
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other licensed dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in **Skyworth Group Limited**, you should at once hand this circular and the accompanying proxy form to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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SKYWORTH
SKYWORTH GROUP LIMITED
創維集團有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 00751)

**MAJOR TRANSACTION IN RELATION TO
THE DISPOSAL OF EQUITY INTEREST IN THE TARGET
AND
NOTICE OF SPECIAL GENERAL MEETING**

A notice convening the SGM to be held at 5/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Friday, 10 September 2021 at 10:00 a.m. is set out on pages SGM-1 to SGM-3 of this circular.

If you do not intend to attend the meeting, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as practicable and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the meeting or any adjourned meeting should you so desire.

PRECAUTIONARY MEASURES FOR THE SGM

To safeguard the health and safety of Shareholders and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the SGM:

- Compulsory temperature screening/checks
- Wearing of surgical face mask
- No distribution of corporate gift and refreshment and drinks

Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the meeting venue.

For the health and safety of Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the SGM by appointing the Chairman of the SGM as their proxy and to return their proxy forms by the time specified above, instead of attending the SGM in person.

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DEFINITIONS

In this circular, unless the context otherwise specifies, the following expressions have the following meanings:

“Board”	the board of directors of the Company;
“Company”	Skyworth Group Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange (stock code: 00751);
“Completion”	completion of the Disposal pursuant to the terms of the Disposal Agreement;
“Condition”	the condition precedent to Completion under the Disposal Agreement;
“Consideration”	the consideration for the sale and purchase of the Sale Shares underlying the Disposal Agreement, being RMB83 million;
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Disposal”	the disposal by Skyworth RGB of the Sale Shares to the GZ Purchaser pursuant to the Disposal Agreement;
“Disposal Agreement”	the sale and purchase agreement dated 28 July 2021 entered into between Skyworth RGB (as vendor) and the GZ Purchaser (as purchaser) in respect of the sale and purchase of the Sale Shares;
“Group”	the Company and its subsidiaries;
“GZ Purchaser”	科學城(廣州)投資集團有限公司 (Science City (Guangzhou) Investment Group Co. Ltd.*), a company established under the laws of the PRC and is an Independent Third Party;
“Guarantor”	創維集團有限公司 (Chuangwei Group Co., Ltd.*), an indirect wholly-owned subsidiary of the Company established under the laws of the PRC and is the guarantor in respect of Skyworth RGB’s obligations under the Disposal Agreement;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;

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“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party(ies)”	person(s) who are independent from the Company and its connected persons;
“Latest Practicable Date”	19 August 2021, being the latest date by which certain information in this circular is ascertained prior to publication;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China, which, for the purposes of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
“Previous Disposals”	the disposals to the GZ Purchaser (i) by an indirect wholly-owned subsidiary of the Company of the entire equity interests in 廣州創維電子有限公司 (Guangzhou Skyworth Electronics Co., Ltd.*), a company established under the laws of the PRC; and (ii) by Skyworth RGB of the 90% equity interest held by it in the Target, details of which are set out in the Company’s announcements dated 12 June 2020 and 16 April 2021, respectively;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Shares”	10% equity interest in the Target held by Skyworth RGB which is the subject of the Disposal Agreement;
“SGM”	a special general meeting of the Shareholders to be convened for the purpose of considering, and if thought fit, approving, among other things, the Disposal;
“Share(s)”	the ordinary share(s) of HK\$0.10 each in the issued share capital of the Company;
“Shareholder(s)”	the holder(s) of the Share(s);
“Skyworth RGB”	深圳創維-RGB電子有限公司 (Shenzhen Chuangwei-RGB Electronics Co., Ltd.*), a company established under the laws of the PRC and an indirect wholly-owned subsidiary of the Company, which is the vendor of the Sale Shares under the Disposal Agreement;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

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“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules;
“Target”	廣州創維平面顯示科技有限公司 (Guangzhou Flat Display Technology Co., Ltd.*), a company established under the laws of the PRC and in which Skyworth RGB holds as to 10% of its equity interest as of the Latest Practicable Date; and
“%”	per cent.

Note: The English name of any entity marked with an asterisk (*) means such name is translated/transliterated for identification only and does not represent the official name of such entity.

