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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)**

**CONDITIONAL CASH OFFER BY  
DBS ASIA CAPITAL LIMITED ON BEHALF OF  
SKYWORTH GROUP LIMITED  
TO BUY-BACK UP TO 392,800,000 SHARES AT  
HK\$2.80 PER SHARE**

**APPLICATION FOR WHITEWASH WAIVER**

**APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER**

**AND**

**RESUMPTION OF TRADING**

**Financial Adviser to the Company**



**DBS Asia Capital Limited**

**Independent Financial Adviser**



The Board announces that an offer will be made by DBSAC on behalf of the Company to buy-back for cancellation, subject to the Conditions, up to the Maximum Number, being 392,800,000 Shares, representing approximately 12.83% of the issued Shares as at the date of this announcement, at the price of HK\$2.80 per Share. The Offer will be made in full compliance with the Share Buy-backs Code. The consideration for the Offer, being a total of approximately HK\$1,099.84 million if the Offer is accepted in full, will be paid in cash and will be funded by internal resources of the Group.

The Offer Price represents:

- a premium of approximately 32.1% over the closing price of the Shares of HK\$2.12 as quoted on the Stock Exchange on the Last Half Trading Day;
- a premium of approximately 37.3% over the closing price of the Shares of HK\$2.04 as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 35.3% over the average closing price of the Shares of approximately HK\$2.07 as quoted on the Stock Exchange for the last 5 trading days up to and including the Last Trading Day;
- a premium of approximately 30.8% over the average closing price of the Shares of approximately HK\$2.14 as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Trading Day;
- a premium of approximately 41.4% over the average closing price of the Shares of approximately HK\$1.98 as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day; and
- a discount of approximately 52.0% to the Group's net asset value per Share of approximately HK\$5.83 pursuant to the latest audited consolidated financial statements of the Company as at 31 December 2019 (based on the exchange rate of HK\$1:RMB0.89578, the central parity rate published by the People's Bank of China on its website as of 31 December 2019 for illustration purposes).

As at the date of this announcement, the total number of issued Shares is 3,060,929,420 Shares.

As at the date of this announcement, Mr. Wong, the controlling shareholder of the Company, is deemed to be interested in 1,247,419,181 Shares, representing approximately 40.75% of the issued Shares as at the date of this announcement. Of those 1,247,419,181 Shares, (i) 37,300,000 Shares are held by Mr. Wong himself, (ii) 1,200,958,799 Shares are held by Target Success (the Shares are held by Target Success in its capacity as trustee of the Skysource Unit Trust in which all of the units and issued shares of Target Success are held by Mr. Wong), and (iii) 9,160,382 Shares are held by Ms. Lin herself. As Ms. Lin is the spouse of Mr. Wong and is deemed to be interested in the interests of Mr. Wong, she is also deemed to be interested in those 1,247,419,181 Shares.

As at the date of this announcement, the Undertaking Directors and Ms. Tang Yan (the spouse of Mr. Shi Chi, a Director) are interested in the aggregate of 31,416,685 Shares (representing approximately 1.03% of the issued Shares as at the date of this announcement) and 32,000,000 Share Options (representing approximately 1.05% of the issued Shares as at the date of this announcement).

Each of Mr. Wong and Ms. Lin has irrevocably undertaken to the Company that he or she will not, and will procure the holders of Shares whose Shares he or she is deemed to be interested in by virtue of Part XV of the SFO (including Target Success) not to, accept the Offer. Further, each of the Undertaking Directors and Ms. Tang Yan has irrevocably undertaken to the Company that he or she will not, and will procure the holders of Shares whose Shares he or she is deemed to be interested in by virtue of Part XV of the SFO not to, accept the Offer.

As at the date of this announcement, the Wong Concert Party Group is interested in 1,251,317,900 Shares, representing approximately 40.88% of the issued Shares as at the date of this announcement. Pursuant to Rule 6 of the Share Buy-backs Code, if as a result of a share buy-back, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Depending on the level of acceptances received from the Accepting Shareholders pursuant to the Offer and assuming that no Share Options will be exercised by their holders prior to completion of the Offer, the aggregate interests of the Wong Concert Party Group may increase to a maximum level of approximately 46.90% upon completion of the Offer, thereby triggering an obligation under Rule 26 of the Takeovers Code for Mr. Wong to make a mandatory general offer for all the Shares not already owned by Mr. Wong and parties acting in concert with him. Consequently, an application has been made to the Executive by Mr. Wong for the Whitewash Waiver.

The SGM will be convened and held for the purposes of considering and, if thought fit, approving the Offer and the Whitewash Waiver. The Wong Concert Party Group will abstain from voting on the resolutions in respect of the Offer and the Whitewash Waiver to be proposed at the SGM. As the Offer is being made on behalf of the Company, (i) the Undertaking Directors, and (ii) Ms. Tang Yan, the spouse of Mr. Shi Chi (a Director), who holds interests in Shares, will also abstain from voting on the resolutions in respect of the Offer and the Whitewash Waiver at the SGM. The Offer Document, which will contain, amongst other things, details (including a timetable) of the Offer, a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, a letter from the Independent Board Committee to the Independent Shareholders, a property valuation report, a notice convening the SGM, the Acceptance Form and information relating to the procedures required for acceptance of the Offer and the Whitewash Waiver, will be despatched to the Shareholders as soon as practicable pursuant to the Takeovers Code.

