

# Skyworth

## 創維數碼控股有限公司 SKYWORTH DIGITAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code : 00751

Interim Report  
2017/18

**Skyworth**  
Health-tech Integration

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# FINANCIAL HIGHLIGHTS

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

	Six months ended 30 September		Change
	2017 (unaudited)	2016 (unaudited)	
<b>OPERATING RESULTS</b>			
Revenue	21,489	20,291	+5.9%
EBIT	(12)	1,316	-100.9%
EBITDA	335	1,657	-79.8%
(Loss) Profit for the period	(189)	948	-119.9%
(Loss) Profit attributable to owners of the Company	(192)	836	-123.0%
<b>FINANCIAL POSITION</b>			
Net cash from operating activities	778	716	+8.7%
Cash position*	8,614	5,013	+71.8%
Borrowings	7,681	6,947	+10.6%
Corporate bonds	2,340	–	N/A
Equity attributable to owners of the Company	16,160	15,405	+4.9%
Working capital	10,429	10,816	-3.6%
Bills receivable	4,530	5,015	-9.7%
Trade receivables	8,175	6,537	+25.1%
Inventories	6,770	6,075	+11.4%
<b>KEY RATIOS</b>			
Gross profit margin (%)	15.8%	20.6%	-4.8pp
EBIT margin (%)	-0.1%	6.5%	-6.6pp
EBITDA margin (%)	1.6%	8.2%	-6.6pp
Profit margin (%)	-0.9%	4.7%	-5.6pp
ROE (%)	-2.4%	10.9%	-13.3pp
Debt to equity (%)**	57.2%	40.9%	+16.3pp
Net debt to equity***	Net Cash	Net Cash	N/A
Current ratio (times)	1.4	1.5	-6.7%
Trade receivables turnover period (days)****	106	109	-2.8%
Inventories turnover period (days)****	68	67	+1.5%
<b>DATA PER SHARE (HK CENTS)</b>			
Earnings per share – Basic	(6.38)	28.83	-122.1%
Earnings per share – Diluted	N/A	28.44	N/A
Dividend per share	–	9.60	N/A
Book value per share	572.26	567.69	+0.8%
<b>SHARE INFORMATION AT FINANCIAL PERIOD END</b>			
Skyworth Digital Holdings Limited (Shares are listed in Hong Kong, stock code: 00751)			
Number of shares in issue (million)	3,061	2,993	+2.3%
Market capitalisation	12,213	16,701	-26.9%
Skyworth Digital Co., Limited (Shares are listed in Shenzhen, stock code: 000810)			
Number of shares in issue (million)	1,071	999	+7.2%
Market capitalisation	13,626	20,201	-32.5%

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

\*\* (Borrowings + corporate bonds)/total equity

\*\*\* Calculated based on (cash position + bills receivable – borrowings – corporate bonds)/total equity

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

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Lai Weide (*Chairman of the Board*)  
Mr. Liu Tangzhi (*Chief Executive Officer*)  
Ms. Lin Wei Ping  
Mr. Shi Chi

### Non-executive Director

Mr. Yang Dongwen  
(*Re-designated as Non-executive Director  
on 1 April 2017*)

### Independent Non-executive Directors

Mr. Li Weibin  
Mr. Cheong Ying Chew, Henry  
Mr. Li Ming

## MEMBERS OF COMMITTEES

### Audit Committee

Mr. Cheong Ying Chew, Henry (*Chairperson*)  
Mr. Li Weibin  
Mr. Li Ming

### Executive Committee

Mr. Lai Weide (*Chairman of the Board*)  
Mr. Liu Tangzhi  
Ms. Lin Wei Ping  
Mr. Shi Chi  
Mr. Sun Ruikun  
Mr. Huang Mingyan  
Mr. Lam Shing Choi, Eric  
Mr. Wu Wei

### Nomination Committee

Mr. Li Ming (*Chairperson*)  
Mr. Li Weibin  
Mr. Cheong Ying Chew, Henry  
Ms. Lin Wei Ping

### Remuneration Committee

Mr. Li Weibin (*Chairperson*)  
Mr. Cheong Ying Chew, Henry  
Mr. Li Ming  
Ms. Lin Wei Ping

## COMPANY SECRETARY

Mr. Lam Shing Choi, Eric

## AUDITOR

Deloitte Touche Tohmatsu

## LEGAL ADVISOR

Reed Smith Richards Butler  
Michael Li & Co.

## PRINCIPAL BANKERS

Bank of China Limited  
China Merchants Bank Co., Ltd.  
China CITIC Bank International Limited  
DBS Bank (Hong Kong) Limited  
Industrial and Commercial Bank of China Limited  
Standard Chartered Bank (Hong Kong) Limited

## REGISTERED OFFICE

Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

## BERMUDA PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Corporate Services (Bermuda) Limited  
Clarendon House  
2 Church 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  
Wan Chai, Hong Kong

## SHARES LISTING

Shares of the Company are listed on  
The Stock Exchange of Hong Kong Limited  
Stock Code: 00751

## COMPANY WEBSITE

<http://www.skyworth.com>



# OPERATIONAL AND FINANCIAL REVIEW

## HIGHLIGHTS OF RESULTS

The financial results of Skyworth Digital Holdings Limited (the “Company”), together with its subsidiaries (collectively, the “Group”) for the six months ended 30 September 2017 (the “Current Period”) are as follows:

- Revenue amounted to HK\$21,489 million (64.7% of which was recorded from sales in the mainland China market), representing an increase of 5.9% compared to the same period of previous year.
- Sales of TV products and digital set-top boxes and LCD modules accounted for 67.9% and 17.8% of the Group’s total revenue, respectively.
- Gross profit achieved HK\$3,386 million, a decrease by 18.8%. While the gross profit margin was 15.8%, representing a decrease of 4.8 percentage points compared to the same period of previous year.
- Unaudited loss before and after non-controlling interests for the Current Period were HK\$189 million and HK\$192 million respectively as compared to profit of HK\$948 million and HK\$836 million over the same period of previous year respectively.
- Taking into account the Company’s profitability and capital required for future development, the board (the “Board”) of directors (the “Directors”) of the Company does not recommend the payment of interim dividend for the current year.

## BUSINESS PERFORMANCE REVIEW

### Moderate increase in revenue

During the Current Period, fierce competition continued to reign the domestic TV market. Nationwide, online brands maintained their growing momentum in overall domestic sales proportion; with the shift in consumption mode driving incessant movements in market dynamics and all fellow industry practitioners venturing to seek new business modes in the midst of such significant changes, we are seeing extended alterations in both retail price and market share. Despite a year-on-year decrease of 20.8% in our TV sales volume in the mainland China market, the Group managed to deliver a stable growth in revenue by making timely adjustment to product structure, focusing on smart products and improving product quality in response to changes in the marketplace. Our overall revenue amounted to HK\$21,489 million, representing an increase of 5.9% compared to the same period of previous year.

During the Current Period, the Group's sales volume of TV by products and markets are as follows:

	<b>April to September 2017 Unit ('000)</b>	April to September 2016 Unit ('000)	April to September 2017 vs. April to September 2016 <i>Increase/ (Decrease)</i>
<b>TV sales volume</b>			
<b>Mainland China Market</b>	<b>3,499</b>	4,416	(21%)
Including:			
– <b>4K TV</b>	<b>1,880.2</b>	1,858.0	1%
– <b>Non-4K TV</b>	<b>1,618.6</b>	2,557.6	(37%)
<b>Overseas Market</b>	<b>3,855</b>	3,803	1%
<b>Total TV sales volume</b>	<b>7,354</b>	8,219	(11%)

For the six months ended 30 September 2017, the Group's user population of Skyworth Smart TV in the mainland China market is as below:

- Total volume of activated internet TV: 24,795,677
- Smart TV weekly active volume: 12,163,319
- Smart TV daily active volume: 9,353,739

## Revenue analysis by geography and product markets

### **Mainland China Market**

During the Current Period, the mainland China market accounted for 64.7% of the Group's total revenue, representing a slight decrease of 0.9% from HK\$14,022 million for the same period of previous year to HK\$13,900 million.

The Group's TV business in mainland China accounted for 63.1% of the total domestic revenue. The sales of digital set-top boxes and LCD modules and white appliances (excluding air conditioning products) accounted for 17.4% and 7.6%, respectively. Other business units include those involved in financial services, rental collection, property development, lighting products, security systems, air conditioners and other electronic products, attributed the remaining of 11.9%.

### *TV products*

During the first half of 2017, the Group increased the average selling prices of its products and the proportions of high-end product sales by improving its product portfolio, including the launch of large-size 4K TVs and targeted products for e-commerce and rural markets. Proportion of 4K Smart TV sales volume in the mainland China market grew to 53.7%, representing a year-on-year increase of 1.2%, which mitigated the impact resulting from market movements and the fierce competition within the industry. The revenue of the Group's TV products decreased by 6.5% to HK\$8,764 million from HK\$9,376 million recorded in the same period of previous year.

We keep abreast with the development in technologies such as the internet, big data, cloud computing and the internet of things. On the one hand, the Group seizes opportunities arising from transformation of the home appliance industry and the upgrading in product technologies to drive extended development of new products: we recently unveiled our most cutting-edge Wallpaper OLED TV at IFA Berlin in September, becoming the first and only brand from the Chinese market to launch this product. On the other hand, the Group has also been accelerating the digitalisation, internetisation and smartisation of its products, which resulted in a fast yet sustainable growth in the user population of Smart TV. To quicken the penetration of smart products, Coocca's smart platform will be customised into all Skyworth Smart TVs, giving consumers the liberty to choose online contents at will on top of conventional cable TV programmes, so as to strengthen TV's centred position at a smart household. During the Current Period, Skyworth reported more than 24,000,000 activated users of its Smart TVs in the Chinese market, while sales volume of Coocca-branded TVs accounted for 8.1% of the mainland China market, with the revenue from its video, gaming, advertising, educational and other contents amounting to HK\$135 million.

Our industrial deployment strategy of "hardware + content" is well received by internet-based enterprises: Beijing iQIYI Science & Technology Co., Ltd.\* (北京愛奇藝科技有限公司) ("iQIYI") and an affiliate of Tencent Holdings Limited ("Tencent") have successively made strategic investments in Shenzhen Coocaa Network Technology Company Limited\* (深圳市酷開網絡科技有限公司) ("Shenzhen Coocaa", an indirect non-wholly owned subsidiary of the Company), advancing our efforts in entering the living room entertainment market and becoming a leader in the living room economy. The Group has every faith that riding on the back of its quality contents, strong capital base and loyal fans, it will realise greater potential in the future, and lay down a solid foundation for the development of its smart-home and smart-city businesses.

### *Digital set-top boxes and LCD modules*

The revenue of digital set-top boxes and LCD modules in the mainland China market recorded HK\$2,412 million, representing an increase of HK\$561 million or 30.3%, compared with HK\$1,851 million recorded in the same period of previous year.

While most enterprises in the mainland China market are still focused on staying ahead in the competition of conventional set-top boxes, Skyworth has long shifted the strategic focus of its digital set-top boxes business to creating user-centric values. Skyworth now mainly concentrates on its "broadcasting + internet" public domain business and its OTT-based user-centric business; through the synergy of these two key business units, Skyworth aims to remove barriers between upstream and downstream industry channels, thereby driving the Group's revenue growths. With regard to its public domain business, all "broadcasting + internet" operations have delivered satisfactory economic benefits. Skyworth operates contents of its OTT-based, user-centric internet platform in sync with Tencent and iQIYI, so as to present more time-appropriate content recommendations and improve content quality, with a view to making commission for paid contents as well as revenue from CPA and CPS applications. At the same time, Skyworth also effectively supports its refined operation via big data platforms through the introduction of operator commercials, application stores and shopping functions. Further still, not only did the Group initiate new projects for the manufacturing of LCD modules and LCD smart devices during the Current Period, it also established close strategic partnerships with upstream suppliers and actively collaborated with panel manufacturers, driving innovation for its OLED projects while creating new opportunities for further revenue growths.

### *White Appliances*

The revenue of white appliances in the mainland China market recorded HK\$1,055 million, representing an increase of 5.0% or HK\$50 million, compared with HK\$1,005 million recorded in the same period of previous year.

For the Current Period, our white appliances business adopted the marketing strategy of expanding online presence while consolidating offline channels. As it quickly established a “new retail” model and launched exclusive stores online, the business successfully created synergy through its O2O channels. In addition, the business also provided customers who placed orders at Skyworth’s flagship store on Tmall with a series of cross-channel, seamless one-stop services, including delivery, installation and fine-tuning by local outlets. These, combined with interactive platforms such as Tmall Live and fan clubs, managed to help the business transform its marketing approach from focusing solely on product sales to a comprehensive strategy centred on brand marketing, which in turn led to the successful establishment of a robust connection between its online and offline channels, thereby delivering effective revenue growths.

### **Overseas Market**

During the Current Period, revenue in overseas markets accounted for HK\$7,589 million, equivalent to 35.3% of the Group’s overall revenue, representing an increase of 21.1% when compared with HK\$6,269 million recorded in the same period of previous year.

### *TV products*

During the Current Period, revenue of TV products in overseas markets was HK\$5,820 million, accounting for 76.7% of the total overseas revenue. In comparison, HK\$4,511 million was recorded in the same period of previous year, representing an increase of 29.0%.

By seizing great advantages and opportunities arising from the “Belt and Road” national initiative, the Group is committed to improving its global deployment through the strategy of “internationalisation”. On the one hand, we embed technological innovation and intelligent technologies into our products and customise products that suit the local markets for overseas customers, therefore enriching our offerings through product differentiation. On the other hand, we fully leverage the Company’s product development competence and mass-production capacity to make it possible to address the needs of more customers, further improving our brand image in international markets. During the Current Period, our business volume grew rapidly, while sales volume amounted to approximately 3.86 million units, representing a year-on-year growth of 1.4%.