LETTER FROM THE BOARD

SKYWORTH
SKYWORTH GROUP LIMITED
創維集團有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 00751)

Executive Directors:

Lai Weide (*Chairman of the Board*)
Liu Tangzhi (*Chief Executive Officer*)
Lin Wei Ping
Shi Chi
Lin Jin
Lam Shing Choi, Eric

Independent non-executive Directors:

Li Weibin
Cheong Ying Chew, Henry
Hung Ka Hai, Clement

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

*Head office and principal
place of business:*

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

25 August 2021

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION IN RELATION TO
THE DISPOSAL OF EQUITY INTEREST IN THE TARGET
AND
NOTICE OF SPECIAL GENERAL MEETING**

A. INTRODUCTION

Reference is made to the announcement of the Company dated 28 July 2021 in relation to the Disposal. The purpose of this circular is to provide you with further information on the Disposal, and the notice convening the SGM.

B. THE DISPOSAL

1. The Disposal Agreement

On 28 July 2021, Skyworth RGB and the GZ Purchaser entered into the Disposal Agreement, pursuant to which Skyworth RGB has conditionally agreed to sell, and the GZ Purchaser has conditionally agreed to acquire, the Sale Shares, which represents 10% of the equity interest in the Target, at a cash consideration of RMB83 million.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the Company holds an indirect 10% equity interest in the Target, which is accounted for as a financial asset at fair value through profit or loss in the consolidated financial statements of the Company. Upon Completion, the Company will cease to have any equity interest in the Target.

The principal terms of the Disposal Agreement are set out as follows:–

- Date:** 28 July 2021
- Vendor:** Skyworth RGB, an indirect wholly-owned subsidiary of the Company.
- Purchaser:** 科學城(廣州)投資集團有限公司 (Science City (Guangzhou) Investment Group Co. Ltd.*), a company established under the laws of the PRC which is wholly-owned by 廣州經濟技術開發區管理委員會 (Guangzhou Hi-Tech Industry Development Zone Administration Committee*), an organisation under the PRC government.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the GZ Purchaser and its ultimate beneficial owners are Independent Third Parties.

- Subject matter:** 10% equity interest in the Target, namely 廣州創維平面顯示科技有限公司 (Guangzhou Flat Display Technology Co., Ltd.*). The Target is a company established under the laws of the PRC, the principal business of which is the leasing of the factory premises owned by it. As at the Latest Practicable Date, the Target owns a total of 15 industrial premises located at 中國廣州開發區開達路 99 號 (No. 99 Kaida Road, Guangzhou City Development Zone, the PRC*) with lot number KXC-K1-3, with a total area of approximately 172,404 square meters including public utilities and facilities.

Pursuant to the Disposal Agreement, the application for change in shareholders in the Target is required to be made with the relevant administration for industry and commerce within 10 days after the date on which the Condition is satisfied.

Upon Completion, the Company will cease to hold any equity interest in the Target.

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The audited net asset value of the Target as at 31 December 2020 amounted to approximately RMB244.0 million. The audited carrying value of the Target's land and buildings and land use right as at 31 December 2020 amounted to approximately RMB173.8 million and RMB58.0 million respectively, and approximately RMB231.8 million in total. This represents, for the purpose of Rule 5.02A of the Listing Rules, less than 1% of the Company's audited consolidated total assets as at 31 December 2020, which in turn amounted to approximately RMB53.68 billion.

The net profit before and after taxation of the Target for the years ended 31 December 2019 and 31 December 2020 are as follows:-

	Financial year ended	
	31 December	31 December
	2020	2019
	<i>Approx.</i>	<i>Approx.</i>
	<i>RMB million</i>	<i>RMB million</i>
	(audited)	(audited)
Net profit before taxation	121.0	39.50
Net profit after taxation	100.1	38.10

Condition precedent: Completion under the Disposal Agreement is conditional upon compliance by the Company with the relevant requirements under the Listing Rules in relation to the Disposal, including the obtaining of the requisite shareholders' approval at the SGM.

LETTER FROM THE BOARD

Consideration: The Consideration of RMB83 million under the Disposal Agreement is to be paid in cash in two instalments as follows:–

- (i) Approximately RMB42.3 million, representing 51% of the Consideration, is payable by the GZ Purchaser upon satisfaction of the condition precedent as stated above and within 10 business days after the relevant administration for industry and commerce in the PRC acknowledging receipt of application regarding the change of ownership in the Sale Shares; and
- (ii) Approximately RMB40.7 million, representing 49% of the Consideration is payable by the GZ Purchaser within 10 business days after the date of Completion (being the date on which the transfer of the Sale Shares is approved by the relevant administration for industry and commerce in the PRC).

