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SKYWORTH
SKYWORTH DIGITAL HOLDINGS LIMITED

(創維數碼控股有限公司*)

(Incorporated in Bermuda with limited liability)

(Stock Code: 751)

ANNOUNCEMENT

**CHANGES IN BOARD COMPOSITION AND SENIOR MANAGEMENT,
FORMATION OF INDEPENDENT COMMITTEE,
CHANGE OF COMPANY SECRETARY
AND UPDATE ON THE STATUS OF THE COMPANY**

The Board confirms that on 30 November 2004, the officers of ICAC entered into and searched the head office and principal place of business of the Company in Hong Kong at Rooms 1601-04, Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong and certain other related offices. During the above search, certain accounting records and legal documents in the possession of the Group were seized by the officers of ICAC in relation to an investigation being undertaken by ICAC. The Company has noted that Mr. Wong Wang Sang, Stephen, currently non-executive chairman, and Mr. Wong Pui Sing, formerly an executive director, of the Company, who were jointly charged with one count of conspiracy to steal, appeared at Eastern Magistracy on 2 December 2004. Mr. Wong Wang Sang, Stephen and Mr. Wong Pui Sing were each granted cash bail on the same day. An earlier press release by ICAC included further allegations, including that accounting records might have been falsified to assist the listing of the Company in 2000. The Company notes that the allegations are general and have not to-date resulted in any specific charges being brought against any persons. In this regard, the Company undertakes to the Stock Exchange to look into these matters so far as practicable and consider what steps are feasible and appropriate to be taken. The Company will make further announcement to update its shareholders on the progress of the above as and when appropriate.

With a view to restoring the credibility of the Board and safeguarding the interests of the shareholders of the Company, the Board has taken urgent steps to restructure the management of the Group. In this regard, the Board would like to announce that:

- (a) Mr. Wong Pui Sing, Mr. Ng Kam Fai and Mr. Cheng Kin Chung have resigned as executive directors of the Company with effect from 6 December 2004;
- (b) Mr. Wong Wang Sang, Stephen has been re-designated from an executive director of the Company to a non-executive director of the Company with effect from 6 December 2004. He is the non-executive Chairman of the Company;
- (c) Mr. Cheng Kin Chung has gone on leave as Chief Financial Officer of the Company with effect from 3 December 2004; and

(d) Mr. Wong Wang Sang, Stephen, Mr. Wong Pui Sing, Mr. Ng Kam Fai, Ms. Lin Wei Ping (the spouse of Mr. Wong Wang Sang, Stephen) and Ms. Lo Yuk Ying (the mother of Mr. Wong Wang Sang, Stephen) have ceased to hold all directorships and management positions in the subsidiaries of the Group on 15 December 2004.

The Board further announces that Mr. Wang Dianfu has been appointed as Chief Executive Officer of the Company with effect from 7 December 2004, Mr. Zhao Kejun has been appointed as the Controller of Skyworth TV with effect from 9 December 2004, and Mr. Leung Chi Ching, Frederick has been appointed as Director of Finance of the Company with effect from 20 December 2004. Mr. Wang and Mr. Zhao have been appointed as directors of certain subsidiaries of the Company on 15 December 2004. Mr. Wang, Mr. Zhao and Mr. Leung are not members of the Board.

The Board announces that Mr. Liang Hsien Tse, Joseph resigned as the company secretary of the Company with effect from 17 December 2004 and Mr. Leung Chi Ching, Frederick was appointed as the company secretary of the Company on the same day.

The Independent Committee comprising Mr. Cheong Ying Chew, Henry and Mr. Ip Shing Hing has been formed on 8 December 2004, with Mr. Heng Kwo Seng joined as an additional member on 9 December 2004, for the purpose of reviewing and inquiring into the accounts and affairs of the Group to enable the Group to manage risk exposure and monitor the continuation of normal operation in view of the Incident, and reviewing the corporate governance and financial control and monitor system of the Group with a view to safeguarding the assets and protecting the interest of the Group.

The Company has appointed Grant Thornton as a financial monitor to provide assistance to the Independent Committee to safeguard and control the assets of the Group.

The Company has also engaged its auditors, Deloitte Touche Tohmatsu, to perform an audit on the interim results for the six months ended 30 September 2004. It is currently anticipated that the audited interim results will be released around mid February 2005.

Trading in the shares of the Company has been suspended with effect from 9:44 a.m. on 30 November 2004 and will remain suspended until further notice.