Over the years, the Group expand market exposure through the model of Original Equipment Manufacturer (“OEM”), Original Design Manufacturer (“ODM”) and set up overseas branches to promote our own brand, which have gained increasing popularity and visibility in overseas markets. During the Current Period, the proportion of our own branded sales in overseas markets amounted to HK\$996 million, recorded a year-on-year increase of 13.1%.

### *Digital set-top boxes and LCD modules*

During the Current Period, the revenue of digital set-top boxes and LCD modules in overseas markets recorded HK\$1,422 million, comparing with HK\$1,083 million recorded in the same period of previous year, representing an increase of 31.3%.



During the Current Period, in addition to seeking additional growth opportunities for its digital set-top boxes business in segmented markets, the Group also outsourced the manufacturing function of its own brand – Strong, to external manufacturers. At the same time, Strong Media Group Limited (an indirect non-wholly owned subsidiary of the Company) concentrated its resources to promote Skyworth digital OTT intelligent terminal products in European markets to meet demands created by the overall trend of digitalisation therein. As one of the remarkable results from these efforts, the Group has witnessed enhanced influence and increased awareness of its digital set-top boxes in overseas markets, and it is now among a handful of companies authenticated by Google’s OTT TV services. In addition, the Group completed the merger and acquisition of Caldero Limited, a UK-based company, in March, and secured orders from high-end operators, further strengthening its overall competitiveness to tap into the global market of first-tier and mainstream operators.

#### *Geographical distribution of revenue in overseas markets*

During the Current Period, the Group’s overseas markets concentrated in Asia, America and Europe, with aggregation up to 79.0% in the overseas revenue. Within this proportion, the revenue from Asia markets rose by 8 percentage points due to the Group’s dedicated effort in expanding its presence in new markets across Asia. The geographical distribution of the revenue in proportion for overseas markets is illustrated as follows:

	Six months ended 30 September	
	2017 (%)	2016 (%)
Asia	52	44
America	14	24
Europe	13	14
Middle East	13	9
Africa	7	9
Oceania	1	–
	<b>100</b>	100

#### **Gross profit margin**

During the Current Period, the overall gross profit margin of the Group was 15.8%, representing a decrease of 4.8 percentage points in comparison to the same period of previous year.

During the Current Period, while LCD TV panel cost reported a mild decrease within a market that remained stable, it is still at its relative historical highs. Moreover, costs and expenses of other raw material stayed at high levels, gross profit margin was therefore under great pressure. Not only did the Group continue to optimise its product structure, it also launched a series of stringent cost-effective controls to improve and accelerate the upgrading of product technology and product quality. The control system will strengthen the promotion of new products and speed up the switching to mid-range and high-end products. Although the proportion of sales volumes of 4K smart products (which have a higher gross profit margin) continued to rise, it however, failed to cover up the gap created by a declining gross profit margin in a short period of time. With the extended promotion of smart manufacturing, the Group expects to deploy more robots to production lines in the second half, with an aim to save on rising labour costs and improve product quality. It is believed that the gross profit margin will be effectively improved in the second half.

The overseas market turnover in proportion to total turnover accounted for an increase of 4.4 percentage points in comparison to the same period of previous year. Due to lower gross profit margins in overseas markets, the increased proportion of their sales volumes had correspondingly affected the overall gross margin directly. However, along the rapid promotion of products from our own brands overseas, the gross margin of overseas markets will continue to improve, which in turn will drive growth in the overall gross margin.

### **Expenses**

The Group's selling and distribution expenses for the Current Period decreased by HK\$42 million or 1.8% to HK\$2,337 million when compared with that for the same period of previous year. The selling and distribution expenses to revenue ratio dropped by 0.8 percentage points from 11.7% to 10.9%.

The Group's general and administrative expenses decreased by HK\$63 million or 4.5% to HK\$1,327 million when compared with that for the same period of previous year. The general and administrative expenses to revenue ratio dropped by 0.7 percentage points from 6.9% to 6.2%. Since the Group had devoted enormous resources in research and development expenses during the Current Period in proposition of developing high quality smart products, wherein the research and development expenses increased by HK\$89 million or 12.5% to HK\$800 million.

### **LIQUIDITY, FINANCIAL RESOURCES AND CASH FLOW MANAGEMENT**

The Group adopted a prudent financial policy to maintain stable financial conditions. The Group's net current assets as at the end of the Current Period was HK\$10,429 million, an increase of HK\$1,131 million or 12.2%, when compared with that as at 31 March 2017. As at the end of the Current Period, bank balances and cash amounted to HK\$7,803 million, representing an increase of HK\$3,467 million when compared with that as at 31 March 2017, representing an increase of HK\$3,385 million when compared with that as at 30 September 2016. As at the end of the Current Period, pledged bank deposits amounted to HK\$278 million, a decrease of HK\$12 million when compared with that as at 31 March 2017, also a decrease of HK\$317 million when compared with that as at 30 September 2016.

The Group secured certain assets against its certain trade facilities and loans granted from various banks. As at the end of the Current Period, such secured assets included pledged bank deposits of HK\$278 million (as at 31 March 2017: HK\$290 million), trade receivables of HK\$49 million (as at 31 March 2017: HK\$4 million), bills receivables of HK\$436 million (as at 31 March 2017: HK\$420 million), as well as certain prepaid lease payments on land use rights and properties in mainland China with net book value of HK\$459 million (as at 31 March 2017: HK\$477 million).

At the end of the Current Period, total bank loans amounted to HK\$7,681 million, corporate bonds (inclusive of interest) amounted to HK\$2,340 million (as at 31 March 2017: Nil). Overall interest-bearing liabilities of the Group were HK\$10,021 million, equity attributable to owners of the Company amounted to HK\$16,160 million (as at 31 March 2017: HK\$15,479 million). The debt to equity ratio revealed as 57.2% (as at 31 March 2017: 47.5%).

## TREASURY POLICY

The Group's major investments and revenue streams are derived from mainland China. The Group's assets and liabilities are mainly denominated in Renminbi ("RMB"), others are denominated in Hong Kong dollar, US dollar and Euro. The Group uses general trade financing to fulfil the needs in operating cash flow. In order to reduce finance costs, the Group exploits the currency-based and income-based financial management tools introduced by banks to offset such costs. During the Current Period, net foreign exchange loss amounted to HK\$242 million, driven by the depreciation of the US dollar and the appreciation of the RMB and the Euro.

The management of the Group regularly reviews changes in its foreign currency and interest rate exposures, in order to determine the need on hedging of foreign exchange. It is expected that in the second half of the financial year, the exchange rates of RMB will remain steady or slightly fluctuate. However, since RMB is the Group's major transaction currency, it is anticipated that the Group will not be exposed to a significant exchange rate risk due to the fluctuation of RMB. The Group will also discuss the impact of other currencies on its assets and liabilities in due course, and mitigate its exchange risk as and when appropriate.

On 15 September 2017, the Group publicly issued the first tranche of its corporate bonds to eligible investors on the Shenzhen Stock Exchange. This was the first time that the Group raised funds from the capital market since it became a listed company in Hong Kong in 2000, and it will have a positive effect on optimising the Group's debt structure and securing completion for its major projects. The aggregate principal amount of bonds issued was RMB2 billion, whose coupon rate was 5.36%.

In addition, the Group still holds the following investments during the Current Period:

### (a) Unlisted equity securities

As at 30 September 2017, the Group holds investments in 26 unlisted companies. The total value (at cost) of these investments (net of impairment loss recognised) are HK\$1,234 million, of which HK\$966 million represents the Group's investment in a PRC investee company in which the Group holds 10% equity interest. The principal business activity of such investee company is manufacturing and sale of flat screen display, display materials, LCD related products and other electronic accessories.

## (b) Listed equity securities

As at 30 September 2017, the Group holds two listed equity securities, details of which are as follows:

Listed company	Shareholding as at 30 September 2017	Value of investment as at 30 September 2017 <i>(HK\$ million)</i>	Value of investment as at 31 March 2017 <i>(HK\$ million)</i>	Exchange on which the securities are listed	Principal business of the listed company
Chigo Holding Limited	5.04%	41.2	53.1	The Stock Exchange of Hong Kong Limited	Manufacturing and sale of air-conditioners
Ningbo Exciton Technology Co. Limited	1.44%	76.2	84.3	The Shenzhen Stock Exchange	Manufacturing and sale of flat screen display

The management looks upon these two listed equity securities as a medium to long term investment, and somehow their businesses have similarities to the Group. Our judgment on their performance coincides with the whole electronic industry, which is one of the main business sectors being advocated by the China government, however, the returns from these investments might still be affected by the market uncertainties. The management will take a prudent approach to deal with these investments and will take necessary actions to cope with the market change.

## (c) Other financial instruments

The Group holds investment products with a total fair value of HK\$457 million as at 30 September 2017. These investment products are unlisted and are issued by banks, securities firms, investment companies and other companies in the PRC. These products typically have a term of 3 years or less, details of which are as follows:

Issuer/Manager	Investment type	Expected returns <i>(Note)</i>	Value as at 30 September 2017 <i>(HK\$ million)</i>
Shenzhen Hongta Asset Management Limited (Manager)	Investment fund	9.60%	234.7
First Capital Security Holdings Limited	Investment fund	8.80% – 10.00%	112.1
Others	Mainly include investment fund, private equity fund and venture capital fund	3.25% – 15.00%	109.7

*Note: The expected return is an estimation stated in contract which may not represent the actual return.*

## **SIGNIFICANT INVESTMENTS AND ACQUISITIONS**

During the Current Period, in order to cope with the expanding production scale and improving production capacity of smart products, the Group invested a total of approximately HK\$513 million in construction projects, including the expansion of production plants in Nanjing and Shenzhen, and approximately HK\$251 million for purchasing machinery and other equipment for production lines and improvement of facilities in production plants. The Group planned to further invest HK\$532 million on property, plant and equipment, factory buildings and office premises under development, with a view to further increasing productivity, improving operation efficiency for its products, as well as catering for future business needs in the development of intelligent, diversified and internationalised products.

During the Current Period, Guangzhou Chuangwei Electronics Co., Ltd., a subsidiary of the Group, acquired a parcel of land in Guangzhou at a consideration of approximately HK\$90 million, with an area of 3,791 sq.m, which will be used for the construction of our South China headquarters.

## **CONTINGENT LIABILITIES**

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

## **HUMAN RESOURCES CAPITAL**

As at 30 September 2017, the Group had about 39,000 employees in China (Hong Kong and Macau inclusive) and overseas, including sales personnel situated throughout 33 branches and 191 sales offices. The Group gives high emphasis on fundamental employee benefits, appraisal systems, long-term and short-term incentive schemes, in motivation and recognition of staff with outstanding contributions and performance. The Group allocates substantial resources for staff development, focusing on pre-employment and on-the-job trainings, providing periodical commentaries on latest industrial trends, policies and guidelines to improve the quality of human capital. Meanwhile, the Group continues to strengthen the infrastructure of human resources, provides guidance to position titles, salary norms, and gradually establishes a long term centralised selection, training and development mechanism and a specified department to enhance the professionalism and leadership skills of senior personnel staff.

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



## OUTLOOK

Operating in a new era where home appliances are heading towards full smartisation, digitalisation and internetisation, the industry is faced with daunting challenges never seen before. While this drives advancement of the home appliance industry and consumption upgrade, the Group has taken the initiative to follow the national strategy of making China a manufacturing powerhouse, concentrating on the promotion of industrial transformation and upgrading.

In order to accomplish industrial transformation and upgrading, the Group has determined the following overall strategies: to fully comprehend new features, new technologies emerging in the smart home appliance industry by thoroughly studying and discerning the overall development trend in global electronic information industry; to increase the effort in implementing its smartisation strategy with a focus on promoting intelligent home systems; to increase the effort in implementing its strategy for refined operation based on promoting the construction of smart manufacturing facilities; and to increase the effort in implementing its internationalisation strategy centred on establishing a global marketing network.

At the same time, in order to accelerate the industrial transformation from extensive growth to intensive growth, and to promote the upgrading to mid-range and high-end technologies, the Group has repositioned and re-planned its existing operations, with an initial plan to establish 4 major sectors. The first of which is a multimedia sector comprising TVs, Digital set-top boxes and content operation. The second is a smart appliance sector covering a number of smart appliances, including smart refrigerators, smart washing machines and smart air conditioners. The third sector focuses on intelligent systems technology, which comprises intelligent home systems, intelligent vehicle systems, urban intelligent systems and relevant security, lighting, healthcare and servicing operations. Intelligent systems technology is a collection of technologies that will enable the establishment of future intelligent home, urban and vehicle systems, whose applicability can be extensively large. Having made a certain scale of investment in this field, the Group has already managed to develop some technologies and talents. Nevertheless, Skyworth will further accelerate the development and introduction of talents, set up its own research institute of intelligent systems technologies, enhance the development of key technologies, including intelligent home, intelligent vehicles, intelligent cities, digital technology, telecommunication technologies, network technologies, smart identification technologies, and drive sector advancement, with a view to enabling consumers to enjoy their surroundings in a healthy, safe, convenient and comfortable manner. The fourth is the modern service sector, which comprises business units including, among others, industrial financing, science park development and property management.

The Group's management firmly believes that by fully strengthening its corporate governance measures, focusing on promoting the development of its 3 main sectors (namely multimedia, smart appliance and intelligent systems technology), as well as through collaborative efforts in driving development of the modern service industry (including industrial financing, science park development and property management), Skyworth will be able to make better progress in accomplishing industrial transformation, technological upgrade and product renewal, thereby delivering sustainable and stable development.

