
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Capitalised terms used on this cover page have the same meanings as those defined in the section headed "Definitions" in this Offer Document.

If you are in any doubt as to any aspect of this Offer Document or the Offer, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares, you should at once hand this Offer Document, together with the accompanying form of proxy and Form of Acceptance to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities, or other agent through whom the sale or the transfer was effected for onward transmission to the purchaser(s) or transferee(s).

This Offer Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms and conditions of the Offer.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Offer Document and the accompanying forms, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Offer Document and the accompanying forms.

SKYWORTH

SKYWORTH GROUP LIMITED

創維集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00751)

**(1) 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
(2) APPLICATION FOR WHITEWASH WAIVER
AND
(3) NOTICE OF SGM**

Financial Adviser to the Company



**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



A letter from the Board is set out on pages 7 to 20 of this Offer Document. A letter from DBSAC containing, among other things, the details of the terms of the Offer is set out on pages 21 to 30 of this Offer Document. A letter from the Independent Board Committee to the Independent Shareholders containing its recommendation in respect of the Offer and the Whitewash Waiver is set out on pages 31 to 32 of this Offer Document. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Offer and the Whitewash Waiver is set out on pages 33 to 65 of this Offer Document.

Custodians, nominees and trustees who would, or otherwise intend to, forward this Offer Document and/or the accompanying Form of Acceptance to any jurisdiction outside Hong Kong should read carefully the paragraphs under the section headed "Overseas Shareholders" in Appendix I to this Offer Document.

A notice convening the SGM to be held at 26/F., Sino Plaza, 255-257 Gloucester Road, Causeway Bay, Hong Kong at 10:00 a.m. on Wednesday, 19 August 2020 is set out on pages SGM-1 to SGM-4 of this Offer Document. A form of proxy for use at the SGM is enclosed herewith. Whether or not you intend to attend and vote at the SGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Registrar, Hong Kong Registrars Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, as soon as practicable but, in any event, not less than 48 hours before the time appointed for holding the SGM or any adjournment or postponement thereof (as the case may be). Such form of proxy for use at the SGM is also published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.skyworth.com). Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or at any adjournment or postponement thereof (as the case may be) in person should you so wish.

PRECAUTIONARY MEASURES FOR THE SGM

Please see the notice of SGM set out on pages SGM-1 to SGM-4 of this Offer Document for measures being taken to try to prevent and control the spread of the ongoing Novel Coronavirus (COVID-19) at the SGM, including:

- compulsory temperature checks and health declarations;
- compulsory wearing of surgical face masks; and
- no distribution of refreshments or corporate gift.

Any person who does not comply with any of the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the meeting venue. The Company encourages the Shareholders to consider appointing the Chairman of the SGM as their proxy to vote on the relevant resolutions as an alternative to attending the SGM in person.

27 July 2020

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EXPECTED TIMETABLE

The timetable set out below is indicative only and may be subject to change. Any changes to the timetable will be announced by the Company.

Despatch of this Offer Document, notice of the SGM, form of proxy and Form of Acceptance	Monday, 27 July 2020
Latest time for lodging transfer of Shares to qualify for attendance at the SGM	4:30 p.m. on Thursday, 13 August 2020
Closure of the Register (both dates inclusive)	Friday, 14 August 2020 to Wednesday, 19 August 2020
Latest time for lodging form of proxy for the SGM	10:00 a.m. on Monday, 17 August 2020
SGM	10:00 a.m. on Wednesday, 19 August 2020
Announcement of results of the SGM and whether the Offer has become unconditional	no later than 7:00 p.m. on Wednesday, 19 August 2020
Latest time for lodging the Form of Acceptance and latest time for determining Shareholders' entitlement to participate in the Offer based on the records of the Register (<i>Notes 1 to 3</i>)	4:00 p.m. on Wednesday, 2 September 2020
Closing date of the Offer	Wednesday, 2 September 2020
Record Date	Wednesday, 2 September 2020
Announcement of results of the Offer to be posted on the Stock Exchange's website	no later than 7:00 p.m. on Wednesday, 2 September 2020
Latest date for despatch of cheques to the Accepting Shareholders and (if applicable) despatch of share certificate for those Shares tendered but not bought-back under the Offer (<i>Note 4</i>)	Friday, 11 September 2020

EXPECTED TIMETABLE

Notes:

1. Dealings in the Shares after Monday, 31 August 2020 will not be settled under the rules of the Stock Exchange prior to the Record Date.
2. The Executive has agreed, subject to the approval of the Independent Shareholders for the Offer and the Whitewash Waiver at the SGM by way of poll, to waive any obligation of Mr. Wong to make a general offer which might result from completion of the Offer. Assuming that the resolutions relating to the Offer and the Whitewash Waiver will be approved by the Independent Shareholders and the Offer has become unconditional on Wednesday, 19 August 2020, being the date of the SGM, the Offer will remain open for acceptance for a period of 14 days thereafter and will not be extended.
3. In order to accept the Offer, Qualifying Shareholders are required to submit to the Registrar the duly completed Form of Acceptance in accordance with the instructions as set out in this Offer Document and the Form of Acceptance (which instructions form part of the terms and conditions of the Offer) at or before 4:00 p.m. on Wednesday, 2 September 2020.
4. Remittance for the total amounts due to Accepting Shareholders under the Offer (subject to deduction of seller's ad valorem stamp duty payable on the Shares bought-back from such Accepting Shareholders) will be made by the Company within 7 business days (as defined in the Takeovers Code) after the close of the Offer.

All references to time and dates contained in this Offer Document refer to Hong Kong time and dates.

DEFINITIONS

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

“Accepting Shareholder(s)”	Qualifying Shareholder(s) accepting the Offer;
“acting in concert”	has the meaning ascribed to it under the Takeovers Code;
“Announcement”	the announcement of the Company dated 17 June 2020 in relation to, among other things, the Offer and the application for the Whitewash Waiver;
“Board”	the board of Directors;
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited;
“Codes”	the Takeovers Code and the Share Buy-backs Code;
“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 the Letter from the Board and in Appendix I to this Offer Document;
“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;

DEFINITIONS

“Excluded Shareholders”	Overseas Shareholders, if any, whose addresses, as shown on the Register as at the Latest Practicable Date, are outside Hong Kong and located in jurisdictions the laws of which may prohibit the making of the Offer to such Shareholders or otherwise require the Company to comply with additional requirements which are (in the opinion of the Directors, but subject to the prior consent of the Executive) unduly onerous or burdensome, having regard to the number of Shareholders involved in such jurisdictions and their shareholdings in 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 for use by the Qualifying Shareholders 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;
“HKSCC”	HKSCC Nominees Limited;
“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” or “Caitong International Capital”	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;

DEFINITIONS

“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 Codes. For the avoidance of doubt, the Independent Shareholders include members of the DBS Group in respect of Shares held for and on behalf of non-discretionary investment clients where such clients do not fall into (i) to (v) above;
“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 the 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 the Announcement;
“Latest Acceptance Time”	the latest time for receipt by the Registrar of the Form of Acceptance submitted by the Qualifying Shareholders, being 4:00 p.m. on Wednesday, 2 September 2020, or such later date as the Company may announce in accordance with the requirements of the Codes;
“Latest Practicable Date”	24 July 2020, being the latest practicable date for the purpose of ascertaining certain information referred to in this Offer Document prior to its printing;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;

DEFINITIONS

“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 Latest Practicable Date;
“Mr. Wong”	Mr. Wong Wang Sang, Stephen;
“Mr. Lin”	Mr. Lin Jin, the son of Mr. Wong and Ms. Lin and an executive Director;
“Ms. Lin”	Ms. Lin Wei Ping, the spouse of Mr. Wong and an executive Director;
“Offer”	a conditional cash offer by DBSAC on behalf of the Company to buy-back Shares at the Offer Price from all Qualifying Shareholders, subject to the Maximum Number;
“Offer Document”	this document (accompanying with the form of proxy for the SGM and the Form of Acceptance);
“Offer Period”	has the meaning ascribed to it under the Takeovers Code and commencing from the date of the Announcement, being 17 June 2020, and ending on the date at which the Offer closes, lapses or is withdrawn, as the case may be;
“Offer Price”	HK\$2.80 per Share;
“Overseas Shareholder(s)”	Shareholder(s), whose address(es), as shown in the Register, is/are outside Hong Kong;
“PRC”	the People’s Republic of China, but for the purpose of this Offer Document, excluding Hong Kong, Macau Special Administrative Region and Taiwan;
“Qualifying Shareholder(s)”	Shareholder(s), other than the Excluded Shareholder(s) (if any), whose name(s) appear(s) on the Register on the Record Date;
“Record Date”	the record date for the Offer which will be the 14th day after the date of the SGM, i.e. Wednesday, 2 September 2020;
“Register”	the register of members of the Company;

DEFINITIONS

“Registrar”	Hong Kong Registrars Limited, being the Hong Kong branch share registrar and transfer office of the Company, whose address is situated at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong;
“Relevant Period”	the period from 17 December 2019 (being the date falling six months prior to 17 June 2020, the commencement date of the Offer Period) up to and including the Latest Practicable Date;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“SGM”	the special general meeting of the Company to be convened at 26/F., Sino Plaza, 255-257 Gloucester Road, Causeway Bay, Hong Kong on Wednesday, 19 August 2020 at 10:00 a.m. (or any adjournment or postponement thereof, as the case may be) for considering and, if thought fit, approving the ordinary resolution and the special resolution in connection with the Offer and the Whitewash Waiver, respectively;
“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 and exercisable as at the Latest Practicable Date 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;

DEFINITIONS

“Title Documents”	the relevant Share certificate(s), transfer receipt(s) and/or other document(s) of title with respect to ownership(s) of the Share(s) (and/or any satisfactory indemnity or indemnities required in respect thereof);
“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.

* *The English translation of Chinese name(s) in this Offer Document, where indicated, is included for information only, and should not be regarded as the official English translation of such Chinese name(s).*

LETTER FROM THE BOARD

SKYWORTH

SKYWORTH GROUP LIMITED 創維集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00751)

Executive Directors:

Mr. Lai Weide (*Chairman of the Board*)
Mr. Liu Tangzhi (*Chief Executive Officer*)
Ms. Lin Wei Ping
Mr. Shi Chi
Mr. Lin Jin
Mr. Lam Shing Choi, Eric

Independent non-executive Directors:

Mr. Cheong Ying Chew, Henry
Mr. Li Weibin
Mr. Hung Ka Hai, Clement

Registered Office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal Place of Business

in Hong Kong:

Rooms 1601-04
Westlands Centre
20 Westlands Road
Quarry Bay
Hong Kong

27 July 2020

To the Shareholders

Dear Sir or Madam,

**(1) 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
(2) APPLICATION FOR WHITEWASH WAIVER
AND
(3) NOTICE OF SGM**

INTRODUCTION

On 17 June 2020, the Board announced that the Offer would 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 Latest Practicable Date, at the price of HK\$2.80 per Share.

LETTER FROM THE BOARD

The purpose of this Offer Document is to provide you with, among other things, (i) information relating to the Offer and the Whitewash Waiver; (ii) a letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the Offer and the Whitewash Waiver; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders as to whether the Offer and the Whitewash Waiver are fair and reasonable and as to acceptance and voting; and (iv) a notice of the SGM.

The Form of Acceptance accompanying this Offer Document is for use only by the Qualifying Shareholders who wish to accept the Offer.

THE OFFER

The number of Shares to be bought-back for cancellation by DBSAC on behalf of the Company at the price of HK\$2.80 per Share will not exceed the Maximum Number, being 392,800,000 Shares, representing approximately 12.83% of the issued Shares as at the Latest Practicable Date.

The Offer is not conditional on any minimum number of Shares being tendered for acceptance or any minimum number of Shares to be bought-back under the Offer.

The Offer will be made in full compliance with the Codes.

THE OFFER PRICE

The Offer Price of HK\$2.80 per Share valued the entire issued share capital of the Company as at the Latest Practicable Date at approximately HK\$8,571 million.

The Offer Price represents:

- a premium of approximately 16.7% over the closing price of the Shares of HK\$2.40 as quoted on the Stock Exchange on the Latest Practicable Date;
- 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;

LETTER FROM THE BOARD

- 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 at 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.

Under the Companies Act 1981 of Bermuda (as amended), on the date on which the buy-back of Shares by the Company pursuant to the Offer is effected, there should be no reasonable grounds of believing the Company is, or would after the buy-back be, unable to pay its liabilities as they become due. The Directors are of the opinion that, in the event the maximum amount of consideration is payable upon full acceptance and completion of the Offer, the Company will maintain sufficient working capital to pay its liabilities as they become due and to meet the operating requirements of the Group.

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

LETTER FROM THE BOARD

- (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, and none of them had been fulfilled as at the Latest Practicable Date.

The Offer is not conditional as to any minimum number of Shares tendered for acceptances.

IRREVOCABLE UNDERTAKINGS

As at the Latest Practicable Date, Mr. Wong, the controlling Shareholder, is deemed to be interested in 1,247,419,181 Shares, representing approximately 40.75% of the issued Shares as at the Latest Practicable Date. 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 Latest Practicable Date, 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 Latest Practicable Date) and 32,000,000 Share Options (representing approximately 1.05% of the issued Shares as at the Latest Practicable Date).

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. The Irrevocable Undertakings will be binding until the closing, lapse or withdrawal of 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 Latest Practicable Date, neither the Company nor parties acting in concert with it had received any irrevocable commitment to accept the Offer. As at the Latest Practicable Date, save for the Irrevocable Undertakings, neither the Company nor parties acting in concert with it had received any irrevocable commitment not to accept the Offer.

LETTER FROM THE BOARD

WHITEWASH WAIVER

As at the Latest Practicable Date, the Wong Concert Party Group is interested in 1,251,317,900 Shares, representing approximately 40.88% of the issued Shares as at the Latest Practicable Date. 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 Executive has agreed, subject to the approval of the Independent Shareholders for the Offer and the Whitewash Waiver at the SGM by way of poll, to waive any obligation of Mr. Wong to make a general offer which might result from completion of the Offer. **If the Offer or the Whitewash Waiver is not approved by the Independent Shareholders by way of a poll, or if the latter is not granted by the Executive, the Offer will immediately lapse.**

LETTER FROM THE BOARD

CHANGES IN SHAREHOLDING STRUCTURE

The table below shows the Company's existing shareholding structure and the shareholding structure immediately after close of the Offer, assuming that (i) all the Qualifying 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 Latest Practicable Date up to and including the date of close of the Offer (save as a result of any exercise of the Share Options by their holders):

Name of Shareholder	As at the Latest Practicable Date		Immediately after close of the Offer (assuming no Share Options will be exercised from the Latest Practicable Date up to and including the date of close of the Offer)		Immediately after close of the Offer (assuming all Share Options which are vested as at the Latest Practicable Date have been fully exercised before close of the Offer)	
	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
Wong Concert Party Group						
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)	<u>3,898,719</u>	<u>0.13</u>	<u>3,898,719</u>	<u>0.15</u>	<u>3,898,719</u>	<u>0.14</u>
Sub-total	<u>1,251,317,900</u>	<u>40.88</u>	<u>1,251,317,900</u>	<u>46.90</u>	<u>1,251,317,900</u>	<u>44.84</u>
Undertaking Directors (apart from Mr. Lin) and Ms. Tang Yan						
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
Other Shareholders	<u>1,782,093,554</u>	<u>58.22</u>	<u>1,389,293,554</u>	<u>52.07</u>	<u>1,479,891,554</u>	<u>53.03</u>
Total	<u>3,060,929,420</u>	<u>100.00</u>	<u>2,668,129,420</u>	<u>100.00</u>	<u>2,790,727,420</u>	<u>100.00</u>

Notes:

- 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.