The Independent Board Committee, comprising all the independent non-executive Directors who have no interest in the Offer and the Whitewash Waiver other than as a Shareholder, has been formed to advise the Independent Shareholders in respect of the Offer and the Whitewash Waiver. Caitong International Capital Co., Limited has been appointed by the Company (with the approval of the Independent Board Committee) as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Offer and the Whitewash Waiver.

**WARNING: The Offer is subject to all of the Conditions being fulfilled in full. If the Whitewash Waiver is not granted by the Executive, or if the resolutions to approve the Offer and the Whitewash Waiver are not passed by the Independent Shareholders, the Offer will not proceed and will immediately lapse.**

**It should be noted that dealings in the Shares will continue notwithstanding that any of the Conditions may remain unfulfilled, and that persons dealing in the Shares will bear the risk that the Offer may lapse.**

**Shareholders are advised to consider the detailed terms of the Offer and the Whitewash Waiver and read, among other things, the letter from the Independent Board Committee and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders to be contained in the Offer Document before deciding whether to vote for or against the resolutions in respect of the Offer and the Whitewash Waiver to be proposed at the SGM. Shareholders should also note that their voting decision on the resolutions in respect of the Offer and the Whitewash Waiver to be proposed at the SGM shall not affect their decision as to whether to accept the Offer or not. If Shareholders are in any doubt as to any aspect of the Offer and the Whitewash Waiver or as to the action to be taken, they should seek independent professional advice.**

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares and should consult their professional advisers when in doubt.**

#### **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 1:00 p.m. on Wednesday, 17 June 2020 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on Thursday, 18 June 2020.

#### **INTRODUCTION**

The Board announces that an offer will be made by DBSAC on behalf of the Company to buy-back for cancellation, subject to the Conditions, up to the Maximum Number, being 392,800,000 Shares, representing approximately 12.83% of the issued Shares as at the date of this announcement, at the price of HK\$2.80 per Share.

The Offer will be made in full compliance with the Share Buy-backs Code. The consideration for the Offer, being a total of approximately HK\$1,099.84 million if the Offer is accepted in full, will be paid in cash and will be funded by internal resources of the Group.

#### **TERMS OF THE OFFER**

The salient terms of the Offer are as follows:

- (a) DBSAC will make the Offer to the Shareholders on behalf of the Company to buy-back the Shares, up to the Maximum Number, at the Offer Price;

- (b) Shareholders may accept the Offer in respect of any number of their Shares at the Offer Price up to their entire shareholding (subject to the procedures for scaling down described under the section headed “*Other Terms of the Offer*” below);
- (c) The Offer is not conditional upon a minimum number of Shares being tendered for buy-back;
- (d) All Shares validly tendered will be bought-back to the extent that the aggregate number of Shares bought-back pursuant to the Offer will not thereby exceed the Maximum Number. If the number of Shares validly tendered exceeds the Maximum Number, the number of Shares to be bought-back from each Accepting Shareholder will be reduced proportionally so that the number of Shares bought-back by the Company in aggregate is equal to the Maximum Number. Further details of the procedures for scaling down are described under the section headed “*Other Terms of the Offer*”;
- (e) A Form of Acceptance duly received by or on behalf of the Company will become irrevocable and cannot be withdrawn after the Offer has been declared unconditional unless in accordance with Rule 19.2 of the Takeovers Code;
- (f) Shares will be bought-back in cash, free of commission, levies and dealing charges, save that the amount of stamp duty due on the Shares bought-back attributable to the seller will be deducted from the amount payable to the Accepting Shareholders and will be paid by the Company on behalf of the Accepting Shareholders;
- (g) Shares bought-back will be treated as cancelled and will not be entitled to any dividend declared for any record date set subsequent to the date of their cancellation. The issued share capital of the Company shall be diminished by the nominal value of the Shares bought-back accordingly; and
- (h) Shares will be bought-back free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature. Accordingly, the submission of a Form of Acceptance by an Accepting Shareholder will be deemed to constitute a warranty by that Accepting Shareholder to DBSAC and the Company that the Shares are being sold free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature.

Under the Share Buy-backs Code, the Offer will need to be approved by the Independent Shareholders in a general meeting by a majority of votes by way of poll and will also be subject to the other Conditions as referred to in the section headed “*Conditions of the Offer*” below.

The detailed terms of the Offer will be set out in the Offer Document.

## **THE OFFER PRICE**

The Offer Price of HK\$2.80 per Share values the entire issued share capital of the Company as at the date of this announcement at approximately HK\$8,571 million.

