



創維數碼控股有限公司

SKYWORTH DIGITAL HOLDINGS LIMITED

To: Business Editors

(For Immediate Release)

Skyworth Digital 2008/09 Annual Results

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Key Achievements

- Turnover increased by 12.5% to HK\$15.3 billion
 - Sales in mainland China market accounted for 87.4% of total turnover and recorded 10.3% growth
 - Sales in overseas market accounted for 12.2% of total turnover and recorded 30.2% growth
 - China TV sales recorded an increase of 9.7% while Overseas OEM TV sales surged by 44.1%, representing 80.5% and 9.5%, respectively of total turnover
 - Digital set-top box business contributed to 8.5% of total turnover, and represented a 16.9% increase from the prior year
- Gross profit reached HK\$3.1 billion, increased by 3.5%, and gross profit margin slightly dropped to 20.3%
- Profit for the period increased by 4.8% to HK\$503 million
- Profit attributable to equity holders of the Company increased by 0.7% to HK\$460 million, profit margin 3.0%
- Basic earnings per share was HK20.15 cents

Solid and Highly Liquid Balance Sheet

- Net assets HK\$4.4billion (up by 11.4% compared to that on 31 Mar 2008)
- Book value per share reached HK\$1.91, share trading close to book value
- Net cash inflow from operating activities amounted to HK\$805 million
- Bank balances and cash was HK\$1.4 billion, minus bank loans HK\$147m, represented HK54.0 cents per share
- Gearing ratio was greatly reduced to 3.4% compared to 15.4% in 2007/08 (excluding portion of financial liabilities arising from discounted bills with recourse and foreign exchange hedging arrangements)

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High Return

- Return on equity holders of the Company 10.6%
- Proposed 2008/09 final dividend of HK7.0 cents per share, representing full year dividend payout ratio of 39.7% on the profit attributable to the equity holders of the Company, representing an increase of 14.6%pt and is the highest dividend declared since the Company listing of its shares in 2000

(Hong Kong, 9 July 2009) ----- Skyworth Digital Holdings Limited (“Skyworth”, and collectively with its subsidiaries, the “Group”) (HKEx Stock Code: 00751) today announced its annual results for the year ended 31 March 2009. Turnover rose by 12.5% over the same period of last year, reaching HK\$15.3 billion. Gross profit amounted to HK\$3.1 billion and represented an increase of 3.5%. Gross profit margin decreased slightly by 1.7%pt to 20.3%. Net profit increased by 4.8% to HK\$503 million. Profit attributable to equity holders of the Company was held steady at HK\$460 million with an increase of 0.7%.

Basic earnings per share was HK20.15 cents, increased by 1.0%. The Board is declaring a final dividend of HK7.0 cents, together with the interim dividend of HK1.0 cent, making a total dividend of HK8.0 cents, representing dividend payout ratios of 39.7% and an increase of 14.6%pt.

Mr. Zhang Xuebin, Executive Chairman and CEO of Skyworth highlighted, “The China market remains as the core driver behind the Group to achieve the remarkable turnover growth. With rapid contraction in demand of CRT TV, new demand and replacement for LCD TV shifting towards inland cities and towns have improved our product mix and set a clear path for LCD TV as the mainstream product. The continuous strong volume growth in LCD TV improved our China TV business unit’s capability in generating historical high turnover. The LCD TV turnover raised up by HK\$2.8 billion, or 48.0%. In a longer run, the evolution in digital broadcasting will place nice footing for active high-end TV product development to endure technological advancements, reducing cost of manufacturing and operations. ”

The sales derived from the mainland China market accounted for 87.4% of the Group’s total turnover. As the key players in this segment, a principal share of 92.1% was held by TV products while 6.7% was held by digital set-top boxes.

