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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 REGARDING THE ACQUISITION OF RESIDENTIAL LAND ANCILLARY TO THE WUHAN INDUSTRIAL PARK IN WUHAN CITY, HUBEI PROVINCE

THE ACQUISITION OF RESIDENTIAL LAND ANCILLARY TO THE WUHAN INDUSTRIAL PARK

The Board is pleased to announce that on 21 December 2021, the Company has, through the PRC Subsidiary, won a bid at the Auction for the Acquisition of Residential Land Ancillary to the Wuhan Industrial Park at a consideration of approximately RMB1,074 million (excluding applicable tax payable). It is intended that the Land will be developed into commercial residential buildings ancillary to the industrial park for the needs of the Company's employees and social buyers.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the consideration payable for the Acquisition of Residential Land Ancillary to the Wuhan Industrial Park is more than 5% but all of them are less than 25%, the Acquisition of Residential Land Ancillary to the Wuhan Industrial Park constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

THE ACQUISITION OF RESIDENTIAL LAND ANCILLARY TO THE WUHAN INDUSTRIAL PARK

The Board is pleased to announce that on 21 December 2021, the Company has, through the PRC Subsidiary, won a bid at the Auction for the Acquisition of Residential Land Ancillary to the Wuhan Industrial Park at a consideration of approximately RMB1,074 million (excluding applicable tax payable). The transfer of the land use rights underlying the Land will be undertaken in accordance with the relevant procedures as prescribed by the Vendor.

The Company intends to develop the Land (on its own or in collaboration with third parties who are not connected persons of the Company) into commercial residential buildings ancillary to the industrial park for the needs of the Company's employees and social buyers in accordance with the land planning and development requirements as prescribed by the Vendor. As at the date of this announcement, the Company has not incurred any capital commitment in respect of the development of the Land.

A principal summary of some of the key terms of Acquisition of Residential Land Ancillary to the Wuhan Industrial Park are set out as follows:

Date of Auction:	21 December 2021
Transferor of the Land:	武漢市東西湖區自然資源和規劃局 (Wuhan Dongxihu Natural Resources and Planning Bureau*)
Location of the Land:	中國武漢市東西湖區新城十四路以西、金山大道以北 (地塊編號：P(2021)157號) (West of Xincheng 14th Road and North of Jinshan Avenue, Dongxihu District, Wuhan City, the PRC*) (Land Parcel no.: P(2021)157號*)
Site area:	Approximately 113,900 sq.m. with a maximum capacity building area of approximately 239,200 sq.m. (including a kindergarten of not less than 3,600 sq.m. and public amenity facilities of not less than 3,100 sq.m.)
Term of land use rights:	70 years
Land use:	Residential use
Consideration:	Approximately RMB1,074 million plus applicable deed tax payable as part of the Acquisition of Residential Land Ancillary to the Wuhan Industrial Park, which is estimated to be approximately RMB1,106 million in the aggregate

In addition to the Land, the Group has also won another auction on 28 October 2021 in relation to the acquisition from the Vendor of the Industrial Plot, which is in the vicinity of the Land, at the consideration of RMB92.1 million (before taxes). The Industrial Plot has a total site area of approximately 218,500 sq.m. with a land use rights term of 50 years. It is designated for industrial use and the Group intends to develop it into an industrial park specialising in MiniLED display technology.

CONSIDERATION AND PAYMENT

The total consideration for the Acquisition of Residential Land Ancillary to the Wuhan Industrial Park (inclusive of the deed tax payable thereon) is approximately RMB1,106 million, of which 50% of the winning bid price, i.e. approximately RMB537 million (inclusive of security deposit previously paid and to be applied towards such payment) shall be paid within one month of the winning of the Auction, and the remaining balance shall be paid within 90 days after the winning of the Auction. The applicable deed tax amounted to RMB32.22 million, which will be paid upon processing of the land use right certificate. The PRC Subsidiary is also required to enter into the Transfer Agreement and apply for the registration of the relevant land use rights within 10 working days upon winning the Auction. The payment for the Acquisition of Residential Land Ancillary to the Wuhan Industrial Park will be settled by the internal resources available to the Group.