The Offer Price represents:

- a premium of approximately 32.1% over the closing price of the Shares of HK\$2.12 as quoted on the Stock Exchange on the Last Half Trading Day;
- a premium of approximately 37.3% over the closing price of the Shares of HK\$2.04 as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 35.3% over the average closing price of the Shares of approximately HK\$2.07 as quoted on the Stock Exchange for the last 5 trading days up to and including the Last Trading Day;
- a premium of approximately 30.8% over the average closing price of the Shares of approximately HK\$2.14 as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Trading Day;
- a premium of approximately 41.4% over the average closing price of the Shares of approximately HK\$1.98 as quoted on the Stock Exchange for the last 30 trading days up to and including the Last Trading Day; and
- a discount of approximately 52.0% to the Group's net asset value per Share of approximately HK\$5.83 pursuant to the latest audited consolidated financial statements of the Company as at 31 December 2019 (based on the exchange rate of HK\$1:RMB0.89578, the central parity rate published by the People's Bank of China on its website as of 31 December 2019 for illustration purposes).

The Offer Price was determined after taking into account, among other things, the historical prices of the Shares traded on the Stock Exchange, historical financial information of the Company, and the prevailing market conditions and sentiments, and with reference to share buy-back transactions in Hong Kong in recent years.

## **CONFIRMATION OF FINANCIAL RESOURCES**

At the Offer Price, the Offer, if accepted in full, will result in the Company paying HK\$1,099.84 million in aggregate to the Accepting Shareholders in cash which will be funded by internal resources of the Group. DBSAC is satisfied that the Company has sufficient financial resources to enable it to satisfy acceptances of the Offer in full.

## **CONDITIONS OF THE OFFER**

The Offer will be conditional upon fulfillment of all of the following Conditions:

- (a) the approval by more than 50% of the votes cast by the Independent Shareholders by way of a poll having been obtained at the SGM in respect of the Offer;
- (b) the approval by at least 75% of the votes cast by the Independent Shareholders by way of a poll having been obtained at the SGM in respect of the Whitewash Waiver; and
- (c) the Executive granting the Whitewash Waiver and the satisfaction of any condition attached to the Whitewash Waiver and the Whitewash Waiver not having been revoked or withdrawn.

None of the above Conditions can be waived.

The Wong Concert Party Group will abstain from voting on the resolutions in respect of the Offer and the Whitewash Waiver to be proposed at the SGM. As the Offer is being made on behalf of the Company, (i) the Undertaking Directors, and (ii) Ms. Tang Yan, the spouse of Mr. Shi Chi (a Director), who holds interests in Shares, will also abstain from voting on the resolutions in respect of the Offer and the Whitewash Waiver at the SGM.

**WARNING: The Offer is subject to all of the Conditions being fulfilled in full. If the Whitewash Waiver is not granted by the Executive, or if the resolutions to approve the Offer and the Whitewash Waiver are not passed by the Independent Shareholders, the Offer will not proceed and will immediately lapse.**

**It should be noted that dealings in the Shares will continue notwithstanding that any of the Conditions may remain unfulfilled, and that persons dealing in the Shares will bear the risk that the Offer may lapse.**

**Shareholders are advised to consider the detailed terms of the Offer and the Whitewash Waiver and read, among other things, the letter from the Independent Board Committee and the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders to be contained in the Offer Document before deciding whether to vote for or against the resolutions in respect of the Offer and the Whitewash Waiver to be proposed at the SGM. Shareholders should also note that their voting decision on the resolutions in respect of the Offer and the Whitewash Waiver to be proposed at the SGM shall not affect their decision as to whether to accept the Offer or not. If Shareholders are in any doubt as to any aspect of the Offer and the Whitewash Waiver or as to the action to be taken, they should seek independent professional advice.**

**Shareholders and potential investors are advised to exercise caution when dealing in the Shares and should consult their professional advisers when in doubt.**

Pursuant to Rule 5.1 of the Share Buy-backs Code and Rule 15.3 of the Takeovers Code, if the Offer is declared unconditional, Shareholders will be able to tender their Shares for acceptance under the Offer for a period of 14 days thereafter.

Tenders duly received will become irrevocable and cannot be withdrawn after the Offer has been declared unconditional, unless in accordance with Rule 19.2 of the Takeovers Code. All Shares bought-back under the Offer will be cancelled.

The Offer will not be conditional on any minimum number of acceptances.

Shares will be bought-back free of commissions and dealing charges, but the seller's ad valorem stamp duty payable by the Accepting Shareholders, calculated at a rate of HK\$1.00 for every HK\$1,000 or part thereof of the market value of the Shares to be bought-back under the Offer, or the consideration payable by the Company in respect of relevant acceptances of the Offer, whichever is the higher, will be deducted from the amount payable to the Accepting Shareholders. The Company will arrange for payment of the seller's ad valorem stamp duty on behalf of the Accepting Shareholders.