LETTER FROM THE BOARD

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. 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 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 Latest Practicable Date, 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 Latest Practicable Date, Mr. Liu Tangzhi also holds 10,000,000 Share Options.
7. Mr. Shi Chi is an executive Director. 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. As at Latest Practicable Date, Mr. Lam Shing Choi, Eric also holds 2,000,000 Share Options.
10. Mr. Li Weibin is an independent non-executive Director.
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 Codes (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 Codes). As at the Latest Practicable Date, DBSAC and relevant members of the DBS Group did not hold any Shares on a proprietary basis.

Assuming that (i) the Qualifying 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 Latest Practicable Date up to and including the date of close 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 close of the Offer.

As at the Latest Practicable Date, 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.

LETTER FROM THE BOARD

REASONS FOR 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 average 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 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 including Accepting Shareholders who retain part of their Shares.

The 52.0% discount to the Group's net asset value per Share as at 31 December 2019 as implied by the Offer Price when 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 monetise their shareholding at a smaller discount to the Group's net asset value per Share as at 31 December 2019.

LETTER FROM THE BOARD

FINANCIAL EFFECTS OF THE OFFER

The unaudited pro forma financial information of the Group upon completion of the Offer, illustrating the financial impact of the Offer on the earnings per Share, net assets per Share, liabilities and working capital (expressed as net current assets) of the Group, is set out in Appendix III to this Offer Document.

Earnings per Share

Based on the unaudited pro forma financial information of the Group set out in Appendix III to this Offer Document and assuming that full acceptance of the Offer was completed on 1 January 2019 and the Maximum Number had been bought-back, the basic earnings per Share for the year ended 31 December 2019 would, as a result, have increased by approximately 14.87% from RMB24.61 cents per Share to RMB28.27 cents per Share.

Net assets per Share

Based on the unaudited pro forma financial information of the Group set out in Appendix III to this Offer Document and assuming that full acceptance of the Offer was completed on 31 December 2019 and the Maximum Number had been bought-back, the net assets per Share as at 31 December 2019 would, as a result, have increased by approximately 7.66% from RMB5.22 per Share to RMB5.62 per Share.

Liabilities

The Offer will be paid in cash and funded by internal resources of the Group. The liabilities as at 31 December 2019 would remain unchanged at approximately RMB29,395 million following completion of the Offer.

Working capital

The working capital (expressed as net current assets) as at 31 December 2019 would decrease by approximately 13.47% from approximately RMB7,388 million to RMB6,393 million.

The Directors confirm that the Group will have sufficient working capital to meet its normal operating requirements after completion of the Offer assuming full acceptance of the Offer.

Based on the above and having considered the manner of funding of the consideration for the Offer, the Company considers that completion of the Offer will have no material adverse effect on the Group's earnings per Share, net assets per Share, liabilities or working capital.

LETTER FROM THE BOARD

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.

PROFIT ESTIMATE

Reference is made to the announcement dated 12 June 2020 issued by the Company in relation to the disposals of 90% equity interests in 廣州創維電子有限公司 (Guangzhou Skyworth Electronics Co., Ltd.) (“**Target A**”) and 廣州創維平面顯示科技有限公司 (Guangzhou Flat Display Technology Co., Ltd.) (“**Target B**”) respectively (the “**12 June Announcement**”). As set out in the 12 June Announcement, it is expected that the Company will record a gain of approximately RMB138.03 million and RMB584.50 million from the respective disposal of Target A and Target B, subject to audit. Subsequently, the disposal of Target A was completed on 23 June 2020, and the gain on disposal in the amount of approximately RMB138 million was recognized in the Group’s results for the six months ended 30 June 2020, subject to audit or review by the Company’s auditors (please also make reference to the announcement of the Company dated 15 July 2020 in relation to the positive profit alert of the Group’s results for the six months ended 30 June 2020 (the “**Positive Profit Alert Announcement**”)) (the expected gains of approximately RMB138 million and RMB584.50 million, together, the “**Estimated Gains**”). Reference is also made to the Positive Profit Alert Announcement in which the Company announced that based on a preliminary review of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2020, the Company is expected to record an increase in unaudited consolidated net profit for the six months ended 30 June 2020 of not less than 60% as compared to the six months ended 30 June 2019 (together with the Estimated Gains, the “**Profit Estimate**”).

The Profit Estimate constitutes a profit forecast under Rule 10 of the Takeovers Code and shall be reported on by the Independent Financial Adviser and the Company’s auditor in accordance with the requirements under Rule 10 of the Takeovers Code. In this regard, the Profit Estimate has been reported on by the Independent Financial Adviser and Deloitte Touche Tohmatsu, the auditor of the Company, respectively. Deloitte Touche Tohmatsu is of the opinion that, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases and assumptions adopted by the Directors and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the published annual report of the Company for the year ended 31 December 2019. The Independent Financial Adviser is satisfied that the Profit Estimate has been made by the Directors with due care and consideration.

LETTER FROM THE BOARD

Your attention is drawn to the respective letters from the reporting accountants and the Independent Financial Adviser on the Profit Estimate as set out in Appendix IV to this Offer Document.

BASES AND ASSUMPTIONS IN PREPARING THE PROFIT ESTIMATE

The Directors prepared the Profit Estimate based on (i) the unaudited net asset value of Target A in the management accounts as at 23 June 2020 of approximately RMB490.80 million, (ii) the unaudited net asset value of Target B in the management accounts as at 31 May 2020 of approximately RMB243.27 million (after taking into account the segregation of assets and liabilities pursuant to the provisions of the relevant sale and purchase agreement), (iii) the consideration under the respective sale and purchase agreements, and (iv) the unaudited consolidated management accounts of the Group for the six months ended 30 June 2020, which were prepared on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the published annual report of the Company for the year ended 31 December 2019. The Profit Estimate was compiled in accordance with the basis and assumptions including the following:

- (i) there were no material changes in existing political, legal, fiscal, social or economic conditions in Hong Kong, the PRC and the overseas countries where the Group carries out its operations;
- (ii) there were no material changes in legislation or regulations in Hong Kong, the PRC and overseas countries materially affecting the businesses carried on by the Group;
- (iii) there were no material changes in interest rates and exchange rates from those currently prevailing;
- (iv) there were no wars, military incidents, pandemic diseases (other than COVID-19), or natural disasters that would have a material impact on the Group's businesses and operating activities;
- (v) there were no material changes in the bases or rates of tax applicable to the activities of the Group or in the bases or rates of custom duties or levies in the territories in which the Group carries on businesses; and
- (vi) there were no exceptional nor unforeseeable circumstances that will require a material provision to be made by the Group in respect of any contingent liability, litigations, legal proceedings or arbitration threatened or otherwise, abnormal bad debts, incomplete contracts or other unexpected losses.

For further details, please refer to Appendix IV to this Offer Document.

LETTER FROM THE BOARD

FUTURE INTENTIONS ON THE GROUP

Completion of the Offer will not result in a change in Mr. Wong remaining as the controlling Shareholder or in the composition of the Board. Mr. Wong intends to continue with the existing businesses of the Group and do not intend to introduce any major changes to the businesses of the Group nor conduct any redeployment of the fixed assets of the Group. Accordingly, there will be no material change to the existing businesses and employment of the existing employees of the Group as a result of the Offer.

Mr. Wong has informed the Company that his irrevocable undertakings are consistent with his belief in, and commitment to, the Group and its businesses. Mr. Wong has also informed the Company that it is his intention that, following completion of the Offer, the Group's businesses, management and the Board will remain unchanged. It is also his intention to maintain the Company's listing on the Stock Exchange.

The Company has no intention to rely on sections 705, 711 to 716 and 718 to 721 of the Companies Ordinance (Cap. 622) or any comparable provisions of the company law in Bermuda in relation to the right of compulsory acquisition of Shares held by minority Shareholders after the Offer. The Company intends to continue to meet the public float requirement of Rule 8.08 of the Listing Rules.

SPECIAL GENERAL MEETING

The Offer will be conditional upon, among other things, the passing of an ordinary resolution and a special resolution by way of poll to approve the Offer and the Whitewash Waiver, respectively, by the Independent Shareholders, either voting in person or by proxy, at the SGM.

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.

As at the Latest Practicable Date, 34 directors of subsidiaries of the Company held an aggregate of 12,695,244 Shares. These directors are Independent Shareholders and can vote on the resolutions in respect of the Offer and the Whitewash Waiver to be proposed at the SGM.

Pursuant to the trust deed of the Company's share award scheme adopted on 24 June 2014 (the "**Share Award Scheme**"), the trustee of the Share Award Scheme shall not exercise the voting rights attached to the Shares held by it. As at the Latest Practicable Date, the trustee of the Share Award Scheme held 20,954,601 Shares, which will not be voted on at the SGM.

LETTER FROM THE BOARD

The SGM will be convened at 26/F., Sino Plaza, 255-257 Gloucester Road, Causeway Bay, Hong Kong at 10:00 a.m. on Wednesday, 19 August 2020 for considering and, if thought fit, approving the resolutions in respect of the Offer and the Whitewash Waiver.

A notice convening the SGM is set out on pages SGM-1 to SGM-4 of this Offer Document and a form of proxy for use at the SGM is also enclosed. Whether or not you intend to attend the SGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Registrar not later than 48 hours before the time appointed for holding the SGM or any adjournment or postponement thereof (as the case may be). Such form of proxy for use at the SGM is also published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.skyworth.com). Completion and return of the form of proxy will not preclude you from attending and voting at the SGM or at any adjournment or postponement thereof (as the case may be) in person should you so wish.

The Independent Board Committee, comprising all the independent non-executive Directors who have no interest in the Offer or 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 has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the Offer and the Whitewash Waiver are fair and reasonable so far as the Independent Shareholders are concerned, whether they are in the interests of the Company and the Shareholders as a whole, and as to acceptance and voting.

Independent Shareholders should note that their decisions on how to vote on the resolutions to be proposed at the SGM to approve the Offer and the Whitewash Waiver shall not affect their decisions on whether to accept the Offer or not. Even if they vote in favour of or against the resolutions to be proposed at the SGM, they are free nonetheless to accept or not to accept the Offer.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee as set out on pages 31 to 32 of this Offer Document and to the letter from the Independent Financial Adviser as set out on pages 33 to 65 of this Offer Document. The latter contains, among other things, the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Offer and the Whitewash Waiver and the principal factors and reasons considered by it in arriving at such advice.

Taking into account the letter from the Independent Board Committee and all other factors as stated under the section headed “*Reasons for the Offer*” above as a whole, the Board is of the opinion that the terms of the Offer and the Whitewash Waiver are on balance fair and reasonable so far as the Independent Shareholders are concerned. The Board therefore recommends the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM approving the Offer and the Whitewash Waiver.

LETTER FROM THE BOARD

FURTHER INFORMATION

Your attention is also drawn to the terms of the Offer as set out in the letter from DBSAC on pages 21 to 30 and in Appendix I to this Offer Document, the financial information of the Group as set out in Appendix II to this Offer Document, the unaudited pro forma financial information of the Group as set out in Appendix III to this Offer Document, the respective letters from the reporting accountants and the Independent Financial Adviser on the Profit Estimate as set out in Appendix IV to this Offer Document, the property valuation report as set out in Appendix V to this Offer Document and the general information as set out in Appendix VI to this Offer Document.

Shareholders and potential investors should note that the Offer is subject to all of the Conditions being fulfilled and, therefore, may or may not become unconditional. Shareholders and potential investors are advised to exercise caution when dealing in the Shares and should consult their professional advisers when in doubt.

Yours faithfully,
For and on behalf of the Board
Skyworth Group Limited
Lai Weide
Chairman of the Board

LETTER FROM DBSAC



27 July 2020

To the Shareholders

Dear Sir or Madam,

**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
AND
APPLICATION FOR WHITEWASH WAIVER**

INTRODUCTION

On 17 June 2020, the Board announced that the Offer would 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 Latest Practicable Date, at the price of HK\$2.80 per Share. The Offer will be made in full compliance with the Codes. The Qualifying Shareholders may accept the Offer by lodging the Form of Acceptance for the sale of their Shares to the Company at the Offer Price of HK\$2.80 per Share.

The Shares to be bought-back by the Company will not exceed the Maximum Number. There is no minimum number of Shares proposed to be bought-back under the Offer. This letter sets out the details of the terms of the Offer. Further details of the terms and conditions of the Offer are set out in Appendix I to this Offer Document and the accompanying Form of Acceptance.

THE OFFER

The Offer is being made by DBSAC on behalf of the Company subject to fulfilment of the Conditions to buy-back the Shares on the following basis up to the Maximum Number, being 392,800,000 Shares:

For every Share HK\$2.80 in cash

All Qualifying Shareholders are entitled to accept the Offer by submitting Form of Acceptance for the sale of any number of their Shares to the Company on the basis of which is set out under the section headed “*Other Terms of the Offer*” below.

LETTER FROM DBSAC

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) Qualifying 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*” below;
- (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.

LETTER FROM DBSAC

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.

As at the Latest Practicable Date, save for the outstanding Share Options and the 3,060,929,420 Shares in issue, the Company did not have other class of securities, outstanding options, derivatives, warrants or other securities which are convertible or exchangeable into Shares.

THE OFFER PRICE

The Offer Price of HK\$2.80 per Share valued the entire issued share capital of the Company as at the Latest Practicable Date at approximately HK\$8,571 million.

The Offer Price represents:

- a premium of approximately 16.7% over the closing price of the Shares of HK\$2.40 as quoted on the Stock Exchange on the Latest Practicable Date;
- 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 at 31 December 2019 for illustration purposes).

LETTER FROM DBSAC

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.

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 Offer is subject to all of the Conditions being fulfilled. If the Whitewash Waiver is not granted by the Executive, or if the resolutions to approve the Offer and the Whitewash Waiver is not approved by the Independent Shareholders, the Offer will immediately lapse.

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

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.

If the Offer is declared unconditional, Qualifying 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.

LETTER FROM DBSAC

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. All Shares bought-back under the Offer will be cancelled.

OTHER TERMS OF THE OFFER

Qualifying 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 Accepting Shareholders.

LETTER FROM DBSAC

As at the Latest Practicable Date, neither the Company nor parties acting in concert with it has received any irrevocable commitment to accept the Offer. As at the Latest Practicable Date, save for the Irrevocable Undertakings, neither the Company nor parties acting in concert with it had received any irrevocable commitment not to accept the Offer.

OVERSEAS SHAREHOLDERS

Based on the Register, as at the Latest Practicable Date, there were no Overseas Shareholders with registered addresses outside Hong Kong. Accordingly, there were no Excluded Shareholders as at the Latest Practicable Date.

It is the responsibility of each Overseas Shareholder who wishes to accept the Offer to satisfy itself, 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 Overseas Shareholder shall be deemed to constitute a representation and warranty from such Overseas Shareholder to the Company that all applicable local laws and requirements have been observed and complied with. For the avoidance of doubt, neither Hong Kong Securities Clearing Company Limited nor HKSCC will give, or be subject to, any of the above representation and warranty. Overseas Shareholders should consult their professional advisers if in doubt.

LETTER FROM DBSAC

PROCEDURES FOR ACCEPTANCE

In order to accept the Offer, Qualifying Shareholders should complete and return the accompanying Form of Acceptance in accordance with the instructions set out in this Offer Document and the instructions printed on the Form of Acceptance. The instructions in this Offer Document should be read together with the instructions on the Form of Acceptance (which instructions form part of the terms and conditions of the Offer).

