoa	Ordinary shares US$1	**100%**	100%	Investment holding
Skyworth Digital Group Limited 創維集團有限公司	The British Virgin Islands	Ordinary shares HK$893 Preference shares HK$990	**100%**	100%	Investment holding
Skyworth TV Holdings Limited 創維電視控股有限公司	Hong Kong	Ordinary shares HK$30,600,000 Non-voting deferred shares HK$2,500,000 *(Note b)*	**100%**	100%	Procurement of raw materials and investment holding
深圳創維－RGB電子有限公司 Shenzhen Chuangwei – RGB Electronics Co., Ltd.	PRC *(Note c)*	Registered capital RMB200,000,000	**100%**	100%	Manufacture and sale of consumer electronic products
新創維電器(深圳)有限公司 Skyworth Electrical Appliances (Shenzhen) Co., Ltd.	PRC *(Note d)*	Registered capital US$21,180,000	**100%**	100%	Manufacture of consumer electronic products and property holding
創維電子(內蒙古)有限公司	PRC *(Note c)*	Registered capital US$10,000,000	**100%**	100%	Manufacture and sale of consumer electronic products
創維平面顯示科技(深圳)有限公司	PRC *(Note d)*	Registered capital US$39,500,000	**100%**	100%	Manufacture of consumer electronic products and property holding

51. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued and fully paid share capital/paid up registered capital	Effective interest held by the Company 2011 *(Note a)*	Effective interest held by the Company 2010	Principal activities
深圳創維精密科技有限公司	PRC *(Note c)*	Registered capital RMB20,000,000	**100%**	100%	Design, Manufacture and sale of moulds and related Products
創維投資(深圳)有限公司 (前稱「創維網絡通訊(深圳)有限公司」)	PRC *(Note d)*	Registered capital HK$364,000,000	**100%**	100%	Investment holding
Skyworth Macao Commercial Offshore Company Limited 創維澳門離岸商業服務有限公司	Macau	Ordinary shares MOP$100,000	**100%**	100%	Research and development and trading of consumer electronic products
Skyworth Multimedia International Limited 創維多媒體國際有限公司	Hong Kong	Ordinary shares HK$10,000	**100%**	100%	Manufacture and sale of consumer electronic products
Skyworth Overseas Development Limited 創維海外發展有限公司	Hong Kong	Ordinary shares HK$10,000	**100%**	100%	Manufacture and sale of consumer electronic products
創維多媒體(深圳)有限公司	PRC *(Note d)*	Registered capital US$5,500,000	**100%**	100%	Manufacture and sale of consumer electronic products
Skyworth Overseas Limited 創維海外有限公司	Hong Kong	Ordinary shares HK$2	**100%**	100%	Trading of consumer electronic products
深圳創維數字技術股份有限公司	PRC *(Note c)*	Registered capital RMB120,000,000	**72%**	72%	Manufacture and sale of consumer electronic products and research and products development
利凱達應用電子有限公司 (前稱「創維應用電子(深圳)有限公司」)	PRC *(Note c)*	Registered capital US$1,200,000	**94%**	94%	Trading of consumer electronic products

51. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Name of subsidiary	Place of incorporation/ establishment/ operation	Issued and fully paid share capital/paid up registered capital	Effective interest held by the Company 2011 *(Note a)*	Effective interest held by the Company 2010	Principal activities
創維汽車電子(深圳)有限公司	PRC *(Note d)*	Registered capital HK$9,600,000	**100%**	100%	Manufacture and sale of automobile electronic products
創維液晶器件（深圳）有限公司	PRC *(Note d)*	Registered capital HK$25,000,000	**84%**	100%	Manufacture and sale of consumer electronic products and research and products development
Skyworth Intellectual Property Holdings Limited	The British Virgin Islands	Ordinary share US$1	**100%**	100%	Intellectual property holding
Winform Inc.	The British Virgin Islands/ Hong Kong	Ordinary share US$1	**100%**	100%	Property holding
Skyworth Moulds Industrial Company Limited	The British Virgin Islands	Ordinary shares US$10	**100%**	100%	Investment holding

Notes:

(a) The Company directly holds the entire interest in Skyworth Holdings Limited. The interests of all other companies are indirectly held by the Company.

(b) The non-voting deferred shares carry practically no rights to dividends nor receive notice of nor to attend or vote at any general meeting of the relevant company nor to participate in any distribution on winding up.

(c) The subsidiaries are sino-foreign equity joint ventures registered in the PRC.

(d) The subsidiaries are wholly foreign owned enterprises registered in the PRC.

東莞市創維電器發展有限公司 ("東莞創維"), a limited company established in the PRC, was principally engaged in the trading of consumer electronic products supplied by the Group. The Company did not, directly or indirectly, own any of the registered capital of 東莞創維. However, since both the business activities and decision making of 東莞創維 were managed and determined by the Group and the Group retained the majority of the residual or ownership risks or the assets related to 東莞創維 in order to obtain benefits from the activities of 東莞創維, in the opinion of the directors, 東莞創維 was considered as a special purpose entity of the Group. Accordingly, 東莞創維 was consolidated in the consolidated financial statements of the Group for each of the two years ended 31 March 2011. 東莞創維 was deregistered during the year.

None of the subsidiaries had any debt securities outstanding at 31 March 2011 or at any time during the year.