Acceptance of the Offer by any Accepting Shareholder will, subject to the Offer becoming unconditional, be deemed to constitute a warranty by such Shareholder that all Shares sold by such Shareholder under the Offer are free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature, and are sold together with all rights accruing or attaching thereto, including, without limitation, the right to receive dividends and other distributions declared, made or paid, if any, on or after the date of their cancellation.

#### **OTHER TERMS OF THE OFFER**

Shareholders may accept the Offer in respect of some or all of their shareholding. If valid acceptances are received for the Maximum Number or fewer Shares, all Shares validly accepted will be bought-back. If valid acceptances received exceed the Maximum Number, the total number of Shares to be bought-back by the Company from each Accepting Shareholder will be determined in accordance with the following formula:

$$\frac{A}{B} \times C$$

A = 392,800,000, being the Maximum Number

B = Total number of Shares tendered by all Accepting Shareholders under the Offer

C = Total number of Shares tendered by the relevant individual Accepting Shareholder under the Offer

As a result, it is possible that not all of such Shares tendered by an Accepting Shareholder will ultimately be bought-back. The total number of Shares which will be bought-back by the Company will not exceed the Maximum Number. The decision of the Company as to any scaling down of acceptances in accordance with the above formula and as to the treatment of fractions will be conclusive and binding on all Shareholders.

#### **IRREVOCABLE UNDERTAKINGS**

As at the date of this announcement, Mr. Wong, the controlling shareholder of the Company, is deemed to be interested in 1,247,419,181 Shares, representing approximately 40.75% of the issued Shares as at the date of this announcement. Of those 1,247,419,181 Shares, (i) 37,300,000 Shares are held by Mr. Wong himself, (ii) 1,200,958,799 Shares are held by Target Success (the Shares are held by Target Success in its capacity as trustee of the Skysource Unit Trust in which all of the units and issued shares of Target Success are held by Mr. Wong), and (iii) 9,160,382 Shares are held by Ms. Lin herself. As Ms. Lin is the spouse of Mr. Wong and is deemed to be interested in the interests of Mr. Wong, she is also deemed to be interested in those 1,247,419,181 Shares.

As at the date of this announcement, the Undertaking Directors and Ms. Tang Yan (the spouse of Mr. Shi Chi, a Director) are interested in the aggregate of 31,416,685 Shares (representing approximately 1.03% of the issued Shares as at the date of this announcement) and 32,000,000 Share Options (representing approximately 1.05% of the issued Shares as at the date of this announcement).



Each of Mr. Wong and Ms. Lin has irrevocably undertaken to the Company that he or she will not, and will procure the holders of Shares whose Shares he or she is deemed to be interested in by virtue of Part XV of the SFO (including Target Success) not to, accept the Offer. Further, each of the Undertaking Directors and Ms. Tang Yan has irrevocably undertaken to the Company that he or she will not, and will procure the holders of Shares whose Shares he or she is deemed to be interested in by virtue of Part XV of the SFO not to, accept the Offer.

Each of the Undertaking Directors (apart from Mr. Lin) has confirmed that he is not acting in concert with Mr. Wong.

As at the date of this announcement, neither the Company nor parties acting in concert with it has received any irrevocable commitment to accept the Offer.

## **OVERSEAS SHAREHOLDERS**

The making of the Offer to Shareholders who are citizens, residents or nationals of jurisdictions outside Hong Kong may be subject to the laws of the relevant jurisdictions. The laws of the relevant jurisdictions may prohibit the making of the Offer to overseas Shareholders or require compliance with certain filing, registration or other requirements in respect of the Offer. The Company reserves the right, subject to the consent of the Executive and the relevant legal requirements, to make special arrangements with respect to overseas Shareholders whose receipt of the Offer Document and the Form of Acceptance is subject to the laws of the overseas jurisdiction. Details of overseas Shareholders will be set out in the Offer Document. The Company will comply with the requirements under Rule 8 (subject to Note 3 to Rule 8) of the Takeovers Code in respect of overseas Shareholders.

**It is the responsibility of each overseas Shareholder who wishes to accept the Offer to satisfy himself or herself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consents which may be required or compliance with other necessary formalities or legal requirements. Any acceptance of the Offer by any Shareholder shall be deemed to constitute a representation and warranty from such Shareholder to the Company that all applicable local laws and requirements have been observed and complied with. Shareholders should consult their professional advisers if in doubt.**

The Company shall give notice of any matter in relation to the Offer to the Shareholders by issuing announcements or advertisements in accordance with its bye-laws and the Listing Rules and, if so given, shall be deemed to have been sufficient for all effective purposes, despite any failure by any overseas Shareholder to receive the same.

## **ODD LOTS**

The Shares are currently traded in board lot of 2,000 Shares each. There is no intention to change the board lot size as a result of the Offer. Shareholders should note that acceptance of the Offer may result in their holding of odd lots of Shares. The Company will make arrangements to appoint a designated broker to match sales and purchases of odd lot holdings of Shares for a reasonable period after completion of the Offer in order to enable such Accepting Shareholders to dispose of their odd lots or to top up their odd lots to whole board lots. Details of such arrangements will be included in the Offer Document and will be disclosed by way of separate announcement as and when appropriate.