In order to be valid, the completed Form of Acceptance should be forwarded, together with the Title Documents for not less than the number of Shares in respect of which the relevant Qualifying Shareholder wishes to accept the Offer, by post or by hand to the Registrar, Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, in an envelope marked "**Skyworth Group Limited – Buy-back Offer**" as soon as possible after receipt of the Form of Acceptance but in any event so as to reach the Registrar by no later than 4:00 p.m. (Hong Kong time) on Wednesday, 2 September 2020, or such later time and/or date as the Company may, subject to the Takeovers Code, decide and announce.

Unless the Offer is extended or revised in accordance with the Takeovers Code, no Form of Acceptance received after the Latest Acceptance Time will be accepted.

If the Form of Acceptance is executed by a person other than the registered holder, appropriate evidence of authority (e.g. a grant of probate or certified copy of a power of attorney) must be delivered to the Registrar with the completed Form of Acceptance.

No acknowledgement of receipt of any Form of Acceptance or Title Documents will be given.

Only one Form of Acceptance may be accepted from each Qualifying Shareholder by the Registrar. Acceptances duly received will become irrevocable and cannot be withdrawn after the Offer has been declared unconditional.

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. Qualifying Shareholders should note that acceptance of the Offer may result in their holding of odd lots of Shares. Matching services will be provided with details as set out in "Appendix I – Terms of the Offer – 7. Odd Lots".

LETTER FROM DBSAC

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 Latest Practicable Date, the Wong Concert Party Group is interested in 1,251,317,900 Shares, representing approximately 40.88% of the issued Shares as at the Latest Practicable Date. 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 Executive has agreed, subject to the approval of the Independent Shareholders for the Offer and the Whitewash Waiver at the SGM by way of poll, to waive any obligation of Mr. Wong to make a general offer which might result from completion of the Offer. **If the Offer or the Whitewash Waiver is not approved by the Independent Shareholders by way of a poll, or if the latter is not granted by the Executive, the Offer will immediately lapse.**

RESPONSIBILITY FOR DOCUMENTS

All communications, notices, Form of Acceptance, the Title Documents and remittances to be delivered or sent by, to or from any Shareholder will be delivered or sent by, to and from them, or their designated agents, at their risk and none of the Company, DBSAC, the Registrar or any of their respective directors or any other persons involved in the Offer accepts any liability for any loss or any other liabilities whatsoever which may rise as a result.

LETTER FROM DBSAC

SETTLEMENT

Subject to the Offer becoming unconditional and provided that a duly completed Form of Acceptance, accompanied by the relevant Title Documents are received by the Registrar by not later than the Latest Acceptance Time and are or are deemed to be in order, the Registrar will inform the relevant Accepting Shareholder by ordinary post of the buy-back of its/his/her Shares. At the same time, the Registrar will send, by ordinary post at that Accepting Shareholder's risk, a remittance for such total amount as is due to that Accepting Shareholder under the Offer, subject to deduction for the seller's ad valorem stamp duty due on the buy-back of the Shares as disclosed in the section headed "*Conditions of the Offer*" above, as soon as possible, but in any event within 7 business days (as defined in the Takeovers Code) following the close of the Offer.

If the Shares of an Accepting Shareholder have not been bought-back by the Company in full, the Title Documents in respect of the balance of such Shares or a replaced certificate therefor will be returned or sent to it/him/her by ordinary post at its/his/her own risk, as soon as possible, but in any event within 7 business days (as defined in the Takeovers Code) following the close of the Offer.

If the Offer does not become unconditional, the Title Documents will be returned and/or sent to each Accepting Shareholder (by ordinary post, at that Accepting Shareholder's own risk) within 10 days of the lapse of the Offer. Where any Accepting Shareholder has sent one or more transfer receipt(s) and in the meantime one or more Share certificate(s) has/have been collected on that Shareholder's behalf in respect thereof, that Accepting Shareholder will be sent (by ordinary post, at that Accepting Shareholder's own risk) such Share certificate(s) in lieu of the transfer receipt(s).

TAXATION

Qualifying Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptances of the Offer. It is emphasised that none of the Company, its ultimate beneficial owners and parties acting in concert with any of them, DBSAC, the Independent Financial Adviser, the Registrar or any of their respective directors or any persons involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptances of the Offer.

SPECIAL GENERAL MEETING

A notice convening the SGM to be held at 26/F., Sino Plaza, 255-257 Gloucester Road, Causeway Bay, Hong Kong at 10:00 a.m. on Wednesday, 19 August 2020 for considering and, if thought fit, approving the resolutions in respect of the Offer and the Whitewash Waiver, is set out on pages SGM-1 to SGM-4 of this Offer Document and a form of proxy for use at the SGM is also enclosed.

LETTER FROM DBSAC

GENERAL

Shareholders are strongly advised to consider carefully the information in the letter from the Board, the recommendation of the Independent Board Committee and the advice from Caitong International Capital contained in this Offer Document, and to consult their professional advisers as they see fit.

Your attention is also drawn to the information set out in the appendices of this Offer Document which form part of this Offer Document.

Yours faithfully,
For and on behalf of
DBS Asia Capital Limited
Wei Mun Yip
Managing Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter from the Independent Board Committee to the Independent Shareholders in respect of the Offer and the Whitewash Waiver for inclusion in this Offer Document.

SKYWORTH

SKYWORTH GROUP LIMITED

創維集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00751)

27 July 2020

To the Independent Shareholders

Dear Sir or Madam,

**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
AND
APPLICATION FOR WHITEWASH WAIVER**

We have been appointed by the Board to form the Independent Board Committee to advise you in respect of the Offer and the Whitewash Waiver, details of which are set out in the letter from the Board in the document issued by the Company dated 27 July 2020 (the “**Offer Document**”), in which this letter is included. Capitalised terms used in this letter have the same meanings as defined in the Offer Document unless the context requires otherwise.

Your attention is drawn to the letter from DBSAC set out on pages 21 to 30 of the Offer Document and Appendix I to the Offer Document which contain the terms of the Offer, and the letter from the Independent Financial Adviser set out on pages 33 to 65 of the Offer Document which contains its advice and recommendation to us in respect of the Offer and the Whitewash Waiver as well as the principal factors and reasons for its advice and recommendation.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the factors and reasons considered by, and the opinion of, the Independent Financial Adviser as stated in the aforementioned letter of advice, we are of the opinion that the terms of the Offer and the Whitewash Waiver are on balance fair and reasonable so far as the Independent Shareholders are concerned and that the Offer and the Whitewash Waiver, the granting of which is one of the conditions of the Offer, are in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the resolutions to approve the Offer and the Whitewash Waiver at the SGM.

We also concur with the advice of the Independent Financial Adviser to the Qualifying Shareholders to accept the Offer as realisation of their investments. However, the Qualifying Shareholders are reminded to monitor the market price of the Shares during the Offer Period. If during the Offer Period, it transpires that the market price of the Shares exceeds the Offer Price and the sales proceeds (net of the transaction costs) exceed the net proceeds to be received under the Offer, the Qualifying Shareholders who wish to realise their investments in the Company in whole or in part should, if they are able to do so, seek to sell their Shares in the market instead of accepting the Offer. On the other hand, for those Qualifying Shareholders who, after considering the information contained in the Offer Document, would like to participate in the future prospects of the Group following completion of the Offer, they should consider retaining all or part of their Shares.

Yours faithfully,

the Independent Board Committee

Li Weibin

Independent Non-executive

Director

Cheong Ying Chew, Henry

Independent Non-executive

Director

Hung Ka Hai, Clement

Independent Non-executive

Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Caitong International Capital, the Independent Financial Adviser, to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this Offer Document.



Unit 4811, 48/F, COSCO Tower
183 Queen's Road Central
Hong Kong

27 July 2020

To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

**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\$2.8 PER SHARE
AND
APPLICATION FOR WHITEWASH WAIVER**

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Offer and the Whitewash Waiver, details of which are set out in the Letter from the Board and the Letter from DBSAC contained in the Offer Document to the Shareholders dated 27 July 2020, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Offer Document unless the context requires otherwise.

On 17 June 2020, the Company announced 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 Latest Practicable Date, at the price of HK\$2.80 per Share.

As at the Latest Practicable Date, the Wong Concert Party Group is interested in 1,251,317,900 Shares, representing approximately 40.88% of the issued Shares as at the Latest Practicable Date. 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 INDEPENDENT BOARD COMMITTEE

In accordance with Rules 2.1 and 2.8 of the Takeovers Code, the Independent Board Committee, 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, has been formed to advise the Independent Shareholders in respect of the Offer and the Whitewash Waiver.

We, Caitong International Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Offer and the Whitewash Waiver are fair and reasonable and as to voting on the Offer and the Whitewash Waiver and as to acceptance of the Offer. Our appointment as the Independent Financial Adviser has been approved by the Independent Board Committee in accordance with Rule 2.1 of the Takeovers Code.

OUR INDEPENDENCE

In the two years immediately preceding the Latest Practicable Date, there was no business relationship between us and the Group. As at the Latest Practicable Date, we are not associated or connected with the Company, its controlling shareholders, any party acting, or presumed to be acting, in concert with any of them, or any company controlled by any of them and, accordingly, are considered eligible to give independent advice on the Offer and the Whitewash Waiver. Apart from the normal professional fees payable to us by the Company in connection with this appointment as the Independent Financial Adviser, no arrangement exists whereby we will receive any fees or benefits from any of the Company, its controlling shareholders, any party acting, or presumed to be acting, in concert with any of them, or any company controlled by any of them.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have reviewed, among other things, the annual report of the Company for the year ended 31 December 2019 (the “**2019 Annual Report**”), the first quarterly results announcement of the Company for the three months ended 31 March 2020 (the “**2020 First Quarterly Results Announcement**”), the Profit Estimate and other information contained in the Offer Document.

In addition, we have relied on the information, facts and representations provided, and the opinions expressed, by the Company and/or the Directors and/or the management of the Group (the “**Management**”). We have also relied on the information, facts and representations contained or referred to in the Offer Document and have assumed that the information, facts and representations contained or the opinions expressed to us are true, accurate and complete in all material aspects at the time they were made and will remain true, accurate and complete up to the Latest Practicable Date. The Company will notify the Shareholders of any material changes during the Offer Period as soon as possible in accordance with Rule 9.1 of the Takeovers Code. Independent Shareholders will be notified of any material changes of such information provided and our opinion, if any, as soon as possible throughout the Offer Period. We have also assumed that all statements of beliefs, opinions, expectations and intentions made by the Directors in the Offer Document were reasonably made after due enquiry and careful consideration, and will be met or carried out as the case may be. We have also sought and received confirmation from the Company that no material facts have been omitted from the information provided to us and the opinions expressed. We consider that the information we have received is sufficient for us to formulate our opinion and recommendation as set out in this letter and have no reason to believe that any material information has been omitted or withheld, or to doubt the truth or accuracy of the information provided to us. We have not, however, conducted any independent investigation into the business and affairs or prospects and outlook of the Group, nor carried out any independent verification of the information provided by the Company and/or the Directors and/or the Management.

As set out in the responsibility statement in Appendix VI to the Offer Document, all Directors jointly and severally accept full responsibility for the accuracy of information contained in the Offer Document and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in the Offer Document have been arrived at after due and careful consideration and there are no other facts not contained in the Offer Document, the omission of which would make any statement in the Offer Document misleading.

We have not considered the tax and regulatory implications on the Qualifying Shareholders of their acceptances or non-acceptances of the Offer since these are dependent upon their own individual circumstances. In particular, the Qualifying Shareholders who are resident outside Hong Kong or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions with regard to the Offer and, if in any doubt, should consult their own professional advisers.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

This letter is issued for the information of the Independent Board Committee solely in connection with their consideration of the Offer and the Whitewash Waiver. Except for its inclusion in the Offer Document, this letter may not be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation in relation to the Offer, we have considered the following principal factors and reasons:

1. 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.

The Group has pursued its overall strategic direction for the following four key business sectors, including:

- (i) *Multimedia business*: primarily covers, among others, smart TV systems and provision of internet valued-added services of Coocaa System;
- (ii) *Smart systems technology business*: covers, among others, home access systems, intelligent manufacturing, automotive electronic systems and other electronic products;
- (iii) *Smart appliances business*: covers, among others, smart air conditioners, smart refrigerators and smart washers; and
- (iv) *Modern services business*: covers, among others, maintenance and repair for home appliances, macro-logistics services, international trades, construction development, financial lease and property operation for industrial parks.

2. Financial performance of the Group

As disclosed in the 2019 Annual Report, the Group resolved on 4 July 2018 to change the financial year end date of the Company from 31 March to 31 December, resulting in the reporting period of the financial statements presented covering the twelve months from 1 January to 31 December 2019 (“**FY2019**”), while the relevant comparative figures cover the nine months from 1 April to 31 December 2018. To facilitate a better understanding of and meaningful comparison against the Group’s operating results in FY2019, the Group also presented the unaudited financial results for the twelve months from 1 January to 31 December 2018 (“**CY2018**”) in the 2019 Annual Report.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is a summary of the consolidated financial results of the Group for the nine months ended 31 December 2018, the twelve months ended 31 December 2018 and the year ended 31 December 2019, as extracted from the 2019 Annual Report, and the unaudited consolidated financial results of the Group for the three months ended 31 March 2019 and 2020, as extracted from the 2020 First Quarterly Results Announcement, respectively.

	For the nine months ended 31 December 2018 <i>RMB million</i> (audited)	For the twelve months ended 31 December 2018 <i>RMB million</i> (unaudited)	For the year ended 31 December 2019 <i>RMB million</i> (audited)	For the three months ended 31 March 2019 <i>RMB million</i> (unaudited)		2020 <i>RMB million</i> (unaudited)
Total revenue	30,192	38,978	37,277	9,165		6,752
Gross profit	5,658	7,194	7,502	1,721		1,539
Net profit for the year/period	553	839	1,031	173		266
Profit attributable to the owners of the Company for the year/period	420	N/A	747	106		203

	As at 31 December		As at
	2018	2019	31 March 2020
	<i>RMB million</i> (audited)	<i>RMB million</i> (audited)	<i>RMB million</i> (unaudited)
Net asset value attributable to the owners of the Company (the “NAV”)	15,470	15,992	15,999
NAV per Share (<i>Note 1</i>) (<i>in HK\$ equivalent</i>) (<i>Note 2</i>)	RMB5.05 (HK\$5.64)	RMB5.22 (HK\$5.83)	RMB5.23 (HK\$5.84)
Net current assets	8,636	7,388	8,671
Bank balances and cash	3,314	4,806	5,565

Notes:

1. Based on the total number of Shares in issue of 3,060,929,420 Shares as at 31 December 2018, 31 December 2019 and 31 March 2020.
2. Based on the exchange rate of HK\$1: RMB0.89578 for illustration purpose.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

FY2019 Results

In FY2019, the Group's overall revenue amounted to approximately RMB37,277 million (nine months ended 31 December 2018: approximately RMB30,192 million), representing a decrease of approximately RMB1,701 million or approximately 4.4% as compared to approximately RMB38,978 million recorded in CY2018. Such year-on-year decline in the overall revenue was mainly attributable to the increasingly fierce competition among brands in the marketplace for the Group's smart TV systems business, partially offset by the fast growth in its internet value-added services of Coocaa system business and also the significant growths in its smart system technology and smart appliances businesses.

Notwithstanding a shrinking market size for the industry, the Group still managed to strengthen its integrated management covering research and development, production and sales, which in turn, led to enhanced overall operating efficiency and improved product profitability. These efforts coupled with a 3 percentage-point cut to the PRC's value-added tax rate for certain products of the Group drove its gross profit increased from approximately RMB7,194 million in CY2018 to approximately RMB7,502 million in FY2019 (nine months ended 31 December 2018: approximately RMB5,658 million), with gross profit margin grew by approximately 1.6 percentage points from approximately 18.5% in CY2018 to approximately 20.1% in FY2019 (nine months ended 31 December 2018: approximately 18.7%).