The Consideration underlying the Disposal Agreement has been negotiated between Skyworth RGB and the GZ Purchaser on an arm's length basis taking into account, among other things, the valuation of the Target as adopted at the time of the Previous Disposals, which in turn was arrived at following the parties' negotiations and by reference to, among other things, the net asset value of the Target and the amount of assets and liabilities agreed to be segregated at the time. The Target's net assets as at 31 October 2019 were valued at approximately RMB2,083.57 million, before deduction of an amount equal to RMB1,269.58 million (being the net amount of the assets and liabilities to be segregated from the Target as disclosed in the Company's announcement dated 12 June 2020). Such valuation was also referred to as part of the negotiations between Skyworth RGB and the GZ Purchaser at the time, and the parties agreed to adopt RMB830 million as the valuation of the entire equity interest of the Target. Given such valuation remains to be at a premium to the carrying value of the Target's net assets value as at 31 December 2020, the Directors are of the view that the consideration of RMB83 million for the disposal of the Sale Shares is fair and reasonable.

Security: Skyworth RGB's obligations under the Disposal Agreement will also be guaranteed by the Guarantor, which is an indirect wholly-owned subsidiary of the Company, by way of a separate corporate guarantee.

LETTER FROM THE BOARD

2. Information on the Group and the GZ Purchaser

The Group is principally engaged in the manufacture and sales of consumer electronic products and upstream accessories, property development and property holding. Skyworth RGB is principally engaged in the manufacture and sales of consumer products. The Guarantor is an investment holding company.

The GZ Purchaser, namely 科學城(廣州)投資集團有限公司 (Science City (Guangzhou) Investment Group Co. Ltd.*), is a company established under the laws of the PRC which is wholly-owned by 廣州經濟技術開發區管理委員會 (Guangzhou Hi-Tech Industry Development Zone Administration Committee*), an organisation of the PRC government.

According to information available to the Company, the GZ Purchaser is principally engaged in the provision of services in project investments and construction and infrastructure.

3. Financial effects of the Disposal and Use of proceeds

Based on (i) the unaudited carrying value of the Target in the Company's consolidated management accounts as at 30 June 2021 of approximately RMB83 million and (ii) the consideration under the Disposal Agreement, it is expected that the Company will not record any gain or loss in respect of the Disposal, subject to audit. The net proceeds from the Disposal are expected to be approximately RMB80 million, which are expected to be applied towards funding the Group's other investments in its ordinary course of business (including a manufacturing plant based in Guangzhou, the PRC).

Upon Completion, the Company will cease to hold any equity interest in the Target and the Target will cease to be recorded as financial assets at fair value through profit or loss in the Company's consolidated financial statements.

4. Reasons for and benefits of the Disposal

The Disposal represents a complete divestment by the Group of its investment in the Target as part of the Group's continual effort in optimising its investment asset portfolio. The Directors are of the view that a divestment from the Target will allow the Group to redeploy the proceeds from the Disposal to enhance the Group's liquidity position and provide funding for the Group's other investments.

Accordingly, the Directors are of the view that the Disposal is in the interests of the Company and the Shareholders as a whole, and that the terms of the Disposal Agreement are fair and reasonable.

LETTER FROM THE BOARD

5. Listing Rules implications

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal, when aggregated with the Previous Disposals, is more than 25% but all of them are less than 75%, the Disposal constitutes a major transaction for the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under the Listing Rules.

C. THE SGM AND REGISTER OF MEMBERS

The SGM will be held on Friday, 10 September 2021 for the purposes of providing the Shareholders with an opportunity to consider and, if thought fit, approve (among other things) the Disposal and the transactions contemplated under the Disposal Agreement. As required under the Listing Rules, votes at the SGM will be taken by way of a poll.

The notice of the SGM is set out on pages SGM-1 to SGM-3 of this circular. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has any material interest in the Disposal and therefore no Shareholder is required to abstain from voting at the SGM on the resolution in relation to the same. Mr. Wong Wang Sang, Stephen, the controlling shareholder of the Company (within the meanings of the Listing Rules), has stated to the Company his intention to vote (by himself and through entity controlled by him) in favour of the Disposal at the SGM and has confirmed the same in writing.

The register of members of the Company will be closed from Tuesday, 7 September 2021 to Friday, 10 September 2021 (both days inclusive), during which period no transfer of shares in the Company will be effected. In order to qualify for attendance at the SGM, all transfers, accompanied by the relevant share certificates, have to be lodged with the Company's branch share registrar and transfer office in Hong Kong, Hong Kong Registrars Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Monday, 6 September 2021.

