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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 PROCUREMENT OF ENERGY STORAGE EQUIPMENT

THE PROCUREMENT AGREEMENT

The Board announces that on 30 September 2024, Jiangsu Skyworth New Energy, an indirectly non wholly-owned subsidiary of the Company, entered into the Procurement Agreement with Nanjing Chuangyuan Energy for the procurement of the Energy Storage Equipment at a consideration of RMB12.8 million (including tax payable).

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Wong is a controlling shareholder of the Company as he is interested in approximately 54.67% of all the issued Shares in the Company. Nanjing Chuangyuan Energy is held as to 35.36% by the Skyblue Family Trust which was established by Mr. Wong. Nanjing Chuangyuan Energy is therefore an associate of Mr. Wong and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Procurement 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 Procurement Agreement exceed 0.1% but are less than 5%, the Procurement 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 30 September 2024, Jiangsu Skyworth New Energy, an indirectly non wholly-owned subsidiary of the Company, entered into the Procurement Agreement with Nanjing Chuangyuan Energy for the procurement of the Energy Storage Equipment at a consideration of RMB12.8 million (including tax payable). The principal terms of the Procurement Agreement are set out as follows:-

- Date : 30 September 2024
- Parties : (i) Jiangsu Skyworth New Energy (as purchaser)
(ii) Nanjing Chuangyuan Energy (as supplier)

Subject Matter : Pursuant to the Procurement Agreement, Jiangsu Skyworth New Energy agreed to purchase, and Nanjing Chuangyuan Energy agreed to sell the Energy Storage Equipment which is required for the development of certain existing photovoltaic power projects undertaken by Jiangsu Skyworth New Energy.

The Procurement Agreement governs the supply and delivery of the subject Energy Storage Equipment, and further details such as the relevant quality and technical requirements will be set out in a separate technical agreement to be entered into between Jiangsu Skyworth New Energy and Nanjing Chuangyuan Energy.

After Nanjing Chuangyuan Energy completes the construction, installation and commissioning in accordance with the project requirement, Jiangsu Skyworth New Energy will conduct an inspection of the delivered Energy Storage Equipment, the completion and acceptance of which is considered completion of delivery of the Energy Storage Equipment. As the Energy Storage Equipment is being built anew by Nanjing Chuangyuan Energy and therefore no information on historical purchase cost by Nanjing Chuangyuan Energy is available.

Consideration and Payment Terms : The consideration for the purchase of the Energy Storage Equipment under the Procurement Agreement is RMB12.8 million (including tax), which is payable by Jiangsu Skyworth New Energy in stages as follows:-

- (i) RMB3,840,000, being 30% of the consideration, is payable as advance payment within five (5) working days after the Procurement Agreement comes into effect;
- (ii) RMB8,320,000, being 65% of the consideration, is payable within net thirty (30) days after the date of completion of inspection and acceptance of the delivered Energy Storage Equipment, which shall not be later than three months of the delivery of the Energy Storage Equipment; and
- (iii) RMB640,000, being 5% of the consideration, is payable within one (1) month after the 12-month period commencing from the date of inspection and acceptance provided that there is no quality problem with the Energy Storage Equipment delivered.

The above consideration is determined with reference to: (i) the historical transaction amount underlying the Group's previous procurement of similar energy storage container from independent third parties; (ii) quotations from independent suppliers obtained by Jiangsu Skyworth New Energy; and (iii) indicative pricing information that is publicly available on the market with respect to energy storage solutions adopting similar technology.

INFORMATION ON JIANGSU SKYWORTH NEW ENERGY

Jiangsu Skyworth New Energy is a company established in the PRC and an indirectly non wholly-owned subsidiary of the Company. It is principally engaged in the research, development, manufacturing and sale of power electronics products.

INFORMATION ON NANJING CHUANGYUAN ENERGY

Nanjing Chuangyuan Energy is a company established in the PRC and is principally engaged in the research and development and production of core automotive components and systems such as rechargeable power battery packs and battery management systems, automotive wiring harnesses, high-voltage distribution boxes, motors, motor controllers, vehicle controllers and charging piles.