## **NOMINEE REGISTRATION OF SHARES**

To ensure equality of treatment of all Shareholders, those registered Shareholders who hold Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of the Shares, whose investments are registered in nominee names (including those whose interests in Shares are held through CCASS), to accept the Offer, it is essential that they provide instructions to their nominee agents of their intentions with regards to the Offer.

## **WHITEWASH WAIVER**

As at the date of this announcement, the Wong Concert Party Group is interested in 1,251,317,900 Shares, representing approximately 40.88% of the issued Shares as at the date of this announcement. Pursuant to Rule 6 of the Share Buy-backs Code, if as a result of a share buy-back, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code.

Depending on the level of acceptances received from the Accepting Shareholders pursuant to the Offer and assuming that no Share Options will be exercised by their holders prior to completion of the Offer, the aggregate interests of the Wong Concert Party Group may increase to a maximum level of approximately 46.90% upon completion of the Offer, thereby triggering an obligation under Rule 26 of the Takeovers Code for Mr. Wong to make a mandatory general offer for all the Shares not already owned by Mr. Wong and parties acting in concert with him. Consequently, an application has been made to the Executive by Mr. Wong for the Whitewash Waiver.

The Offer will be conditional upon approval of the Independent Shareholders voting by way of poll at the SGM and the Whitewash Waiver being granted by the Executive, which would also be subject to the approval of the Independent Shareholders voting by way of poll at the SGM.

**If the Offer or the Whitewash Waiver is not approved by the Independent Shareholders, or if the latter is not granted by the Executive, the Offer will not proceed.**

As at the date of this announcement, the Company does not believe that the transactions under the Offer and the Whitewash Waiver would give rise to any concerns in relation to compliance with other applicable rules or regulations (including the Listing Rules) in Hong Kong. If a concern should arise after the release of this announcement, the Company will endeavour to resolve the matter to the satisfaction of the relevant authority as soon as possible but in any event before the despatch of the Offer Document. The Company notes that the Executive may not grant the Whitewash Waiver if the transactions under the Offer and the Whitewash Waiver do not comply with other applicable rules and regulations.

## CHANGES IN SHAREHOLDING STRUCTURE

The table below shows the Company's existing shareholding structure and the shareholding structure immediately after completion of the Offer, assuming that (i) all the Shareholders will accept the Offer in full (and taking into account the fact that each of Mr. Wong, Ms. Lin, the Undertaking Directors and Ms. Tang Yan has irrevocably undertaken to the Company that he or she will not, and will procure the holders of Shares whose Shares he or she is deemed to be interested in by virtue of Part XV of the SFO (including Target Success) not to, accept the Offer); and (ii) no additional Shares will be issued from the date of this announcement up to and including the date of completion of the Offer (save as a result of any exercise of the Share Options by their holders):

Name of Shareholder	Immediately before completion of the Offer		Immediately after completion of the Offer (assuming no Share Options will be exercised from the date of this announcement up to and including the date of completion of the Offer)		Immediately after completion of the Offer (assuming all Share Options which are vested as at the date of this announcement have been fully exercised before completion of the Offer)	
	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>	<i>Number of Shares</i>	<i>Approx. %</i>
<b>Wong Concert Party Group</b>						
Target Success (Note 1)	1,200,958,799	39.23	1,200,958,799	45.01	1,200,958,799	43.03
Mr. Wong (Note 2)	37,300,000	1.22	37,300,000	1.40	37,300,000	1.34
Ms. Lin (Note 3)	9,160,382	0.30	9,160,382	0.34	9,160,382	0.33
Mr. Lin (Note 4)	3,898,719	0.13	3,898,719	0.15	3,898,719	0.14
<b>Sub-total</b>	<b>1,251,317,900</b>	<b>40.88</b>	<b>1,251,317,900</b>	<b>46.90</b>	<b>1,251,317,900</b>	<b>44.84</b>
<b>Undertaking Directors (apart from Mr. Lin) and Ms. Tang Yan</b>						
Mr. Lai Weide (Note 5)	6,002,000	0.20	6,002,000	0.22	26,002,000	0.93
Mr. Liu Tangzhi (Note 6)	7,884,675	0.26	7,884,675	0.30	17,884,675	0.64
Mr. Shi Chi (Note 7)	5,184,825	0.17	5,184,825	0.19	5,184,825	0.19
Ms. Tang Yan (Note 8)	5,446,466	0.18	5,446,466	0.20	5,446,466	0.20
Mr. Lam Shing Choi, Eric (Note 9)	2,000,000	0.07	2,000,000	0.07	4,000,000	0.14
Mr. Li Weibin (Note 10)	1,000,000	0.03	1,000,000	0.04	1,000,000	0.04
<b>Other Shareholders</b>	<b>1,782,093,554</b>	<b>58.22</b>	<b>1,389,293,554</b>	<b>52.07</b>	<b>1,479,891,554</b>	<b>53.03</b>
<b>Total</b>	<b>3,060,929,420</b>	<b>100.00</b>	<b>2,668,129,420</b>	<b>100.00</b>	<b>2,790,727,420</b>	<b>100.00</b>