D. RECOMMENDATION

Having considered the reasons set out above, the Directors (including all the independent non-executive Directors) are of the view that the terms of the Disposal are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolution proposed at the SGM.

LETTER FROM THE BOARD

E. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By order of the Board
Skyworth Group Limited
Lai Weide
Chairman of the Board

1. FINANCIAL INFORMATION

Financial information of the Group for each of the three years ended 31 December 2018, 2019 and 2020 are disclosed in the following documents respectively which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://investor.skyworth.com/en/ir_report.php):–

- the Company's annual report for the year ended 31 December 2018
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0418/ltn201904181337.pdf>)
- the Company's annual report for the year ended 31 December 2019
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0420/2020042000606.pdf>)
- the Company's annual report for the year ended 31 December 2020
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0419/2021041900446.pdf>)

2. STATEMENT OF INDEBTEDNESS

At the close of business on 30 June 2021, being the latest practicable date for the purpose of preparing this indebtedness statement prior to the publication of this circular, the total indebtedness of the Group was as follows:

Bank borrowings

- (i) Secured and unguaranteed bank borrowings of approximately RMB2,597 million secured by the pledge over certain assets of the Group, including interests in long-lived assets and current assets.
- (ii) Unsecured and guaranteed bank borrowings of approximately RMB5,154 million.
- (iii) Unsecured and unguaranteed bank borrowings of approximately RMB2,135 million.
- (iv) Secured and guaranteed bank borrowings of approximately RMB3,694 million secured by the pledge over certain assets of the Group, including interests in long-lived assets and current assets.

Other financial liabilities

- (i) Advances from third parties with amount of approximately RMB250 million which were unsecured and unguaranteed.

Corporate bonds and convertible bonds

- (i) Corporate bond with outstanding principal amount of approximately RMB887 million which was unsecured and unguaranteed.

- (ii) Convertible bond with outstanding principal amount of approximately RMB978 million which was unsecured and unguaranteed.

Lease obligations

As at 30 June 2021, the Group, as a lessee, had outstanding lease payments for the remainder of the relevant lease terms amounting to approximately RMB209 million in aggregate, among which approximately RMB180 million was secured by rental deposits and unguaranteed, while the remaining approximately RMB29 million was unsecured and unguaranteed.

Contingent liabilities or guarantees

As at 30 June 2021, there was no litigation or arbitration proceeding pending or threatened against the Group or any of the directors of the Company which could have a material adverse effect on the business, financial conditions or result of operations.

Save as disclosed above and apart from intra-group liabilities, the Group did not have any other borrowings, debt securities issued and outstanding, and authorised or otherwise created but unissued, bank overdrafts, other borrowings or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other contingent liabilities for the purpose of this indebtedness statement as at 30 June 2021.

3. WORKING CAPITAL STATEMENT

The Directors, after due and careful enquiry, are of the opinion that, after taking into account the Group's present available financial resources, internally generated funds, available banking and credit facilities, and proceeds of sale upon completion of the Disposal, the Group will have sufficient working capital to satisfy its present requirements for at least 12 months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, they are not aware of any material adverse change in the financial or trading position or outlook of the Group since 31 December 2020, being the date to which the latest audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group, comprising the Company and its subsidiaries, is principally engaged in the manufacture and sales of smart TV systems, home access systems, smart white appliances, internet value-added services, property development, property holding, modern services and trading of other products, with four key business sectors, including: 1. Multimedia business; 2. Smart systems technology business; 3. Smart appliances business; and 4. Modern services business.

The following section discusses the performance of these sectors during the three months ended 31 March 2021 (which the Company has announced on 27 April 2021), as well as the outlook of these sectors for the current financial year.

1. *Multimedia Business*

The Group's multimedia business primarily covers, among others, smart TV systems and provision of internet valued-added services of Coocaa System.

Smart TV systems products

For the three months ended 31 March 2021 and 2020, the Group's smart TV systems sales volume by market is as follows:

	Three months ended 31 March 2021	Three months ended 31 March 2020	Three months ended 31 March 2020 vs Three months ended 31 March 2021 Increase/ (decrease)
	<i>Unit ('000)</i>	<i>Unit ('000)</i>	
PRC Market	1,413	1,437	(1.7%)
Overseas Markets	<u>1,991</u>	<u>1,528</u>	<u>30.3%</u>
Total smart TV systems sales volume	<u><u>3,404</u></u>	<u><u>2,965</u></u>	<u><u>14.8%</u></u>

In the PRC market, the Group changed its product sales structure, launched a high-end brand strategy, focused on new products such as OLED and 8K smart TV systems products with higher unit prices, and reduced the sales of low-end and small-size products. Therefore, the revenue increased by 14.7% comparing to the same period of 2020, despite a decrease in sales volume.