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Mr. Yang Dongwen, Executive Director and President of China TV business unit recalled, “During 2008 Beijing Olympics, the Group invested in campaigns to promote **Skyworth** brand value and enhance corporate image. Compared to the previous year, flat-panel TV recorded 115.3% increase in sales volume. High-end TV products recorded a fruitful growth of 28.5% to 3.5 million units, representing 37.9% of the total sales volume of TV products.”

According to the market survey covering 312 cities and 3,308 retail terminals in China conducted by All View Consulting Ltd., a market research subsidiary of China Video Industry Association, the Group’s market shares in China LCD TV market including domestic and foreign brands for the 12 months ended 31 March 2009 in terms of sales quantity and revenue were 12.5% and 15.7% respectively, both constantly ranking Skyworth at No. 1.

“Since 2006, China domestic brands have been exploring different application software for LCD TV in an attempt to touch the hearts of mainland users. Internet concept LCD TVs are kept on rolling out and Skyworth Coocaa TV is the most outstanding product. It advocates to the concept of a “multi-media family entertainment center” which is well received by the Chinese consumers. On another hand, Skyworth is always innovative on marketing and promotional strategies, we have been sponsoring an entertainment TV program “Challenge Microphone” which creates an impressive synergy for audiences to vividly experience the uniqueness of our icon product. People chilling out at home can have fun or dedicate their affections to the beloved through karaoke, learning and recording their songs, competing with peers or the family all become appealing entertainment. Coocaa TVs in advanced generations are all the way outperforming in market share comparing to the same category of products in China market. The Group’s crucial strategy in high-end TV market positioning continued to be one of the key factors to our glory in turnover and market share,” Mr. Yang explained.

Overseas TV business contributed 9.5% of the total turnover, representing a 44.1% substantial increment compared with the same period of previous year while gross profit margin was held steady at 4.4%. Operational loss has been greatly narrowed. Asia, Europe and America remained as the Group's major markets during the year, contributing to 87% of the total turnover.

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Mr. Kuang Yubin, President of Skyworth's overseas TV business unit and Vice President of China TV business unit said, "The earlier streamlining in overseas TV business unit anchored positioning in the rapid changing environment. Meanwhile, our first-tier OEM and ODM services are well recognized by loyal international brands under evident transformation.

Despite the financial turmoil during the fourth quarter, the overseas TV business unit turnover was justified by the surge during the first three quarters. Amidst deteriorating global economy led to order rescheduling, shifting demands towards higher-in-value LCD TVs entailed a product mix reform. We are in the process of repositioning to facilitate resources sharing with the China TV business unit in order to increase overall efficiency. "

"Benefiting from the widening coverage of the digital broadcasting market and the excellent market reputation of **Skyworth** digital set-top boxes, it was another period with significant growth of 28.3% in the sales of digital set-top box business unit in China. Gross profit margin edged up by 3.3%pt to 34.7% compared to the same period of previous year. To grab the increasing market demand during the Beijing Olympic Games, we have launched the popular high-definition set-top boxes to rapidly access the new market together to gain market share. Having said that overseas market remained challenging facing a slight slowdown of sales in Europe, but the Group's set-top boxes received sound recognitions from corporate clients, which is promising to a sustainable growth. Consequently, the segmental turnover decreased by 2.4%, while gross profit margin rose by 2.3 percentage points," Mr. Shi Chi, President of set-top box business unit said.

Skyworth digital set-top box management precisely defined its strategy and direction in the market to concentrate resources on developing and launching profitable products with stringent measures to avoid incurring extra costs. Quality products and refined productivity strengthen its profitability.

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Mr. Frederick Leung, CFO of Skyworth emphasised, “We maintained adequate levels of operating cash flows to endure business operation through internally generated funds and facilitated trade facilities obtained from banks and certain suppliers. Fastening the pace to the dynamic changes in global market and Chinese government policies, the Group implemented effective management strategies in logistics and production capacity. These insights enhanced the Group’s net cash inflow of operating activities amounted to HK\$805 million for the year.”