The board of directors (the “**Board**”) of Skyworth Digital Holdings Limited (the “**Company**”) confirms that on 30 November 2004, the officers of the Independent Commission Against Corruption (“**ICAC**”) entered into and searched the head office and principal place of business of the Company in Hong Kong at Rooms 1601-04, Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong and certain other related offices. During the above search, certain accounting records and legal documents of the Company and its subsidiaries (collectively, the “**Group**”) were seized by the officers of ICAC in relation to an investigation being undertaken by ICAC.

The Company has noted that Mr. Wong Wang Sang, Stephen (“**Mr. Stephen Wong**”), currently non-executive chairman, and Mr. Wong Pui Sing (“**Mr. P. S. Wong**”), formerly an executive director, of the Company, who were jointly charged with one count of conspiracy to steal, appeared at Eastern Magistracy on 2 December 2004. Mr. Stephen Wong and Mr. P. S. Wong were each granted cash bail on the same day (collectively, the “**Incident**”). An earlier press release by ICAC included further allegations, including that accounting records might have been falsified to assist the listing of the Company in 2000. The Company notes that the allegations are general and have not to-date resulted in any specific charges being brought against any persons. In this regard, the Company undertakes to The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) to look into these matters so far as practicable and consider what steps are feasible and appropriate to be taken. The Company will make further announcement to update its shareholders on the progress of the above as and when appropriate.

CHANGES IN BOARD COMPOSITION AND SENIOR MANAGEMENT

With a view to restoring the credibility of the Board and safeguarding the interests of the shareholders of the Company, the Board has taken urgent steps to restructure the management of the Group. In this regard, the Board would like to announce that:

- (a) Mr. P. S. Wong, Mr. Ng Kam Fai (“**Mr. Ng**”) and Mr. Cheng Kin Chung (“**Mr. Cheng**”) have resigned as executive directors of the Company with effect from 6 December 2004;
- (b) Mr. Stephen Wong has been re-designated from an executive director of the Company to a non-executive director of the Company with effect from 6 December 2004. He is the non-executive Chairman of the Company;
- (c) Mr. Cheng has gone on leave as Chief Financial Officer of the Company with effect from 3 December 2004; and
- (d) Mr. Stephen Wong, Mr. P. S. Wong, Mr. Ng, Ms. Lin Wei Ping (the spouse of Mr. Stephen Wong, previously the Head of purchasing department (overseas division) of the Group and a director of Skyworth TV Holdings Limited (“**Skyworth TV**”), an indirect wholly-owned subsidiary of the Company) and Ms. Lo Yuk Ying (the mother of Mr. Stephen Wong, previously a director of Skyworth TV) have ceased to hold all directorships and management positions in the subsidiaries of the Group on 15 December 2004.

Each of Mr. P. S. Wong, Mr. Ng and Mr. Cheng confirms to the Company that (i) there has been no disagreement between each of them and the Board; and (ii) there are no matters that need to be brought to the attention of the holders of securities of the Company in relation to their resignation, save as disclosed in this announcement.

The Board further announces that Mr. Wang Dianfu (“**Mr. Wang**”) has been appointed as Chief Executive Officer of the Company with effect from 7 December 2004, Mr. Zhao Kejun (“**Mr. Zhao**”) has been appointed as Controller of Skyworth TV with effect from 9 December 2004. and Mr. Leung Chi Ching, Frederick (“**Mr. Leung**”) has been appointed as Director of Finance of the Company with effect from 20 December 2004. Mr. Wang and Mr. Zhao have been appointed as directors of certain subsidiaries of the Company on 15 December 2004. Mr. Wang, Mr. Zhao and Mr. Leung are not members of the Board.

The brief biographies of Mr. Wang, Mr. Zhao, Mr. Leung and Mr. Stephen Wong are as follows:

Mr. Wang Dianfu, aged 69, graduated from 北京理工大學 (the Beijing Institute of Technology). He is currently the authorised representative of the Shenzhen Electronic Chamber of Commerce and the Vice President of China Electronic Chamber of Commerce. During February 1993 to March 2000, Mr. Wang was the Chairman and General Manager of Shenzhen Electronics Group Co., Ltd. (深圳市賽格集團有限公司), an electronics company in Shenzhen, the People’s Republic of China (the “**PRC**”) with three subsidiaries listed on the Shenzhen Stock Exchange. Prior to that, Mr. Wang was the Senior Engineer and Chief Executive Officer of 北京廣播器材廠 (the Beijing Broadcasting Equipment Factory) from 1979 up to 1991.