Notes:

1. 1,200,958,799 Shares are held by Target Success in its capacity as trustee of the Skysource Unit Trust in which all of the units and issued shares of Target Success are held by Mr. Wong. As such, Mr. Wong is deemed to be interested in those 1,200,958,799 Shares.
2. Mr. Wong is interested in 1,247,419,181 Shares, which comprise 37,300,000 Shares held by himself, the deemed interests in 1,200,958,799 Shares held by Target Success and the deemed interests in 9,160,382 Shares held by his spouse Ms. Lin.
3. Ms. Lin is an executive director of the Company. Ms. Lin is the spouse of Mr. Wong. Accordingly, Ms. Lin is deemed to be interested in such Shares held by Mr. Wong under the SFO.
4. Mr. Lin is an executive director of the Company and the son of Mr. Wong and Ms. Lin.
5. Mr. Lai Weide is an executive director and the Chairman of the Company. As at the date of this announcement, Mr. Lai Weide also holds 20,000,000 Share Options.
6. Mr. Liu Tangzhi is an executive director and the chief executive officer of the Company. As at the date of this announcement, Mr. Liu Tangzhi also holds 10,000,000 Share Options.
7. Mr. Shi Chi is an executive director of the Company. Mr. Shi Chi is interested in 10,631,291 Shares, which comprise 5,184,825 Shares held by himself and the deemed interests in 5,446,466 Shares held by his spouse Ms. Tang Yan.
8. Ms. Tang Yan is the spouse of Mr. Shi Chi.
9. Mr. Lam Shing Choi, Eric is an executive director of the Company. As at the date of this announcement, Mr. Lam Shing Choi, Eric also holds 2,000,000 Share Options.
10. Mr. Li Weibin is an independent non-executive director of the Company.
11. DBSAC is the financial adviser to the Company in respect of the Offer. Accordingly, DBSAC and relevant members of the DBS Group which hold Shares are presumed to be acting in concert with the Company in accordance with class (5) of the definition of "Acting in concert" in the Takeovers Code (except in respect of Shares held by exempt principal traders or exempt fund managers, in each case recognised by the Executive as such for the purposes of the Takeovers Code and also excluding Shares held on behalf of non-discretionary investment clients of the DBS Group). Details of holdings, borrowings or lendings of, and dealings in, Shares (or options, rights over Shares, warrants or derivatives in respect of them) held by or entered into by other parts of the DBS Group will be obtained as soon as possible after the date of this announcement in accordance with Note 1 to Rule 3.5 of the Takeovers Code. A further announcement will be made by the Company if the holdings, borrowings, lendings, or dealings of the other parts of the DBS Group are significant and in any event, such information will be disclosed in the Offer Document. The statements in this announcement as to the holdings, borrowings or lendings of, or their dealings in, or voting of Shares (or rights, rights over Shares, warrants or derivatives in respect of them) by persons acting in concert with the Company are subject to the holdings, borrowings, lendings, or dealings (if any) of such members of the DBS Group. Any dealings in Shares during the six months prior to the date of this announcement by the DBS Group will be disclosed in the Offer Document.

Assuming that (i) the Shareholders will accept the Offer in full (and taking into account the fact that each of Mr. Wong and the Undertaking Directors has irrevocably undertaken to the Company that he will not, and will procure the holders of Shares whose Shares he is deemed to be interested in by virtue of Part XV of the SFO (including Target Success, Ms. Lin and Ms. Tang Yan) not to, accept the Offer); and (ii) no additional Shares will be issued from the date of this announcement up to and including the date of completion of the Offer, over 25% of the issued Shares will be held by public shareholders and accordingly the Company will comply with the public float requirement under Rule 8.08 of the Listing Rules after completion of the Offer.

As at the date of this announcement, save as disclosed above, neither Mr. Wong, the Company nor parties acting in concert with them holds, owns, controls or has direction over any Shares, outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares, or has entered into any outstanding derivatives in respect of securities in the Company.

### **DEALINGS IN SHARES**

The Company has not bought-back any Shares in the six-month period prior to the date of this announcement, and will not conduct any on-market share buy-back from the date of this announcement up to and including the date at which the Offer closes, lapses or is withdrawn, as the case may be.

Mr. Wong has confirmed (for himself and on behalf of parties acting in concert with him) that there has been no dealings in the securities in the Company by him and parties acting in concert with him in the six months immediately prior to the date of this announcement.

### **OTHER ARRANGEMENTS**

Save for the Irrevocable Undertakings, there is no arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the Shares and relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company which might be material to the Offer or the Whitewash Waiver.

There is no agreement or arrangement, to which the Company or Mr. Wong is a party, which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a Condition to the Offer or the Whitewash Waiver (save as those set out in the section headed “*Conditions of the Offer*” in this announcement above).

