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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)

DISCLOSEABLE TRANSACTION FORMATION OF INVESTMENT FUND

FORMATION OF THE FUND

The Board is pleased to announce that on 31 October 2023, Skyworth Investment Management and Skyworth Technology Consultancy have entered into the Limited Partnership Agreement with other limited partners in relation to the formation of the Fund. Pursuant to the Limited Partnership Agreement, Skyworth Investment Management and Skyworth Technology Consultancy have agreed to an aggregate capital contribution of RMB 400 million, representing 40% of the current capital commitment to the Fund. The investment direction of the Fund is to invest primarily in new generation information technology industry based enterprises with a focus on integrated circuit, new-type display devices, intelligent terminals, industrial internet, fifth and sixth generation technology for wireless communications (5G and 6G), aerospace information, cloud computing and big data, software and information technology service, and quantum technology, and their upstream and downstream industrial chain such as their materials and devices, etc. Upon establishment, the results of the Fund will be consolidated into the accounts of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules is more than 5% but are less than 25%, the formation of the Fund and the transactions contemplated under the Limited Partnership Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to announcement and reporting requirements under the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 31 October 2023, Skyworth Investment Management and Skyworth Technology Consultancy have entered into the Limited Partnership Agreement with other limited partners in relation to the formation of the Fund. A summary of the principal terms of the Limited Partnership Agreement is set out in this announcement.

THE LIMITED PARTNERSHIP AGREEMENT

The principal terms of the Limited Partnership Agreement are as follows:

Date: 31 October 2023

Name of the Fund: Anhui Chuangwei Qihang Industrial Investment Equity Investment Fund Partnership Enterprise (Limited Partnership)* (安徽創維啟航產投股權投資基金合夥企業 (有限合夥))

Parties: As general partner:
Skyworth Investment Management

As limited partners:

- (1) Skyworth Technology Consultancy
- (2) Anhui Province New Generation
- (3) Anhui Jin'an
- (4) Anhui Coreach

To the best knowledge, information and belief of the Directors, and save as disclosed in this announcement, having made all reasonable enquiries, all limited partners to the Fund listed above (other than Skyworth Technology Consultancy) and their respective ultimate beneficial owners are Independent Third Parties.

Within 12 months of the establishment of the Fund, the partners may decide whether to raise capital from new limited partner(s).

Investment direction of the Fund:

To invest primarily in new generation information technology industry based enterprises with a focus on integrated circuit, new-type display devices, intelligent terminals, industrial internet, fifth and sixth generation technology for wireless communications (5G and 6G), aerospace information, cloud computing and big data, software and information technology service, and quantum technology, and their upstream and downstream industrial chain such as their materials and devices, etc.

The Fund shall invest not less than 120% of the capital committed and contributed by Anhui Province New Generation to enterprises registered in Anhui Province of the PRC. For this purpose, the following enterprises are deemed to be enterprises registered in Anhui Province:

- (1) Enterprises that move their place of registration to Anhui Province of the PRC (unless the enterprises move the place of registration out of Anhui Province within 5 years thereafter);
- (2) Enterprises that are acquired by enterprises registered in Anhui Province and become subsidiaries or are consolidated into the

accounts of the Anhui Province enterprises that acquired them;
and

- (3) Enterprises that are registered outside Anhui Province but, upon receiving investment from the Fund, move their corporate headquarter, regional headquarter, tax paying entity, production or research bases to Anhui Province, or set up subsidiaries in Anhui Province with paid up capital of not less than the amount invested by the Fund.

Term of the Fund: The operating term limit of the Fund will be ten years from the date of issue of the Fund’s business licence.

The initial term of the Fund shall be seven years from the receipt of all first round contribution from the partners to the Fund, of which the first four years is designated as the investment period (“**Investment Period**”) of the Fund, and the three years following the Investment Period is designated as the exit period (“**Exit Period**”) of the Fund during which no further investment decision shall be made by the investment decision committee of the Fund unless the partners of the fund agree otherwise.

The initial term of the Fund may be extended once with the unanimous consent of all partners of the Fund by one year within the operating term limit of the Fund (“**Extended Period**”).

Capital commitment: The current total capital commitment to the Fund is RMB 1 billion which shall be contributed by cash.

Skyworth Investment Management and Skyworth Technology Consultancy agreed to contribute RMB 10 million and RMB 390 million respectively, accounting for 1% and 39% of the total capital commitment of the Fund respectively.

Anhui Province New Generation, Anhui Jin’an, and Anhui Coreach agreed to contribute RMB 300 million, RMB 200 million and RMB 100 million respectively, accounting for 30%, 20% and 10% of the total capital commitment of the Fund respectively.