In overseas markets, as the global economy gradually recovers from the impact of COVID-19, the overall market performance of the international TV market is showing a rebound trend with an improvement on both of the sales volume and revenue.

The Group will continue its marketing strategies and adjust unit rates to cope with downturn of the market and increase market share in order to improve the sales performance of the Group's smart TV systems products in the Mainland China market. Meanwhile, in overseas markets, the Group will continue to adopt

relatively stable and conservative sales strategies, focusing on opportunities in consumption presented by emerging countries, as well as the optimisation of its sales channels and structures.

Internet value-added services of Coocaa System

As the PRC's economy gradually recovered from the impact of COVID-19, advertising revenue increased by 125.6% comparing to the same period of 2020. On the other hand, Chinese citizens spent a lot of time on watching TV at home instead of staying outside since the outbreak of COVID-19, which resulted in a significant growth in both the active user volume and the internet value-added services of Coocaa System. Therefore, the Group recorded a significant growth of 42.4% in revenue from the internet value-added services of Coocaa System during the three months ended 31 March 2021.

2. *Smart Systems Technology Business*

In the PRC market, with the resumption of work of some operator customers, and the Group's effort on keeping abreast of the changes in market demand and continuing to focus on key quality customers, during the three months ended 31 March 2021, the revenue recorded for smart systems technology business increased by 42.3% comparing to the same period in 2020.

In overseas markets, with the worldwide economy recovered from the COVID-19, the Group continued to deliver steady shipments in India, Africa and the Middle East and achieved significant sales growth in Asia Pacific and further diversification of product mix. During the three months ended 31 March 2021, the revenue recorded for smart systems technology business in overseas markets increased by 13.6% comparing to the same period in 2020.

3. *Smart Appliances Business*

Due to the epidemic in the PRC becoming under control, the revenue recorded for smart appliance products in the mainland China market resumed to the level before the pandemic. During the three months ended 31 March 2021, the revenue recorded for smart appliances business in the PRC market increased by 59.3% comparing to the same period in 2020.

On the other hand, the launch of vaccination of the COVID-19 in the worldwide improved the pandemic situation in some countries. During the three months ended 31 March 2021, the revenue in overseas markets also increased by 28.0% comparing to the same period in 2020.

4. *Modern Services Business*

Modern services business covers, among others, maintenance and repair for home appliances, macro-logistics services, international trades, construction development, financial lease and property operation for industrial parks.

For the three months ended 31 March 2021, revenue recorded for modern services business in the mainland China market increased by 23.0% comparing to the same period of 2020. On the other hand, revenue in overseas markets decreased by 87.1% comparing to the same period of 2020.

The Group has determined the development direction of the segments of modern services business, accelerated its upgrading transformation from manufacturing to modern services, and formed dedicated teams for financial services, macro-logistics services, supply chain operation, foreign trading, as well as park-based property management and construction development. The Group has set clear development plans for each of the Group's businesses, and a specific development model for the modern services business.

Future Prospects

To deal with unfavourable factors such as the shrinking domestic market and skyrocketing prices of raw materials, the Group continues to increase investment in new products, promote growth in overseas markets, control costs reasonably, and strengthen internal operation and management.

While the current year is the first year of China's "14th Five-Year Plan", which will fully implement the double-loop development strategy and comprehensively promote the revitalisation of rural areas, which will expand the room for the development environment of home appliance companies.

The management, while continuously monitoring macroeconomic developments and risks to the outlook, remains cautiously optimistic towards the performance of the Group in the rapidly changing environment.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS**(a) Directors' interests**

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (a) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange:

*Long positions in the shares of the Company and associated corporations:**The Company*

Name	Capacity	Number of Shares held	Approximate % of issued Shares (Note 3)
Mr. Lai Weide	Beneficial owner	10,002,000	0.37
Ms. Lin Wei Ping	Beneficial owner	9,160,382	0.34
	Interest of spouse (Notes 1 and 2)	1,238,258,799	46.41
	Sub-total	1,247,419,181	46.75

Name	Capacity	Number of Shares held	Approximate % of issued Shares (Note 3)
Mr. Liu Tangzhi	Beneficial owner	9,884,675	0.37
Mr. Shi Chi	Beneficial owner	6,184,825	0.23
	Interest of spouse	<u>5,446,466</u>	<u>0.20</u>
	Sub-total	11,631,291	0.43
Mr. Lin Jin	Beneficial owner	3,898,719	0.15
Mr. Li Weibin	Beneficial owner	1,000,000	0.04
Mr. Lam Shing Choi, Eric	Beneficial owner	3,000,000	0.11