SUMMARISED STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2011 HK$ million	2010 HK$ million
Investments in subsidiaries	**1,379**	1,326
Amounts due from subsidiaries	**1,945**	2,103
Other current assets	**1**	29
Amounts due to subsidiaries	**(153)**	(185)
	3,172	3,273
Share capital	**259**	253
Share premium	**1,858**	1,665
Reserves	**1,055**	1,355
	3,172	3,273

FINANCIAL SUMMARY

Results

	Year ended 31 March				
	2011 HK$ million	2010 HK$ million	2009 HK$ million	2008 HK$ million	2007 HK$ million
Turnover	**24,339**	22,769	15,387	13,939	12,560
Cost of sales	**(19,676)**	(17,896)	(12,282)	(11,022)	(10,508)
Gross profit	**4,663**	4,873	3,105	2,917	2,052
Other income	**390**	402	245	189	97
Other gains and losses	**101**	33	112	23	38
Selling and distribution expenses	**(2,854)**	(2,968)	(2,192)	(1,969)	(1,610)
General and administrative expenses	**(696)**	(680)	(570)	(515)	(419)
Finance costs	**(139)**	(122)	(125)	(122)	(19)
Gain on disposal of subsidiaries	**–**	–	43	60	–
Share of results of jointly controlled entities	**29**	14	9	18	8
Profit before taxation	**1,494**	1,552	627	601	147
Income taxes	**(213)**	(226)	(124)	(121)	(19)
Profit for the year	**1,281**	1,326	503	480	128
Attributable to:					
Owners of the Company	**1,174**	1,251	460	457	128
Non-controlling interests	**107**	75	43	23	–
	1,281	1,326	503	480	128

Assets and Liabilities

	Year ended 31 March				
	2011 HK$ million	2010 HK$ million	2009 HK$ million	2008 HK$ million	2007 HK$ million
Total consolidated assets	**18,675**	19,222	11,063	13,070	8,659
Total consolidated liabilities	**(11,426)**	(13,368)	(6,659)	(9,118)	(5,396)
Net assets	**7,249**	5,854	4,404	3,952	3,263
Attributable to:					
Owners of the Company	**7,074**	5,773	4,353	3,948	3,263
Non-controlling interests	**175**	81	51	4	–
	7,249	5,854	4,404	3,952	3,263

FINANCIAL REVIEW

For the year ended 31 March

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

	2011	2010	2009	2008	2007
OPERATING RESULTS					
Turnover	**24,339**	22,769	15,329	13,939	12,560
Operating profit (EBIT)	**1,630**	1,660	700	703	158
Profit attributable to equity holders of the Company	**1,172**	1,251	460	457	128
DATA PER SHARE (HK CENTS)					
Earnings per share – basic	**45.90**	52.32	20.15	19.95	5.59
Dividend per share	**14.0**	16.0	8.0	5.0	1.7
Dividend payout ratio – basic	**30.5%**	30.6%	39.7%	25.1%	30.4%
KEY STATISTICS					
Equity attributable to equity holders of the Company	**7,074**	5,773	4,353	3,952	3,263
Working capital	**6,012**	4,268	2,757	2,706	2,340
Cash position*	**3,118**	4,585	1,539	3,259	891
Bank loans excluding the financial liabilities arising from discounted bills and foreign exchange arrangements	**3,612**	968	147	610	324
Bills receivable	**7,251**	6,938	4,539	4,403	3,847
Trade receivables	**2,051**	1,584	1,403	1,276	649
Inventories	**2,661**	3,298	1,267	1,913	1,573
Capital expenditure**	**475**	339	322	340	351
Depreciation and amortisation	**266**	226	186	161	135
KEY RATIOS					
Return on equity holders of the Company (ROE) (%)	**16.6**	21.7	10.6	11.6	3.9
Return on total assets (ROA) (%)	**6.3**	6.9	4.2	3.5	1.5
Debt to equity excluding the financial liabilities arising from discounted bills and foreign exchange arrangements (%)	**51.1**	16.8	3.4	15.3	9.9
Net debt to equity	**Net Cash**	Net Cash	Net Cash	Net Cash	Net Cash
Current ratio (times)	**1.6**	1.3	1.4	1.3	1.5
Trade receivable turnover period excluding portion arising from discounted bills receivable (days)***	**101**	78	114	117	108
Inventories turnover period (days)***	**55**	47	48	60	58
Gross profit margin (%)	**19.2**	21.4	20.2	22.0	16.1
Earnings before interest, taxation, depreciation and amortisation (EBITDA) margin (%)	**7.8**	8.3	5.8	7.2	2.3
Earnings before interest and taxation (EBIT) margin (%)	**6.7**	7.3	4.6	6.0	1.3
Profits margin (%)	**4.8**	5.8	3.0	3.4	1.0

* Cash position refers to bank balances and cash, including pledged bank deposits

** Capital expenditure represented the additions to property, plant and equipment and prepaid lease payments on land use rights

*** 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 27 July 2010)

Memebers 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
Reed Smith Richards Butler

Principal Bankers
Bank of China
China Construction Bank
China Merchant Bank
Citic Ka Wah Bank
Industrial and Commercial Bank of China
Standard Chartered Bank (Hong Kong) Limited

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
Hong Kong Exchanges and Clearing Limited
Stock Code: 00751

Important Information for 2010/2011
Results Announcement Date
Annual results – 29 June 2011

Dividend Per Share
Final dividend – HK9 cents

Dividend Payment Date
Final dividend – 28 October 2011

Closing Period of the Register of Members
Final – From 19 September 2011 to 23 September 2011 both dates inclusive

Company Website
http://www.skyworth.com

Skyworth

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Stock Code: 751

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