Due to the same reasons as explained above for the growth in the gross profit margin in FY2019, the Group recorded a net profit of approximately RMB1,031 million in the same year (nine months ended 31 December 2018: approximately RMB553 million), representing a year-on-year growth of approximately 22.9% as compared to approximately RMB839 million in CY2018.

As at 31 December 2019, the Group's NAV was approximately RMB15,992 million, representing an increase of approximately 3.4% as compared to approximately RMB15,470 million as at 31 December 2018. On the basis of 3,060,929,420 Shares in issue as at both dates, the Group's NAV per Share amounted to approximately RMB5.05 and RMB5.22 as at 31 December 2018 and 31 December 2019, respectively. The Group's NAV and NAV per Share remained relatively stable.

As at 31 December 2019, the Group's net current assets amounted to approximately RMB7,388 million, representing a decrease of approximately RMB1,248 million or approximately 14.5% as compared to approximately RMB8,636 million as at 31 December 2018. As at 31 December 2019, the Group's bank balances and cash amounted to approximately RMB4,806 million, representing an increase of approximately RMB1,492 million or approximately 45.0% as compared to approximately RMB3,314 million as at 31 December 2018.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2020 First Quarterly Results

For the three months ended 31 March 2020, the Group's overall revenue amounted to approximately RMB6,752 million, representing a decrease of approximately RMB2,413 million or approximately 26.3% as compared to approximately RMB9,165 million recorded for the three months ended 31 March 2019. According to the Management, except for the Coocaa system business, the overall operating performance of the Group in the first quarter of 2020 was affected by the unprecedented COVID-19 pandemic.

The Group's gross profit of approximately RMB1,539 million for the three months ended 31 March 2020 also declined by approximately 10.6% as compared to approximately RMB1,721 million for the three months ended 31 March 2019. However, for the three months ended 31 March 2020, the overall gross profit margin of the Group was approximately 22.8%, representing an increase of approximately 4.0 percentage points as compared to approximately 18.8% recorded for the three months ended 31 March 2019, benefiting from the amendments of the latest PRC value-added tax policy in favour of some of the Group's revenue. At the same time, the Group also continued to refine its operations management by adopting multiple integrated methods to increase the gross profit margin of its products and reduce group-wide operating costs.

For the three months ended 31 March 2020, the Group's net profit amounted to approximately RMB266 million, representing an increase of approximately RMB93 million or approximately 53.8% as compared to approximately RMB173 million for the three months ended 31 March 2019 due to the improved gross profit margin as discussed above, in addition to the decrease in selling and distribution expenses and research and development expenses as a result of the impact of the COVID-19 pandemic during the three months ended 31 March 2020.

The Group's NAV was approximately RMB15,999 million as at 31 March 2020 as compared to approximately RMB15,992 million as at 31 December 2019. On the basis of the total number of Shares in issue being constant of 3,060,929,420 Shares as at both dates, the Group's NAV per Share amounted to approximately RMB5.23 as at 31 March 2020, with no material changes as compared to approximately RMB5.22 as at 31 December 2019.

As at 31 March 2020, the Group's net current assets amounted to approximately RMB8,671 million, representing an increase of approximately RMB1,283 million or approximately 17.4% as compared to approximately RMB7,388 million as at 31 December 2019. As at 31 March 2020, bank balances and cash of the Group amounted to approximately RMB5,565 million, representing an increase of approximately RMB759 million or approximately 15.8% as compared to approximately RMB4,806 million as at 31 December 2019.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. Profit Estimate

References are made to (i) the announcement of the Company dated 12 June 2020 in relation to the disposals of 90% equity interests in two subsidiaries of the Company, namely 廣州創維電子有限公司 (Guangzhou Skyworth Electronics Co., Ltd.*) and 廣州創維平面顯示科技有限公司 (Guangzhou Flat Display Technology Co., Ltd.*), respectively, and the expected gains mentioned therein in respect of such disposals; and (ii) the positive profit alert announcement of the Company dated 15 July 2020 regarding the expected increase in unaudited consolidated net profit for the six months ended 30 June 2020 as compared to the corresponding period in 2019 (the “**Profit Alert Announcement**”).

The above financial information (details of which are set out in Appendix IV to the Offer Document) constitutes a profit forecast under Rule 10 of the Takeovers Code and shall be reported on by us as the Independent Financial Adviser and Deloitte Touche Tohmatsu, the Company’s auditor, in accordance with the requirements under Rule 10 of the Takeovers Code. The two reports are set out in Appendix IV to the Offer Document.

4. Outlook of the Group

As noted from the 2020 First Quarterly Results Announcement and the 2019 Annual Report, the Group has been maintaining a strong commitment to develop its existing four business sectors through innovation, transformation and reform of its operations in view of the fierce competition among the rivals in its core operation of the TV industry worsened with the sliding global economies. In particular, the Group has been transforming its operation from manufacturing of TV products to include modern services business as mentioned above. The Group has also been extending its business from hardware and terminal products to internet value-added services of Coocaa System and smart systems technology business. We also noted from the Letter from the Board that the Group will continue with its existing businesses and does not intend to introduce any major changes to the businesses nor conduct any redeployment of its fixed assets. Meanwhile, it is expected that the Group will seize new opportunities for changes in markets, speed up business development, improve the construction of the online marketing system, and promote the growth of its products. According to the Management, the Group has actively pushed for adjustments to its organisational structure, taking an important step towards reforming relevant mechanisms, which is targeted to contribute to a balanced growth in overall revenue and a steady improvement in group-wide efficiency. Based on our discussion with the Management, the implementation of the above strategies may involve additional deployment of the Group’s resources, in particular, research and development and marketing expenses. It is also important for the Group to keep up with the technological advancement in its products and equipment so as to retain its competitiveness.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having said that, as stated in the 2020 First Quarterly Results Announcement, the COVID-19 pandemic has caused uncertainties in the business environment, which are expected to have an impact on the Group's business and also the Group's consolidated results for the year ending 31 December 2020. As at the Latest Practicable Date, the Management considered that the impact of the COVID-19 outbreak on the Group's business is expected to continue for a period of time, but the length of the period and scale of its impact are difficult to predict and depend on the development of the situation.

As further advised by the Management, despite of the intensifying market competition and the continuing uncertainties arising from decelerated growths in key global economies, the Group believes it will benefit from the positive effects of its cost-control measures and enhanced efficiency. The Group's financial performance over the medium- to long-term may depend on the sustainability of the global and PRC consumer markets, the continued effectiveness of its cost-control and efficiency enhancement measures.

5. Principal terms and conditions of the Offer

(i) *The Offer*

DBSAC, on behalf of the Company, is making the Offer to buy-back up to 392,800,000 Shares, representing approximately 12.83% of the issued Shares as at the Latest Practicable Date, from the Qualifying Shareholders on the following basis:

For each Share HK\$2.80 in cash

All Qualifying Shareholders are entitled to accept the Offer by submitting the Form of Acceptance for the sale of any number of their Shares to the Company on the basis of which is set out in Appendix I "*Terms of the Offer*" to the Offer Document.

(ii) *Principal terms*

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) Qualifying Shareholders may accept the Offer in respect of any number of their Shares at the Offer Price up to their entire shareholdings (subject to the procedures for scaling down described under the section headed "*Other Terms of the Offer*" in the Letter from DBSAC);

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (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*” in the Letter from DBSAC);
- (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.

Based on our discussion with the Directors, we understood that the Maximum Number was determined having taken into account the Company’s available financial resources, balancing the intention of enhancing the returns to Shareholders and the Company’s working capital needs. We concur with the Directors’ view that the Offer will not have an adverse impact on the ongoing operations and future plans of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We also noted from the above salient terms of the Offer that the Qualifying Shareholders have the absolute discretion on whether to accept the Offer either in full or in part. The acceptance will be binding once all Conditions as described below are met. In addition, with the term set out in paragraph (f) above, the Offer may represent a cheaper way for Accepting Shareholders to sell their Shares as compared to selling in the market given that there will be no brokerage commission or dealing charges payable under the Offer.

(iii) 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.

As stated in the Letter from the Board, the Executive has agreed, subject to the approval of the Independent Shareholders for the Offer and the Whitewash Waiver at the SGM by way of poll, to waive any obligation of Mr. Wong to make a general offer which might result from completion of the Offer. **If the Offer or the Whitewash Waiver is not approved by the Independent Shareholders by way of a poll, or if the latter is not granted by the Executive, the Offer will immediately lapse.**

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.

If the Offer is declared unconditional, Qualifying Shareholders will be able to tender their Shares for acceptance under the Offer for a period of 14 days thereafter.

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6. Reasons for the Offer

As stated in the Letter from the Board, the Board considers that the Offer is in the interests of the Shareholders, after taking into account the price of the Shares has historically been traded at a significant discount to the Group's NAV per Share for the following reasons:

- (i) the Offer provides an opportunity for the Shareholders to realise part of their investments in the Company at a premium to recent market prices; or
- (ii) the Offer provides an opportunity for the Shareholders to increase their proportionate equity interests in the Company by retaining their shareholdings and participating in the future prospects of the Group; and
- (iii) the Offer, if completed, is accretive to the NAV per Share upon completion of the Offer, thus benefiting all Shareholders including Accepting Shareholders who retain part of their Shares.

Based on our detailed analysis set out in the paragraphs headed “7. Evaluation of the Offer”, “8. Financial effects of the Offer” and “9. Changes in shareholding structure after the Offer” below, we concur with the Directors that the Offer allows the Shareholders the flexibility, which is at their absolute discretion, of either to realise part or all of their shareholdings at the Offer Price, or to continue to retain their shareholdings in the Company and participate in the future developments of the Group. The Offer provides means for the Company to return capital to the Accepting Shareholders.

7. Evaluation of the Offer

(i) Offer Price

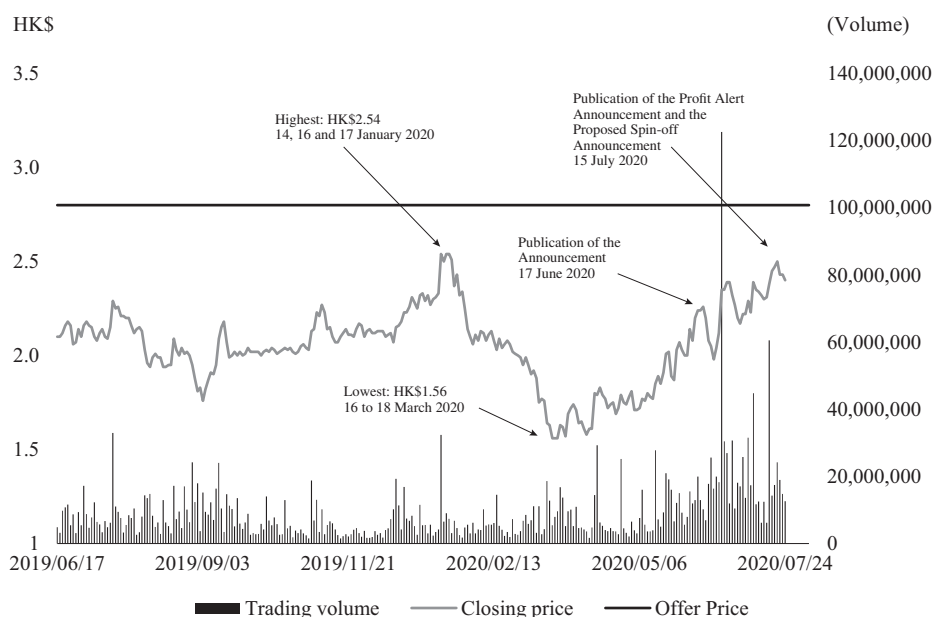
The Offer Price, being HK\$2.80 per Share, represents:

- a premium of approximately 16.7% over the closing price of the Shares of HK\$2.40 as quoted on the Stock Exchange on the Latest Practicable Date;
- 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;

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- 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 NAV per Share of approximately HK\$5.83 pursuant to the latest audited consolidated financial statements of the Company as at 31 December 2019.

The chart below illustrates the closing price level of the Shares as quoted on the Stock Exchange for a period of 12 months immediately preceding the Last Trading Day from 17 June 2019 to the Latest Practicable Date (both dates inclusive) (the “**Review Period**”).



Source: website of the Stock Exchange (www.hkex.com.hk)

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The following table sets out (i) the monthly highest and lowest closing prices at which the Shares were traded on the Stock Exchange; (ii) the average daily trading volume of the Shares; (iii) the percentage of the average daily trading volume to the total issued Shares; and (iv) the percentage of the average daily trading volume relative to the public float of the Company during the Review Period.

Month/Period	Closing price		Total trading volume of the Shares for the month/period (Shares)	Average daily trading volume of the Shares for the month/period (Shares)	Percentage of the average daily trading volume to total issued Shares (Note 1)	Percentage of the average daily trading volume to the public float of the Company (Note 2)
	Highest	Lowest				
	(HK\$)	(HK\$)				
2019						
June						
(from 17 June to 30 June)	2.18	2.06	72,383,868	7,238,387	0.24%	0.41%
July	2.29	2.08	186,488,873	8,476,767	0.28%	0.48%
August	2.13	1.81	227,157,367	10,325,335	0.34%	0.58%
September	2.18	1.76	196,714,985	9,367,380	0.31%	0.53%
October	2.06	2.00	103,752,911	4,940,615	0.16%	0.28%
November	2.27	2.07	109,018,534	5,191,359	0.17%	0.29%
December	2.31	2.07	124,682,617	6,234,131	0.20%	0.35%
2020						
January	2.54	2.10	128,658,314	6,432,916	0.21%	0.36%
February	2.13	1.95	105,235,370	5,261,769	0.17%	0.30%
March	1.99	1.56	189,127,845	8,596,720	0.28%	0.48%
April	1.83	1.58	133,594,461	7,031,287	0.23%	0.39%
May	2.07	1.71	201,566,040	10,078,302	0.33%	0.57%
June	2.39	1.98	464,657,857	22,126,565	0.72%	1.24%
July (from 2 July to the Latest Practicable Date)	2.50	2.22	344,899,388	20,288,199	0.66%	1.14%

Source: website of the Stock Exchange (www.hkex.com.hk)

Notes:

- Based on the total number of issued Shares as at the last trading day of each month, being 3,060,929,420 Shares for the period from 17 June 2019 to the Latest Practicable Date (both dates inclusive).
- Based on the total number of Shares constituting the public float of the Company as at the Latest Practicable Date, being 1,782,093,554 Shares, i.e. including all the issued Shares except for the Shares held by the Wong Concert Party Group, the Undertaking Directors and Ms. Tang Yan.

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Share price performance

As illustrated in the Share price chart above, we noted that during the whole Review Period, the Shares were being trading below the Offer Price. The highest and lowest closing prices of the Shares as quoted on the Stock Exchange during the Review Period were HK\$2.54 on 14, 16 and 17 January 2020 and HK\$1.56 from 16 to 18 March 2020, respectively. We have reviewed the announcements published by the Company during the Review Period and are not aware of any particular events that led to the Share price spike on 14, 16 and 17 January 2020. The Offer Price represents a premium of approximately 10.2% and 79.5% over the highest and lowest closing prices of the Shares during the Review Period, respectively. After the publication of the Announcement on 17 June 2020 and up to the Latest Practicable Date (the “**Post-Announcement Period**”), the closing price of the Shares surged to HK\$2.35 on 18 and 19 June 2020, representing an increase of approximately 10.8% as compared to the closing price of the Shares of HK\$2.12 on 17 June 2020 and further increased slightly to HK\$2.39 from 22 to 23 June 2020. Since then, the Shares have been trading at the range of closing prices of HK\$2.17 to HK\$2.50 up to the Latest Practicable Date. The Company published the Profit Alert Announcement and the announcement regarding the proposed spin-off and separate listing of the business of Shenzhen Coocaa Network Technology Company Limited (the “**Proposed Spin-off Announcement**”) (further details of these announcements are set out in the section headed “*Material Changes*” in Appendix II to the Offer Document) on 15 July 2020, the closing prices of the Shares increased slightly from HK\$2.31 to a range of HK\$2.38 to HK\$2.50 during the Period from 16 July 2020 to the Latest Practicable Date. We noted that despite the recent release of such possible positive financial results and potential future corporate development of the Group, the Share prices have not been spurred to reach the Offer Price.