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

Amounts expressed in millions of Hong Kong dollars except for (loss) earning per share data

	NOTES	Six months ended 30 September	
		2017 (unaudited)	2016 (unaudited)
Revenue	3	21,489	20,291
Cost of sales		(18,103)	(16,121)
Gross profit		3,386	4,170
Other income		515	737
Other gains and losses	5	(248)	180
Selling and distribution expenses		(2,337)	(2,379)
General and administrative expenses		(1,327)	(1,390)
Finance costs	6	(141)	(174)
Share of results of associates		2	–
Share of results of joint ventures		3	(2)
(Loss) profit before taxation		(147)	1,142
Income tax expense	7	(42)	(194)
(Loss) profit for the period	8	(189)	948
<b>Other comprehensive income (expense)</b>			
<i>Items that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation		693	(581)
Fair value loss on available-for-sale financial assets		(20)	(2)
Cumulative gain reclassified to profit or loss on disposal of investments classified as available-for-sale		–	(1)
Other comprehensive income (expense) for the period		673	(584)
Total comprehensive income for the period		484	364
(Loss) profit for the period attributable to:			
Owners of the Company		(192)	836
Non-controlling interests		3	112
		(189)	948
Total comprehensive income for the period attributable to:			
Owners of the Company		348	364
Non-controlling interests		136	–
		484	364
<b>(Loss) earning per share (expressed in Hong Kong cents)</b>			
Basic	9	(6.38)	28.83
Diluted	9	N/A	28.44

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2017

Amounts expressed in millions of Hong Kong dollars

	NOTES	As at 30 September 2017 (unaudited)	As at 31 March 2017 (audited)
<b>Non-current Assets</b>			
Property, plant and equipment	11	6,975	6,303
Deposits for purchase of property, plant and equipment		317	262
Investment properties		5	5
Prepaid lease payments on land use rights		918	818
Deposits for acquisition of land use rights		1,960	1,883
Goodwill		521	521
Intangible assets		117	116
Interests in associates		80	79
Interests in joint ventures		47	43
Available-for-sale investments	12	1,351	1,268
Other receivables	16	–	10
Loan receivables	13	61	32
Finance lease receivables	14	–	68
Deferred tax assets		373	312
		<b>12,725</b>	11,720
<b>Current Assets</b>			
Inventories		6,770	6,666
Stock of properties		1,147	1,048
Prepaid lease payments on land use rights		32	29
Investments in debt securities	15	49	746
Available-for-sale investments	12	457	1,052
Held-for-trading investments		59	–
Trade and other receivables, deposits and prepayments	16	10,363	7,426
Bills receivable	17	4,530	6,477
Loan receivables	13	1,994	2,635
Finance lease receivables	14	166	91
Amounts due from associates		77	2
Prepaid tax		200	62
Pledged bank deposits		278	290
Restricted bank deposits		533	479
Bank balances and cash	18	7,803	4,336
		<b>34,458</b>	31,339
<b>Current Liabilities</b>			
Trade and other payables	19(a)	12,516	10,921
Bills payable	20	5,213	5,409
Derivative financial instruments	21	6	7
Provision for warranty		146	164
Amounts due to associates		49	87
Amount due to a non-controlling shareholder of a subsidiary		75	102
Tax liabilities		137	125
Borrowings	22	5,629	4,979
Deferred income		258	247
		<b>24,029</b>	22,041
<b>Net Current Assets</b>		<b>10,429</b>	9,298
<b>Total Assets less Current Liabilities</b>		<b>23,154</b>	21,018

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – *continued*

AT 30 SEPTEMBER 2017

Amounts expressed in millions of Hong Kong dollars

	NOTES	As at 30 September 2017 (unaudited)	As at 31 March 2017 (audited)
<b>Non-current Liabilities</b>			
Other financial liabilities	19(b)	186	230
Provision for warranty		97	73
Borrowings	22	2,052	3,013
Corporate bonds	23	2,335	–
Deferred income		828	726
Deferred tax liabilities		139	163
		<b>5,637</b>	4,205
<b>NET ASSETS</b>			
		<b>17,517</b>	16,813
<b>Capital and Reserves</b>			
Share capital	24	306	305
Share premium		3,598	3,527
Share option reserve		218	206
Share award reserve		23	33
Shares held for share award scheme		(149)	(164)
Investment revaluation reserve		41	61
Surplus account		38	38
Capital reserve		1,402	1,402
Exchange reserve		219	(341)
Accumulated profits		10,464	10,412
Equity attributable to owners of the Company		<b>16,160</b>	15,479
Non-controlling interests		<b>1,357</b>	1,334
		<b>17,517</b>	16,813

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017  
Amounts expressed in millions of Hong Kong dollars

	Attributable to owners of the Company												Total
	Share capital	Share premium	Share option reserve	Share award reserve	Shares held for share award scheme	Investment revaluation reserve	Surplus account	Capital reserve	Exchange reserve	Accumulated profits	Sub-total	Non-controlling interests	
Balance as at 1 April 2016 (audited)	295	2,995	221	55	(206)	-	38	1,238	489	9,967	15,092	1,608	16,700
Profit for the period	-	-	-	-	-	-	-	-	-	836	836	112	948
Exchange differences arising on translation	-	-	-	-	-	-	-	-	(469)	-	(469)	(112)	(581)
Fair value loss on available-for-sale financial assets	-	-	-	-	-	(2)	-	-	-	-	(2)	-	(2)
Cumulative gain reclassified to profit or loss upon disposal of investments classified as available-for-sale	-	-	-	-	-	(1)	-	-	-	-	(1)	-	(1)
Total comprehensive (expense) income for the period	-	-	-	-	-	(3)	-	-	(469)	836	364	-	364
Recognition of equity-settled share-based payments (note 25)	-	-	50	24	-	-	-	-	-	-	74	-	74
Issue of shares under scrip dividend scheme	4	247	-	-	-	-	-	-	-	-	251	-	251
Issue of shares under the share option scheme of the Company	1	62	(21)	-	-	-	-	-	-	-	42	-	42
Dividend recognised as distribution (note 10)	-	-	-	-	-	-	-	-	-	(417)	(417)	-	(417)
Shares vested under the share award retained scheme of the Company	-	-	-	(30)	40	-	-	-	-	(10)	-	-	-
Lapse of vested share awards	-	-	-	(4)	-	-	-	-	-	4	-	-	-
Contributions from non-controlling interests	-	-	-	-	-	-	-	-	-	2	2	64	66
Non-controlling interests arising on disposal of partial interests in subsidiaries but does not result in losing control of subsidiaries	-	-	-	-	-	-	-	-	-	(3)	(3)	24	21
Acquisition of additional interests in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(2)	(2)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(108)	(108)
Balance as at 30 September 2016 (unaudited)	300	3,304	250	45	(166)	(3)	38	1,238	20	10,379	15,405	1,586	16,991



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – *continued*

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017  
Amounts expressed in millions of Hong Kong dollars

	Attributable to owners of the Company											Non-controlling interests	Total
	Share capital	Share premium	Share option reserve	Share award reserve	Shares held for share award scheme	Investment revaluation reserve	Surplus account	Capital reserve	Exchange reserve	Accumulated profits	Sub-total		
Balance as at 1 April 2017 (audited)	305	3,527	206	33	(164)	61	38	1,402	(341)	10,412	15,479	1,334	16,813
(Loss) profit for the period	-	-	-	-	-	-	-	-	-	(192)	(192)	3	(189)
Exchange differences arising on translation	-	-	-	-	-	-	-	-	560	-	560	133	693
Fair value loss on available-for-sale financial assets	-	-	-	-	-	(20)	-	-	-	-	(20)	-	(20)
Total comprehensive (expense) income for the period	-	-	-	-	-	(20)	-	-	560	(192)	348	136	484
Recognition of equity-settled share-based payments (note 25)	-	-	13	10	-	-	-	-	-	-	23	-	23
Issue of shares under scrip dividend scheme	1	68	-	-	-	-	-	-	-	-	69	-	69
Issue of shares under the share option scheme of the Company	-	3	(1)	-	-	-	-	-	-	-	2	-	2
Dividend recognised as distribution (note 10)	-	-	-	-	-	-	-	-	-	(152)	(152)	-	(152)
Shares vested under the share award retained scheme of the Company	-	-	-	(13)	15	-	-	-	-	(2)	-	-	-
Lapse of vested share awards	-	-	-	(7)	-	-	-	-	-	7	-	-	-
Contributions from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	1	1
Non-controlling interests arising on disposal of partial interests in subsidiaries but does not result in losing control of subsidiaries (Note)	-	-	-	-	-	-	-	-	-	278	278	8	286
Other financial liabilities arising on disposal of partial interests in subsidiaries (note 19(b))	-	-	-	-	-	-	-	-	-	-	-	(59)	(59)
Release of other financial liabilities to non-controlling interests (note 19(b))	-	-	-	-	-	-	-	-	-	113	113	4	117
Acquisition of additional interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(1)	(1)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(66)	(66)
Balance as at 30 September 2017 (unaudited)	306	3,598	218	23	(149)	41	38	1,402	219	10,464	16,160	1,357	17,517

Note: During the six months ended 30 September 2017, the Company disposed of partial interests in certain subsidiaries. This mainly includes a disposal of 6.4% interest of Shenzhen Coocaa Network Technology Company Limited ("Shenzhen Coocaa") for a consideration of RMB250 million (equivalent to approximately HK\$286 million). The difference between the consideration of HK\$286 million and the net assets attributable to the interest disposed to the non-controlling shareholders of HK\$8 million, amounting to HK\$278 million, is credited to accumulated profits.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017  
Amounts expressed in millions of Hong Kong dollars

	Six months ended 30 September	
	2017 (unaudited)	2016 (unaudited)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>778</b>	<b>716</b>
<b>NET CASH FROM INVESTING ACTIVITIES</b>		
Dividend received	17	23
Interest received	60	202
Purchase of property, plant and equipment	(819)	(672)
Proceeds on disposal of property, plant and equipment	26	60
Purchase of intangible assets	(2)	–
Investments in debt securities	–	(335)
Proceeds on redemption of investments in debt securities upon maturity	735	889
Investments in available-for-sale investments	(411)	(499)
Proceeds on disposal of available-for-sale investments	920	545
Advances to staffs	(84)	(125)
Repayments from staffs	91	113
Government grant received related to assets	6	65
Placement of pledged bank deposits	(267)	(564)
Withdrawal of pledged bank deposits	290	442
Placement of restricted bank deposits	(514)	(431)
Withdrawal of restricted bank deposits	479	402
Net cash inflows on acquisition of subsidiaries	–	65
Net cash inflow from disposal of a subsidiary	10	–
	<b>537</b>	<b>180</b>
<b>NET CASH FROM (USED IN) FINANCING ACTIVITIES</b>		
Dividend paid	(176)	(274)
Interest paid	(122)	(177)
Deposit received for share award scheme of a subsidiary	239	–
Issue of share through exercise of share options	2	42
Contributions from non-controlling interests	1	66
Acquisition of additional interests in subsidiaries	(1)	(2)
Proceeds from partial disposal of subsidiaries	286	21
New bank borrowings raised	3,294	4,072
Repayment of bank borrowings	(4,094)	(5,087)
New corporate bonds raised, net of transaction costs	2,330	–
	<b>1,759</b>	<b>(1,339)</b>

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS – *continued*

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017  
Amounts expressed in millions of Hong Kong dollars

	Six months ended 30 September	
	2017 (unaudited)	2016 (unaudited)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>3,074</b>	(443)
<b>CASH AND CASH EQUIVALENTS AS AT 1 APRIL</b>	<b>4,336</b>	4,621
Effect of foreign exchange rate changes	393	(174)
<b>CASH AND CASH EQUIVALENTS AS AT 30 SEPTEMBER, represented by bank balances and cash</b>	<b>7,803</b>	4,004

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2017

## 1. BASIS OF PREPARATION

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

The preparation of the condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and, disclosure of contingent liabilities at the end of the reporting period and the reported amount of revenue and expenses during the reporting period. The key estimates and assumptions are consistent with those as disclosed in the annual consolidated financial statements for the year ended 31 March 2017.

The Group’s operations are seasonal, the revenue from September to January (the peak season for sales of consumer electronic products in the mainland China) is relatively higher than the revenue from the rest of the year. Results for interim periods are not necessarily indicative of the results for the entire financial year. This interim report should be read, where relevant, in conjunction with the annual report of the Group for the year ended 31 March 2017.

## 2. PRINCIPAL ACCOUNTING POLICIES

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

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2017 are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 March 2017.

### Application of amendments to Hong Kong Financial Reporting Standards

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle
Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

The application of the above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements. Additional disclosures about changes in liabilities arising from financing activities, including both changes from cash flows and non-cash changes on application of amendments to HKAS 7 will be provided in the consolidated financial statements for the year ending 31 March 2018.