To enhance the logistics efficiency of the supply chain plays a very important role so that inventories turnover and eventually profitability would improve. With the aims to improve logistic efficiency and production capacity, the Group had invested HK\$186 million in construction projects during the year, including the ongoing construction of Chengdu, Jiangxi and Nanjing logistic centers, and the production plants located at Guangzhou and Shenzhen of China. To align with the Group’s strategic vertical integration, HK\$41 million was invested in jointly controlled businesses to perform professional upgrades on LCD module technologies and to secure steady supplies in major components. In the coming years, HK\$254 million would be allocated in the construction and machinery purchases of the aforementioned plants and logistic centers.

“The Group strives for an annual target TV sales volume of 8.2 million units for this financial year including 4.8 million units will be LCD TV in China market. The extension of China Government four-year nationwide “Home Appliances to the Countryside” and the forthcoming “Swapping Old to New” program enable the Group to fully exploit its well established and sophisticated distribution and after sales service networks in the 3rd, 4th tier cities as well as rural areas. By the end of 2008, Skyworth has been the pioneer again to launch “Double LCD TV in the Countryside” program under our creative marketing approach. Robust LCD TV penetration continuously creates favorable environment and tremendous growth driver for the Group’s core China TV sales volume and revenue,” Mr. Zhang Xuebin concluded.

~ End ~

Appendix: 2008/09 TV Sales Volume

(Thousand Units)	2008/09	2007/08	Change (%)
Total TV Sales Volume	9,152	8,399	9%
China TV Business Unit	6,259	6,423	(3%)
comprises - Flat Panel TV	2,475.9	1,149.9	115%
- HDTV (CRT)	991.3	1,547.8	(36%)
- Traditional CRT TV	2,791.3	3,725.0	(25%)
Overseas TV Business Unit	2,893	1,976	46%
comprises - Flat Panel TV	174.3	105.6	65%
- Traditional CRT TV	2,718.2	1,869.9	45%

About Skyworth Digital Holdings Ltd. (HKEx stock code: 00751)

Skyworth Digital Holdings Ltd. established in 1988. It is the leading China TV manufacturer based in Shenzhen, with a vision to be the world's No. 1 in audio-visual industry. Skyworth is specialized in TV production with a focus on high-end digital products, including LCD TV, ultra slim HD CRT TV and Plasma TV. Other business units cover digital set-top boxes, car electronics, security monitors, LCD modules and IC packaging. In 2008/09, Skyworth's total sales volume of TV and group turnover reached 9.2million units and HK\$15.3 billion, respectively. According to the survey conducted by AVC Ltd. in April 2009 on 312 cities in China, Skyworth LCD TV ranked No. 1 among national and foreign brands in terms of sales volume as well as revenue for the month.. Skyworth's R&D is led by experienced electronics engineers and it cooperates with well-known suppliers in pioneer application software, industrial design and plant management. In May 2006, the Group introduced the recordable LCD TV, 3G-USB LCD TV, auto-adjustable LCD backlight technology in September 2006; the stabilizing technology to improve the response time of motion pictures and CooCaa multifunctional TV in the first quarter and third quarter of 2007, respectively. Being the first Chinese TV manufacturer explored the overseas market in 1993, Skyworth's quality OEM TV has been recognized by international brands, It contributed 9.5% in total turnover in 2008/09. Skyworth's Science Industrial Park with a total area of over 640,000 square meters, located in Shiyan, Shenzhen, commenced production of flat-panel TV and high-end electronics products in October 2006. Meanwhile, the new regional production plant at Ruyi district of Huhot, Inner Mongolia is in operation. The two new plants initially give Skyworth additional production capacity of totally 4 million units. In April 2008, Skyworth acquired an equity stake in LG Display's LCD module factory in Guangzhou; entered into an agreement to form a display technology R&D joint venture. A new LCD TV production plant located opposite to the module factory commenced production in October 2008. Skyworth has been listed on The Stock Exchange of Hong Kong Limited (00751) since April 2000. For details of the Company, please visit www.skyworth.com

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