The consideration is the price of the final bid made by the PRC Subsidiary at the Auction. The Directors consider that the consideration is fair and reasonable having taken into account the location and potential development prospects of the Land.

INFORMATION ON THE VENDOR

武漢市東西湖區自然資源和規劃局 (Wuhan Dongxihu Natural Resources and Planning Bureau*), is a governmental body established by the PRC government and is responsible for (among other things) implementing state policies relating to the use of natural resources (including land) and the planning of state-owned land.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE ACQUISITION OF RESIDENTIAL LAND ANCILLARY TO THE WUHAN INDUSTRIAL PARK

The Company is an investment holding company. The Group, comprising the Company and its subsidiaries, is principally engaged in the manufacture and sales of smart TV system, home access systems, smart white appliances, internet value-added services, property development, property holding, modern services and trading of other products. To tie in with the construction of the new plant and the development of the industrial park on the Industrial Plot, the Group believes that the construction of smart residential projects around the plant will help encourage and attract talents and develop high-end technology industries. The smart residential projects will promote the application of Skyworth's high-tech products and systems and facilitate new product development and innovation in the manufacturing industry, thereby perfectly integrating Skyworth's manufacturing with real estate, and creating a high-quality project that is best suitable for living and healthcare.

Having taken into account, among other things, the location of the Land and its development potential in light of the planning requirements as prescribed by the Vendor, the Directors are of the view that the Acquisition of Residential Land Ancillary to the Wuhan Industrial Park is in the interests of the Company and its shareholders as a whole and the terms thereof are on normal commercial terms and are fair and reasonable.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the consideration payable for the Acquisition of Residential Land Ancillary to the Wuhan Industrial Park is more than 5% but all of them are less than 25%, the Acquisition of Residential Land Ancillary to the Wuhan Industrial Park constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

For completeness, all the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the total consideration payable for the Previous Acquisition are less than 5%; all applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Group's acquisition of the Industrial Plot and the Acquisition of Residential Land Ancillary to the Wuhan Industrial Park are, on an aggregation basis, less than 25%.

DEFINITIONS

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

“Auction”	the auction for the sale of the land use rights of the Land conducted by the Vendor which took place on 21 December 2021;
“Board”	the board of Directors;
“Company”	Skyworth Group Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange under stock code: 00751;
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“Group”	the Company and its subsidiaries;
“Industrial Plot”	an industrial plot of land with a total site area of approximately 218,500 sq.m. located at 中國武漢市東西湖區新城十八路以東、團結大道以南(地塊編號：工 DXH(2021)019號)(East of Xincheng 18th Road and South of Tuanjie Avenue, Dongxihu District, Wuhan City, the PRC*) (Land Parcel no.: 工 DXH(2021)019號*);
“Land”	中國武漢市東西湖區新城十四路以西、金山大道以北(地塊編號：P(2021)157號)(West of Xincheng 14th Road and North of Jinshan Avenue, Dongxihu District, Wuhan City, the PRC*) (Land Parcel no.: P(2021)157號*) with a site area of approximately 113,900 sq.m.;
“Acquisition of Residential Land Ancillary to the Wuhan Industrial Park”	the acquisition of the land use rights in respect of the Land by the PRC Subsidiary or its nominee;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China;
“PRC Subsidiary”	南京維恒置業有限公司 (Nanjing Wei Heng Property Company Limited*), a company established in the PRC and an indirect wholly-owned PRC subsidiary of the Company;
“Previous Acquisition”	the acquisition of the land use rights in the Industrial Plot by the PRC Subsidiary via an auction held on 28 October 2021;
“RMB”	Renminbi, the lawful currency of the PRC;
“sq. m.”	square meter(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transfer Agreement”	the land use right transfer agreement to be entered into between the PRC Subsidiary and the Vendor in relation to the Acquisition of Residential Land Ancillary to the Wuhan Industrial Park;

“Vendor” 武漢市東西湖區自然資源和規劃局 (Wuhan Dongxihu Natural Resources and Planning Bureau*); and

“%” per cent.

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

Hong Kong, 21 December 2021

As at the date of this announcement, the Board of the Company 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.

* *For identification purposes only*