### 3. REVENUE

Revenue represents the aggregate value of goods and properties sold reduced for goods returns, rebates, trade discounts and sales related taxes, rental income from leasing of properties, and revenue from provision of processing service for the period. An analysis of the Group's revenue for the period is as follows:

	Six months ended 30 September	
	2017 HK\$ million (unaudited)	2016 HK\$ million (unaudited)
Manufacture and sales of televisions ("TV") products	14,584	13,887
Manufacture and sales of digital set-top boxes	3,323	2,580
Processing income and sales of liquid crystal display ("LCD") modules	511	354
Manufacture and sales of white appliances	1,278	1,075
Property rental income	155	143
Sales of properties	19	260
Others	1,619	1,992
	<b>21,489</b>	20,291

### 4. SEGMENT INFORMATION

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

#### For the six months ended 30 September 2017 (unaudited)

	TV products (PRC market) HK\$ million	TV products (Overseas market) HK\$ million	Digital set-top boxes and LCD modules HK\$ million	White appliances HK\$ million	Property holding HK\$ million	Others HK\$ million	Eliminations HK\$ million	Total HK\$ million
<b>Revenue</b>								
Segment revenue from external customers	8,764	5,820	3,834	1,278	155	1,638	-	21,489
Inter-segment revenue	22	24	14	33	22	1,153	(1,268)	-
Total segment revenue	8,786	5,844	3,848	1,311	177	2,791	(1,268)	21,489
<b>Results</b>								
Segment results	(150)	29	29	10	91	32	-	41
Interest income								103
Unallocated corporate expenses less income								(155)
Finance costs								(141)
Share of results of associates								2
Share of results of joint ventures								3
Condensed consolidated loss before taxation of the Group								(147)



#### 4. SEGMENT INFORMATION – continued

For the six months ended 30 September 2016 (unaudited)

	TV products (PRC market) <i>HK\$ million</i>	TV products (Overseas market) <i>HK\$ million</i>	Digital set-top boxes and LCD modules <i>HK\$ million</i>	White appliances <i>HK\$ million</i>	Property holding <i>HK\$ million</i>	Others <i>HK\$ million</i>	Eliminations <i>HK\$ million</i>	Total <i>HK\$ million</i>
<b>Revenue</b>								
Segment revenue from external customers	9,376	4,511	2,934	1,075	143	2,252	–	20,291
Inter-segment revenue	303	58	5	–	17	709	(1,092)	–
<b>Total segment revenue</b>	<b>9,679</b>	<b>4,569</b>	<b>2,939</b>	<b>1,075</b>	<b>160</b>	<b>2,961</b>	<b>(1,092)</b>	<b>20,291</b>
<b>Results</b>								
Segment results	529	175	264	15	104	73	–	1,160
Interest income								236
Unallocated corporate expenses less income								(177)
Gain on bargain purchase								99
Finance costs								(174)
Share of results of joint ventures								(2)
<b>Condensed consolidated profit before taxation of the Group</b>								<b>1,142</b>

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

Inter-segment revenue is charged at prevailing market rates.

## 5. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2017	2016
	HK\$ million	HK\$ million
	(unaudited)	(unaudited)
Exchange (loss) gain, net	(242)	110
Gain (loss) from changes in fair value of derivative financial instruments	1	(4)
Gain (loss) on disposal of property, plant and equipment	4	(3)
Gain on disposal of available-for-sale investments	–	1
Gain on bargain purchase (note 31)	–	99
Impairment loss recognised in respect of trade receivables	(8)	(20)
Impairment loss recognised in respect of loan receivables	(3)	(3)
	(248)	180

## 6. FINANCE COSTS

	Six months ended 30 September	
	2017	2016
	HK\$ million	HK\$ million
	(unaudited)	(unaudited)
Interest on amounts due to associates	8	–
Interest on corporate bonds	5	–
Interest on borrowings	122	174
Imputed interest expense on other financial liabilities (note 19(b))	6	–
	141	174

## 7. INCOME TAX EXPENSE

	Six months ended 30 September	
	2017	2016
	HK\$ million	HK\$ million
	(unaudited)	(unaudited)
The charge (credit) comprises:		
PRC income tax		
Current period	107	283
Hong Kong Profits Tax		
Current period	-	2
Overprovision in prior periods	(1)	(3)
	(1)	(1)
Land appreciation tax ("LAT")	-	5
Taxation arising in other jurisdictions		
Current period	9	10
Deferred taxation	115	297
	(73)	(103)
	42	194

Hong Kong Profit Tax is calculated at 16.5% on the estimated assessable profit for both periods.

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

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

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

## 8. (LOSS) PROFIT FOR THE PERIOD

	Six months ended 30 September	
	2017 HK\$ million (unaudited)	2016 HK\$ million (unaudited)
(Loss) profit for the period has been arrived at after charging (crediting):		
Cost of inventories recognised as an expense	18,037	15,899
Cost of stock of properties recognised as an expense	12	184
Depreciation of property, plant and equipment	329	333
Less: capitalised as cost of inventories	(148)	(154)
	181	179
Dividend income from unlisted investments	17	23
Government grants		
– related to assets	(6)	(65)
– related to expense items	(139)	(55)
	(145)	(120)
Interest income		
– available-for-sales investments	(7)	(18)
– bank deposits	(20)	(49)
– investments in debt securities	(33)	(147)
– loan receivables	(43)	(22)
	(103)	(236)
Release of prepaid lease payments on land use rights	7	8
Rental income from leasing of properties less related outgoings of HK\$54 million (for the six months ended 30 September 2016: HK\$38 million)	(101)	(105)
Research costs recognised as an expense		
– included in general and administrative expense	800	711
Staff costs, including directors' emoluments	1,889	2,087
Less: capitalised as cost of inventories	(512)	(569)
	1,377	1,518
Value-added-tax ("VAT") refund	(122)	(275)

## 9. (LOSS) EARNING PER SHARE

The calculation of the basic and diluted (loss) earning per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 September	
	2017	2016
	<i>HK\$ million</i>	<i>HK\$ million</i>
	(unaudited)	(unaudited)
<b>(Loss) earning:</b>		
(Loss) earning for the purposes of basic and diluted (loss) earning per share:		
(Loss) profit for the period attributable to owners of the Company	<b>(192)</b>	836
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of basic (loss) earning per share	<b>3,007,403,969</b>	2,900,036,769
Effect of dilutive potential ordinary shares in respect of share options outstanding		21,154,186
Effect of dilutive potential ordinary shares in respect of share awards outstanding		18,664,574
Weighted average number of ordinary shares for the purpose of diluted earning per share		2,939,855,529

The weighted average number of ordinary shares shown above has been arrived at after deducting the shares held by the Company under a share award scheme.

No diluted loss per share is presented for the six months ended 30 September 2017 as the exercise of the share options and share awards would result in a reduction in loss per share.

The computation of diluted earning per share for the six months ended 30 September 2016 does not assume the exercise of certain of the Company's outstanding share options and share awards as the exercise prices are higher than the average market price per share.

## 10. DIVIDENDS

	Six months ended 30 September	
	2017	2016
	HK\$ million	HK\$ million
	(unaudited)	(unaudited)
Dividends recognised as distribution during the period:		
2017 Final dividend – HK5.0 cents (for the six months ended 30 September 2016:		
2016 Final dividend – HK14.4 cents) per share	153	423
Less: Dividends for shares held by share award scheme (note 25(ii))	(1)	(6)
	<b>152</b>	417

The final dividend for the year ended 31 March 2017 of HK5.0 cents per share, amounting to HK\$153 million in total, was recognised as distribution on the condensed consolidated statement of financial position upon approval by the shareholders in the Company's annual general meeting held on 28 July 2017. Of such final dividend, an aggregate amount of HK\$69 million was satisfied by way of scrip dividend by an allotment of new shares of the Company credited as fully paid.

The board of directors has resolved not to recommend an interim dividend in respect of the six months ended 30 September 2017 to the shareholders of the Company.

## 11. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2017, the Group had incurred approximately HK\$513 million (for the six months ended 30 September 2016: approximately HK\$532 million) in construction in progress, mainly for the development of factory buildings and office premises situated on land in the PRC, and spent approximately HK\$251 million (for the six months ended 30 September 2016: approximately HK\$234 million) on the acquisition of other property, plant and equipment for business operations and expansion.

In addition, during the six months ended 30 September 2016, property, plant and equipment of HK\$159 million were acquired as part of a business combination, details of which are set out in note 31.

## 12. MOVEMENTS IN AVAILABLE-FOR-SALE INVESTMENTS

During the six months ended 30 September 2017, the Group invested HK\$190 million (for the six months ended 30 September 2016: nil), HK\$221 million (for the six months ended 30 September 2016: HK\$460 million) and nil (for the six months ended 30 September 2016: HK\$39 million) in certain unlisted equity securities in the PRC, other financial instruments and one listed equity security in Hong Kong, respectively.

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 no impairment loss is required to be made for both periods.

During the period ended 30 September 2017, a decrease in investment valuation reserve of HK\$20 million (for the six months ended 30 September 2016: HK\$2 million) is recognised as a result of changes in fair value of available-for-sale investments.

## 13. LOAN RECEIVABLES

As at 30 September 2017, the Group granted loans of an aggregate principal amount of RMB1,751 million (equivalent to HK\$2,055 million) (as at 31 March 2017: RMB2,366 million (equivalent to HK\$2,667 million)) to external borrowers. The loan receivables are unsecured, interest bearing at fixed rate ranging from 4.45% to 11.0% per annum (as at 31 March 2017: 4.30% to 11.5% per annum).

The exposure of the Group's fixed-rate loan receivables to interest rate risks and their contractual maturity dates are as follows:

	As at 30 September 2017 <i>HK\$ million</i> (unaudited)	As at 31 March 2017 <i>HK\$ million</i> (audited)
Fixed-rate loan receivables:		
Within one year	1,994	2,635
In more than one year but not more than two years	61	29
In more than two years but not more than five years	–	3
	<b>2,055</b>	2,667

## 14. FINANCE LEASE RECEIVABLES

As at 30 September 2017, the Group entered finance lease contracts with principal amount of RMB148 million (equivalent to approximately HK\$174 million) (as at 31 March 2017: RMB141 million (equivalent to approximately HK\$159 million)). All interest rate inherent in the lease are fixed at the contract date over the lease terms.

	<b>As at 30 September 2017 HK\$ million (unaudited)</b>	<b>As at 31 March 2017 HK\$ million (audited)</b>
Analysed as:		
Current	<b>166</b>	91
Non-current	–	68
	<b>166</b>	159

	<b>Minimum lease payments</b>		<b>Present value of minimum lease payments</b>	
	<b>As at 30 September 2017 HK\$ million (unaudited)</b>	<b>As at 31 March 2017 HK\$ million (audited)</b>	<b>As at 30 September 2017 HK\$ million (unaudited)</b>	<b>As at 31 March 2017 HK\$ million (audited)</b>
Finance lease receivables comprise:				
Within one year	<b>174</b>	103	<b>166</b>	91
In more than one year but not more than two years	–	69	–	68
	<b>174</b>	172	<b>166</b>	159
Less: Unearned finance income	<b>(8)</b>	(13)	<b>N/A</b>	N/A
Present value of minimum lease payment receivables	<b>166</b>	159	<b>166</b>	159

Effective interest rate of the above finance lease is 9.07% (as at 31 March 2017: 9.07%) per annum.

Finance lease receivables are secured over the assets leased. The Group is not permitted to sell or repledge the collateral in the absence of default by the lessee.



## 15. MOVEMENTS IN INVESTMENTS IN DEBT SECURITIES

During the six months ended 30 September 2017, the Group invested nil (for the six months ended 30 September 2016: HK\$335 million) in certain debt securities in the PRC.

The directors conducted a review of the recoverable amounts of the Group's investments in debt securities at the end of the reporting period. None of these assets has been impaired at the end of the reporting period.

## 16. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

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

For sales of digital set-top boxes, the credit terms are normally ranging from 90 days to 270 days.

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

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

	As at 30 September 2017 <i>HK\$ million</i> (unaudited)	As at 31 March 2017 <i>HK\$ million</i> (audited)
Within 30 days	3,974	2,320
31 to 60 days	1,597	930
61 to 90 days	775	684
91 to 365 days	1,387	1,253
366 days or over	442	484
Trade receivables	8,175	5,671
Prepayment for expenses	371	314
Purchase deposits paid for materials	404	275
Receivables for disposal of a subsidiary	–	10
VAT receivables	621	536
Other deposits paid, prepayments and other receivables	792	630
	<b>10,363</b>	7,436
Less: Amount due after one year under non-current assets	–	(10)
	<b>10,363</b>	7,426

## 17. BILLS RECEIVABLE

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

	<b>As at 30 September 2017 HK\$ million (unaudited)</b>	<b>As at 31 March 2017 HK\$ million (audited)</b>
Within 30 days	758	970
31 to 60 days	766	1,289
61 to 90 days	736	1,680
91 days or over	1,834	2,118
Bills discounted to banks with recourse	436	420
	<b>4,530</b>	6,477

The carrying values of bills discounted to banks with recourse continue to be recognised as assets in the condensed consolidated financial statements as the Group has not transferred substantially the risks and rewards of ownership of the bills receivable taking into account the credit rating of the issuers of the bills. Accordingly, the liabilities associated with such bills, mainly borrowings as disclosed in note 22, are not derecognised in the condensed consolidated financial statements as well.

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

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

## 18. BANK BALANCES AND CASH

Restricted bank deposits represent reserve deposits a finance company of the Group placed with the People's Bank of China ("PBOC"). The balances of the reserve deposits were calculated at certain percentage of qualified deposits made from customers to the finance company of the Group as determined by the PBOC against unexpected events such as unusually large net withdrawal by customers. These reserve are required by local regulation and not available for the Group's daily operations.