Considering that the Shares have not been traded at or over the Offer Price of HK\$2.80 per Share during the Review Period, particularly the Post-Announcement Period, we are of the view that the Offer provides the Shareholders an opportunity to realise, in part or in whole, of their investments in the Company at a premium over the recent market prices of the Shares. Having said that, there is no guarantee that the trading price of the Shares will remain lower than the Offer Price during and after the Offer Period. The Shareholders, in particular those who may wish to realise their investments in the Shares, are thus reminded to closely monitor the market price of the Shares during the Offer Period.

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Liquidity in the Shares

As set out from the Share trading volume table above, during the majority of the Review Period (i.e. from June 2019 to May 2020), the average daily trading volume of the Shares represents a range of approximately 0.16% to 0.34% of the total issued Shares and a range of approximately 0.28% to 0.58% of the public float of the Company, respectively. The average daily trading volume of the Shares increased slightly in June 2020 and then largely exhibited a steady trend until and up to the Latest Practicable Date. The average daily trading volume of the Shares in July 2020 represents approximately 0.66% and 1.14% of the total issued Shares and the public float of the Company, respectively. Among the 276 active trading days in the Review Period, there were (i) 99 trading days with less than 5,000,000 Shares traded; (ii) 86 trading days with 5,000,001 Shares to 10,000,000 Shares traded; and (iii) 89 trading days with 10,000,001 Shares to 50,000,000 Shares traded. Only on 18 June 2020, being the first trading day after the publication of the Announcement, the trading volume of the Shares reached 122,610,279 Shares but then dropped to a range of 10,442,149 Shares to 44,790,310 Shares. Until lately it is further noted that following the publication of the Profit Alert Announcement and the Proposed Spin-off Announcement both on 15 July 2020, the trading volume of the Shares on 16 July 2020 reached 60,541,120 Shares, but then trended downward to 14,292,423 Shares on 17 July 2020. We believe such increase in trading volume on 18 June 2020 and 16 July 2020 could be due to the immediate market reaction to the aforementioned publication of the relevant announcements.

Based on the above, although we cannot say that the liquidity in the Shares is very thin and not active, the above trading volume of the Shares with the historical average daily trading volume of the Shares ranging from 4,940,615 Shares to 22,126,565 Shares during the Review Period, which only represented a range of approximately 1.25% to 5.63% of the Maximum Number, a range of approximately 0.16% to 0.72% of the total issued Shares and a range of approximately 0.28% to 1.24% of the public float of the Company, respectively, may indicate that any disposal of a large number of Shares through the market would be relatively difficult to accomplish within a short period of time without adversely affecting the Share price. The Offer therefore provides Qualifying Shareholders who wish to realise their investments in the Company an opportunity and a viable alternate exit to sell their Shares at the Offer Price which will not be easily affected by the size of holdings.

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(ii) *Price to net asset value ratios*

The Offer Price represents:

- a discount of approximately 52.0% to the audited consolidated NAV of approximately HK\$5.83 per Share as at 31 December 2019 (the “**Offer Price to NAV Discount**”);
- a discount of approximately 52.0% to the unaudited consolidated NAV of approximately HK\$5.84 per Share as at 31 March 2020; and
- a discount of approximately 49.3% to the adjusted consolidated NAV (as adjusted by revaluation deficit based on the valuation of the property interests of the Group as at 30 June 2020, details of which are set out in the property valuation report contained in Appendix V to the Offer Document (the “**Valuation Report**”), of approximately HK\$5.52 per Share as at 31 December 2019 (the “**Adjusted NAV per Share**”).

We noted that the Offer Price is at a discount to both of the NAV per Share and the Adjusted NAV per Share as set out above. As stated in the Letter from the Board, the Shares have consistently been traded at a substantial discount to the NAV per Share. Taking the closing price of the Shares of HK\$2.04 on the Last Trading Day as the reference date, such closing price represents:

- a discount of approximately 65.0% to the NAV per Share of HK\$5.83 as at 31 December 2019;
- a discount of approximately 68.6% to the NAV 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;
- a discount of approximately 66.0% to the NAV per Share as at 31 December 2019 based on the average 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; and
- a discount of approximately 65.2% to the NAV 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.

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In order to further analyse the Share price trading performance as compared to the then NAV per Share, we have extended our review on the closing prices of the Shares during the period of 36 months immediately preceding the Last Trading Day from 19 June 2017 to the Latest Practicable Date (both dates inclusive) (the “**36-Month Review Period**”). During the 36-Month Review Period, the closing prices of the Shares did not exceed the NAV per Share of HK\$5.83 as at 31 December 2019. The highest and lowest closing prices of the Shares during the 36-Month Review Period were HK\$4.88 on 27 June 2017 and HK\$1.56 from 16 to 18 March 2020, representing a discount of approximately 16.3% and 73.2% to the NAV per Share of HK\$5.83 as at 31 December 2019, respectively.

Further, we have set out below the historical Share price discount to the then NAV per Share during the 36-Month Review Period.

Period <i>(dd/mm/yyyy) to (dd/mm/yyyy)</i> <i>(Note 1)</i>	Date of NAV <i>(dd/mm/yyyy)</i>	The then NAV per Share <i>(HK\$)</i> <i>(Note 2)</i>	Average closing price of the period <i>(HK\$)</i>	Percentage discount to the then NAV per Share <i>(approximate)</i>
19/06/2017 to 20/11/2017	31/03/2017	5.06	4.04	(20.1%)
21/11/2017 to 11/06/2018	30/09/2017	5.28	3.58	(32.3%)
12/06/2018 to 26/11/2018	31/03/2018	6.08	2.63	(56.8%)
27/11/2018 to 27/03/2019	30/09/2018	6.17	2.22	(64.0%)
28/03/2019 to 26/08/2019	31/12/2018	5.05	2.20	(56.5%)
27/08/2019 to 25/03/2020	30/06/2019	4.99	2.07	(58.6%)
26/03/2020 to the Last Trading Day	31/12/2019	5.22	1.86	(64.3%)
17/06/2020 to the Latest Practicable Date	31/12/2019	5.22	2.33	(55.4%)
Offer Price to NAV Discount	31/12/2019	5.83	2.80	(52.0%)

Source: website of the Stock Exchange (www.hkex.com.hk)

Notes:

- Each period commenced from the date the Company released its annual or interim results announcement except for 19 June 2017 being the beginning of the 36-Month Review Period.
- Calculated based on the consolidated NAV as set out in the then annual or interim results announcement and the total number of 3,060,929,420 Shares in issue as at the Latest Practicable Date.

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As shown in the table above, the Shares have consistently been traded at discounts ranging between approximately 20.1% to 64.3% to the then NAV per Share during the 36-Month Review Period. The Shares were only traded at a smaller discount of approximately 20.1% to the then NAV per Share (being the minimum discount during the 36-Month Review Period) at the outset of the 36-Month Review Period (i.e. from June 2017 to November 2017, being 109 trading days among the total active trading days of 767 days during the 36-Month Review Period). Since then, the discount to the then NAV per Share has been deepening to approximately 32.3% during the period from November 2017 to June 2018, and then further widened out to over 50.0% discount. Since June 2018 and up to the Latest Practicable Date (being 523 trading days among the total active trading days of 767 days during the 36-Month Review Period), the discounts to the then NAV per Share represented by the average closing prices of the Shares during the respective periods fluctuated between approximately 55.4% to 64.3%. We are not aware of any particular reason for such discounts to the then NAV per Share during the 36-Month Review Period. However, such discounts indicate that Shareholders could not realise their investments in the Shares at the underlying NAV per Share in full on the market in the recent years.

Given the Shares have been trading at a substantial discount to the NAV per Share historically, the current Offer Price to NAV Discount of approximately 52.0% is smaller than (i) the historical discounts in the range of approximately 55.4% to 64.3% to the then NAV per Share during the majority of the 36-Month Review Period (i.e. from June 2018 to the Latest Practicable Date); and (ii) the respective discounts of approximately 65.2% and 66.0% to the NAV per Share as at 31 December 2019 as calculated based on the average closing prices of the Shares of HK\$2.03 and HK\$1.98 as quoted on the Stock Exchange for the twelve months and the six months up to and including the Last Trading Day, we consider that the Offer provides an opportunity for the Shareholders to monetise their shareholdings at a lower discount to the Group's NAV per Share as at 31 December 2019 in view of the recent market prices of the Shares.

Valuation of the property interests of the Group and Adjusted NAV

The valuation of the Group's property interests (the "**Valuation**") conducted by ValQuest Advisory (Hong Kong) Limited ("**ValQuest**") as at 30 June 2020 is set out in the Valuation Report.

We have discussed the contents of the Valuation Report with ValQuest, including (a) the bases and assumptions used; and (b) its due diligence performed. ValQuest confirmed that site inspections have been performed on all properties. Also, based on various valuation methodologies adopted by ValQuest for arriving at the Valuation, we have discussed the overall approach to the Valuation and the rationale behind in selecting the relevant valuation methodologies for the properties. We concur with ValQuest on the valuation methodologies that it has taken in valuing various types of properties of the Group.

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As noted from the Valuation Report and discussed with ValQuest, (i) properties nos. 4, 16, 17, 36, 39, 41, 43, 46 and 55 are not entitled to be transferred over the term of the land use rights of such properties according to their respective title certificates and/or as they are classified as non-commodity properties (collectively, the “**Non-Commodity Properties**”); (ii) properties or portion(s) of properties nos. 1, 8, 20, 34, 42, 51 and 63 are not with proper legal titles and they are only transferrable upon obtaining the relevant legal titles; (iii) property no. 11 is subject to the payment of land premium before it can be sold in the market (properties under items (ii) and (iii) collectively, the “**Transferrable Properties**”); and (iv) property no. 18 has been resumed by the local government as part of the urban redevelopment scheme, and has been demolished as at 30 June 2020. All these properties have been attributed no commercial value in the Valuation Report while their respective book values remain intact.

The table below sets forth the adjusted NAV per Share under scenarios (i) should these properties given no commercial values as set out in the Valuation Report (i.e. the Adjusted NAV per Share); (ii) assuming both Transferrable Properties and Non-Commodity Properties are given commercial values; and (iii) assuming only Transferrable Properties are given commercial values as the Non-Commodity Properties are not subject to sales in nature. For details of the Non-Commodity Properties and Transferable Properties, please refer to the properties details as set out in the Valuation Report.

Adjusted NAV

The calculations of the adjusted NAV per Share are shown as below:

	Scenario (i) (i.e. the Adjusted NAV per Share)	Scenario (ii) (Note 4)	Scenario (iii) (Note 4)
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Audited consolidated NAV as at 31 December 2019	15,992	15,992	15,992
Adjustments:			
– Revaluation surplus/(deficit) arising from the Valuation as at 30 June 2020 (Note 1)	(869)	10,326	(171)
Adjusted NAV	<u>15,123</u>	<u>26,319</u>	<u>15,820</u>
Adjusted NAV per Share (Note 2) (in HK\$ equivalent) (Note 3)	RMB4.94 (HK\$5.52)	RMB8.60 (HK\$9.60)	RMB5.17 (HK\$5.77)

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Notes:

1. This represents the difference between the market value of the Group's property interests as at 30 June 2020 and their corresponding book values as at 31 December 2019, after eliminating the Group's additions of property interests during the period from 1 January 2020 to 30 June 2020.
2. Based on the total number of Shares in issue of 3,060,929,420 Shares as at 31 December 2019.
3. Based on the exchange rate of HK\$1:RMB0.89578 for illustration purpose.
4. For illustration purpose only as these properties are either have title defects or non-transferrable as at 30 June 2020.

Based on the above calculations, the Offer Price of HK\$2.80 per Share represents a discount of approximately 49.3% to the Adjusted NAV per Share of approximately HK\$5.52. In view of such minor difference between the Adjusted NAV per Share and the NAV per Share of approximately HK\$5.83 as at 31 December 2019, we consider that the revaluation of the Group's property interests did not have a material impact on balance.

In addition, for illustration purpose only, assuming (a) all Non-Commodity Properties and Transferrable Properties are given commercial values, the Offer Price of HK\$2.80 per Share represents a discount of approximately 70.8% to the adjusted NAV per Share of approximately HK\$9.60; and (b) only Transferrable Properties are given commercial values as the Non-Commodity Properties are not subject to sales in nature, the Offer Price of HK\$2.80 per Share represents a discount of approximately 51.4% to the adjusted NAV per Share of approximately HK\$5.77. However, Shareholders should note that the Non-Commodity Properties are not entitled to be transferred over the term of the land use rights of such properties and the Transferrable Properties are only entitled to be transferred upon their respective legal titles being granted. As at the Latest Practicable Date, the Company confirmed that the legal titles of the Transferrable Properties have not been obtained.

(iii) Comparable companies analysis

In order to assess the fairness and reasonableness of the Offer Price, we consider that reference to price-to-earnings multiple ("**PE Ratio**") and price-to-book multiple ("**PB Ratio**"), which are the most widely adopted benchmarks for evaluation of the value of a company, would be relevant.

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As set out in the 2019 Annual Report, the Group generated revenue of approximately RMB19,865 million from sales of smart TV systems for the year ended 31 December 2019, representing approximately 53.3% of the total revenue of the Group. To assess the fairness and reasonableness of the Offer Price in comparison with the PE Ratio and PB Ratio, we have reviewed and identified two companies listed on the Main Board of the Stock Exchange which are engaged in and have majority of revenue (being not less than 50%) derived from manufacturing and sales of TVs and/or monitors (the “**Comparables**”). Since the list of Comparables only comprises two companies and their PE Ratios and PB Ratios were in a diverse range, which may be due to various factors including but not limited to the fundamentals of each of the Comparables, e.g. business scale, their respective share price performance, etc., the comparison below is for additional information of the Shareholders as reference purpose.

The following table shows the PE Ratios and PB Ratios of the Company and the Comparables, respectively:

Stock Code	Company Name	Principal Business	Market Capitalisation (HK\$ million) (Note 1)	PE Ratio (Note 2)	PB Ratio (Note 3)
1070	TCL Electronics Holdings Limited	(1) manufacture and sales of television, television related components, white goods, mobile phones and air conditioners; and (2) provision of information technology (IT) services and Internet services	7,943.8	3.48	0.69
2358	Jiu Rong Holdings Limited	(1) manufacture and sales of digital television (TV), high definition liquid crystal display TV and set-top box and the provision of application of solutions regarding the digital audio visual industry; and (2) sales of intelligent water meter data collection system	656.6	25.02	1.26
			Maximum	25.02	1.26
			Minimum	3.48	0.69
			Average	14.25	0.98
751	The Company as at the Last Trading Day			7.49	0.35
	The Company as implied by the Offer Price			10.28	0.48
				(Notes 4 and 7)	(Notes 5 and 7)
					0.51
					(Notes 6 and 7)

Source: website of the Stock Exchange (www.hkexnews.com.hk)

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Notes:

1. Being the market capitalisation as at the Last Trading Day (i.e. 16 June 2020).
2. Calculated based on the closing price as at the Last Trading Day and the earnings per share as extracted from the respective Comparables' latest published annual reports.
3. Calculated based on the market capitalisation as at the Last Trading Day and the net assets attributable to equity holders as extracted from the respective Comparables' latest published annual reports.
4. Calculated based on the earnings per Share attributable to the owners of the Company for the year ended 31 December 2019 and the Offer Price of HK\$2.80.
5. Calculated based on the audited consolidated NAV as at 31 December 2019, the total number of Shares in issue of 3,060,929,420 Shares as at 31 December 2019 and the Offer Price of HK\$2.80.
6. Calculated based on the Adjusted NAV as at 31 December 2019, the total number of Shares in issue of 3,060,929,420 Shares as at 31 December 2019 and the Offer Price of HK\$2.80.
7. Based on the exchange rate of HK\$1:RMB0.89578 for illustration purpose.