Save and except for his appointment as Chief Executive Officer of the Company, Mr. Wang does not have any relationship with the Company, the controlling shareholder of the Company, or the former and existing directors of the Group and their respective associates. As at the date of this announcement, Mr. Wang is not interested in any share capital of the Company within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”). Mr. Wang has entered into a service contract with the Company commencing from 7 December 2004 for a period of one year. The contract will continue to be in force unless terminated by Mr. Wang or the Company serving no less than 3 months’ prior written notice to the other. Mr. Wang is entitled to a remuneration of HK\$1,000,000 per annum.

Mr. Zhao Kejun, aged 59, graduated from 北京理工大學 (the Beijing Institute of Technology) majoring in power engineering. During March 1999 to February 2004, Mr. Zhao was the Chairman of YF International Ltd., a Hong Kong company established by the Chongqing Municipal Government. Prior to that, he held senior positions such as the Deputy Head for the No. 46 Institute of the Ministry of Electronics Industry from 1998 to 1999, the Chief Representative of China National Electronics Import and Export Corporation Tianjin Co. in Japan, and the Deputy General Manager of China National Electronics Import and Export Corporation Tianjin Co.

Save and except for his appointment as the Controller of Skyworth TV, Mr. Zhao does not have any relationship with the Company, the controlling shareholder of the Company, or the former and existing directors of the Group and their respective associates. As at the date of this announcement, Mr. Zhao is not interested in any share capital of the Company within the meaning of Part XV of the SFO. Mr. Zhao has entered into a service contract with the Company commencing from 9 December 2004 for a period of one year. The contract will continue to be in force unless terminated by Mr. Zhao or the Company serving no less than 3 months’ prior written notice to the other. Mr. Zhao is entitled to a remuneration of HK\$420,000 per annum.

Mr. Leung Chi Ching, Frederick, aged 46, is an associate member of the Hong Kong Institute of Certified Public Accountants, a member of the American Institute of Certified Public Accountants and the Hong Kong Securities Institute. He has approximately 15 years’ experience in corporate finance, banking and accounting. Mr. Leung is an executive director of Dickson Group Holdings Limited, a company listed on the main board of the Stock Exchange.

Save and except for his appointment as Director of Finance of the Company, Mr. Leung does not have any relationship with the Company, the controlling shareholder of the Company, or the former and existing directors of the Group and their respective associates. As at the date of this announcement, Mr. Leung is not interested in any share capital of the Company within the meaning of Part XV of the SFO. Mr. Leung has entered into a service contract with the Company commencing from 20 December 2004 for a period of two years. The contract will continue to be in force unless terminated by Mr. Leung or the Company serving no less than 3 months’ prior written notice to the other. Mr. Leung is entitled to a remuneration of HK\$1,400,000 per annum.

Mr. Wong Wang Sang Stephen, aged 48, has been re-designated as a non-executive director of the Company. Mr. Stephen Wong is a founder of the Group. Prior to founding the Group in 1988, he worked in the China National Electronic Import and Export Corporation for six years focusing on the development and application of television manufacturing technology. Mr. Stephen Wong graduated from the South China University of Technology in the PRC. Mr. Stephen Wong is a brother of Mr. P. S. Wong.

As at the date of this announcement, Mr. Stephen Wong is interested or deemed to be interested in 889,350,145 ordinary shares of HK\$0.10 each in the Company, representing approximately 39.3% of the existing issued share capital of the Company as at the date of this announcement, and 12,500,000 share options of the Company within the meaning of Part XV of the SFO. Mr. Stephen Wong has entered into a service contract with the Company for a term of three years commencing from 1 April 2000. This service contract continues to be valid after the expiry of the aforesaid term unless terminated for cause or by the Company or Mr. Stephen Wong giving at least three months' prior written notice to terminate the service contract. No termination of his service contract has been made. As such, Mr. Stephen Wong has no fixed term of service with the Company but will be subject to retirement and re-election at the next annual general meeting of the Company in accordance with the bye-laws of the Company. Mr. Stephen Wong is entitled to HK\$8,494,800 per annum as director's emoluments. Save as disclosed in this announcement, Mr. Stephen Wong confirms that there are no other matters that need to be brought to the attention of the shareholders of the Company in respect of his re-designation.