## 19. TRADE AND OTHER PAYABLES AND OTHER FINANCIAL LIABILITIES

### (a) Trade and other payables

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

	As at 30 September 2017 <i>HK\$ million</i> (unaudited)	As at 31 March 2017 <i>HK\$ million</i> (audited)
Within 30 days	3,950	2,763
31 to 60 days	1,135	1,059
61 to 90 days	678	719
91 days or over	260	306
Trade payables	6,023	4,847
Accruals and other payables	1,002	928
Accrued staff costs	626	868
Accrued selling and distribution expenses	674	620
Customer deposits	199	551
Deposits received for sales of goods	1,089	1,130
Deposits received for sales of properties	850	387
Deposits received for share award scheme of a subsidiary	239	–
Other deposits received	711	792
Payables for acquisition of subsidiaries	68	68
Payables for purchase of property, plant and equipment	34	34
Sales rebate payable	879	599
VAT payable	122	97
	<b>12,516</b>	10,921

## 19. TRADE AND OTHER PAYABLES AND OTHER FINANCIAL LIABILITIES – *continued*

### (b) Other financial liabilities

Movement in other financial liabilities is as follows:

	As at 30 September 2017 HK\$ million (unaudited)	As at 31 March 2017 HK\$ million (audited)
At the beginning of the period/year	230	–
Arising on disposal of partial interest in a subsidiary	59	225
Imputed interest expenses for the period/year	6	4
Release of other financial liabilities to non-controlling interests	(117)	–
Exchange realignments	8	1
	<b>186</b>	<b>230</b>

During the year ended 31 March 2017, Shenzhen Chuangwei-RGB Electronics Co., Ltd. (“RGB”), an indirect-wholly owned subsidiary of the Company, entered into an agreement with 北京愛奇藝科技有限公司 (“iQIYI”), a third party not connected to the Group, for a RMB150 million capital injection. Pursuant to the agreement, Shenzhen Coocaa, an indirect non-wholly owned subsidiary of the Company, received the first capital injection of RMB100 million (equivalent to approximately HK\$112.5 million) from iQIYI on 2 December 2016. During the six months ended 30 September 2017, Shenzhen Coocaa received the second capital injection of RMB50 million (equivalents to approximately HK\$59 million) from iQIYI.

Based on the terms of the agreement, RGB and iQIYI agreed that if the shares of Shenzhen Coocaa are not listed on any stock exchange within 60 months after 2 December 2016, and the market value of Shenzhen Coocaa is less than RMB3 billion before listing, iQIYI can require RGB to transfer its investments in Shenzhen Coocaa to equivalent value of investments in Skyworth Digital Co., Ltd. (“Skyworth Digital”), an indirect non-wholly owned subsidiary of the Company established in the PRC whose shares are listed on the Shenzhen Stock Exchange, or require RGB to buy back its investments in Shenzhen Coocaa at the original consideration paid plus interest of 8% per annum at the end of 60 months. As the Group cannot unconditionally avoid the delivery of cash or other financial assets to fulfil the contractual obligations, the capital injection received is recognised as a financial liability. Imputed interest expenses of HK\$5 million (for the six months ended 30 September 2016: nil) has been recognised in respect of this financial liability during the six months ended 30 September 2017.

During the year ended 31 March 2017, RGB entered into another agreement with, a third party not connected to the Group (“Investor”). Pursuant to the agreement, Shenzhen Coocaa received capital injection of RMB100 million (equivalent to approximately HK\$112.5 million) from Investor on 23 January 2017.

## 19. TRADE AND OTHER PAYABLES AND OTHER FINANCIAL LIABILITIES – *continued*

### (b) Other financial liabilities – *continued*

Based on the terms of the agreement, RGB and Investor agreed that if Shenzhen Coocaa cannot meet the sales target as stated in the cooperation agreement signed between Shenzhen Coocaa and an affiliate of Investor on 13 January 2017 (“First Cooperation Agreement”), Investor can require RGB to buy back its investments in Shenzhen Coocaa at the original consideration paid plus interest of 8% per annum. As the Group cannot unconditionally avoid the delivery of cash to fulfil the contractual obligations, the capital injection received is recognised as a financial liability as at 31 March 2017. Imputed interest expenses of HK\$1 million (for the six months ended 30 September 2016: nil) has been recognised in respect of this financial liability from 1 April 2017 to 4 May 2017 (details refer below).

During the six months ended 30 September 2017, Shenzhen Coocaa received another capital injection of RMB200 million (equivalent to approximately HK\$227 million) from Investor and signed another cooperation agreement with the same affiliate of the same Investor on 4 May 2017 (“Second Cooperation Agreement”) to revoke the First Cooperation Agreement and removed the terms on sales target as stated in the First Cooperation Agreement. The management is of the view that all the terms specified in the Second Cooperation Agreement are under the Group’s control and the Group can avoid the obligation to deliver cash or other financial instrument. Thereafter, the Group recognised a disposal of partial interest in Shenzhen Coocaa for the consideration of HK\$227 million and the financial liabilities of HK\$117 million to the Investor was released to non-controlling interests and no imputed interest expense is recognised for the RMB100 million received from the Investor.

## 20. BILLS PAYABLE

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

	<b>As at 30 September 2017 HK\$ million (unaudited)</b>	<b>As at 31 March 2017 HK\$ million (audited)</b>
Within 30 days	771	1,018
31 to 60 days	618	1,009
61 to 90 days	1,077	1,016
91 days or over	2,747	2,366
	<b>5,213</b>	<b>5,409</b>

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

## 21. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 30 September 2017 HK\$ million (unaudited)	As at 31 March 2017 HK\$ million (audited)
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Derivative financial instruments are analysed as:

Interest rate swap contract ( <i>Note</i> )	6	7
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	Six months ended 30 September 2017 HK\$ million (unaudited)	2016 HK\$ million (unaudited)
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Gain (loss) from changes in fair value of derivative financial instruments:		
Interest rate swap contracts ( <i>Note</i> )	1	(7)

*Note:*

During the period ended 30 September 2017, the Group entered into an interest rate swap contract with a bank, of which the purpose is to manage the Group's cash flow interest rate risk in relation to the floating interest rates and foreign currency exposure in relation to its bank borrowings denominated in Europe dollar ("EUR").

The interest rate swap with notional amount of EUR80 million to EUR180 million has fixed interest payments in EUR ranging from 2.29% to 2.35% per annum and floating interest receipts in EUR ranging from 2.3% to 2.5% plus 1-month European Interbank Offered Rate ("EURIBOR") per annum for periods up to August and December 2018.

As at 30 September 2017, the fair value of Group's interest rate swap contract was estimated to be a liability of HK\$6 million (as at 31 March 2017: HK\$7 million). The amount was determined based on the discounted future cash flows using the applicable yield curve for the remaining duration of the instruments. During the six months ended 30 September 2017, a gain arising from changes in fair value of the interest rate swap contract of HK\$1 million (for the six months ended 30 September 2016: a loss of HK\$7 million) has been recognised in profit or loss.

## 22. BORROWINGS

	As at 30 September 2017 <i>HK\$ million</i> (unaudited)	As at 31 March 2017 <i>HK\$ million</i> (audited)
Borrowings comprise the following:		
Financial liabilities on bills discounted with recourse	436	420
Financial liabilities on loan receivables discounted with recourse	–	228
Other bank borrowings	7,245	7,237
Other borrowings	–	107
	<b>7,681</b>	7,992
Secured	1,354	1,188
Unsecured	6,327	6,804
	<b>7,681</b>	7,992
Carrying amount of borrowings that contain a repayment on demand clause (shown under current liabilities) but are repayable based on scheduled repayment dates set out in the loan agreements:		
Within one year	358	84
More than one year but not exceeding two years	257	54
	<b>615</b>	138
Carrying amount of other borrowings repayable based on scheduled repayment dates set out in the loan agreements:		
Within one year	5,271	4,895
More than one year but not more than two years	641	1,836
More than two years but not exceeding five years	431	628
Over five years	723	495
	<b>7,066</b>	7,854
	<b>7,681</b>	7,992
Less: Amounts due within one year shown under current liabilities	<b>(5,629)</b>	(4,979)
Amounts shown under non-current liabilities	<b>2,052</b>	3,013

## 23. CORPORATE BONDS

	<i>HK\$ million</i>
At 1 April 2017 (audited)	–
Corporate bonds issued, net of transaction costs	2,330
Interest on corporate bonds	5
Interest payable	(5)
Exchange realignment	5
	<hr/>
At 30 September 2017 (unaudited)	2,335

On 15 September 2017, the Company issued secured corporate bonds with principal value of RMB2,000 million (equivalent to approximately HK\$2,347 million). The corporate bonds bear interest at 5.36% per annum and fall due on 14 September 2022. Pursuant to the terms of the subscription agreement of the corporate bonds, the Group has the right to adjust the coupon rate and the bond holders have the right to put the bond back to the Group after 14 September 2020. The management considers the fair value of these options are insignificant.

The corporate bonds are subsequently measured at amortised cost, using effective interest rate of 5.48%. As at 30 September 2017, the carrying amount of the corporate bonds was approximately HK\$2,335 million (for the six months ended 30 September 2016: nil).

## 24. SHARE CAPITAL

	Number of shares		Share capital	
	1 April 2017 to 30 September 2017	1 April 2016 to 31 March 2017	1 April 2017 to 30 September 2017 <i>HK\$ million</i> (unaudited)	1 April 2016 to 31 March 2017 <i>HK\$ million</i> (audited)
Ordinary shares of HK\$0.1 each:				
<b>Authorised:</b>				
At beginning and at end of the period/year	<b>10,000,000,000</b>	10,000,000,000	<b>1,000</b>	1,000
<b>Issued and fully paid:</b>				
At beginning of the period/year	<b>3,042,157,405</b>	2,940,033,388	<b>305</b>	295
Issue of shares upon exercise of share options	<b>584,000</b>	18,470,000	–	2
Issue of shares under scrip dividend scheme	<b>18,188,015</b>	83,654,017	<b>1</b>	8
At end of the period/year	<b>3,060,929,420</b>	3,042,157,405	<b>306</b>	305



## 25. SHARE-BASED PAYMENTS

The Company has applied HKFRS 2 *Share-based Payments* to account for its share options (Note (i)) and share awards (Note (ii)) and Skyworth Digital's share awards (Note (iii)). An amount of share-based payment expenses of HK\$23 million (for the six months ended 30 September 2016: HK\$74 million) has been recognised in the profit or loss in the current period.

### Note (i): Share options of the Company

The followings are the movements in the outstanding share options granted by the Company during the current and prior period/year.

	1 April 2017 to 30 September 2017		1 April 2016 to 31 March 2017	
	Number of share options	Weighted average exercise price HK\$	Number of share options	Weighted average exercise price HK\$
Outstanding at the beginning of the period/year	141,160,500	4.463	149,630,500	4.313
Granted during the period/year	2,000,000	4.090	10,000,000	6.320
Exercised during the period/year	(584,000)	3.983	(18,470,000)	4.251
Outstanding at the end of the period/year	142,576,500	4.460	141,160,500	4.463

Share options expenses charge to profit or loss are based on valuation determined using the Black-Scholes Model. Share options granted in current period were valued based on the following assumptions:

Date of grant	Number of share options granted	Vesting period	Exercisable period	Fair value per option	Total fair value of options granted HK\$	Closing share price at date of grant HK\$	Exercise price HK\$	Expected volatility %	Dividend yield %	Expected interest rate %	Risk free rate
9 August 2017	500,000	9 August 2017 to 31 August 2018	1 September 2018 to 20 August 2024	1.2406	620,303	4.08	4.09	58.42	3.77	1.5	0.75
9 August 2017	500,000	9 August 2017 to 31 August 2019	1 September 2019 to 20 August 2024	1.2819	640,966	4.08	4.09	58.42	3.77	1.5	0.75
9 August 2017	500,000	9 August 2017 to 31 August 2020	1 September 2020 to 20 August 2024	1.3172	658,598	4.08	4.09	58.42	3.77	1.5	0.75
9 August 2017	500,000	9 August 2017 to 31 August 2021	1 September 2021 to 20 August 2024	1.3471	673,553	4.08	4.09	58.42	3.77	1.5	0.75
	2,000,000				2,593,420						

Expected volatility was determined by using the historical volatility of the Company's share price over previous years. The effects of time to vest, non-transferability, exercise restrictions and behavioural 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.

The Group recognised in the total expense of HK\$13 million for the period (for the six months ended 30 September 2016: HK\$50 million) in relation to share options granted by the Company.

## 25. SHARE-BASED PAYMENTS – continued

### Note (ii): Share awards of the Company

On 24 June 2014, an employees' share award scheme was adopted by the Company. The share award scheme is valid and effective for a period of 10 years commencing from 24 June 2014. Pursuant to the rules of the scheme, the Group has set up a trust for the purpose of administering the share award scheme and holding the awarded shares before they vest.

During the six months ended 30 September 2017, no shares in the Company have been awarded to certain directors and employees of the Company at no consideration.

Besides, a total of 3,753,000 (for the six months ended 30 September 2016: 8,442,000) awarded shares were vested on 31 August 2016.

Vesting dates	Outstanding	Movement during the year		Outstanding	Movement		Outstanding at
	at 1 April 2016	Vested	Lapsed	at 31 March 2017	Vested	Lapsed	30 September 2017
31 August 2016	8,694,000	(8,442,000)	(252,000)	–	–	–	–
31 December 2016	2,978,000	(2,874,000)	(104,000)	–	–	–	–
31 August 2017	8,730,000	–	(254,000)	8,476,000	(3,753,000)	(4,723,000)	–
31 December 2017	4,130,000	–	(162,000)	3,968,000	–	–	3,968,000
	24,532,000	(11,316,000)	(772,000)	12,444,000	(3,753,000)	(4,723,000)	3,968,000
Weighted average fair value	HK\$4.19	HK\$4.48	HK\$4.33	HK\$4.19	HK\$3.73	HK\$3.24	HK\$6.22

During both periods ended 30 September 2017 and 2016, no share of the Company was acquired for this scheme which recognised and accumulated in equity under the heading of "shares held for share award scheme".

The Group recognised in the total expense of HK\$10 million for the period (for the six months ended 30 September 2016: HK\$24 million) in relation to share awards granted by the Company.

## 25. SHARE-BASED PAYMENTS – continued

### Note (iii): Restricted share incentive scheme of Skyworth Digital

The restricted share incentive scheme was approved and adopted by the shareholders of Skyworth Digital at the special general meeting held on 31 August 2017. The restricted share incentive scheme is valid and effective for a period of 4 years commencing from 31 August 2017.