As the first round contribution (which will trigger the commencement of the Investment Period), the partners to the Fund agreed to contribute 30% of their respective capital commitment upon receiving notice of not less than 10 business days from the executive partner of the Fund.

The second round and third round contributions are agreed to be 40% and 30% of the capital commitment of the respective partner, which shall be payable upon receiving notice of not less than 10 business days from the executive partner of the Fund when not less than 80% of the previous round contribution has been utilised for investment.

In each round of contribution, the contribution to be made by Anhui Province New Generation and Anhui Jin’an shall not be earlier than the

general partner and other limited partners who are not state-owned or controlled.

The capital commitment of Skyworth Investment Management and Skyworth Technology Consultancy is expected to be funded by internal resources of the Group.

The scale of the Fund and the capital contribution of each partner are determined after arm's length negotiations among the partners with reference to the anticipated capital requirements of the Fund, its investment term and the terms of the Limited Partnership Agreement.

Manager and management fees:

Skyworth Investment Management has been appointed as the executive partner of the Fund and shall act as the manager of the Fund.

As manager, Skyworth Investment Management is entitled to an annual management fee of:

- (1) 2% of the capital contributed by each partner of the Fund during the Investment Period; and
- (2) 1% of the subsisting investment costs attributable to each partner during the Exit Period.

Skyworth Investment Management is not entitled to any management fees over the Extended Period.

The manager may make temporary investment with the idle cash of the Funds in assets with fixed return and with better security and liquidity without the approval of the investment decision committee. Investment returns from temporary investments shall be utilised for investments of the Fund.

Investment decision committee:

The Fund shall set up an investment decision committee (“Committee”) to consider and approve, among other things, whether to invest into a particular project, whether to exit from a particular project, and other important matters involving the Fund's interests in any particular project.

The Committee shall comprise 5 members. Each of Skyworth Technology Consultancy and Skyworth Investment Management is entitled to nominate two members to the Committee, and Anhui Province New Generation is entitled to nominate one member to the Committee.

Anhui Jin'an is entitled to nominate an observer to the Committee who shall enjoy the same information right as a member of the Committee and is entitled to attend meetings of the Committee as an observer.

Distribution:

- (1) Proceeds from the realisation of the Fund's investments upon exit from any investment project shall not be re-invested and shall be distributed to the partners of the Fund pro-rata to their respective

capital contribution up to the amount they contributed with an 8% (pre-tax) annualised return up to the date of distribution.

- (2) Amounts in excess of (1) shall be distributed to the general partner (Skyworth Investment Management) up to 25% of the total amount distributed under (1).
- (3) Any further excess shall be distributed 80% to all partners of the Fund pro rata to their contribution, and 20% to the general partner.

Operational expenses:

The Fund will bear all reasonable expenses associated with its establishment, operation, winding up and liquidation.

Transfer of interests in the Fund:

Transfer of interests in the Fund is subject to approval by the partners of the Fund. Each of the existing partners enjoys the right of first refusal, and where more than one partners exercise such right, the partners exercising such rights shall agree the proportion of interests to acquire themselves, failing which they shall acquire the interests being transferred in proportion to their contribution to the Fund.

Notwithstanding the above:

- (1) Skyworth Investment Management, as the general partner, is not entitled to transfer its interests in the Fund unless with the unanimous consent of the partners.
- (2) Each of Anhui Province New Generation and Anhui Jin'an is entitled to transfer its interests in the Fund to third party who agrees to abide by the Limited Partnership Agreement, and the manager and other partners to the Fund shall give consent and actively facilitate such transfer.

Withdrawal from the Fund:

The general partner shall not withdraw from the Fund unless with the unanimous consent of all partners.

The limited partners may transfer its interests in the Fund pursuant to the Limited Partnership Agreement and withdraw from the Fund.

Each of Anhui Province New Generation and Anhui Jin'an is also entitled to withdraw in the following situations:

- (1) Where Anhui Province New Generation or Anhui Jin'an (as applicable) has not withdrawn from the Fund after the Exit Period or Extended Period (if any), it may withdraw from the Fund on terms and manner decided by its own investment decision committee and the manager and other partners to the Fund shall facilitate its withdrawal.
- (2) Where the Fund has not completed registration, received contribution within 12 months of the date of the Limited Partnership Agreement, or has not commenced investment within 12 months after receiving contribution from Anhui Province New

Generation or Anhui Jin'an (as applicable), or where the investment projects of the Funds are not consistent with the Fund's safety or policy target or guidance as contemplated under the Limited Partnership Agreement, or where there is a substantive change to the manager without being approved by the partners, Anhui Province New Generation and Anhui Jin'an (as applicable) is entitled to request for withdrawal from the Fund.