The remaining members of the Board are Ms. Ding Kai (executive director), Mr. So Hon Cheung, Stephen (independent non-executive director), Mr. Li Weibin (independent non-executive director), and Mr. Xie Zhengcai (independent non-executive director). Mr. Wang, Mr. Zhao, Mr. Leung together with the existing members of the Board as referred to above collectively comprise the new management of the Company (the "**New Management**"). Mr. Wang, as Chief Executive Officer of the Company, is responsible for the implementation of the business and corporate strategies of the Group and overseeing and managing the overall operations of the Group. He will be assisted by Mr. Zhang Xuebin, the current President of the television business unit of the Group, in managing the principal operating subsidiaries in the PRC. Mr. Zhao, as the Controller of Skyworth TV, is responsible for the internal administration and control of the Group's operations in Hong Kong. He will also be in charge of the purchasing and procurement function of the Group. Mr. Leung, as Director of Finance of the Company, is responsible for the financial management of the Company. Mr. Stephen Wong, being re-designated as a non-executive director of the Company, has ceased to have any executive function in the Group. The Board believes that retaining Mr. Stephen Wong who is one of the founders of the Group as the non-executive Chairman of the Company will help preserve the confidence and morale of employees of the Group as well as to facilitate the smooth transition to the New Management. Mr. P. S. Wong will continue to be an employee of the Group assisting in suppliers' relationship management and reporting to Mr. Zhao. Mr. Ng will continue to be an employee of the group responsible for product design. Given that Mr. Ng has been involved in plastic moulding and mechanical engineering since his employment with the Group and has not been and will not be involved in the financial matters of the Group, the Board considers that the continuation of his employment is essential to the normal operations of the Group. The resumption of Mr. Cheng's duties as Chief Financial Officer of the Company is subject to review by the New Management. All the resigned/re-designated directors of the Company have been providing necessary information and assistance to the New Management and taking all necessary actions to hand over corporate matters to the New Management as soon as practicable. Save for their roles as described above, all the resigned/re-designated directors of the Company have ceased to be involved in any corporate management, decision making or financial management or control of the Group.

The Group has also taken necessary steps to replace Mr. Stephen Wong, Mr. P. S. Wong and Mr. Cheng as authorised signatories for the Group's relevant bank accounts in Hong Kong with Mr. Wang, Mr. Leung and/or Mr. Zhao and implemented additional internal control procedures in respect of cash disbursements and cheque payments. The Board (including the independent non-executive directors of the Company) believes that with the aforesaid changes in Board composition, including the appointment of individuals with extensive knowledge in the manufacture and sales of display technology and related products as senior executives of the Company, and the adoption of measures to tighten the control over cash disbursements and payments, the Group will be in a position to contain the impact of the Incident on the Group and continue its existing business and normal operations under the management, direction and control of the New Management.

FORMATION OF INDEPENDENT COMMITTEE

The Board further announced that on 8 December 2004, an independent committee (the “**Independent Committee**”) comprising Mr. Cheong Ying Chew, Henry (“**Mr. Cheong**”) and Mr. Ip Shing Hing (“**Mr. Ip**”) has been constituted, with Mr. Heng Kwo Seng (“**Mr. Heng**”) joined as an additional member on 9 December 2004. The Independent Committee is delegated with duties and power as set out in the following terms of reference:

- (1) to review and inquire into the accounts, records and affairs of the Group for the purpose of enabling the Group:
 - (a) to manage and protect the Group against the risk and exposure of the Group; and
 - (b) to monitor the continuation of normal operation of the Group,

in view of or in connection with the Incident as the Independent Committee may deem fit (the “**Inquiry**”);
- (2) to review the corporate governance and finance control system of the Group (the “**Review**”);
- (3) to appoint and engage a financial monitor as soon as possible to provide safeguard for and control over the assets of the Group on such terms as the Independent Committee may deem fit, until the completion of the Inquiry and Review;
- (4) to advise and make recommendation to the Group on the actions (if any) which shall be taken by the Group in accordance with the results of the Inquiry;
- (5) to advise and make recommendation to the Group on the actions (if any) which shall be taken by the Group in accordance with the results of the Review;
- (6) to appoint, organise and delegate any of the power of the Independent Committee to any sub-committee of the Independent Committee, for the purpose of the Inquiry and the Review or any part thereof, including (without limitation) an independent audit committee;
- (7) to appoint and engage a financial advisor to the Independent Committee and such other professionals as the Independent Committee may deem fit, to provide advice, assistance and support to the Independent Committee for and in the course of the Inquiry and the Review, on such terms as the Independent Committee may deem fit; and
- (8) generally, to advise and make recommendation to the Group on any action which shall be taken by the Group to protect the interest of the Group in view of or in connection with the Incident.