Nanjing Chuangyuan Energy is owned as to 100% by Sky-well New Energy Automobile Group Co. Ltd.* (開沃新能源汽車集團股份有限公司) (“Sky-well”), a company established in the PRC. Sky-well is owned as to approximately 35.36%, 29.46% and 4.9% by the Skyblue Family Trust, Mr. Lin Jin (an executive Director) and Mr. Wong, respectively. There are 16 other shareholders (which are controlled by persons independent of the Company and its connected persons) in Sky-well, and none of them owns more than 10% equity interest in Sky-well.

REASONS FOR AND BENEFITS OF THE PROCUREMENT AGREEMENT

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.

For the six months ended 30 June 2024, the Group put more than 86,000 new residential photovoltaic power stations into operation and connected to the power grid and accumulated more than 528,000 residential photovoltaic power stations have been built and under grid-connected operation.

The need for the Energy Storage Equipment arises in the ordinary and usual course of the Group’s photovoltaic business. Considering the fact that the pricing and delivery timing by Nanjing Chuangyuan Energy compare favourably to the other independent quotes obtained by Jiangsu Skyworth New Energy, as well as the historical procurement of similar equipment by Jiangsu Skyworth New Energy, the Directors (including the independent non-executive Directors) are of the view that the terms of the Procurement Agreement and the transactions contemplated thereunder are on normal commercial terms that are fair and reasonable, and that the entering into of the Procurement Agreement is in the ordinary and usual course of Jiangsu Skyworth New Energy’s business and is in the interest of the Company and its Shareholders as a whole.

According to the amended and restated bye-law 100 of the Company’s bye-laws, since Ms. Lin Wei Ping and Mr. Lin Jin, who are executive Directors, are associates of Mr. Wong, Ms. Lin Wei Ping and Mr. Lin Jin are deemed to have material interests in, and have abstained from voting on, the resolutions passed by the Board to approve the Procurement Agreement and the transactions contemplated thereunder. Save as disclosed, none of the Directors is required to abstain from voting on the relevant board resolutions to approve the Procurement Agreement and the transactions contemplated thereunder under the amended and restated bye-laws of the Company or the Listing Rules.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Wong is a controlling shareholder of the Company as he is interested in approximately 54.67% of all the issued Shares in the Company. Nanjing Chuangyuan Energy is held as to 35.36% by the Skyblue Family Trust which was established by Mr. Wong. Nanjing Chuangyuan Energy is therefore an associate of Mr. Wong and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Procurement 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 Procurement Agreement exceed 0.1% but are less than 5%, the Procurement 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.

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(s)”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Energy Storage Equipment”	the twenty-foot container system manufactured by Nanjing Chuangyuan Energy to be procured by Jiangsu Skyworth New Energy from Nanjing Chuangyuan Energy for use of photovoltaic power projects, in accordance with the Procurement Agreement;
“Group”	the Company and its subsidiaries;
“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;
“independent third party(ies)”	person(s) who are independent of the Company and its connected persons;
“Jiangsu Skyworth New Energy”	Jiangsu Skyworth New Energy Technology Co., Ltd.* (江蘇創維新能源科技有限公司), a company established in the PRC and an indirectly non wholly-owned subsidiary of the Company;
“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 Chuangyuan Energy”	Nanjing Chuangyuan Energy Technology Co., Ltd.* (南京創源動力科技有限公司), a company established in the PRC and an associate of Mr. Wong;

“PRC”	the People’s Republic of China;
“Procurement Agreement”	the procurement agreement dated 30 September 2024 entered into between Jiangsu Skyworth New Energy (as purchaser) and Nanjing Chuangyuan Energy (as supplier) in relation to the procurement of the Energy Storage Equipment;
“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;
“Shareholder(s)”	shareholder(s) of the Company;
“Skyblue Family Trust”	an irrevocable trust established by Mr. Wong as the settlor, with Noah Trust (Asia) Limited, an independent professional trustee, as the current trustee, for the benefit of Mr. Wong’s family members, excluding Mr. Wong himself;
“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, 30 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*