Dissolution and winding-up of the Fund:

The Fund will be dissolved and wound up upon occurrence of any of the following events:

- (1) The term of the Fund expires, and the partners of the Fund determine not to continue with the operations of the Fund.
- (2) The partners decide to dissolve the Fund.
- (3) The general partner withdraws as a partner of the Fund pursuant to the Limited Partnership Agreement and the Fund does not have a general partner.
- (4) The Fund has exited from all investment projects.
- (5) The business licence of the Fund be cancelled or revoked, or the Fund is otherwise required by law to terminate; or
- (6) Other situations prescribed by the PRC laws, etc.

INFORMATION OF THE GROUP AND THE PARTIES

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.

Upon establishment, the results of the Fund will be consolidated into the accounts of the Group.

Skyworth Investment Management is a partnership organised under the laws of the PRC whose assets and liabilities are consolidated within the Group's balance sheet, and a registered fund manager in PRC. Skyworth Venture Capital, a company incorporated under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, owns 55% equity interests as limited partner in Skyworth Investment Management. Jundao Chuangzhi is the general partner of Skyworth Investment Management and holds 40% equity interests in it. The shareholders of Jundao Chuangzhi comprise employees and former employees of the Group and Jundao Chuangxin No.2:

- Dr. Wang Junsheng owns 37.5% equity interests in Jundao Chuangzhi. Dr. Wang, aged 46, joined the Group for more than 18 years. He is the general manager of Skyworth Venture Capital, and is also a director, supervisor, and has other managerial roles in other subsidiaries of the Group. Dr. Wang has extensive experience in equity investment and fund management and he holds a doctorate degree in engineering from South China University of Technology.

- Mr. Zhao Quanyong owns 12.5% equity interests in Jundao Chuangzhi. Mr. Zhao, aged 46, is a deputy general manager of Skyworth Venture Capital. He is also a director, supervisor, and has other managerial role in other subsidiaries of the Group. Mr. Zhao has more than 20 years' experience in finance, asset and investment management. Mr. Zhao holds a master's degree in economics from Xiamen University.
- Jundao Chuangxin No.2 owns 15% equity interests in Jundao Chuangzhi. Jundao Chuangxin No.2 is ultimately owned by employees of the Group. Each of Mr. Yang Heng, Ms. Chen Wenting, Mr. Zhang Zhao, Ms. Cao Tianchen holds 16.67% equity interests in Jundao Chuangxin No.2, Mr. Chen Zhanwei holds 16.57% equity interests in Jundao Chuangxin No.2, and the remaining 16.75% equity interests are owned by three employees of the Group, each of whom holds less than 10% equity interests in Jundao Chuangxin No.2.
- The remaining 35% equity interests in Jundao Chuangzhi are owned by six employees or former employees of the Group, each of whom holds less than 10% equity interests in Jundao Chuangzhi.

Jundao Chuangxin No.1 owns 5% equity interests as limited partner in Skyworth Investment Management and is ultimately controlled by Mr. Ma Youjie.

Anhui Province New Generation is a partnership organised under the laws of the PRC and is a registered equity investment fund in the PRC. Anhui Province New Generation's fund manager is Anhui Qihang Xinrui Private Fund Management Co., Ltd.* (安徽啟航鑫睿私募基金管理有限公司), a company incorporated under the laws of the PRC with limited liability and its registered *de facto* controller is Changxin Technology Group Co., Ltd.* (長鑫科技集團股份有限公司). Entities ultimately owned by Anhui Province Department of Finance* (安徽省財政廳) and Hefei Municipal Bureau of Finance* (合肥市財政局) have 40% and 20% equity interests in Anhui Province New Generation respectively, and Changxin Xinju Equity Investment (Anhui) Co., Ltd.* (長鑫芯聚股權投資(安徽)有限公司), a company incorporated under the laws of the PRC with limited liability has 39.92% equity interests in Anhui Province New Generation. Anhui Province New Generation is principally engaged in investment holding.

Anhui Jin'an is a company incorporated under the laws of the PRC with limited liability and is ultimately owned by Liuan City Jin'an District Bureau of Finance* (六安市金安區財政局). It is principally engaged in investment holding.