None of the Company, Mr. Wong or parties acting in concert with them has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

There is no understanding, arrangement, agreement or special deal between any Shareholder and the Company, Mr. Wong and any party acting in concert with any of them.

Save for the Irrevocable Undertakings, there is no understanding, arrangement or agreement or special deal between (1) any Shareholder of the Company; and (2) either (a) the Company, Mr. Wong or any party acting in concert with any of them; or (b) the Company or the Company’s subsidiaries or associated companies.

### **INFORMATION ON THE GROUP**

The Group is principally engaged in manufacturing and selling smart TV systems, home access systems, smart white appliances, internet value-added services, property development and property holding.

## **FUTURE INTENTIONS ON THE GROUP**

The business and management of the Group will remain unchanged and the Company's listing on the Stock Exchange will be maintained upon completion of the Offer. It is intended that no major changes will be introduced to the businesses of the Group and the employment of the employees of the Group will be continued and the material fixed assets of the Group will not be redeployed as a result of the Offer.

## **REASONS FOR AND FINANCIAL EFFECTS OF THE OFFER**

The price of the Shares has historically been traded at a significant discount to the Group's net asset value per Share. Taking the closing price of the Shares of HK\$2.04 on the Last Trading Day as the reference date, the discounts to the Group's net asset value per Share of HK\$5.83 as at 31 December 2019 for the below periods are as follows:

- (a) on the Last Trading Day: 65.0%;
- (b) average discount to the Group's net asset value per Share as at 31 December 2019 based on the average closing price of the Shares of approximately HK\$1.83 as quoted on the Stock Exchange for the three months up to and including the Last Trading Day: 68.6%;
- (c) average discount to the Group's net asset value per Share as at 31 December 2019 based on the closing price of the Shares of approximately HK\$1.98 as quoted on the Stock Exchange for the six months up to and including the Last Trading Day: 66.0%; and
- (d) average discount to the Group's net asset value per Share as at 31 December 2019 based on the average closing price of the Shares of approximately HK\$2.03 as quoted on the Stock Exchange for the twelve months up to and including the Last Trading Day: 65.2%.

The Directors (other than the independent non-executive Directors, whose views will be produced after considering the view of the Independent Financial Adviser) believe that the Offer provides an opportunity for the Shareholders to realise part of their investments in the Company at a premium to recent market prices, in particular, where a reference is made to the closing price of the Shares on 16 June 2020, or to increase their proportionate equity interests in the Company by retaining their shareholdings and participating in the future prospects of the Group, and that the Offer, if completed, is accretive to the net asset value per Share, thus benefiting all Shareholders.

The 52.0% discount to the Group's net asset value per Share as at 31 December 2019 as implied by the Offer Price as compared to the historical discounts to the Group's net asset value per Share of HK\$5.83 as at 31 December 2019 as noted above under items (a) to (d) also represents an opportunity for the Shareholders to monetize their shareholding at a smaller discount to the Group's net asset value per Share as at 31 December 2019.

Further details of the financial effects of the Offer, including the effects of the Offer on the net assets of the Group, the Group's net asset value per Share, the earnings of the Group and earnings per Share, will be set out in the Offer Document.

## GENERAL

The SGM will be convened and held for the purposes of considering and, if thought fit, approving the Offer and the Whitewash Waiver. Mr. Wong will abstain, and will procure parties acting in concert with him to abstain, from voting on the resolutions in respect of the Offer and the Whitewash Waiver to be proposed at the SGM. The Wong Concert Party Group will abstain from voting at the SGM.

The Offer Document, which will contain, amongst other things, details (including a timetable) of the Offer, a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, a letter from the Independent Board Committee to the Independent Shareholders, a property valuation report, a notice convening the SGM, the Acceptance Form and information relating to the procedures required for acceptance of the Offer and the Whitewash Waiver, will be despatched to the Shareholders as soon as practicable pursuant to the Takeovers Code.

The Independent Board Committee, comprising all the independent non-executive Directors who have no interest in the Offer and the Whitewash Waiver other than as a Shareholder, has been formed to advise the Independent Shareholders in respect of the Offer and the Whitewash Waiver. Caitong International Capital Co., Limited has been appointed by the Company (with the approval of the Independent Board Committee) as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Offer and the Whitewash Waiver.

DBSAC has been appointed as the financial adviser to the Company in respect of the Offer.

**Shareholders and potential investors should note that the Offer is subject to all of the Conditions being fulfilled in full. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## DEALINGS DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, the associates (as defined under the Takeovers Code, including any person who owns or controls 5% or more of any class of relevant securities of the Company) of the Company are hereby reminded to disclose their dealings in the securities of the Company pursuant to the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

### ***“Responsibilities of stockbrokers, banks and other intermediaries***

*Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.*

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 1:00 p.m. on Wednesday, 17 June 2020 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on Thursday, 18 June 2020.