The members of the Independent Committee and their brief biographies are as follows:

Mr. Cheong Ying Chew, Henry, aged 56, holds a bachelor of science degree in Mathematics from Chelsea College, the University of London and a master of science degree in operational research and management from Imperial College, the University of London. He is a director of certain other listed companies in Hong Kong. Mr. Cheong is a member of the Process Review Panel for the Securities and Futures Commission (the “SFC”), a member of the Committee on Real Estate Investment Trusts of the SFC, a member of the Growth Enterprise Market Listing Committee and the Main Board Listing Committee of the Stock Exchange, a member of the Derivatives Market Consultative Panel of the Hong Kong Exchanges and Clearing Limited and also a member of the Corporate Advisory Council of the Hong Kong Securities Institute.

Mr. Ip Shing Hing, aged 49, holds a bachelor of laws degree from the University of Hong Kong and has been a practicing solicitor in Hong Kong for more than 20 years. Mr. Ip is also a Notary Public, a China-appointed Attesting Officer and Justice of Peace. Mr. Ip was the president of the Law Society of Hong Kong from May 2002 to May 2004 and is currently a council member of the Association of China-appointed Attesting Officers Limited, a director of Hong Kong Chinese General Chamber of Commerce, a member of Basic Law Promotion Steering Committee, a member of The Greater Pearl River Delta Business Council and a member of Corruption Prevention Advisory Committee of the ICAC.

Mr. Heng Kwoo Seng, aged 56, is the managing partner of Morison Heng, Chartered Accountants and Certified Public Accountants. He is a fellow member of The Institute of Chartered Accountants in England & Wales, an associate member of The Hong Kong Institute of Certified Public Accountants. He was formerly a member of the Chinese People Consultative Committee – Hainan and is currently the Vice Chairman of The Hong Kong Hainan Commercial Association. He is an independent non-executive director of various public companies, being Lee & Man Holding Limited, Lee & Man Paper Manufacturing Limited, The Thai-Asia Fund Limited, The Thai Asset Fund Limited, Winfair Investment Limited and China Fire Safety Enterprise Group Holdings Limited, Tack Fat Group International Limited and Soundwill Holdings Limited. He was independent non-executive director of Rockapetta Holdings Limited, SC Industrial Development Company Limited (formerly known as Lee & Man Holdings Limited), GreaterChina Technology Group Limited, E-Life International Limited, REXCAPITAL Financial Holdings Limited and Matrix Holdings Limited and resigned respectively on 5 March 2002, 12 July 2002, 31 December 2002, 30 November 2003, 14 September 2004 and 30 September 2004. Mr. Heng was appointed by the Receiver in-aid of Execution as a director and Chairman of Luckyman Properties Limited in 1990 to 1991 to safeguard the assets of the company. Mr. Heng is also the Company Secretary of AEON Stores (Hong Kong) Co., Limited and China Life Insurance Company Limited, which are listed on the Stock Exchange.

The Company has appointed Grant Thornton, a firm of certified public accountants, as a financial monitor to provide assistance to the Independent Committee to safeguard and control the assets of the Group. The scope of work of Grant Thornton includes, among others, reviewing the current internal control procedures of the Company (including but not limited to income, expense, inventory level of raw materials and finished goods and their respective release procedures) by way of walk-through test and setting up of additional internal control procedures to monitor daily cash disbursements, inventory movements, extraordinary movements of funds and other major cash and/or assets transfer arrangements. Under the present terms of engagement, Grant Thornton will not investigate into any past transactions prior to 30 November 2004. Their recommendations to the Board and the Independent Committee as to the Company’s corporate structure, operations, financial conditions and internal controls will only limit to findings of their review subsequent to 30 November 2004.

CHANGE OF COMPANY SECRETARY

The Board announces that Mr. Liang Hsien Tse, Joseph resigned as the company secretary of the Company with effect from 17 December 2004 and Mr. Leung was appointed as the company secretary of the Company on the same day.

