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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 DISPOSAL OF EQUITY INTEREST IN THE TARGET COMPANY

THE DISPOSAL

The Board is pleased to announce that on 13 September 2024, Shenzhen Chuangwei-RGB, an indirect wholly-owned subsidiary of the Company, entered into the Disposal Agreement with the Purchaser, pursuant to which Shenzhen Chuangwei-RGB has agreed to sell, and the Purchaser has agreed to acquire, the Sale Shares, which represent 10% of the equity interest in the Target Company, at a cash consideration of RMB1,300 million. Upon Completion, the Group will cease to hold any equity interest in the Target Company.

The Company does not expect to record any gain or loss on disposal with respect to the Disposal in light of that the 10% equity interest in Target Company is recognised as unlisted investments under “equity instruments at fair value through other comprehensive income” in the consolidated statement of financial position of the Company and as such, the Disposal will not affect the Group’s profit and profit attributable to owners of the Company for the financial year ending 31 December 2024.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal, is more than 5% but all of them are less than 25%, the transactions contemplated under the Disposal constitute 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 DISPOSAL

Reference is made to the announcements of the Company dated 22 March 2010, 30 November 2010, 1 December 2010, 23 November 2011, 4 May 2012, and 28 September 2012 respectively in relation to the formation of the Target Company. The Board is pleased to announce that on 13 September 2024, Shenzhen Chuangwei-RGB, an indirect wholly-owned subsidiary of the Company, entered into the Disposal Agreement with the Purchaser, pursuant to which Shenzhen Chuangwei-RGB has agreed to sell, and the Purchaser has agreed to acquire, the Sale Shares, which represent 10% of the equity interest in the Target Company, at a cash consideration of RMB1,300 million. Upon Completion, the Group will cease to hold any equity interest in the Target Company.

The principal terms of the Disposal Agreement are set out below:-

Date: 13 September 2024

Vendor: Shenzhen Chuangwei-RGB

Purchaser: LG Display (Guangzhou) Co., Ltd.* (樂金顯示(廣州)有限公司), a company incorporated in the PRC with limited liability. It is ultimately owned by LG Display Co., Ltd., a New York- and Korea-listed company and an Independent Third Party.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for the existing ownership of 70% equity interest in the Target Company, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

Subject Matter: The subject under the Disposal Agreement is the 10% equity interest in the Target Company as held by Shenzhen Chuangwei-RGB.

As at the date of this announcement, the Target Company is owned directly and indirectly as to 70% by LG Display Co., Ltd. and as to 20% by Guangzhou High-Tech Zone Technology Holdings Group Co., Ltd., an Independent Third Party and controlled by Guangzhou Economic and Technological Development District Management Committee* (廣州經濟技術開發區管理委員會), which is a government organisation directly under the People's Government of Guangzhou Municipality. Upon Completion, the Group will cease to hold any equity interests in the Target Company.

The unaudited net asset value of Target Company as at 30 June 2024 pursuant to generally accepted accounting principles in the PRC amounted to approximately RMB9,784 million.

The audited financial information pursuant to generally accepted accounting principles in the PRC of the Target Company for the years ended 31 December 2022 and 31 December 2023 are as follows:-

	For the year ended 31 December 2023 <i>Approx. RMB million (audited)</i>	For the year ended 31 December 2022 <i>Approx. RMB million (audited)</i>
Net profit before taxation	711	952
Net profit after taxation	528	707

Completion: Completion of the Disposal will take place upon signing of the Disposal Agreement.

Consideration: The Consideration of RMB1,300 million under Disposal Agreement is to be paid on Completion in cash in one lump-sum via bank remittance against simultaneous delivery by Shenzhen Chuangwei-RGB of the various documents required to be delivered to the Purchaser under the Disposal Agreement, including the documents registered with the State Administration for Market Regulation in connection with the Disposal.

The Consideration was negotiated between Shenzhen Chuangwei-RGB and the Purchaser on an arm's length basis with reference to the net asset value of the Target Company, the size of Shenzhen Chuangwei-RGB's stake in the Target Company, and the prevailing market conditions.

INFORMATION ON THE GROUP

The Group, comprising the Company and its subsidiaries, is principally engaged in manufacture and sales of smart TV systems, home access systems, photovoltaic products, smart white appliances, intelligent manufacturing, internet value-added services, property development, property holding, modern services and trading of other products.