Notes:

- 37,300,000 Shares of the Company are held by Mr. Wong Wang Sang, Stephen and 1,200,958,799 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 interested and deemed to be interested in 1,238,258,799 Shares of the Company.
- Ms. Lin Wei Ping is interested in 1,247,419,181 Shares of the Company, which comprise 9,160,382 Shares held by herself and the deemed interests in 1,238,258,799 Shares held by her spouse Mr. Wong Wang Sang, Stephen.
- The calculation is based on the total number of issued Shares of the Company (i.e. 2,668,129,420 Shares) as at the Latest Practicable Date.

Associated Corporation – Skyworth Digital Co., Ltd.

Name	Capacity	Number of shares held	Approximate % of issued shares in associated corporation (Note 1)
Mr. Lai Weide	Beneficial owner	750,000	0.07
Mr. Liu Tangzhi	Beneficial owner	600,000	0.06
Mr. Shi Chi	Beneficial owner	36,770,524	3.46
	Interest of spouse	<u>6,507,500</u>	<u>0.61</u>
	Sub-total	43,278,024	4.07

Note:

- The calculation is based on the total number of issued shares of Skyworth Digital Co., Ltd. (i.e. 1,063,236,399 shares) as at the Latest Practicable Date.

Interests in share options granted by the Company

Name	Date of grant	Exercise price (HK\$)	Exercise period	Number of share options
Mr. Lai Weide	8 July 2016	6.320	01/09/2017 – 20/08/2024	2,500,000
			01/09/2018 – 20/08/2024	2,500,000
			01/09/2019 – 20/08/2024	2,500,000
			01/09/2020 – 20/08/2024	2,500,000
	15 April 2019	2.680	30/09/2019 – 20/08/2024	4,000,000
			30/09/2020 – 20/08/2024	3,000,000
			30/09/2021 – 20/08/2024	3,000,000
Mr. Liu Tangzhi	15 April 2019	2.680	30/09/2019 – 20/08/2024	4,000,000
			30/09/2020 – 20/08/2024	3,000,000
			30/09/2021 – 20/08/2024	3,000,000
Mr. Lam Shing Choi, Eric	15 April 2019	2.680	30/09/2019 – 20/08/2024	800,000
			30/09/2020 – 20/08/2024	600,000
			30/09/2021 – 20/08/2024	600,000

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be entered in the register required to be kept under section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules.

(b) Other persons who have interests or short positions in the Shares or underlying Shares which is discloseable under Divisions 2 and 3 of Part XV of the SFO

As at the Latest Practicable Date, the following persons (not being Director or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long Positions in the Shares:

Name	Capacity	Number of Shares held	Approximate % of issued Shares (Note 3)
Target Success	Trustee (Note 1)	1,200,958,799	45.01
Mr. Wong Wang Sang, Stephen	Beneficial owner	37,300,000	1.40
	Interest of spouse (Note 2)	9,160,382	0.34
	Interest of controlled corporation (Note 1)	1,200,958,799	45.01
	Sub-total	1,247,419,181	46.75

Notes:

- 1,200,958,799 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 1,200,958,799 Shares of the Company.
- Ms. Lin Wei Ping is interested in 1,247,419,181 Shares of the Company, which comprise 9,160,382 Shares held by herself and the deemed interests in 1,238,258,799 Shares held by her spouse Mr. Wong Wang Sang, Stephen. She is also the sole director of Target Success.
- The calculation is based on the total number of issued Shares of the Company (i.e. 2,668,129,420 Shares) as at the Latest Practicable Date.

3. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to, or which were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2020 (being the date to which the latest published audited accounts of the Company were made up).

4. DIRECTORS' INTERESTS IN CONTRACTS OR OTHER ARRANGEMENTS

As at the Latest Practicable Date, there was no contract or arrangement in which any Director was materially interested in and which was significant in relation to the business of the Group.

5. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or their respective close associates (within the meaning of the Listing Rules) had an interest in any business that competes with or is likely to compete, directly or indirectly, with the business of the Group.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into, or proposed to enter into, any service contract with the Company or any other member(s) of the Group (excluding contracts expiring or which may be terminated by the Company within a year without payment of any compensation (other than statutory compensation)).