For reference purpose, we have noted the PE Ratio of the Company as implied by the Offer Price (the “**Implied PE Ratio**”) of approximately 10.28 times (i) falls within the range of PE Ratios of the Comparables between approximately 3.48 times and 25.02 times; and (ii) is below the average of the Comparables of approximately 14.25 times. Further, the Implied PB Ratio of approximately 0.48 times is higher than the PB Ratio of the Company as calculated based on the recent closing prices of the Shares (e.g. approximately 0.35 times as calculated based on the closing price of the Shares on the Last Trading Day).

As also shown in the table above, the PB Ratios of the Comparables are in the range of approximately 0.69 times to approximately 1.26 times, with an average of approximately 0.98 times. The PB Ratio of the Company as implied by the Offer Price (the “**Implied PB Ratio**”) of approximately 0.48 times (and the same of approximately 0.51 times calculated based on the Adjusted NAV) falls outside the range and is below the average of the Comparables. Despite the Implied PB Ratio lags behind the PB Ratios of the Comparables, it is for reference purpose only and not the sole indicator for evaluation of the Offer Price.

It should also be mindful that the Shares have historically and up to the Latest Practicable Date been trading at a larger discount to the NAV per Share during the majority of the 36-Month Review Period as discussed in the sub-paragraph headed “(ii) *Price to net asset value ratios*” above, and thus the Offer Price allows the Shareholders to realise their shareholdings, in part or in whole, at a smaller discount to the Group's NAV per Share as at 31 December 2019 when the recent market prices cannot reflect the underlying NAV of the Group per Share in full. As such, we consider the Offer Price is fair and reasonable.

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(iv) Comparable share buy-back in Hong Kong

We have, to the best of our knowledge and belief, identified the following exhaustive list of share buy-back transactions made by way of a general offer in the last two years by the relevant listed companies in Hong Kong, and compared the premiums (if any) of their respective offer prices over the then market prices in these transactions.

Date of announcement (yyyy/mm/dd)	Company name	Stock code	Maximum percentage of shares to be bought-back (%)	Offer price (HK\$)	Premium/(discount) of the Offer Price over/(to) the closing share prices		
					Last trading day (%)	5 trading days average (%)	10 trading days average (%)
2020/07/20	Shougang Fushan Resources Group Limited	639	4.72	2.00	9.29	21.21	22.70
2018/05/29	SOCAM Development Limited	983	20.64	2.50	4.60	16.82	20.19
2018/04/13	Water OASIS Group Limited	1161	11.5	0.80	(2.44)	(2.44)	(4.76)
2018/04/05	Red Star Macalline Group Corporation Ltd.	1528	36.59 (Note)	11.78	17.56	22.58	23.22
				Maximum	17.56	22.58	23.22
				Minimum	(2.44)	(2.44)	(4.76)
				Average	7.26	14.54	15.34
				Median	6.95	19.02	21.45
2020/06/17	The Company as implied by the Offer Price	751	12.83	2.80	37.30	35.30	30.80

Note:

Only H shares of Red Star Macalline Group Corporation Ltd. have been included in the calculation of maximum percentage of shares to be bought-back.

Given the different businesses in which the relevant companies operated, we do not consider the analysis particularly useful in making our recommendation. Nonetheless, we noted that the premiums over the market prices of the Shares as implied by the Offer Price are higher than the maximum of the market premiums as implied by the offer prices of the four share buy-back transactions listed in the table above (calculated based on the closing share prices of the relevant companies on the last trading day, for the 5 and 10 trading days up to and including the last trading day prior to the respective announcements of those companies in relation to the share buy-back transactions).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

8. Financial effects of the Offer

The unaudited pro forma financial information of the Group upon completion of the Offer, illustrating the financial impact of the Offer on the earnings per Share, NAV per Share, total liabilities and working capital (expressed as net current assets) of the Group, is set out in Appendix III to the Offer Document.

It should be noted that the analysis based on the unaudited pro forma financial information of the Group is for illustrative purpose only and does not purport to represent how the financial position of the Group will be upon completion of the Offer.

Based on the unaudited pro forma financial information of the Group as set out in Appendix III to the Offer Document and assuming that the Offer took place on 31 December 2019, and the Maximum Number had been bought-back and cancelled in full by the Company, the total number of Shares in issue would have decreased from 3,060,929,420 Shares to 2,668,129,420 Shares (assuming no Share Option have been exercised from the date of the Announcement up to the close of the Offer),

- a. the basic earnings per Share attributable to Shareholders for the year ended 31 December 2019 would, as a result, have increased by approximately 14.87% from RMB24.61 cents per Share to RMB28.27 cents per Share;
- b. the NAV per Share attributable to Shareholders as at 31 December 2019 would, as a result, have increased by approximately 7.66% from RMB5.22 per Share to RMB5.62 per Share;
- c. the total liabilities as at 31 December 2019 would remain unchanged at approximately RMB29,395 million following completion of the Offer as the Offer will be paid in cash and funded by internal resources of the Group; and
- d. the working capital (expressed as net current assets) as at 31 December 2019 would, as a result, have decreased by approximately 13.47% from approximately RMB7,388 million to RMB6,393 million.

Although the working capital as at 31 December 2019 would have decreased by approximately 13.47%, as the total number of issued Shares decreased upon completion of the Offer, the basic earnings per Share and NAV per Share as at 31 December 2019 would have increased to the contrary. Furthermore, we also noted that the Group was able to generate net cash inflow from its operating activities of approximately RMB898 million and recorded net profit of approximately RMB1,031 million for the year ended 31 December 2019, we concur with the view of the Management that the Group will have sufficient working capital to meet its normal operating requirements after completion of the Offer. In addition, all Qualifying Shareholders have equal opportunity to accept the Offer at their discretion. Those Qualifying Shareholders who do not tender their Shares for acceptance under the Offer would enjoy an increase in their proportionate interests in shareholdings, NAV per Share and any future earnings of the Group. Thus, we consider that the Offer would not confer material adverse effect to the Shareholders on the whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

9. Changes in shareholding structure after the Offer

The table below shows the Company's existing shareholding structure and the shareholding structure immediately after close of the Offer, assuming that (i) all Qualifying 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 Latest Practicable Date up to and including the date of close of the Offer (save as a result of any exercise of the Share Options by their holders):

Name of Shareholder	As at the Latest Practicable Date		Immediately after close of the Offer (assuming no Share Options will be exercised from the Latest Practicable Date up to and including the date of close of the Offer)		Immediately after close of the Offer (assuming all Share Options which are vested as at the Latest Practicable Date have been fully exercised before close of the Offer)	
	Number of Shares	Approx. %	Number of Shares	Approx. %	Number of Shares	Approx. %
Wong Concert Party Group						
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
Sub-total	<u>1,251,317,900</u>	<u>40.88</u>	<u>1,251,317,900</u>	<u>46.90</u>	<u>1,251,317,900</u>	<u>44.84</u>
Undertaking Directors (apart from Mr. Lin) and Ms. Tang Yan						
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
Other Shareholders	<u>1,782,093,554</u>	<u>58.22</u>	<u>1,389,293,554</u>	<u>52.07</u>	<u>1,479,891,554</u>	<u>53.03</u>
Total	<u><u>3,060,929,420</u></u>	<u><u>100.00</u></u>	<u><u>2,668,129,420</u></u>	<u><u>100.00</u></u>	<u><u>2,790,727,420</u></u>	<u><u>100.00</u></u>

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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. 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 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 Latest Practicable Date, 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 Latest Practicable Date, Mr. Liu Tangzhi also holds 10,000,000 Share Options.
7. Mr. Shi Chi is an executive Director. 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. As at Latest Practicable Date, Mr. Lam Shing Choi, Eric also holds 2,000,000 Share Options.
10. Mr. Li Weibin is an independent non-executive Director.
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 Codes (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 Codes). As at the Latest Practicable Date, DBSAC and relevant members of the DBS Group did not hold any Shares on a proprietary basis.

As the Shares to be bought-back will be cancelled, the total number of Shares in issue will decrease by 392,800,000 Shares if the Offer is accepted in full. As illustrated in the table above, the shareholdings of other Shareholders in the Company will decrease from approximately 58.22% to 52.07% upon close of the Offer (assuming no Share Options will be exercised from the Latest Practicable Date up to and including the date of close of the Offer).

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On the other hand, the percentage of Shares held by the Wong Concert Party Group will increase from approximately 40.88% to a maximum level of 46.90% (assuming no Share Option will be exercised from the Latest Practicable Date up to and including the date of close of the Offer). Likewise, the percentage of Shares held by the other Shareholders who retain their interests in the Company will increase.

Assuming that (i) the Qualifying 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 or she 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 the Latest Practicable Date up to and including the date of close of the Offer, over 25% of the issued Shares will be held by the public Shareholders and accordingly the Company will comply with the public float requirement under Rule 8.08 of the Listing Rules after close of the Offer.

Completion of the Offer will not result in a change in the Wong Concert Party Group remaining as collectively the controlling Shareholders.

10. Other terms of the Offer

As set out in the Letter from DBSAC, Qualifying Shareholders may accept the Offer in respect of some or all of their shareholdings. 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 Shares, 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 the 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 Accepting Shareholders.

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The Offer made by the above common pool method, under which the number of Shares to be bought-back by the Company from each Accepting Shareholder is determined by the total number of Shares tendered for acceptance, would ensure that all Accepting Shareholders participate in the Offer on an equal basis.

11. 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. Accepting Shareholders should note that acceptance of the Offer may result in their holdings of odd lots of Shares. The Company has appointed Computershare Hong Kong Investor Services Limited as the designated broker to match sales and purchases of odd lot holdings of Shares in the market for a period of six weeks from completion of the Offer to enable Shareholders to dispose of their odd lots or to top up their odd lots to whole board lot of 2,000 Shares. Shareholders should note that the matching of odd lots is not guaranteed. Further details of the related arrangements will be announced after the Offer has become unconditional, as and if appropriate.

WHITEWASH WAIVER

As at the Latest Practicable Date, the Wong Concert Party Group is interested in 1,251,317,900 Shares, representing approximately 40.88% of the issued Shares as at the Latest Practicable Date. 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 close 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 Executive has agreed, subject to the approval of the Independent Shareholders for the Offer and the Whitewash Waiver at the SGM by way of poll, to waive any obligation of Mr. Wong to make a general offer which might result from completion of the Offer. **If the Offer or the Whitewash Waiver is not approved by the Independent Shareholders by way of a poll, or if the latter is not granted by the Executive, the Offer will immediately lapse.**

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on the foregoing and in particular the reasons for the Offer, we are of the opinion that the approval for the Whitewash Waiver, which is a Condition, is in the interests of the Company and the Shareholders as a whole and is fair and reasonable for the purpose of proceeding the Offer.

SUMMARY OF ANALYSIS AND OUR RECOMMENDATION ON THE OFFER AND THE WHITEWASH WAIVER

Voting of the Offer and Whitewash Waiver

We noted that the Offer Price to NAV Discount represents approximately 52.0% to the NAV per Share as at 31 December 2019, indicating that the Offer Price does not reflect the full underlying asset value of the Company. Bearing this amplitude of the discount to the NAV per Share as at 31 December 2019 in mind, to assess the fairness and reasonableness of the Offer all in all, we have also weighed the following:

- (i) whilst the Offer Price represents a discount to the NAV per Share as at 31 December 2019 as aforementioned, the purpose of the Offer, as stated in the Letter from the Board, being, among others, (a) provides means for the Company to return capital to the Accepting Shareholders; and (b) upon completion, is accretive to the NAV per Share and hence benefits non-accepting Shareholders as well as those Accepting Shareholders who only partially accept the Offer. Meanwhile, the Offer would enable the Company to retain capital sufficiency for the continual operations and development of the Group as a going concern. To this end, the Offer Price is formulated on an equitable basis, balancing between the Group's internal working capital requirements and the reasonable return on the Shareholders' investments in the Shares which is the interests of the Shareholders and the Company as a whole;
- (ii) the Offer provides an immediate exit for the Shareholders to realise their investments in the Shares at the Offer Price, which represents premiums over the prevailing market prices and smaller discounts to the NAV per Share;

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The Shares have consistently been traded below (a) the Offer Price during the entire Review Period, particularly the Post-Announcement Period. Despite the recent release of the possible positive financial results and potential future corporate development of the Group, the Share prices have not been spurred to reach the Offer Price; and (b) the NAV per Share during the entire 36-Month Review Period. Such Share price performance is a reflection of the market consensus on the valuation of the Company, suggesting the Shareholders may not be able to realise their investments in the Shares at the underlying NAV per Share in full on the market in the recent years and the chance for the Share price surging to the same level of NAV per Share as at 31 December 2019 (i.e. HK\$5.83) may be remote.

In view of the Offer Price representing (a) premiums over the recent market prices of the Shares; (b) a higher Implied PB Ratio of approximately 0.48 times as compared to the PB Ratio of the Company as calculated based on the recent market prices of the Shares; (c) a smaller discount to NAV per Share as at 31 December 2019 calculated based on the average closing prices of the Shares as quoted on the Stock Exchange for the six months and the 12 months up to and including the Last Trading Day; and (d) a smaller discount than the historical discounts to the then NAV per Share in the range of approximately 55.4% to 64.3% during the majority of the 36-Month Review Period, the Offer thus allows an immediate exit for the Shareholders who wish to realise their investments in the Shares at a price higher than the recent market prices of the Shares;

- (iii) as a result of the Offer, the basic earnings per Share attributable to Shareholders and the NAV per Share would have been enhanced by approximately 14.87% and 7.66%, respectively, for the year ended 31 December 2019 as set out in the unaudited pro forma financial information of the Group in Appendix III to the Offer Document. Thus, both non-accepting Shareholders and Accepting Shareholders who retain part of their Shares will benefit from such financial enhancements;
- (iv) as an intrinsic merit of the Offer, the Offer confers the Qualifying Shareholders the flexibility and equal opportunity to participate in the Offer on the same terms at their own absolute discretion. Having considered their own circumstances and investment objectives, the Qualifying Shareholders can choose to realise part or all of their shareholdings at the Offer Price effectively as much cost saving when compared to selling the Shares on-market given that there will be no brokerage commission or dealing charges payable under the Offer; or to continue to retain their shareholdings in the Company to increase their proportionate interests in the Company with enhanced NAV per Share and earnings per Share and further participate in the future developments of the Group; and

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- (v) the historical average daily trading volume of the Shares, representing only a range of approximately 1.25% to 5.63% of the Maximum Number, a range of approximately 0.16% to 0.72% of the total issued Shares and a range of approximately 0.28% to 1.24% of the public float of the Company, respectively, may indicate that any disposal of a large number of Shares through the market would be relatively difficult to accomplish within a short period of time without adversely affecting the Share price. The Offer therefore provides Qualifying Shareholders who wish to realise their investments in the Company an opportunity and a viable alternate exit to sell their Shares at the Offer Price, and at the same time, there would be no adverse impact on the non-accepting Shareholders.