During the six months ended 30 September 2017, a total of 37,672,000 restricted shares of Skyworth Digital have been awarded to certain directors and employees of Skyworth Digital at RMB5.61 per share with a vesting period of 1 year, 2 years or 3 years with dividend entitlement during the vesting period.

Vesting dates	Outstanding	Movement during the period			Outstanding at
	at 1 April 2017	Awarded	Allotted	Lapsed	30 September 2017
3 September 2018	–	11,301,600	–	–	11,301,600
3 September 2019	–	11,301,600	–	–	11,301,600
3 September 2020	–	15,068,800	–	–	15,068,800
	–	37,672,000	–	–	37,672,000
Weighted average fair value	–	RMB1.12	–	–	RMB1.12

The total fair value of the restricted shares granted by Skyworth Digital determined at the date of grant was RMB42 million (equivalent to approximately HK\$49 million).

The fair value of restricted shares granted are based on valuation determined using the fair value of the underlying share price and adjusted for the exercise price.

## 26. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

### Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements 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); and
- 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).

## 26. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS – continued

### Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis – continued

Financial assets/ financial liabilities	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	30 September 2017 HK\$ million (unaudited)	31 March 2017 HK\$ million (audited)		
<b>Available-for-sale financial assets:</b>				
Listed equity securities	117	137	Level 1	Quoted bid prices in an active market
Other financial instruments	222	1,063	Level 2	Quoted bid prices for identical assets in market that are not active
	<b>339</b>	<b>1,200</b>		
<b>Derivative financial instruments:</b>				
Interest rate swap contract	(6)	(7)	Level 2	Discounted cash flow  Future cash flows are estimated based on forward interest rates (from observable forward interest rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.

There is no transfer between different levels of the fair value hierarchy for both periods ended 30 September 2017 and 2016.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the condensed consolidated financial statements approximate their fair values.

No changes in the business or economic circumstances that significantly affect the fair value of financial instruments is considered by the directors of the Company.

## 27. PLEDGE OF ASSETS

As at 30 September 2017, the Group's borrowings were secured by the following:

- (a) legal charges over prepaid lease payments on land use rights and properties with carrying values of HK\$82 million (as at 31 March 2017: HK\$80 million) and HK\$377 million (as at 31 March 2017: HK\$397 million) respectively;
- (b) pledged bank deposits of HK\$278 million (as at 31 March 2017: HK\$290 million);
- (c) finance lease receivables of nil (as at 31 March 2017: HK\$151 million);
- (d) loan receivables of nil (as at 31 March 2017: HK\$228 million);
- (e) trade receivable of HK\$49 million (as at 31 March 2017: HK\$4 million);
- (f) bills receivables of HK\$436 million (as at 31 March 2017: HK\$420 million); and

In addition, the Group's corporate bonds are secured by the equity interest of a subsidiary.

## 28. CAPITAL COMMITMENTS

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

	As at 30 September 2017 <i>HK\$ million</i> (unaudited)	As at 31 March 2017 <i>HK\$ million</i> (audited)
Contracted but not provided for, in respect of:		
Purchase of property, plant and equipment	277	152
Factory buildings and office premises under development	255	592
	<b>532</b>	744

## 29. CONTINGENT LIABILITIES

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

## 30. RELATED PARTY TRANSACTIONS

### Trading transactions

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

	Six months ended 30 September	
	2017	2016
	HK\$ million	HK\$ million
	(unaudited)	(unaudited)
<b>Joint ventures</b>		
Advertising and promotional expenses paid	2	3
Repair and maintenance service fee paid	1	1
Sales of finished goods	1	–
<b>Associates</b>		
Advertising and promotional expenses paid	2	–
Interest expense	8	–
Sales of finished goods	584	188

### Compensation of key management personnel

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

	Six months ended 30 September	
	2017	2016
	HK\$ million	HK\$ million
	(unaudited)	(unaudited)
Short-term benefits	16	37
Share-based payments	10	12

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

## 31. ACQUISITION OF A SUBSIDIARY

On 21 December 2015, a sales and purchase agreement was entered into between (i) RGB, an indirect-wholly owned subsidiary of the Company, and (ii) Toshiba Lifestyle Products & Services Corporation, in relation to the acquisition of equity interest in PT. Toshiba Consumer Products Indonesia (“Toshiba Indonesia”) by RGB from the shareholders of Toshiba Indonesia (the “Acquisition”).

Pursuant to the sales and purchase agreement, RGB acquired 100% equity interest in Toshiba Indonesia.

### 31. ACQUISITION OF A SUBSIDIARY – *continued*

During the six months ended 30 September 2016, all the conditions precedent under the sales and purchase agreement have been fulfilled. Toshiba Indonesia becomes an indirect-wholly owned subsidiary of the Company thereafter.

The total consideration for the Acquisition is US\$19 million (equivalent to HK\$145 million), which was satisfied by cash.

Toshiba Indonesia is principally engaged in the business of manufacturing and sales of televisions. Acquisition of Toshiba Indonesia is to accelerate the strategic layout and enhance the ability to protect the supply chain in the Southeast Asian market and increase brand synergy of the Group.

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

The fair value of assets and liabilities recognised at the date of acquisition are as follows:

	<i>HK\$ million</i> (unaudited)
<b>Non-current Assets</b>	
Property, plant and equipment	159
Prepaid lease payments on land use rights	154
<b>Current Assets</b>	
Inventories	26
Prepaid lease payments on land use rights	8
Trade and other receivables	52
Bank balances and cash	133
<b>Current Liabilities</b>	
Trade and other payables	(242)
Tax liabilities	(1)
<b>Non-current Liability</b>	
Deferred tax liability	(45)
	<hr/>
	244

### 31. ACQUISITION OF A SUBSIDIARY – continued

The trade and other receivables acquired with a fair value of HK\$52 million at the date of acquisition had gross contractual amounts of HK\$52 million.

The initial accounting for the assets and liabilities acquired in the above business combination with fair value of HK\$244 million have been determined by professional valuations conducted by independent valuer not connected to the Group.

The gain on bargain purchase arising on the Acquisition is as follows:

	<i>HK\$ million</i> (unaudited)
Consideration	145
Less: Fair value of net assets acquired	(244)
<hr/>	
Gain on bargain purchase	(99)

The gain on bargain purchase arose from the Group's acquisition of the entire interest in Toshiba Indonesia. The gain from a bargain purchase on acquisition was mainly attributable to the fair value of land and building that resulted in an excess of total fair value of identifiable assets and liabilities acquired over the consideration, which was determined with reference to the net book value, under which the transaction was completed within a short period of time.

Net cash inflow arising on the Acquisition is as follows:

	<i>HK\$ million</i> (unaudited)
Cash consideration paid up to 30 September 2016	(7)
Less: bank balances and cash acquired	133
<hr/>	
Net cash inflow for the six months end 30 September 2016	126

During the six months ended 30 September 2016, Toshiba Indonesia contributed HK\$285 million and HK\$7 million to the revenue and profit of the Group.

Had the acquisition been completed on 1 April 2016, total group revenue for the six months ended 30 September 2016 would have been HK\$20,333 million, and profit for the six months ended 30 September 2016 would have been HK\$945 million. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 April 2016, nor is it intended to be a projection of future results.

During the six months ended 30 September 2016, Toshiba Indonesia was renamed as PT. Skyworth Industry Indonesia.



# REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

# Deloitte.

# 德勤

## TO THE BOARD OF DIRECTORS OF SKYWORTH DIGITAL HOLDINGS LIMITED

創維數碼控股有限公司

*(incorporated in Bermuda with limited liability)*

### INTRODUCTION

We have reviewed the condensed consolidated financial statements of Skyworth Digital Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 14 to 46, which comprise the condensed consolidated statement of financial position as of 30 September 2017 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

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

### CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

**Deloitte Touche Tohmatsu**

*Certified Public Accountants*

Hong Kong

21 November 2017



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# CORPORATE GOVERNANCE AND OTHER INFORMATION

## REVIEW OF INTERIM RESULTS

The unaudited interim results of the Group for the Current Period were reviewed by the audit committee of the Company (“Audit Committee”) and the auditor of the Company, Messrs. Deloitte Touche Tohmatsu.

## INTERIM DIVIDEND

Taking into account the Company’s profitability and capital required for future development, the Board does not recommend the payment of an interim dividend for the Current Period. The interim dividend for the six months ended 30 September 2016 was HK9.6 cents per share of the Company and approximately HK\$287 million was paid to the shareholders of the Company.

## DIRECTORS’ INTERESTS IN SHARES, SHARE OPTIONS AND AWARDED SHARES

As at 30 September 2017, the interests of the Directors and of their associates in the shares, share options, awarded shares or other 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”) as set out in Appendix 10 to The Rules Governing the Listing of Securities on the Stock Exchange (“Listing Rules”), were as follows:

### (a) Shares of the Company

As at 30 September 2017, Directors had long positions in the shares of the Company as follows:

Name of director	Capacity	Number of issued shares held	Approximate percentage of the total number of issued shares
Lin Wei Ping	Beneficial owner	9,160,382	0.30%
	Held by spouse	(Note a and b) 1,181,356,799	38.59%
		(Note a and c) 1,190,517,181	38.89%
Liu Tangzhi	Beneficial owner	4,633,539	0.15%
	Held by spouse	911,136	0.03%
		5,544,675	0.18%
Shi Chi	Beneficial owner	5,184,825	0.17%
	Held by spouse	4,146,466	0.13%
		9,331,291	0.30%
Yang Dongwen	Beneficial owner	168,000	0.005%
Li Weibin	Beneficial owner	1,000,000	0.03%

## DIRECTORS' INTERESTS IN SHARES, SHARE OPTIONS AND AWARDED SHARES – continued

### (a) Shares of the Company – continued

Notes:

- (a) 1,181,356,799 shares of the Company are held by Target Success Group (PTC) Limited ("Target Success") in its capacity as trustee of the Skysource Unit Trust in which all of the units and issued shares of Target Success are held by Mr. Wong Wang Sang, Stephen. As such, Mr. Wong Wang Sang, Stephen is deemed to be interested in 1,181,356,799 shares.
- (b) Ms. Lin Wei Ping is interested in 1,190,517,181 shares of the Company, which comprise 9,160,382 shares held by herself and the deemed interests in 1,181,356,799 shares held by her spouse Mr. Wong Wang Sang, Stephen.
- (c) Mr. Wong Wang Sang, Stephen is interested in 1,190,517,181 shares of the Company, which comprise the deemed interests in 1,181,356,799 shares held by Target Success and the deemed interests in 9,160,382 shares held by his spouse Ms. Lin Wei Ping.

### (b) Share options of the Company

As at 30 September 2017, certain Directors had personal 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
Lai Weide	Beneficial owner	10,000,000
Liu Tangzhi	Beneficial owner	16,000,000
Shi Chi	Beneficial owner	3,800,000
Yang Dongwen	Beneficial owner	4,000,000
<b>Total</b>		<b>33,800,000</b>

### (c) Awarded shares of the Company

As at 30 September 2017, a Director had personal interests in the awarded shares granted under the Company's Share Award Scheme as follows:

Name of Director	Capacity	Number of awarded shares held/underlying shares of the Company
Liu Tangzhi	Beneficial owner	340,000

## DIRECTORS' INTERESTS IN SHARES, SHARE OPTIONS AND AWARDED SHARES – continued

Save as disclosed above and the nominee shares in certain subsidiaries held in trust for the Group, none of the Directors or chief executives, nor their associates, had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the SFO) as recorded in the register required to be kept under Section 352 of the SFO as at 30 September 2017, and none of the Directors or chief executives, or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company or its associated corporations, or had exercised any such right during the Current Period.

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

## SUBSTANTIAL SHAREHOLDERS

As at 30 September 2017, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, other than the interests disclosed above in respect of certain Directors, the following substantial shareholders had notified the Company of the relevant interests in the issued shares of the Company.

Name of shareholder	Capacity	Number of issued shares held	Approximate percentage of the total number of issued shares
<b>Long positions</b>			
Target Success Group (PTC) Limited	Trustee (Note a)	1,181,356,799	38.59%
Wong Wang Sang, Stephen	Held by spouse (Note b)	9,160,382	0.30%
	Interest of controlled corporation (Note a)	1,181,356,799	38.59%
		1,190,517,181	38.89%
Lin Wei Ping	Beneficial owner	9,160,382	0.30%
	Held by spouse (Note c)	1,181,356,799	38.59%
		1,190,517,181	38.89%

### Notes:

- (a) 1,181,356,799 shares of the Company are held by Target Success in its capacity as trustee of the Skysource Unit Trust in which all of the units and issued shares of Target Success are held by Mr. Wong Wang Sang, Stephen. As such, Mr. Wong Wang Sang, Stephen is deemed to be interested in 1,181,356,799 shares.
- (b) Ms. Lin Wei Ping is interested in 1,190,517,181 shares of the Company, which comprise 9,160,382 shares held by herself and the deemed interests in 1,181,356,799 shares held by her spouse Mr. Wong Wang Sang, Stephen.
- (c) Mr. Wong Wang Sang, Stephen is interested in 1,190,517,181 shares of the Company, which comprise the deemed interests in 1,181,356,799 shares held by Target Success and the deemed interests in 9,160,382 shares held by his spouse Ms. Lin Wei Ping.

Save as disclosed above, as at 30 September 2017, the Company had not been notified of any other interests or short positions representing 5% or more of the number of shares of the Company in issue as recorded in the register required to be kept by the Company under Section 336 of the SFO.