7. LITIGATION

As at the Latest Practicable Date, so far as was known to the Directors, none of the members of the Group was engaged in any litigation or arbitration proceedings of material importance and there was no litigation or arbitration proceedings or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

8. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Company or any of its subsidiaries) were entered into by the members of the Group within the two years immediately preceding the commencement date of this circular, which were or might be material:

- (a) the limited partnership agreement dated 8 November 2019 entered into between Skyworth Venture Capital (an indirect wholly owned subsidiary of the Company), 天津創維海河投資管理有限公司 (Tianjin Chuangwei Haihe Investment Management Co., Ltd.*) (an indirect joint venture of the Company), 天津市海河產業基金合夥企業 (有限合夥) (Tianjin Haihe Industry Fund Partnership Enterprise (Limited Partnership)*), 天津盛創投資有限公司 (Tianjin Shenchuang Investment Co., Ltd.*),

天津瑞豐投資管理有限公司 (Tianjin Ruifeng Investment Management Co., Ltd.*), 前海德勤投資控股(深圳)有限公司 (Qianhai Deqing Investment Holding (Shenzhen) Co., Ltd.*) and 天津旌榮信息諮詢合夥企業(有限合夥) (Tianjin Shengrong Information Advisory Partnership Enterprise (Limited Partnership)*) in relation to the formation of 天津創維海河新興產業投資合夥企業(有限合夥) (Tianjin Chuangwei Haihe New Industry Investment Partnership Enterprise (Limited Partnership)*) under which the Group has agreed to provide an aggregate capital contribution of RMB504 million, details of which are set out in the announcement of the Company dated 8 November 2019;

- (b) the sale and purchase agreements dated 12 June 2020 and 16 April 2021 entered into between 創維集團建設發展有限公司 (Chuangwei Group Construction Development Co. Ltd.*), an indirect wholly-owned subsidiary of the Company, and the GZ Purchaser in respect of the sale and purchase of, on aggregation, the entire equity interest in 廣州創維電子有限公司 (Guangzhou Skyworth Electronics Co., Ltd.*) at the respective consideration of RMB574.2 million and RMB63.8 million, details of which are set out in the announcements of the Company dated 12 June 2020 and 16 April 2021, respectively;
- (c) the sale and purchase agreement dated 12 June 2020 entered into between Skyworth RGB and the GZ Purchaser in respect of the sale and purchase of 90% equity interest in the Target at the consideration of RMB747 million, details of which are set out in the announcement of the Company dated 12 June 2020;
- (d) (i) the trademark transfer agreement dated 26 March 2021 entered into between 創維集團有限公司 (Chuangwei Group Co., Ltd.*), an indirect wholly-owned subsidiary of the Company established under the laws of the PRC, and 開沃新能源汽車集團有限公司 (Sky-well New Energy Automobile Group Co. Ltd.*) (“**Sky-well New Energy**”), an entity controlled by Mr. Wong Wang Sang, Stephen, the controlling Shareholder of the Company, in respect of the transfer to Sky-well New Energy of a total of 11 trademarks owned by the Group under Class 12 (Vehicles; apparatus for locomotion by land, air or water) of the Nice Classification by the World Intellectual Property Organization as applied in the PRC through its local laws, at a consideration of RMB28 million, the details of which are set out in the Company’s announcement dated 26 March 2021;
- (ii) the licensing agreement dated 26 March 2021 entered into between Sky-well New Energy and 深圳創維汽車智能有限公司 (Skyworth Automobile Electronics (Shenzhen) Co., Ltd.*) an indirect non wholly-owned subsidiary of the Company (“**Skyworth Automobile**”), under which Sky-well New Energy grants a license in favour of Skyworth Automobile in respect of the use of the Subject Trademarks in a range of specified products and appliances, the details of which are set out in the Company’s announcement dated 26 March 2021; and

- (e) the framework agreement dated 16 April 2021 entered into between Shenzhen Skyworth Digital Technology Co., Ltd. (“SSDT”), an indirect non wholly-owned subsidiary of the Company, and 深圳小湃科技有限公司 (Shenzhen Xiaopai Technology Co., Ltd.*) in relation to the sale by SSDT of electronic products manufactured by it, the details of which are set out in the Company’s announcement dated 16 April 2021.