Based on the above, we consider that the terms of the Offer and the Whitewash Waiver are on balance fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM in respect of the Offer and the Whitewash Waiver to provide an opportunity to all Qualifying Shareholders their own choices to accept the Offer or not.

Acceptance of the Offer

Based on our advice as to the fairness and reasonableness of the terms of the Offer above, we advise the Qualifying Shareholders to accept the Offer at the Offer Price, which is at a premium over the prevailing market prices of the Shares and implies a smaller discount to the NAV per Share (as compared to the discounts to the NAV per Share calculated based on the recent market prices of the Shares) as they think fit having regard to their own circumstances.

The Qualifying Shareholders are also reminded to monitor the market price of the Shares during the Offer Period. If during the Offer Period, it transpires that the market price of the Shares exceeds the Offer Price and the sales proceeds (net of the transaction costs) exceed the net proceeds to be received under the Offer, the Qualifying Shareholders who wish to realise their investments in the Company in whole or in part should, if they are able to do so, seek to sell their Shares in the market instead of accepting the Offer.

For those Qualifying Shareholders who after considering the information contained in the Offer Document are attracted by the future prospects of the Group or would like to enjoy any increase in their proportionate interests in shareholdings, NAV per Share and any future earnings of the Group following the completion of the Offer, they should consider retaining all or part of their Shares.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Considering that individual Qualifying Shareholders would have different investment objectives and/or circumstances, we would recommend the Qualifying Shareholders to seek advice from their own professional advisers prior to making any investment decision. Furthermore, details of the terms of the Offer are contained in the Letter from DBSAC, Appendix I to the Offer Document and the Form of Acceptance. Qualifying Shareholders are urged to read carefully and in their entirety the relevant sections in the Offer Document.

Yours faithfully,

For and on behalf of

Caitong International Capital Co., Limited

Michael Lam

Chief Executive Officer

Mr. Michael Lam has been a responsible officer registered with the Securities and Futures Commission to carry out Type 6 (advising on corporate finance) regulated activity under the SFO since 2004 and has participated in the provision of independent financial advisory services for various transactions across different categories involving companies listed in Hong Kong.

* *For identification purposes only*

DBSAC makes the Offer to the Qualifying Shareholders on behalf of the Company to buy-back Shares for cancellation, on the terms and subject to the conditions set out in this Offer Document. The terms and conditions of the Offer are set out below.

TERMS AND CONDITIONS OF THE OFFER

1 The Offer

The Company will buy-back Shares up to the Maximum Number, being 392,800,000 Shares, at the Offer Price.

2 Conditions

The Offer will be conditional upon fulfilment 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, and none of them had been fulfilled as at the Latest Practicable Date.

The Executive has agreed, subject to the approval of the Independent Shareholders for the Offer and the Whitewash Waiver at the SGM by way of poll, to waive any obligation of Mr. Wong to make a general offer which might result from completion of the Offer.

The Offer is subject to all of the Conditions being fulfilled. If the Whitewash Waiver is not granted by the Executive, or if the resolutions to approve the Offer and the Whitewash Waiver is not approved by the Independent Shareholders, the Offer will immediately lapse.

The Offer is not conditional as to any minimum number of Shares tendered for acceptances.

3 Maximum Number

The Maximum Number which will be bought-back by the Company pursuant to the Offer is 392,800,000 Shares, representing approximately 12.83% of the issued Shares as at the Latest Practicable Date.

4 Qualifying Shareholders

The Offer is available to all the Qualifying Shareholders whose names appear on the Register as at the Latest Acceptance Time.

5 Acceptance

- 5.1 Qualifying Shareholders may accept the Offer in respect of some or all of their shareholding at the Offer Price (subject to the procedures for scaling down described under the section headed “*Buy-back of Shares under the Offer*” as set out below) by submitting to the Registrar a duly completed Form of Acceptance, accompanied by the relevant Title Documents, by no later than the Latest Acceptance Time. Each Share may only be accepted for buy-back by the Company once.
- 5.2 The Offer Price will be paid in cash.
- 5.3 Forms of Acceptance which have been duly completed and received by the Registrar will become irrevocable and cannot be withdrawn after the Offer has become, or has been declared, unconditional unless in accordance with Rule 19.2 of the Takeovers Code.
- 5.4 All Shares bought-back by the Company will be free of commissions and dealing charges, but the seller’s ad valorem stamp duty will be payable by the Accepting Shareholders 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. The relevant amount of stamp duty payable will be deducted by the Company from the amount payable to the Accepting Shareholders under the Offer. The Company will arrange for payment of the seller’s ad valorem stamp duty on behalf of the Accepting Shareholders to the Stamp Duty Office in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).
- 5.5 All Shares bought-back under the Offer will be treated as cancelled in accordance with the bye-laws of the Company and the applicable laws of Bermuda and will not rank for any dividends or other distributions after the cancellation.

5.6 Subject to the Offer becoming unconditional, the submission of a Form of Acceptance by an Accepting Shareholder in the manner described in paragraph 5.1 above will be deemed to constitute a warranty of such Accepting Shareholder to DBSAC and the Company that all Shares sold by such Accepting Shareholder under the Offer are fully paid and are held by such Accepting Shareholders free from all liens, charges, options, claims, equities, adverse interests, rights of pre-emption or third party rights or encumbrances whatsoever 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 the Shares are cancelled.

6 Buy-back of Shares under the Offer

6.1 Qualifying Shareholders may accept the Offer in respect of some or all of the Shares held by them. Subject to the Offer becoming unconditional: (i) if valid acceptances are received for the Maximum Number or fewer Shares, all Shares validly accepted will be bought-back; (ii) 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

6.2 As a result, it is possible that not all of such Shares tendered by an Accepting Shareholder will ultimately be bought-back.

6.3 Fractions of Shares will not be bought-back under the Offer and, accordingly, the number of Shares that the Company will buy-back from each Accepting Shareholder in accordance with the above formula will be rounded up or down to the nearest whole number at the discretion of the Company.

6.4 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 the Accepting Shareholders.

7 Odd Lots

- 7.1 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. Accepting Shareholders should note that acceptance of the Offer may result in their holding of odd lots of Shares.
- 7.2 For this purpose, Computershare Hong Kong Investor Services Limited whose address is at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (telephone number: (852) 2862 8555 during office hours (i.e. 9:00a.m. to 6:00 p.m.)) has been appointed by the Company as the designated broker to match sales and purchases of odd lot holdings of Shares in the market for a period of six weeks from the date of completion of the Offer to enable Shareholders to dispose of their odd lots or to top up their odd lots to whole board lots of 2,000 Shares. Shareholders should note that the matching of odd lots is not guaranteed. Further details of the related arrangements will be announced after the Offer has become unconditional, as and if appropriate.

8 Acceptance Period

- 8.1 The Offer is open for acceptance from the date of this Offer Document. If the Conditions are satisfied, the Offer will be open for acceptance for a further 14 days thereafter and will not be extended. In order to be valid, a Form of Acceptance must be duly completed, together with the relevant Title Documents in respect of such number of Shares which represent not less than the number of Shares in respect of which the relevant Qualifying Shareholder intends to tender for acceptance under the Offer, delivered to and received by the Registrar at or before the Latest Acceptance Time, which is currently expected to be 4:00 p.m. (Hong Kong time) on Wednesday, 2 September 2020, or such later date as the Company may, with the prior consent of the Executive, decide and announce.
- 8.2 The date when the last one of the Conditions is expected to be satisfied is Wednesday, 19 August 2020, being the date of the SGM (or any adjournment or postponement thereof, as the case may be). Such date may be deferred by the Company, subject to the prior consent of the Executive.

9 Irrevocable Acceptances

Forms of Acceptance which have been duly completed and received by the Registrar will become irrevocable and cannot be withdrawn after the Offer has become, or has been declared, unconditional unless in accordance with Rule 19.2 of the Takeovers Code.

10 General

- 10.1 Shares will be bought-back by the Company on the basis that they are fully paid, their legal and beneficial ownership will be transferred to the Company for subsequent cancellation on the Register and that the Shares are free from all liens, charges, options, claims, equities, adverse interests, rights of pre-emption or third party rights or encumbrances whatsoever 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 the Shares are cancelled.
- 10.2 The Qualifying Shareholders may accept the Offer by completing and returning the Form of Acceptance in accordance with the instructions as set out in this Offer Document and printed on the Form of Acceptance (which constitute part of the terms and conditions of the Offer). A Form of Acceptance may be rejected as invalid if the procedures contained in this Offer Document and in the Form of Acceptance are not complied with.
- 10.3 The Offer and all acceptances of it, the Forms of Acceptance, and all actions taken or made or deemed to be taken or made pursuant to these terms will be governed by and construed in accordance with Hong Kong laws. Delivery of a Form of Acceptance will constitute submission to the non-exclusive jurisdiction of the Hong Kong courts.
- 10.4 Failure of any person to receive an Offer Document and/or a Form of Acceptance will not invalidate any aspect of the Offer. Extra prints of these documents will be available to any Qualifying Shareholder at the office of the Registrar during office hours from the date of despatch of this Offer Document to the Latest Acceptance Time (both days inclusive), between 9:00 a.m. to 4:30 p.m. (Hong Kong time) from Mondays to Fridays (other than public holidays), and on the Stock Exchange's website at www.hkexnews.hk and on the Company's website at www.skyworth.com.
- 10.5 The Company reserves the right, subject to any applicable law or regulatory requirements, to amend the Offer Price. In the event of such amendment (which will not, for the avoidance of doubt, include an alteration of the Maximum Number), a supplemental document and new Forms of Acceptance will be despatched to the Qualifying Shareholders. Any revised offer will be kept open for at least 14 days following the date on which the revised offer document is posted. If in the course of the Offer, the Company revises the terms of the Offer, all Qualifying Shareholders, whether they have accepted the Offer or not, will be entitled to the revised terms.
- 10.6 The right of acceptance of the Offer is personal to each Qualifying Shareholder and is not capable of being assigned or renounced in favour of others or otherwise transferred by the Qualifying Shareholders.

- 10.7 All questions as to the number of Shares bought-back, the price to be paid therefor, or any alteration of such price in accordance with the terms contained herein, and the validity, form, eligibility (including the time of receipt) and acceptance for payment of any acceptance will be determined by the Company in its sole discretion, which determination will be final and binding on all of the parties (except as otherwise required under the applicable law or by the Codes). The Company reserves the absolute right to reject any or all acceptances it determines not to be in proper form or the acceptance or payment therefor which may, in the opinion of the Company, be unlawful. The Company also reserves the absolute right (provided that this is exercised consistently with the requirements of the Codes or otherwise with the Executive's consent) to waive any of the terms of the Offer, except the Conditions, either generally or in a particular case and any defect or irregularity in the acceptance of any particular Share or any particular holder thereof. An acceptance may be rejected as invalid unless all defects or irregularities have been cured or waived. In the event of a waiver, the consideration under the Offer will not be despatched until after the Form of Acceptance is completed in all respects and the Title Documents satisfactory to the Company have been received. None of the Company, DBSAC, the Registrar or any of their respective directors or any other person involved in the Offer is or will be obliged to give notice of any defects or irregularities in acceptances, and none of them will incur any liability for failure to give any such notice.
- 10.8 All communications, notices, Form(s) of Acceptance, Title Documents and remittances to be delivered or sent by, to or from any Qualifying Shareholder will be delivered or sent by, to and from them, or their designated agents, at their own risks and none of the Company, DBSAC, the Registrar or any of their respective directors or any other person involved in the Offer accepts any liability for any loss or any other liabilities whatsoever which may arise as a result.
- 10.9 Should any Qualifying Shareholder require any assistance in completing the Form of Acceptance or have any enquiries regarding the procedures for tendering and settlement or any other similar aspect of the Offer, the Qualifying Shareholder may contact the Registrar at its hotline at (852) 2862 8555 during the period from Monday, 27 July 2020 to Tuesday, 1 September 2020 (both days inclusive) between 9:00 a.m. and 6:00 p.m. (Hong Kong time) from Mondays to Fridays (other than public holidays) and on the closing day of the Offer (i.e. Wednesday, 2 September 2020) between 9:00 a.m. and 4:00 p.m. (Hong Kong time).

PROCEDURES FOR ACCEPTANCE AND SETTLEMENT**1 General Procedures for Acceptance**

- 1.1 In order to accept the Offer, Qualifying Shareholders should complete and return the accompanying Form of Acceptance in accordance with the instructions set out in this Offer Document and the instructions printed on the Form of Acceptance. The instructions in this Offer Document should be read together with the instructions on the Form of Acceptance (which instructions form part of the terms and conditions of the Offer).
- 1.2 In order to be valid, the completed Form of Acceptance should be forwarded, together with the Title Documents for not less than the number of Shares in respect of which the relevant Qualifying Shareholder wishes to accept the Offer, by post or by hand to the Registrar, Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, in an envelope marked "**Skyworth Group Limited – Buy-back Offer**" as soon as possible after receipt of the Form of Acceptance but in any event so as to reach the Registrar by no later than 4:00 p.m. (Hong Kong time) on Wednesday, 2 September 2020, or such later time and/or date as the Company may, subject to the Takeovers Code, decide and announce.
- 1.3 Unless the Offer is extended or revised in accordance with the Takeovers Code, no Form of Acceptance received after the Latest Acceptance Time will be accepted.
- 1.4 If the Form of Acceptance is executed by a person other than the registered holder, appropriate evidence of authority (e.g. a grant of probate or certified copy of a power of attorney) must be delivered to the Registrar with the completed Form of Acceptance.
- 1.5 No acknowledgement of receipt of any Form of Acceptance or Title Documents will be given.
- 1.6 The Company reserves the right, at its sole discretion, to investigate, in relation to any acceptance, whether the representations and warranties set out in this Appendix I could have been properly given by the relevant Qualifying Shareholder and, if such investigation is made and as a result the Company determines (for any reason) that any such representation and/or warranty could not have been properly given, such acceptance may be rejected as invalid.
- 1.7 Only one Form of Acceptance may be accepted from each Qualifying Shareholder by the Registrar.

2 Nominee Holdings

- 2.1 If the Title Documents in respect of a Qualifying Shareholder's Shares is/are in the name of a nominee company (including those Shares held in CCASS) or some name other than its/his/her own, and such Qualifying Shareholder wishes to accept the Offer (either in full or in respect of part of his/her holding(s) of Shares), it/he/she must either:
- (a) lodge the Title Documents with the nominee company, or other nominee, with instructions authorising it to accept the Offer on its/his/her behalf and requesting it to deliver the Form of Acceptance duly completed together with the Title Documents to the Registrar, on or before such deadline (which may be earlier than the deadline specified for the Offer) as may be stipulated by the nominee; or
 - (b) arrange for the Shares to be registered in its/his/her name by the Company through the Registrar, and send the Form of Acceptance duly completed together with the Title Documents to the Registrar; or
 - (c) where its/his/her Shares have been maintained with its/his/her licensed securities dealer/custodian bank through CCASS, instruct its/his/her broker/custodian bank to authorise HKSCC to accept the Offer on its/his/her behalf on or before the deadline set by HKSCC. In order to meet the deadline set by HKSCC, that Qualifying Shareholder should check with its/his/her broker/custodian bank for the timing on processing of its/his/her instruction, and submit such instruction to its/his/her broker/custodian bank as required by them; or
 - (d) if that Qualifying Shareholder's Shares have been lodged with its/his/her Investor Participant Account with CCASS, authorise its/his/her instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC.
- 2.2 Qualifying Shareholders with such a nominee holding of Shares should ensure that they undertake the above applicable course of action promptly so as to allow their nominee(s) sufficient time to complete the acceptance procedure on their behalf by the Latest Acceptance Time.