## SHARE OPTIONS

The Company adopted two share option schemes, one approved and adopted at the annual general meeting held on 30 September 2008 (“2008 Share Option Scheme”) and one approved and adopted at the annual general meeting held on 20 August 2014 (“2014 Share Option Scheme”). The following tables show the movements in the Company’s share options granted to the Directors and employees/consultants under the Company’s share option schemes during the Current Period:

### (a) Directors Under 2008 Share Option Scheme

Date of grant	Exercise price HK\$	Vesting period	Exercisable period	Number of share options				Outstanding as at 30 September 2017
				Outstanding as at 1 April 2017	Granted during the Current Period	Exercised during the Current Period	Cancelled during the Current Period	
<b>Directors:</b>								
<b>Yang Dongwen</b>								
28 June 2013	3.982	28 June 2013 to 31 August 2014	1 September 2014 to 30 September 2018	-	-	-	-	-
		28 June 2013 to 31 August 2015	1 September 2015 to 30 September 2018	-	-	-	-	-
		28 June 2013 to 31 August 2016	1 September 2016 to 30 September 2018	-	-	-	-	-
		28 June 2013 to 31 August 2017	1 September 2017 to 30 September 2018	2,000,000	-	-	-	2,000,000
		28 June 2013 to 31 August 2018	1 September 2018 to 30 September 2018	2,000,000	-	-	-	2,000,000
<b>Shi Chi</b>								
24 March 2011	4.440	24 March 2011 to 31 August 2012	1 September 2012 to 30 September 2018	600,000	-	-	-	600,000
		24 March 2011 to 31 August 2013	1 September 2013 to 30 September 2018	300,000	-	-	-	300,000
		24 March 2011 to 31 August 2014	1 September 2014 to 30 September 2018	-	-	-	-	-
		24 March 2011 to 31 August 2015	1 September 2015 to 30 September 2018	300,000	-	-	-	300,000
		24 March 2011 to 31 August 2016	1 September 2016 to 30 September 2018	600,000	-	-	-	600,000

## SHARE OPTIONS – continued

### (a) Directors – continued

#### Under 2008 Share Option Scheme – continued

Date of grant	Exercise price HK\$	Vesting period	Exercisable period	Number of share options				Outstanding as at 30 September 2017
				Outstanding as at 1 April 2017	Granted during the Current Period	Exercised during the Current Period	Cancelled during the Current Period	
<b>Directors: – continued</b>								
<b>Shi Chi</b>								
16 September 2011	4.080	16 September 2011 to 31 August 2012	1 September 2012 to 30 September 2018	1,000,000	-	-	-	1,000,000
		16 September 2011 to 31 August 2013	1 September 2013 to 30 September 2018	-	-	-	-	-
		16 September 2011 to 31 August 2014	1 September 2014 to 30 September 2018	-	-	-	-	-
		16 September 2011 to 31 August 2015	1 September 2015 to 30 September 2018	-	-	-	-	-
		16 September 2011 to 31 August 2016	1 September 2016 to 30 September 2018	1,000,000	-	-	-	1,000,000
<b>Liu Tangzhi</b>								
24 March 2011	4.440	24 March 2011 to 31 August 2012	1 September 2012 to 30 September 2018	600,000	-	-	-	600,000
		24 March 2011 to 31 August 2013	1 September 2013 to 30 September 2018	600,000	-	-	-	600,000
		24 March 2011 to 31 August 2014	1 September 2014 to 30 September 2018	600,000	-	-	-	600,000
		24 March 2011 to 31 August 2015	1 September 2015 to 30 September 2018	600,000	-	-	-	600,000
		24 March 2011 to 31 August 2016	1 September 2016 to 30 September 2018	600,000	-	-	-	600,000
<b>Liu Tangzhi</b>								
9 July 2014	3.870	9 July 2014 to 31 August 2015	1 September 2015 to 30 September 2018	750,000	-	-	-	750,000
		9 July 2014 to 31 August 2016	1 September 2016 to 30 September 2018	750,000	-	-	-	750,000
		9 July 2014 to 31 August 2017	1 September 2017 to 30 September 2018	750,000	-	-	-	750,000
		9 July 2014 to 31 August 2018	1 September 2018 to 30 September 2018	750,000	-	-	-	750,000
<b>Sub-total (Directors: 2008 Share Option Scheme)</b>				<b>13,800,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,800,000</b>

## SHARE OPTIONS – continued

### (a) Directors – continued

#### Under 2014 Share Option Scheme

Date of grant	Exercise price HK\$	Vesting period	Exercisable period	Number of share options				Outstanding as at 30 September 2017
				Outstanding as at 1 April 2017	Granted during the Current Period	Exercised during the Current Period	Cancelled during the Current Period	
<b>Lai Weide</b>								
8 July 2016	6.320	8 July 2016 to 31 August 2017	1 September 2017 to 20 August 2024	2,500,000	-	-	-	2,500,000
		8 July 2016 to 31 August 2018	1 September 2018 to 20 August 2024	2,500,000	-	-	-	2,500,000
		8 July 2016 to 31 August 2019	1 September 2019 to 20 August 2024	2,500,000	-	-	-	2,500,000
		8 July 2016 to 31 August 2020	1 September 2020 to 20 August 2024	2,500,000	-	-	-	2,500,000
<b>Liu Tangzhi</b>								
15 December 2015	4.830	15 December 2015 to 14 December 2016	15 December 2016 to 30 September 2018	3,300,000	-	-	-	3,300,000
		15 December 2015 to 14 December 2017	15 December 2017 to 30 September 2018	3,300,000	-	-	-	3,300,000
		15 December 2015 to 30 March 2018	31 March 2018 to 30 September 2018	3,400,000	-	-	-	3,400,000
<b>Sub-total (Directors: 2014 Share Option Scheme)</b>				<b>20,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,000,000</b>
<b>(a) Sub-total (Directors)</b>				<b>33,800,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,800,000</b>

## SHARE OPTIONS – continued

### (b) Employees/Consultants Under 2008 Share Option Scheme

Date of grant	Exercise price HK\$	Vesting period	Exercisable period	Number of share options				Outstanding as at 30 September 2017
				Outstanding as at 1 April 2017	Granted during the Current Period	Exercised during the Current Period (Note)	Cancelled during the Current Period	
<b>Employees/Consultants</b>								
6 November 2008	0.374	6 November 2008 to 5 November 2009	6 November 2009 to 30 September 2018	315,000	–	–	–	315,000
		6 November 2008 to 5 November 2010	6 November 2010 to 30 September 2018	475,000	–	–	–	475,000
		6 November 2008 to 5 November 2011	6 November 2011 to 30 September 2018	578,000	–	–	–	578,000
		6 November 2008 to 5 November 2012	6 November 2012 to 30 September 2018	1,546,500	–	(50,000)	–	1,496,500
26 November 2008	0.415	26 November 2008 to 25 November 2012	26 November 2012 to 30 September 2018	24,000	–	–	–	24,000
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
24 March 2011	4.440	24 March 2011 to 31 August 2012	1 September 2012 to 30 September 2018	4,092,000	–	(30,000)	–	4,062,000
		24 March 2011 to 31 August 2013	1 September 2013 to 30 September 2018	3,794,000	–	(30,000)	–	3,764,000
		24 March 2011 to 31 August 2014	1 September 2014 to 30 September 2018	4,726,000	–	(60,000)	–	4,666,000
		24 March 2011 to 31 August 2015	1 September 2015 to 30 September 2018	5,576,000	–	(76,000)	–	5,500,000
		24 March 2011 to 31 August 2016	1 September 2016 to 30 September 2018	6,444,000	–	(86,000)	–	6,358,000



## SHARE OPTIONS – continued

### (b) Employees/Consultants – continued

#### Under 2008 Share Option Scheme – continued

Date of grant	Exercise price HK\$	Vesting period	Exercisable period	Number of share options				Outstanding as at 30 September 2017
				Outstanding as at 1 April 2017	Granted during the Current Period	Exercised during the Current Period (Note)	Cancelled during the Current Period	
<b>Employees/Consultants – continued</b>								
26 September 2011	3.310	26 September 2011 to 31 August 2012	1 September 2012 to 30 September 2018	120,000	–	–	–	120,000
			1 September 2013 to 30 September 2018	–	–	–	–	–
			1 September 2014 to 30 September 2018	120,000	–	–	–	120,000
			1 September 2015 to 30 September 2018	120,000	–	–	–	120,000
			1 September 2016 to 30 September 2018	120,000	–	–	–	120,000
31 October 2011	4.190	31 October 2011 to 31 August 2012	1 September 2012 to 30 September 2018	60,000	–	–	–	60,000
			1 September 2013 to 30 September 2018	60,000	–	–	–	60,000
			1 September 2014 to 30 September 2018	60,000	–	–	–	60,000
			1 September 2015 to 30 September 2018	60,000	–	–	–	60,000
			1 September 2016 to 30 September 2018	60,000	–	–	–	60,000
14 February 2012	3.810	14 February 2012 to 31 August 2012	1 September 2012 to 30 September 2018	400,000	–	–	–	400,000
			1 September 2013 to 30 September 2018	400,000	–	–	–	400,000
			1 September 2014 to 30 September 2018	400,000	–	–	–	400,000
			1 September 2015 to 30 September 2018	400,000	–	–	–	400,000
			1 September 2016 to 30 September 2018	400,000	–	–	–	400,000

## SHARE OPTIONS – continued

### (b) Employees/Consultants – continued Under 2008 Share Option Scheme – continued

Date of grant	Exercise price HK\$	Vesting period	Exercisable period	Number of share options				Outstanding as at 30 September 2017
				Outstanding as at 1 April 2017	Granted during the Current Period	Exercised during the Current Period (Note)	Cancelled during the Current Period	
<b>Employees/Consultants – continued</b>								
29 November 2012	4.582	29 November 2012 to 31 August 2013	1 September 2013 to 30 September 2018	120,000	-	-	-	120,000
		29 November 2012 to 31 August 2014	1 September 2014 to 30 September 2018	120,000	-	-	-	120,000
		29 November 2012 to 31 August 2015	1 September 2015 to 30 September 2018	220,000	-	-	-	220,000
		29 November 2012 to 31 August 2016	1 September 2016 to 30 September 2018	220,000	-	-	-	220,000
		29 November 2012 to 31 August 2017	1 September 2017 to 30 September 2018	220,000	-	-	-	220,000
29 July 2013	3.990	29 July 2013 to 31 August 2014	1 September 2014 to 30 September 2018	100,000	-	-	-	100,000
		29 July 2013 to 31 August 2015	1 September 2015 to 30 September 2018	140,000	-	(40,000)	-	100,000
		29 July 2013 to 31 August 2016	1 September 2016 to 30 September 2018	140,000	-	-	-	140,000
		29 July 2013 to 31 August 2017	1 September 2017 to 30 September 2018	260,000	-	-	-	260,000
		29 July 2013 to 31 August 2018	1 September 2018 to 30 September 2018	260,000	-	-	-	260,000
9 September 2013	4.368	9 September 2013 to 31 August 2014	1 September 2014 to 30 September 2018	40,000	-	-	-	40,000
		9 September 2013 to 31 August 2015	1 September 2015 to 30 September 2018	240,000	-	-	-	240,000
		9 September 2013 to 31 August 2016	1 September 2016 to 30 September 2018	240,000	-	-	-	240,000
		9 September 2013 to 31 August 2017	1 September 2017 to 30 September 2018	240,000	-	-	-	240,000
		9 September 2013 to 31 August 2018	1 September 2018 to 30 September 2018	240,000	-	-	-	240,000

## SHARE OPTIONS – continued

### (b) Employees/Consultants – continued

#### Under 2008 Share Option Scheme – continued

Date of grant	Exercise price HK\$	Vesting period	Exercisable period	Number of share options				Outstanding as at 30 September 2017
				Outstanding as at 1 April 2017	Granted during the Current Period	Exercised during the Current Period (Note)	Cancelled during the Current Period	
<b>Employees/Consultants – continued</b>								
9 September 2013	4.368	9 September 2013 to 31 August 2015	1 September 2015 to 30 September 2018	2,500,000	-	-	-	2,500,000
		9 September 2013 to 31 August 2016	1 September 2016 to 30 September 2018	2,500,000	-	-	-	2,500,000
		9 September 2013 to 31 August 2017	1 September 2017 to 30 September 2018	2,500,000	-	-	-	2,500,000
19 September 2013	4.212	19 September 2013 to 31 August 2014	1 September 2014 to 30 September 2018	400,000	-	-	-	400,000
		19 September 2013 to 31 August 2015	1 September 2015 to 30 September 2018	400,000	-	-	-	400,000
		19 September 2013 to 31 August 2016	1 September 2016 to 30 September 2018	400,000	-	-	-	400,000
		19 September 2013 to 31 August 2017	1 September 2017 to 30 September 2018	400,000	-	-	-	400,000
		19 September 2013 to 31 August 2018	1 September 2018 to 30 September 2018	400,000	-	-	-	400,000
24 April 2014	4.022	24 April 2014 to 31 August 2015	1 September 2015 to 30 September 2018	266,000	-	-	-	266,000
		24 April 2014 to 31 August 2016	1 September 2016 to 30 September 2018	266,000	-	-	-	266,000
		24 April 2014 to 31 August 2017	1 September 2017 to 30 September 2018	268,000	-	-	-	268,000
<b>Sub-total (Employees/Consultants: 2008 Share Option Scheme)</b>				<b>49,450,500</b>	<b>-</b>	<b>(372,000)</b>	<b>-</b>	<b>49,078,500</b>

## SHARE OPTIONS – continued

### (b) Employees/Consultants – continued Under 2014 Share Option Scheme

Date of grant	Exercise price HK\$	Vesting period	Exercisable period	Number of share options				Outstanding as at 30 September 2017
				Outstanding as at 1 April 2017	Granted during the Current Period	Exercised during the Current Period (Note)	Cancelled during the Current Period	
<b>Employees/Consultants:</b>								
22 January 2016	4.226	22 January 2016 to 31 August 2016	1 September 2016 to 20 August 2024	15,064,000	–	(212,000)	–	14,852,000
		22 January 2016 to 31 August 2017	1 September 2017 to 20 August 2024	17,154,000	–	–	–	17,154,000
		22 January 2016 to 31 August 2018	1 September 2018 to 20 August 2024	25,692,000	–	–	–	25,692,000
9 August 2017	4.090	9 August 2017 to 31 August 2018	1 September 2018 to 20 August 2024	–	500,000	–	–	500,000
		9 August 2017 to 31 August 2019	1 September 2019 to 20 August 2024	–	500,000	–	–	500,000
		9 August 2017 to 31 August 2020	1 September 2020 to 20 August 2024	–	500,000	–	–	500,000
		9 August 2017 to 31 August 2021	1 September 2021 to 20 August 2024	–	500,000	–	–	500,000
<b>Sub-total (Employees/Consultants: 2014 Share Option Scheme)</b>				<b>57,910,000</b>	<b>2,000,000</b>	<b>(212,000)</b>	<b>–</b>	<b>59,698,000</b>
<b>(b) Sub-total (Employees/Consultants)</b>				<b>107,360,500</b>	<b>2,000,000</b>	<b>(584,000)</b>	<b>–</b>	<b>108,776,500</b>
<b>Grand Total: (a) Directors + (b) Employees/Consultants</b>				<b>141,160,500</b>	<b>2,000,000</b>	<b>(584,000)</b>	<b>–</b>	<b>142,576,500</b>

Note:

The weighted average closing prices of the shares of the Company immediately before the date on which the share options were exercised during the Current Period was HK\$5.03.