9. GENERAL

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The head office and principal place of business of the Company in Hong Kong is at Rooms 1601-04, Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong.
- (b) The company secretary of the Company is Mr. Lam Shing Choi, Eric, who is also an executive Director. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the Certified Practising Accountants Australia.
- (c) The share registrar and transfer office of the Company in Hong Kong is Hong Kong Registrars Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (d) The English texts of this circular and the accompanying form of proxy shall prevail over their Chinese texts in case of inconsistencies.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company’s principal place of business in Hong Kong at Rooms 1601-04, Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. (except Saturdays, Sundays and public holidays in Hong Kong) from the date of this circular up to and including the date of the SGM:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Company for each of the three years ended 31 December 2018, 2019 and 2020;
- (c) the material contracts referred to in the section headed “8. Material Contracts” in this Appendix; and
- (d) this circular.

NOTICE OF THE SGM

SKYWORTH
SKYWORTH GROUP LIMITED

創維集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00751)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “SGM”) of Skyworth Group Limited (the “Company” and, together with its subsidiaries, the “Group”) will be held at 5/F, United Centre, 95 Queensway, Admiralty, Hong Kong on Friday, 10 September 2021 at 10:00 a.m. for the purpose of considering and, if thought fit, passing, with or without amendment, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

1. “**THAT**

- (a) the disposal by 深圳創維-RGB電子有限公司 (Shenzhen Chuangwei-RGB Electronics Co., Ltd.*), an indirect wholly-owned subsidiary of the Company, of the 10% equity interest held by it in 廣州創維平面顯示科技有限公司 (Guangzhou Flat Display Technology Co., Ltd.*) to 科學城(廣州)投資集團有限公司 (Science City (Guangzhou) Investment Group Co. Ltd.*) on the terms and conditions of the sale and purchase agreement dated 28 July 2021 (“**Agreement**”, a copy of which has been tabled to the SGM and marked “A” and initialled by the chairman of the SGM for identification purpose) be and is hereby approved; and
- (b) any one or more of the directors of the Company be and is/are hereby authorised to do all such acts and things and execute all such documents which he/she/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Agreement and the transactions contemplated thereunder.”

* *For identification purposes only*

By order of the Board
Skyworth Group Limited
Lai Weide
Chairman of the Board

Hong Kong, 25 August 2021

NOTICE OF THE SGM

As at the date of this notice, 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, Mr. Shi Chi, Mr. Lin Jin and Mr. Lam Shing Choi, Eric as executive Directors; and Mr. Li Weibin, Mr. Cheong Ying Chew, Henry and Mr. Hung Ka Hai, Clement as independent non-executive Directors.

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business:
Rooms 1601-04
Westlands Centre
20 Westlands Road
Quarry Bay
Hong Kong

Notes:

1. The register of members of the Company will be closed from Tuesday, 7 September 2021 to Friday, 10 September 2021 (both days inclusive), during which period no transfer of shares in the Company will be effected. In order to qualify for attendance at the SGM, all transfers, accompanied by the relevant share certificates, have to be lodged with the Company's branch share registrar and transfer office in Hong Kong, Hong Kong Registrars Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Monday, 6 September 2021.
2. A member entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf. A proxy need not be a member of the Company.
3. In order to be valid, the proxy form must be deposited together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of that power or authority, at the office of the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time fixed for holding the AGM or any adjournment thereof. Completion and return of the proxy form will not preclude any member from attending and voting in person should he so desire.
4. Where there are joint holders of any share anyone of such joint holder may vote, either in person or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at any meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Company's register of members in respect of the joint holding. Several executors or administrators of a deceased member of the Company in whose name any share stands shall for the purpose of the Company's bye-laws be deemed joint holders thereof.
5. The above resolution will be voted by way of a poll at the SGM.
6. Effect of bad weather on the SGM

The SGM will be adjourned if there is:
 - (a) a tropical cyclone warning signal number 8 or above; or
 - (b) a "black" rainstorm warning, in force in Hong Kong 2 hours before the scheduled time of the SGM on the day of the SGM. An announcement will be made by the Company in such event.
7. Considering the outbreak of the coronavirus disease 2019 (COVID-19), certain measures will be implemented at the SGM with a view to addressing the risk to attendees of infection, including, without limitation, (a) all attendees being required to (i) undergo compulsory body temperature check; and (ii) wear

NOTICE OF THE SGM

surgical masks prior to admission to the SGM venue; (b) all attendees being required to wear surgical masks throughout the SGM; (c) each attendee being assigned a designated seat at the time of registration to ensure social distancing; and (d) no corporate gift and refreshment and drinks being distributed.

8. The Company reminds attendees that they should carefully consider the risks of attending the SGM, taking into account their own personal circumstances. The Company will keep the evolving COVID-19 situation under review and may implement additional measures which it will announce closer to the date of the SGM.