## **DEFINITIONS**

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

“Accepting Shareholder(s)”	Shareholder(s) accepting the Offer;
“acting in concert”	has the meaning ascribed to it under the Takeovers Code;
“Board”	the board of Directors;
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited;
“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);
“Conditions”	the conditions to which the Offer is subject, as set out under the section headed “ <i>Conditions of the Offer</i> ” in this announcement;
“DBSAC”	DBS Asia Capital Limited, the financial adviser to the Company, a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities;
“DBS Group”	DBS Group Holdings Limited and its subsidiaries from time to time, including but not limited to DBSAC;
“Director(s)”	the director(s) of the Company;



“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director;
“Form of Acceptance”	the form of acceptance to be issued with the Offer Document to Shareholders for use by such persons in connection with the Offer;
“Group”	the Company and its subsidiaries from time to time;
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors, namely Mr. Li Weibin, Mr. Cheong Ying Chew, Henry and Mr. Hung Ka Hai, Clement, who have no interest in the Offer and the Whitewash Waiver other than as a Shareholder, which has been formed to advise the Independent Shareholders in respect of the Offer and the Whitewash Waiver;
“Independent Financial Adviser”	Caitong International Capital Co., Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Offer and the Whitewash Waiver;
“Independent Shareholders”	Shareholders other than (i) the Wong Concert Party Group; (ii) the Undertaking Directors; (iii) Ms. Tang Yan; (iv) Shareholders involved in or interested in the Whitewash Waiver and/or the Offer (other than as a Shareholder); and (v) any person who may be required to abstain from voting on the resolutions in respect of the Offer and the Whitewash Waiver to be proposed at the SGM in accordance with the Takeovers Code and the Share Buy-backs Code;
“Irrevocable Undertakings”	the irrevocable undertakings given by (i) each of Mr. Wong and Ms. Lin that he or she will not, and will procure the holders of Shares whose Shares he or she is deemed to be interested in by virtue of Part XV of the SFO (including Target Success) not to, accept the Offer and (ii) each of the Undertaking Directors and Ms. Tang Yan that he or she will not, and will procure any holders of Shares whose Shares he or she is deemed to be interested in by virtue of Part XV of the SFO not to, accept the Offer;

“Last Half Trading Day”	17 June 2020, being the last half trading day of the Shares on the Stock Exchange prior to the issue of this announcement;
“Last Trading Day”	16 June 2020, being the last full trading day of the Shares on the Stock Exchange prior to the issue of this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Maximum Number”	the maximum number of Shares to be bought-back pursuant to the Offer, being an aggregate of 392,800,000 Shares, representing approximately 12.83% of the issued Shares as at the date of this announcement;
“Mr. Wong”	Mr. Wong Wang Sang, Stephen;
“Mr. Lin”	Mr. Lin Jin, the son of Mr. Wong and Ms. Lin and an executive director of the Company;
“Ms. Lin”	Ms. Lin Wei Ping, the spouse of Mr. Wong and an executive director of the Company;
“Offer”	a conditional cash offer by DBSAC on behalf of the Company to buy-back Shares at the Offer Price from all Shareholders, subject to the Maximum Number;
“Offer Document”	a circular to the Shareholders (comprising, amongst others, the offer document, the notice of the SGM, the proxy form for voting at the SGM and the Form of Acceptance) to be issued by the Company in connection with the Offer and the Whitewash Waiver;
“Offer Period”	has the meaning ascribed to it under the Takeovers Code and commencing from the date of this announcement;
“Offer Price”	HK\$2.80 per Share;
“Record Date”	the proposed record date for ascertaining entitlements in respect of the Offer which will be set out in the Offer Document;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“SGM”	the special general meeting of the Company to be convened and held to consider and, if thought fit, approve the resolutions in respect of the Offer and the Whitewash Waiver;

“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Share Buy-backs Code”	the Code on Share Buy-backs of Hong Kong;
“Shareholder(s)”	holder(s) of the Share(s);
“Share Options”	the outstanding share options granted pursuant to the Company’s share option scheme adopted on 20 August 2014, which are vested as at the date of this announcement entitling their holders to subscribe for a total of 122,598,000 new Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	the Code on Takeovers and Mergers of Hong Kong;
“Target Success”	Target Success Group (PTC) Limited, a company incorporated in the British Virgin Islands with limited liability;
“Undertaking Directors”	Mr. Lin, Mr. Lai Weide, Mr. Liu Tangzhi, Mr. Shi Chi, Mr. Lam Shing Choi, Eric and Mr. Li Weibin, being Directors (other than Ms. Lin) who hold interests in Shares;
“Whitewash Waiver”	a waiver to be granted by the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code in respect of the obligations of Mr. Wong to make a mandatory general offer for all the Shares not already owned by Mr. Wong and parties acting in concert with him under Rule 26.1 of the Takeovers Code, which may otherwise arise as a result of the completion of the Offer;
“Wong Concert Party Group”	Mr. Wong and parties acting in concert with him (including Target Success, Ms. Lin (the spouse of Mr. Wong) and Mr. Lin (the son of Mr. Wong)); and
“%”	per cent.

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

Hong Kong, 17 June 2020

*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.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*