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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)**

## CONNECTED TRANSACTION SOFTWARE DEVELOPMENT AGREEMENT

### THE SOFTWARE DEVELOPMENT AGREEMENT

The Board announces that on 8 June 2022, Nanjing Skyworth Information, an indirectly wholly-owned subsidiary of the Company, entered into the Software Development Agreement with Nanjing Coolwell, pursuant to which Nanjing Coolwell is commissioned to develop for Nanjing Skyworth Information the Software, a multimedia smart TV software system for automobile applications, at a consideration of RMB9,030,000 (excluding tax payable).

### LISTING RULES IMPLICATIONS

As at the date of this announcement, Nanjing Coolwell is indirectly controlled by Mr. Wong, the controlling shareholder of the Company, and is therefore an associate of Mr. Wong and a connected person of the Company under the Listing Rules. Accordingly, the Software Development Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the consideration under the Software Development Agreement exceed 0.1% but are less than 5%, the Software Development Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements, but are exempted from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### INTRODUCTION

The Board announces that on 8 June 2022, Nanjing Skyworth Information, an indirectly wholly-owned subsidiary of the Company, entered into the Software Development Agreement with Nanjing Coolwell, pursuant to which Nanjing Coolwell is commissioned to develop for Nanjing Skyworth Information a multimedia smart TV software system for automobile applications, at a consideration of RMB9,030,000 (excluding tax payable).

The terms of the Software Development Agreement are summarised as follows:-

- Date : 8 June 2022
- Parties : (i) Nanjing Skyworth Information  
(ii) Nanjing Coolwell
- Subject Matter : Pursuant to the Software Development Agreement, Nanjing Coolwell is commissioned to design the Software, being a multimedia TV software system for automobile applications carrying features and functions as specified by Nanjing Skyworth Information. The developed Software will then be incorporated by Nanjing Skyworth Information into TV display modules to be manufactured by it for sale to a client who is an Independent Third Party.
- Consideration : The consideration under the Software Development Agreement is RMB9,030,000 (excluding tax payable), which is payable by Nanjing Skyworth Information in stages as follows:-
- (i) RMB2,709,000, being 30% of the total consideration, is payable within one month of signing of the Software Development Agreement;
  - (ii) RMB2,709,000, being 30% of the total consideration, is payable within one month after the completion of the second round development of trial automobile of Nanjing Skyworth Information's client;
  - (iii) RMB2,709,000, being 30% of the total consideration, is payable within one month after the completion of the development of mass production of automobile of Nanjing Skyworth Information's client;
  - (iv) RMB903,000, being 10% of the total consideration, is payable within three months after the completion of the mass production of automobile of Nanjing Skyworth Information's client.

The above consideration is determined with reference to the estimated research and development labour cost expected to be incurred by Nanjing Coolwell with respect to the development of the Software. The said consideration amount is also approved by Nanjing Skyworth Information's client as the Software development budget which will be paid by the client to Nanjing Skyworth Information in stages before the respective milestone payments as specified above.

If the Software development does not complete as scheduled for reasons attributable solely to Nanjing Coolwell, Nanjing Skyworth Information is entitled to a refund of all amounts paid.

## **INFORMATION ON NANJING SKYWORTH INFORMATION**

Nanjing Skyworth Information is a company established under the laws of the PRC and an indirectly wholly-owned subsidiary of the Company. It is principally engaged in the development and sale of software and hardware used in smart on-board multimedia entertainment system.

## **INFORMATION ON NANJING COOLWELL**

Nanjing Coolwell is a company established under the laws of the PRC and is principally engaged in the development of software used in smart on-board entertainment system. It is owned:-

- (i) as to 51% by 開沃新能源汽車集團有限公司 (Sky-well New Energy Automobile Group Co. Ltd.\*) (“**Sky-well**”), a company established in the PRC which is owned by Mr. Wong as to approximately 71.99% and Mr. Lin Jin (an executive Director) as to approximately 0.28%. There are 12 other shareholders in Sky-well (which are controlled by persons independent of the Company and its connected persons), and none of them owns more than 10% equity interest in Sky-well;
- (ii) as to 22.5% by 深圳市酷開網絡科技股份有限公司 (Shenzhen Coocaa Network Technology Co., Ltd.\*), a non-wholly owned subsidiary of the Company; and
- (iii) as to 20% by 南京酷芯企業管理諮詢合夥企業 (有限合夥) (Nanjing Kuxin Enterprise Management Consultancy Partnership (LLP)\*) and 6.5% by 南京酷新企業管理諮詢合夥企業 (有限合夥) (Nanjing Kuxin Enterprise Management Consultancy Partnership (LLP)\*), which are both ultimately owned by Mr. Liu Qian who is the general manager of Nanjing Coolwell.