INFORMATION ON SHENZHEN CHUANGWEI-RGB

Shenzhen Chuangwei-RGB Electronic Co., Ltd.* (深圳創維—RGB 電子有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company, is principally engaged in manufacture and sales of consumer electronic products.

INFORMATION ON THE TARGET COMPANY

The Target Company is a sino-foreign joint venture. It is principally engaged in manufacture and sales of TFT-LCD flat panel display, display materials, LCD related products and other electronic components, wholesaling, importing and exporting of such products and parts and components and the provision of commission agency service, repairation service and ancillary supporting service. Its principal place of business is in Guangzhou, the PRC.

INFORMATION ON THE PURCHASER

The Purchaser, namely LG Display (Guangzhou) Co., Ltd.* (樂金顯示(廣州)有限公司), is a company incorporated in the PRC with limited liability and which is a company within the LG Electronics group of companies.

According to information available to the Company, the Purchaser is principally engaged in the manufacturing of TV sets, electronic components, and the wholesaling of communications and broadcasting equipment and electronic components, as well as operational activities in relation to its self-owned properties.

FINANCIAL IMPACT OF THE DISPOSAL ON THE GROUP

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

The Company does not expect to record any gain or loss on disposal with respect to the Disposal in light of that the 10% equity interest in Target Company is recognised as unlisted investments under "equity instruments at fair value through other comprehensive income" in the consolidated statement of financial position of the Company. According to the relevant accounting standards and the Company's accounting policy, any accumulated gains or losses on these financial assets

previously recognised under “Other Comprehensive Income/Expense” should be transferred out of “Other Comprehensive Income/Expense” and included in the “reserves” in the Company’s consolidated statement of financial position and will not be reclassified to profit or loss of the Company.

Solely for reference purpose, based on the difference between (i) the unaudited carrying value of the Sale Shares in the Company’s consolidated management accounts as at 30 June 2024 of approximately RMB740 million and (ii) the consideration under the Disposal Agreement, the net effect to the “Other Comprehensive Income/Expense” attributable to the owners of the Company is expected to be approximately RMB560 million had the Disposal been completed on 30 June 2024 and there will be no impact on the Group’s profit and profit attributable to owners of the Company for the financial year ending 31 December 2024.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Disposal represents a complete divestment by the Group of its investment in the Target Company 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 Company 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 business operations. Accordingly, the Directors are of the view that the Disposal is in the interests of the Company and its shareholders as a whole, and the terms of the Disposal Agreement are fair and reasonable. The proceeds from the Disposal will be applied towards the Group’s business operations and for working capital purposes.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Disposal, is more than 5% but all of them are less than 25%, the transactions contemplated under the Disposal constitute 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.

DEFINITIONS

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

“Board”	the board of Directors;
“Company”	Skyworth Group Limited, a company incorporated in Bermuda with limited liability and the ordinary shares of which are listed on the main board of the Stock Exchange (stock code: 00751);
“Completion”	the completion of the Disposal pursuant to the terms and conditions of the Disposal Agreement;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Consideration”	the consideration for the sale and purchase of the Sale Shares pursuant to the terms of the Disposal Agreement;
“Directors”	the directors of the Company;
“Disposal”	the disposal of the Sale Shares in the Target Company by Shenzhen Chuangwei-RGB as contemplated under the Disposal Agreement;

“Disposal Agreement”	the sale and purchase agreement dated 13 September 2024 entered into between Shenzhen Chuangwei-RGB and the Purchaser in respect of the sale and purchase of Sale Shares;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	person(s) who are independent from the Company and its connected persons;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time;
“PRC”	the People’s Republic of China;
“Purchaser”	LG Display (Guangzhou) Co., Ltd.* (樂金顯示(廣州)有限公司), a company incorporated in the PRC with limited liability and which is a company within the LG Electronics group of companies and is an Independent Third Party;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Shares”	10% equity interest in Target Company as held by Shenzhen Chuangwei-RGB, being the subject of the transactions underlying the Disposal Agreement;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Target Company”	LG Display (China) Co., Ltd., a sino-foreign joint venture company;
“Shenzhen Chuangwei-RGB”	Shenzhen Chuangwei-RGB Electronic Co., Ltd.* (深圳創維—RGB 電子有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company; and
“%”	per cent.

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

Hong Kong, 13 September 2024

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*