## **SHARE AWARD SCHEME**

The Share Award Scheme was approved by the Board on 24 June 2014 (the "Share Award Scheme"). The maximum number of shares of the Company can be awarded or held under the Share Award Scheme is limited to 2% of the issued share capital of the Company from time to time. The maximum number of shares of the Company (including vested and non-vested) which may be awarded to a selected employee under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time. During the Current Period, the Company did not purchase any shares of the Company from the market through an independent trustee. As at 30 September 2017, 33,554,601 shares of the Company were held by the independent trustee, for the purpose of the Share Award Scheme.

### **First batch: Awarded shares granted on 25 July 2014**

On 25 July 2014, a total of 27,836,000 shares of the Company were granted by the Board pursuant to the Share Award Scheme. 8,694,000, 8,442,000 and 3,753,000 awarded shares were vested on 31 August 2015, 31 August 2016 and 31 August 2017 respectively.

### **Second batch: Awarded shares granted on 20 July 2015**

On 20 July 2015, a total of 10,312,000 shares of the Company were granted by the Board pursuant to the Share Award Scheme, 2,978,000 and 2,874,000 awarded shares were vested on 31 December 2015 and 31 December 2016 respectively and the remaining awarded shares will be vested on 31 December 2017.

During the Current Period, scrip shares amounting to 475,862 shares of the Company had been received in respect of the shares of the Company held upon the trust for the Share Award Scheme and shall form part of the trust fund of such trust. The trustee may, after having taken into consideration the advice of the Company, apply the cash deposited by the Company to purchase shares of the Company in the market, or apply such cash to defray the fees, costs and expenses in relation to the establishment and administration of the Share Award Scheme, or return such cash or shares to the Company.

## SHARE AWARD SCHEME – continued

As at 30 September 2017, certain Directors had interests in the awarded shares under the Company's Share Award Scheme as follows:

Directors/ Date of grant	Vesting date	Number of award shares				Outstanding as at 30 September 2017
		Outstanding as at 1 April 2017	Granted during the Current Period	Vested during the Current Period	Lapsed during the Current Period	
<b>Yang Dongwen</b>						
25 July 2014	31 August 2015	-	-	-	-	-
	31 August 2016	-	-	-	-	-
	31 August 2017	336,000	-	(168,000)	(168,000)	-
		336,000	-	(168,000)	(168,000)	-
<b>Liu Tangzhi</b>						
25 July 2014	31 August 2015	-	-	-	-	-
	31 August 2016	-	-	-	-	-
	31 August 2017	268,000	-	(134,000)	(134,000)	-
20 July 2015	31 December 2015	-	-	-	-	-
	31 December 2016	-	-	-	-	-
	31 December 2017	340,000	-	-	-	340,000
		608,000	-	(134,000)	(134,000)	340,000
<b>Total</b>		<b>944,000</b>	<b>-</b>	<b>(302,000)</b>	<b>(302,000)</b>	<b>340,000</b>

Save as disclosed above and the nominee shares in certain subsidiaries held in trust for the Group, none of the Directors or chief executives, nor their associates, had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code as at 30 September 2017.

## **RELATED PARTY TRANSACTIONS**

During the Current Period, the Group entered into certain transactions with related parties under the applicable accounting principles, details of which are set out in note 30 of the condensed consolidated financial statements. These transactions were not connected transactions within the meaning of the Listing Rules and were mainly entered into by the Group in the ordinary course of business and the terms were on normal commercial terms and on an arm's length basis. Other than these related party transactions, the Group also entered into certain transactions with connected persons of the Company within the meaning of the Listing Rules. These connected transactions all fall under the de minimis provision set forth in Rule 14A.76(1) of the Listing Rules and are therefore fully exempted from the reporting, announcement and independent shareholders' approval requirements. The Group has performed regular review on the connected transactions in accordance with its corporate governance practice.

## **MODEL CODE**

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

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

During the Current Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## **CORPORATE GOVERNANCE STANDARDS**

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

During the Current Period and up to the date of this report, the Company has complied with the code provisions as set out in the CG Code, save and except for the code provisions A.6.7 and E.1.2 of the CG Code as 2 independent non-executive Directors (who were the chairperson of the remuneration committee of the Company (the "Remuneration Committee") and the nomination committee of the Company (the "Nomination Committee") respectively) were unable to attend the annual general meeting of the Company held on 28 July 2017 as they had other engagement.

For detailed information about the corporate governance practices of the Company, please refer to the "Corporate Governance Report" contained in the Company's annual report 2016/17.

## **BOARD COMMITTEES**

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the business of the Group. As an integral part of good corporate governance and to assist the Board in execution of its duties, the Board is supported by 4 Board Committees, including Executive Committee, Nomination Committee, Remuneration Committee and Audit Committee. Each of these committees oversees particular aspects of the Group's affairs under its defined scope of duties and terms of reference approved by the Board, the summary of which were disclosed in the "Corporate Governance Report" of the Company's annual report 2016/17. The terms of reference of the Nomination Committee, Remuneration Committee and Audit Committee are available on the Company's website (<http://investor.skyworth.com/html/index.php>).

### **Executive Committee**

The executive committee of the Company (the "Executive Committee") was established by the Board on 5 February 2005. The Executive Committee currently comprises 8 members, including several executive Directors and senior management of the Company. During the Current Period and up to the date of this report, the Executive Committee had held monthly meetings to review, discuss and evaluate the business performance and other business and operational matters of each major subsidiary within the Group.

### **Nomination Committee**

The Nomination Committee was set up under the auspices of the Board on 5 February 2005 with written terms of reference adopted on 19 August 2005, which was updated and approved on 30 March 2012 and 25 August 2017. The Nomination Committee is comprised of 4 members. The chairperson of the Nomination Committee is Mr. Li Ming and the other members are Ms. Lin Wei Ping, Mr. Li Weibin and Mr. Cheong Ying Chew, Henry. Except for Ms. Lin Wei Ping is an executive Director, all remaining 3 members are independent non-executive Directors.

The Company recognises the importance of board diversity to corporate governance and the board effectiveness. The Board adopted a board diversity policy ("Policy") which setting out the basic principles to ensure the Board has the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standard of corporate governance. Under the Policy, the selection of Board candidates shall be based on a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, age, cultural background, educational background, skills, knowledge and professional experience.

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

During the Current Period and up to the date of this report, the Nomination Committee held 2 meetings to review the composition of the Board; to review and assess the independence of independent non-executive Directors; and to review and made recommendation to the Board for the adoption of the revised terms of reference of the Nomination Committee.



## **BOARD COMMITTEES** – *continued*

### **Remuneration Committee**

The Remuneration Committee was set up under the auspices of the Board on 5 February 2005 with written terms of reference adopted on 19 August 2005, which was updated and approved on 30 March 2012 and 25 August 2017. The Remuneration Committee is comprised of 4 members. The chairperson of the Remuneration Committee is Mr. Li Weibin and the other members are Ms. Lin Wei Ping, Mr. Cheong Ying Chew, Henry and Mr. Li Ming. Except for Ms. Lin Wei Ping is an executive Director, the remaining 3 members of the Remuneration Committee are independent non-executive Directors.

The remuneration policy of the Group is formulated 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, share options granted under the share option schemes of the Company and awarded shares granted under the Share Award Scheme.

During the Current Period and up to the date of this report, the Remuneration Committee held 2 meetings to review the bonus payable to the Directors and senior management by the Group; to review the proposal for the grant of restricted shares to Mr. Lai Weide, Chairman of the Board, under the restricted shares incentive scheme by Skyworth Digital Co., Ltd, non-wholly owned subsidiary of the Company; and to review and made recommendation to the Board for the adoption of the revised terms of reference of the Remuneration Committee.

### **Audit Committee**

The Audit Committee was established by the Board since the listing of the shares of the Company on the Stock Exchange on 7 April 2000. The Audit Committee is comprised of 3 independent non-executive Directors. The chairperson of the Audit Committee is Mr. Cheong Ying Chew, Henry and the other members are Mr. Li Weibin and Mr. Li Ming.

During the Current Period and up to the date of this report, the Audit Committee held 2 meetings and performed the following duties:

- (a) to review and comment on the Company's annual and interim financial reports;
- (b) to oversee the Group's financial reporting system, risk management and internal control systems on an ongoing basis;
- (c) to review the financial reporting system to ensure the adequacy of resources, qualifications and experience of staff in accounting and financial reporting functions of the Group;
- (d) to discuss on the Group's internal audit plan with the Risk Management Department; and
- (e) to meet and communicate with the external auditors for audit works of the Group.

## **CORPORATE SUSTAINABILITY**

The Company is committed to maintain a high standard of corporate governance and corporate responsibility consistent with prudent management. It is the belief of the Board that such commitment can enhance shareholders' value in the long run.

The Group made significant progress on the core elements in promoting corporate sustainability during the Current Period. The Company has been selected as a constituent member of the Hang Seng Corporate Sustainability Benchmark Index for 2 consecutive years since 2015, acknowledging the Group's effort and performance with regard to its corporate responsibility, environmental, social and corporate governance aspects.

Under the capable leadership, the Board will certainly maintain a high degree of transparency and good corporate governance practices, and the Company will surely retain its competitive edge in the market.

### **Environmental Protection**

Through persistent efforts in technological innovations and constant reviews of internal guidelines, the Group is committed to reducing the greenhouse gas and wastes generated in its daily operations for the benefit of a future green environment. The Group has implemented various measures to reduce the amount of greenhouse gas emissions, hazardous and non-hazardous wastes.

The Group has been contributing tremendous efforts to improve the environment by effectively utilising resources within the Group's business. The Group strongly believes that business expansion and minimisation of natural resources' consumption can co-exist. Several strategies have been implemented to achieve reduction in resources utilisation with comparable maximisation in energy efficiency.

### **Our People**

Employees are the Group's most valuable asset and the primary force in sustaining our business growth. Since incorporation, the Group has placed strong emphasis on talent management and team spirit. A healthy, diversified and harmonious working environment is nurtured where equal employment opportunities are provided. Employees are motivated to unfold their potentials and to advance their technical knowledge via various training programmes developed by the Group.

As at 30 September 2017, around 39,000 full-time employees were serving different teams, including the head office management, innovation development, research and development, administration and frontline manufacturing operations. About 90% of our staff members are located in the PRC while the rest are in Hong Kong or overseas.

For detailed information about the corporate sustainability practices of the Company, please refer to the "Corporate Social Responsibility Report" contained in the Company's annual report 2016/17.

## **RISK MANAGEMENT**

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

### **Risk Management 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 systems 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:

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

The Head of Risk Management Department has unrestricted direct access to the Audit Committee and reports directly to the Board and the Audit Committee. During the Current Period and up to the date of this report, the Head of Risk Management Department attended 2 Audit Committee meetings to report the progress and findings of the works performed so far and to discuss the internal audit plan of the Group.

## **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:

- (a) achieve business objectives and safeguard assets against unauthorised use or disposition;
- (b) ensure maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication; and
- (c) 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 CONTROLS** – *continued*

### **Internal Audit Department**

The Internal Audit Department was established since 1996, its principal duties are examining and evaluating the business operations of the sales offices and branches of all the business units and ensuring the compliance status of the Group's business units. Besides, the Internal Audit Department also carries out special audits when senior staff leaving their positions either due to resignations or job rotations within the Group.

During the Current Period, the Internal Audit Department carried out the audit works of certain major business units, and provided recommendations on management enhancement and operational efficiency.

### **BOARD OF DIRECTORS**

As at the date of this report, the Board comprises Mr. Lai Weide as the Chairman of the Board, Mr. Liu Tangzhi as executive Director and the chief executive officer, Ms. Lin Wei Ping and Mr. Shi Chi as executive Directors; Mr. Yang Dongwen as non-executive Director and Mr. Li Weibin, Mr. Cheong Ying Chew, Henry and Mr. Li Ming as independent non-executive Directors.

On behalf of the Board

#### **Lai Weide**

*Chairman of the Board*

21 November 2017