## **REASONS FOR AND BENEFITS OF THE SOFTWARE DEVELOPMENT AGREEMENT**

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, intelligent manufacturing, internet value-added services, property development, property holding, photovoltaic products, modern services and trading of other products.

The need for the development of the software arises in the ordinary and usual course of business of Nanjing Skyworth Information to provide product solutions to its clients. The software development capabilities and experience of Nanjing Coolwell, which is a software developer approved by the client, would enable Nanjing Skyworth Information to expand its clientele and enhance the reach of its products, and thereby benefit from the profit margin derived from the hardware sale of the finished product to the client.

Taking into account the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Software Development Agreement and the transactions contemplated thereunder are on normal commercial terms that are fair and reasonable, and that the entering into of the Software Development Agreement is in the ordinary and usual course of Nanjing Skyworth Information’s business and is in the interest of the Company and its Shareholders as a whole.

## LISTING RULES IMPLICATIONS

As at the date of this announcement, Nanjing Coolwell is indirectly controlled by Mr. Wong, the controlling shareholder of the Company, and is therefore an associate of Mr. Wong and a connected person of the Company under the Listing Rules. Accordingly, the Software Development Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the consideration under the Software Development Agreement exceed 0.1% but are less than 5%, the Software Development Agreement and the transactions contemplated thereunder are subject to the reporting and announcement requirements, but are exempted from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Since Nanjing Coolwell is an associate of Mr. Wong who is respectively the spouse and the father of Ms. Lin Wei Ping and Mr. Lin Jin, who are executive Directors, each of Ms. Lin Wei Ping and Mr. Lin Jin has abstained from voting on the resolution passed by the Board to approve the Software Development Agreement. Save as disclosed, none of the Directors has a material interest in the Software Development Agreement or is required to abstain from voting on the relevant board resolutions to approve the Software Development Agreement under the bye-laws of the Company or the Listing Rules.

## DEFINITIONS

In this announcement, the following expressions have the following meanings, unless the context otherwise requires:

“associate”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Company”	Skyworth Group Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange (Stock Code: 00751);
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries from time to time, and “Group Company” shall be construed accordingly;
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

“Mr. Wong”	Mr. Wong Wang Sang, Stephen, who is a controlling shareholder of the Company and is the spouse of Ms. Lin Wei Ping and the father of Mr. Lin Jin, who are executive Directors;
“Nanjing Coolwell”	南京酷沃智行科技有限公司 (Nanjing Coolwell Technology Co., Ltd.*), a company established under the laws of the PRC;
“Nanjing Skyworth Information”	南京創維信息技術研究院有限公司 (Nanjing Skyworth Information Technology Institute Co., Ltd.*), a company established under the laws of the PRC and an indirectly wholly-owned subsidiary of the Company;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Software Development Agreement”	the agreement dated 8 June 2022 entered into between Nanjing Skyworth Information and Nanjing Coolwell in relation to the development of the Software;
“Software”	a multimedia smart TV software system for automobile applications which Nanjing Coolwell is commissioned to develop for Nanjing Skyworth Information;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

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

Hong Kong, 8 June 2022

*As at the date of this announcement, the Board of the Company comprises six executive Directors, namely Mr. Lai Weide (Chairman), Mr. Liu Tangzhi (Vice Chairman), Mr. Shi Chi (Chief Executive Officer), Ms. Lin Wei Ping, Mr. Lin Jin and Mr. Lam Shing Choi, Eric; and three independent non-executive Directors, namely Mr. Li Weibin, Mr. Cheong Ying Chew, Henry and Mr. Hung Ka Hai, Clement.*

*\* For identification purposes only*