UPDATE ON THE STATUS OF THE COMPANY

The Board wishes to state that the Group is able to maintain its existing production capacity and normal daily operation notwithstanding the Incident and the allegations against certain ex-directors of the Company. Subsequent to the Incident, the Group has received fax letters from and has been approached by various key customers, distributors, suppliers (including LG Philips Displays and Seligent Limited) and bankers expressing their continuing support towards the Group. The Group continued to record normal sales in November and for the period from 1 to 9 December 2004 and there has been no substantial increase in cancellation of sales orders during the same period. Based on the Group's unaudited management reports, during November 2004, the Group sold a total of 642,000 and 188,000 units of television in China and other overseas markets respectively. Sales of audio visual products for November 2004 amounted to 59,000 units for China market and 68,000 units for overseas market. For the period from 1 to 9 December 2004, the total sales for television sets amounted to 251,000 units. The Group's production has also been maintained at normal level. Total production quantity of television sets for the period from 1 to 9 December 2004 was approximately 336,000 units.

In addition, the Group has adopted certain treasury measures subsequent to the Incident with a view to restoring the confidence of the Group's bankers. The Group, after taking into consideration the current financial and cashflow requirement, has on 6 December 2004 repaid the entire outstanding principal of US\$10 million (equivalent to approximately HK\$77.5 million denominated at the rate of US\$1=HK\$7.75) together with accrued interest drawn from the syndicated loan facility (the "**Facility**") granted to Skyworth TV by the Group's bankers in Hong Kong as referred to in the Company's announcement dated 25 October 2004. Skyworth TV has on 10 December 2004 served a cancellation notice to cancel the entire Facility, which shall be effective from 28 December 2004 subject to consent of relevant banks. On 1 December 2004, a bank in Hong Kong (the "**Bank**") requested the Group for repayment of certain banking facilities, including import loans, bills receivables, shipping guarantee and documentary credit advanced, amounted to HK\$321.5 million. On 3 December 2004, the Bank had set off an aggregate sum of HK\$40.8 million maintained in the Group's bank accounts and the Bank had, subject to signing of a formal agreement, in principle accepted the proposal made by the Group regarding the repayment schedule of the outstanding amount, which includes, amongst other things, the Group maintaining a certain level of deposits with the Bank. On 7 December 2004, the Group set aside approximately HK\$100 million bank deposits with the Bank for repayment of import loans and other liabilities due to the Bank. The directors of the Company confirmed that the Bank is in the process of finalising the agreement to be signed by the relevant parties regarding the repayment arrangement. The Board confirms that, to the best knowledge and belief of the directors of the Company, the Company has not breached any obligations of its loan agreements under which the Company has obtained loans which are significant to its operations as at the date of this announcement. As such, no disclosure obligation on the part of the Company has arisen under Rule 13.19 of the Rules Governing the Listing of Securities on the Stock Exchange.

The Group will continue with its usual treasury practices of utilising import loans from its bankers in Hong Kong as well as discounting certain bills receivable with the Group's bankers in the PRC to support the cash flow requirements of the Group's operations. Save for the aforesaid treasury practices, the Group in general finances its operations principally through internal resources. At present, the Group's banks in the PRC had indicated their intention to make available banking facilities of approximately RMB1,350 million (equivalent to approximately HK\$1,260 million denominated at the rate of HK\$1=RMB1.07) to the Group, and such funds may be made available to the Group subject to compliance and/or completion of the relevant procedures required by the relevant banks and finalisation of the terms. Apart from the experience of certain temporary deferrals in paying the Group's suppliers from bank accounts in Hong Kong prior to the repayment of the principal and accrued interest of the Facility, the Board considers that, based on the Group's available cash reserve and facilities, the cashflow position of the Group is manageable under the current level of operation.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2004

The Company has also engaged its auditors, Deloitte Touche Tohmatsu, to perform an audit on the interim results for the six months ended 30 September 2004. It is currently anticipated that the audited interim results will be released around mid February 2005.

GENERAL

Trading in the shares of the Company has been suspended with effect from 9:44 a.m. on 30 November 2004 and will remain suspended until further notice.

For and on behalf of the Board
Skyworth Digital Holdings Limited
Ding Kai
Executive Director

Hong Kong, 22 December 2004

As at the date of this announcement, the Board comprises Ms. Ding Kai as an executive director, Mr. Wong Wang Sang, Stephen as a non-executive Chairman of the Board, and Mr. So Hon Cheung, Stephen, Mr. Li Weibin and Mr. Xie Zhengcai as independent non-executive directors.

* *For identification purpose only*

“Please also refer to the published version of this announcement in The Standard”