Anhui Coreach is a company incorporated under the laws of the PRC with limited liability and listed on the Shenzhen Stock Exchange with stock code 002983, and, together with its subsidiaries, is principally engaged in the research and development, manufacturing, sales and technical services relating to new-type display materials, modules and terminals. As of the date of this announcement, Mr. Peng You ultimately owned or indirectly controlled approximately 62.27% of the equity interests of Anhui Coreach. A private equity fund managed by Skyworth Investment Management indirectly owned or controlled 1.2% of the equity interests of Anhui Coreach as at the date of this announcement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LIMITED PARTNERSHIP AGREEMENT AND FORMATION OF THE FUND

Skyworth Venture Capital and Skyworth Investment Management, the investment arm of the

Group, have accumulated rich experience in equity investment and investment fund management and achieved good investment performance in recent years, creating healthy financial return to the Group and to the fund investors. The Group's formation of the Fund allows the Group to leverage on its resources advantages in the new generation information technology industry, and through forward-looking vision and strategic investment planning, the Fund's investment in the relevant prime technology-based enterprises allows the Group to foster an industry ecology that is conducive to strengthening the Group's leadership position in the information technology industry, facilitating the Group's diversification and investment specialisation, thereby generating return to the Company and its shareholders as a whole. Subject to the terms of the Limited Partnership Agreement, the Listing Rules and all applicable laws and regulations, the Group may adjust its percentage of equity interests in the Fund as and when appropriate.

The Directors are of the view that the formation of the Fund is in the interest of the Company and its shareholders as a whole, and that the Limited Partnership Agreement is also on normal commercial terms and its terms are fair and reasonable.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules is more than 5% but are less than 25%, the formation of the Fund and the transactions contemplated under the Limited Partnership Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to announcement and reporting requirements under the Listing Rules.

DEFINITIONS

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

“Anhui Jin’an”	Anhui Jin’an Smart Electric Vehicles Industry Equity Investment Co., Ltd.* (安徽金安智能電動汽車產業股權投資有限公司), a company incorporated under the laws of the PRC with limited liability;
“Anhui Province New Generation”	Anhui Province New Generation Information Technology Industry Fund Partnership Enterprise (Limited Partnership)* (安徽省新一代信息技術產業基金合夥企業 (有限合夥)), a partnership organised under the laws of the PRC;
“Anhui Coreach”	Anhui Coreach Technology Co., Ltd.* (安徽芯瑞達科技股份有限公司), a company incorporated under the laws of the PRC with limited liability and listed on the Shenzhen Stock Exchange with stock code: 002983;
“Board”	the board of Directors;
“Company”	Skyworth Group Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange with stock code: 00751;

“Director(s)”	the director(s) of the Company;
“Fund”	Anhui Chuangwei Qihang Industrial Investment Equity Investment Fund Partnership Enterprise (Limited Partnership)* (安徽創維啟航產投股權投資基金合夥企業 (有限合夥)), a limited liability partnership organised under the laws of the PRC and the name of which is subject to approval of the relevant administration for industry and commerce in the PRC;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	person(s) who are independent of the Group and independent of connected persons of the Company;
“Jundao Chuangxin No.1”	Zhuhai Hengqing Jundao Chuangxin No.1 Management Consultancy Partnership Enterprise (Limited Partnership)* (珠海橫琴君道創欣一號管理諮詢合夥企業 (有限合夥)), a partnership organised under the laws of the PRC;
“Jundao Chuangxin No.2”	Zhuhai Hengqing Jundao Chuangxin No.2 Management Consultancy Partnership Enterprise (Limited Partnership)* (珠海橫琴君道創欣二號管理諮詢合夥企業 (有限合夥)), a partnership organised under the laws of the PRC;
“Jundao Chuangzhi”	Zhuhai Hengqin Jundao Chuangzhi Technology Co., Ltd.* (珠海橫琴君道創智科技有限公司), a company incorporated under the laws of the PRC with limited liability;
“Limited Partnership Agreement”	the limited liability partnership agreement dated 31 October 2023 entered into between Skyworth Investment Management (as general partner) and all limited partners to the Fund in respect of, among other things, the establishment and management of the Fund;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Skyworth Finance”	Skyworth Group Finance Company Limited* (創維集團財務有限公司), a company incorporated under the laws of the PRC with limited liability and a non wholly-owned subsidiary of the Company;

“Skyworth Investment Management”	Shenzhen Chuangwei Investment Management Enterprise (Limited Partnership)* (深圳創維投資管理企業（有限合夥）), a partnership organised under the laws of the PRC whose assets and liabilities are consolidated within the Group’s balance sheet;
“Skyworth Technology Consultancy”	Shenzhen Chuangwei Technology Consultancy Co., Ltd.* (深圳創維科技諮詢有限公司), a company incorporated under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company;
“Skyworth Venture Capital”	Shenzhen Chuangwei Venture Capital Investments Co., Ltd.* (深圳創維創業投資有限公司), a company incorporated under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

By order of the Board
Skyworth Group Limited
Lin Jin
Chairman of the Board

Hong Kong, 31 October 2023

As at the date of this announcement, the Board of the Company comprises five executive Directors, namely Mr. Lin Jin (Chairman), Mr. Liu Tangzhi (Vice Chairman), Mr. Shi Chi (Chief Executive Officer), Ms. Lin Wei Ping 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*