3 Recent Transfers

If a Qualifying Shareholder has lodged transfer(s) of Shares for registration in its/his/her name and has not yet received the Share certificate(s) and wishes to accept the Offer, it/he/she should nevertheless complete the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by it/him/her at or before the Latest Acceptance Time. Such action will be deemed to be an irrevocable authority to the Company and/or DBSAC and/or their respective agent(s) to collect from the Company or the Registrar on its/his/her behalf the relevant Share certificate(s) when issued and to deliver such Share certificate(s), subject to the terms of the Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.

4 Lost or Unavailable Share Certificates

- 4.1 If the Title Documents are not readily available and/or are lost and a Qualifying Shareholder wishes to accept the Offer, the Form of Acceptance should nevertheless be completed and delivered to the Registrar so as to reach the Registrar not later than the Latest Acceptance Time and the Title Documents should be forwarded to the Registrar as soon as possible thereafter and in any event before the Latest Acceptance Time.
- 4.2 Acceptances of the Offer may, at the discretion of the Company, be treated as valid even if not accompanied by the Title Documents but, in such cases, the cash consideration due will not be despatched until the relevant Title Documents have been received by the Registrar or in the case of loss of Title Documents, such Title Documents have been cancelled and the Register has been updated.
- 4.3 If a Qualifying Shareholder has lost its/his/her Title Documents, it/he/she should write to the Registrar and request a form of letter of indemnity in respect of the lost Title Documents (as the case may be) which, when completed by it/him/her in accordance with the instructions given, should be returned, together with the Form of Acceptance and any Title Documents which are available, to the Registrar either by post or by hand, so as to arrive not later than the Latest Acceptance Time. In such cases, the Qualifying Shareholder will be informed of the fees payable to the Registrar for which it/he/she will be responsible.

5 Additional Form of Acceptance

If a Qualifying Shareholder has lost the accompanying Form of Acceptance or such original has become unusable, and requires a replacement of such form, it/he/she should write to the Registrar or visit the Registrar at its office and request an additional Form of Acceptance for completion by such Qualifying Shareholder. Alternatively, its/he/she could download the Form of Acceptance from the website of the Stock Exchange at www.hkexnews.hk or the Company's website at www.skyworth.com.

6 Settlement

- 6.1 Subject to the Offer becoming unconditional and provided that a duly completed Form of Acceptance, accompanied by the relevant Title Documents are received by the Registrar by not later than the Latest Acceptance Time and are or are deemed to be in order, the Registrar will inform the relevant Accepting Shareholder by ordinary post of the buy-back of its/his/her Shares. At the same time, the Registrar will send, by ordinary post at that Accepting Shareholder's risk, a remittance for such total amount as is due to that Accepting Shareholder under the Offer, subject to deduction pursuant to paragraph 5.4 in the section headed "*Terms and Conditions of the Offer*" above, as soon as possible, but in any event within 7 business days (as defined in the Takeovers Code) following the close of the Offer.
- 6.2 If the Shares of an Accepting Shareholder have not been bought-back by the Company in full, the Title Documents in respect of the balance of such Shares or a replaced certificate therefor will be returned or sent to it/him/her by ordinary post at its/his/her own risk, as soon as possible, but in any event within 7 business days (as defined in the Takeovers Code) following the close of the Offer.
- 6.3 If the Offer does not become unconditional, the Title Documents will be returned and/or sent to each Accepting Shareholder (by ordinary post, at that Accepting Shareholder's own risk) within 10 days of the lapse of the Offer. Where any Accepting Shareholder has sent one or more transfer receipt(s) and in the meantime one or more Share certificate(s) has/have been collected on that Shareholder's behalf in respect thereof, that Accepting Shareholder will be sent (by ordinary post, at that Accepting Shareholder's own risk) such Share certificate(s) in lieu of the transfer receipt(s).

7 New Qualifying Shareholders

Any new Qualifying Shareholder may collect a copy of this Offer Document, together with the form of proxy and Form of Acceptance from the Registrar, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong during business hours from Monday, 27 July 2020 to the closing date of the Offer, i.e. Wednesday, 2 September 2020 (both days inclusive). Such Shareholder may also contact the Registrar (through the enquiry general telephone line referred to in paragraph 10.9 under the section headed "*Terms and Conditions of the Offer*" above) and request a copy of this Offer Document, the accompanying form of proxy and Form of Acceptance (as appropriate) to be sent to its/his/her registered address as recorded in the Register.

OVERSEAS SHAREHOLDERS

Based on the Register, as at the Latest Practicable Date, there were no Overseas Shareholders with registered addresses outside Hong Kong. Accordingly, there were no Excluded Shareholders as at the Latest Practicable Date.

It is the responsibility of each Overseas Shareholder who wishes to accept the Offer to satisfy itself, 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 Overseas Shareholder shall be deemed to constitute a representation and warranty from such Overseas Shareholder to the Company that all applicable local laws and requirements have been observed and complied with. For the avoidance of doubt, neither Hong Kong Securities Clearing Company Limited nor HKSCC will give, or be subject to, any of the above representation and warranty. Overseas Shareholders should consult their professional advisers if in doubt.

EFFECT OF ACCEPTANCE OF THE OFFER BY QUALIFYING SHAREHOLDERS

Each Qualifying Shareholder by whom, or on whose behalf, a Form of Acceptance is executed irrevocably undertakes, represents, warrants and agrees to and with the Company and DBSAC (so as to bind it/him/her, its/his/her personal representatives, heirs, successors and assigns) to the effect:

1 Representations and Warranties

that by delivery to the Registrar a duly completed Form of Acceptance with the Title Documents, the Accepting Shareholder represents and warrants to the Company and DBSAC:

- (a) that it/he/she has full power and authority to tender, sell, assign and transfer all the Shares specified in such Form of Acceptance for buy-back and that the Shares are fully paid, free from all liens, charges, options, claims, equities, adverse interests, rights of pre-emption or third party rights or encumbrances whatsoever 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 the Shares are cancelled; and
- (b) that if it/he/she is an Overseas Shareholder, it/he/she has fully observed any of its/his/her applicable legal or regulatory requirements and that the Offer may be accepted by it/him/her lawfully under the laws of the relevant jurisdiction.

2 Appointment and Authority

that the execution of the Form of Acceptance constitutes:

- (a) the irrevocable appointment of any director or officer of the Company or DBSAC, or such other person as any of them may direct, as such Accepting Shareholder's agent (the "**Agent**"); and
- (b) an irrevocable instruction to the Agent to complete and execute the Form of Acceptance and/or any other document at the Agent's discretion on behalf of such Accepting Shareholder and to do any other acts or things as may in the opinion of the Agent be necessary, expedient or desirable for the purpose of the Company buying-back some or all of the Shares (as the Company may in its absolute discretion determine) in respect of such Accepting Shareholder.

3 Undertakings

that by executing the Form of Acceptance, it/he/she:

- (a) agrees to ratify and confirm each and every act or thing which may be done or effected by the Company or any Agent in the proper exercise of its or its/his/her powers and/or authorities under the terms of the Offer;
- (b) undertakes to deliver to the Registrar the Title Documents in respect of the Shares for which the Offer is accepted, or an indemnity or indemnities acceptable to the Company in lieu thereof, or to procure the delivery of such document(s) to the Registrar as soon as possible thereafter and, in any event, no later than the Latest Acceptance Time;
- (c) accepts that the provisions of the Form of Acceptance and the other terms and conditions in this Offer Document are deemed to be incorporated into the terms and conditions of the Offer;
- (d) undertakes to execute any further documents, take any further action and give any further assurances which may be required in connection with its/his/her acceptance of the Offer as the Company may consider to be necessary, expedient or desirable, including without limitation, to complete the buy-back of any Shares in respect of which it/he/she has accepted the Offer free from all liens, charges, options, claims, equities, adverse interests, rights of pre-emption or third party rights or encumbrances whatsoever and such Shares 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 the Shares are cancelled and/or to perfect any of the authorities expressed to be given hereunder;
- (e) authorises the Company or the Agent to procure the despatch by ordinary post of the consideration to which it/he/she is entitled at its/his/her own risk to the first-named holder at its/his/her registered address in Box 4 of the Form of Acceptance; and
- (f) submits to the jurisdiction of the courts of Hong Kong in relation to all matters arising out of or in connection with the Offer or the Form of Acceptance.

TAXATION

Qualifying Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptances of the Offer. It is emphasised that none of the Company, its ultimate beneficial owners and parties acting in concert with any of them, DBSAC, the Independent Financial Adviser, the Registrar or any of their respective directors or any persons involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptances of the Offer.

ANNOUNCEMENTS

1. Following the SGM (or any adjournment or postponement thereof, as the case may be) at which the Offer and the Whitewash Waiver are to be approved by the Independent Shareholders, the Company will announce through the Stock Exchange's website the results of the SGM and whether or not the Offer has become unconditional.
2. By 6:00 p.m. (or such later time as the Executive may permit) on the closing date of the Offer, the Company shall inform the Executive and the Stock Exchange of its decision in relation to the closing and the results of the Offer and shall publish an announcement through the Stock Exchange by 7:00 p.m. on such date stating that the Offer has been closed. A draft of such announcement must be submitted to the Executive and the Stock Exchange by 6:00 p.m. for clearance and publication through the website of the Stock Exchange by 7:00 p.m. on the same day. The announcement shall, among others (except in the case of lapse of the Offer), specify the details as required under Rule 19.1 of the Takeovers Code.
3. In calculating the number of the Shares represented by a Form of Acceptance, acceptances which are not in all respects in order or are subject to verification will be stated separately.

INTERPRETATION

1. A reference in this Offer Document to a Qualifying Shareholder includes a reference to a person(s) who, by reason of an acquisition or transfer of Shares, is entitled to execute a Form of Acceptance and in the event of more than one person executing a Form of Acceptance, the provisions of this Offer Document apply to them jointly and severally.
2. A reference in this Offer Document and the Form of Acceptance to the masculine gender includes the feminine and neuter genders, and a reference to the singular includes the plural, and vice versa.

FINANCIAL SUMMARY

This following is a summary of the financial results of the Group for the year ended 31 March 2018, the nine months ended 31 December 2018 and the year ended 31 December 2019.

	Year ended 31 March 2018	Nine months ended 31 December 2018	Year ended 31 December 2019
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
RESULTS			
Total revenue	<u>39,271</u>	<u>30,192</u>	<u>37,277</u>
Profit before taxation	771	648	1,553
Income tax expense	<u>(272)</u>	<u>(95)</u>	<u>(522)</u>
Profit for the year/period	<u><u>499</u></u>	<u><u>553</u></u>	<u><u>1,031</u></u>
Profit for the year/period attributable to:			
Owners of the Company	459	420	747
Non-controlling interests	<u>40</u>	<u>133</u>	<u>284</u>
	<u><u>499</u></u>	<u><u>553</u></u>	<u><u>1,031</u></u>
Total comprehensive income (expense) for the year/period attributable to:			
Owners of the Company	53	(1,199)	642
Non-controlling interests	<u>285</u>	<u>121</u>	<u>293</u>
	<u><u>338</u></u>	<u><u>(1,078)</u></u>	<u><u>935</u></u>
Earnings per share (expressed in Renminbi cents)			
Basic	15.21	13.85	24.61
Diluted	13.81	11.63	24.52
Equity attributable to owners of the Company	14,922	15,470	15,992
Non-controlling interests	<u>1,622</u>	<u>1,885</u>	<u>2,151</u>
	<u><u>16,544</u></u>	<u><u>17,355</u></u>	<u><u>18,143</u></u>
Dividends attributable to owners of the Company	241	160	Nil
Dividend per share (<i>in HK cents</i>)	9.0	6.0	Nil

The auditor's reports from Deloitte Touche Tohmatsu, in respect of the Group's audited consolidated financial statements for the year ended 31 March 2018, the nine months ended 31 December 2018 and the year ended 31 December 2019 did not contain any modified opinion, emphasis of matter or material uncertainty related to going concern.

CONSOLIDATED FINANCIAL STATEMENTS

The Company is required to set out or refer to in this Offer Document the consolidated statement of financial position, consolidated statement of cash flows and any other primary statement as shown in the audited consolidated financial statements of the Group for the year ended 31 December 2019 (the "**2019 Financial Statements**"), together with the notes to the relevant published financial statements which are of major relevance to the appreciation of the above financial information.

The 2019 Financial Statements are set out on pages 75 to 223 of the annual report of the Company for the year ended 31 December 2019 (the "**Annual Report 2019**"), which was published on 20 April 2020. The Annual Report 2019 is posted on the Company's website <http://www.skyworth.com> and the website of the Stock Exchange at www.hkexnews.hk. Please also see below a direct link to the Annual Report 2019:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0420/2020042000606.pdf>

The audited consolidated financial statements of the Group for the nine months ended 31 December 2018 (the "**2018 Financial Statements**") are set out on pages 75 to 223 of the annual report of the Company for the nine months ended 31 December 2018 (the "**Annual Report 2018**"), which was published on 18 April 2019. The Annual Report 2018 is posted on the Company's website <http://www.skyworth.com> and the website of the Stock Exchange at www.hkexnews.hk. Please also see below a direct link to the Annual Report 2018:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0418/ltn201904181337.pdf>

The audited consolidated financial statements of the Group for the year ended 31 March 2018 (the “**2017/18 Financial Statements**”) are set out on pages 98 to 216 of the annual report of the Company for the year ended 31 March 2018 (the “**Annual Report 2017/18**”), which was published on 3 July 2018. The Annual Report 2017/18 is posted on the Company’s website <http://www.skyworth.com> and the website of the Stock Exchange at www.hkexnews.hk.

Please also see below a direct link to the Annual Report 2017/18:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0703/lt201807032056.pdf>

The 2019 Financial Statements (but not any other part of the Annual Report 2019), the 2018 Financial Statements (but not any other part of the Annual Report 2018) and 2017/18 Financial Statements (but not any other part of the Annual Report 2017/18) are incorporated by reference into this Offer Document and form part of this Offer Document.

STATEMENT OF INDEBTEDNESS AND CONTINGENT LIABILITIES

At the close of business on 31 May 2020, being the latest practicable date for the purpose of preparing this indebtedness statement prior to the publication of this Offer Document, the Group had bank and other borrowings, other financial liabilities, bonds and a medium term note and lease obligations amounting to approximately RMB8,362 million, RMB250 million, RMB3,778 million and RMB142 million, respectively, details of which are as follows:

Bank and other borrowings

- (i) Secured and unguaranteed bank borrowings of approximately RMB1,519 million secured by the pledge over certain bill receivables, trade receivables and a building property of the Group.
- (ii) Unsecured and guaranteed bank borrowings of approximately RMB3,826 million.
- (iii) Unsecured and unguaranteed bank and other borrowings of approximately RMB1,376 million.
- (iv) Secured and guaranteed bank borrowings of approximately RMB1,641 million secured by the pledge over certain land use rights, a building property and a bank deposit of the Group.

Other financial liabilities

- (i) Advances from third parties with amount of approximately RMB250 million which was unsecured and unguaranteed.

Bonds

- (i) Corporate bond with outstanding principal amount of approximately RMB2,000 million which was unguaranteed and secured by the pledge over certain listed shares of a subsidiary of the Company.
- (ii) Convertible bond with outstanding principal amount of approximately RMB978 million which was unsecured and unguaranteed.
- (iii) Medium term note with outstanding principal amount of approximately RMB800 million which was unsecured and unguaranteed.

Lease obligations

At 31 May 2020, the Group, as a lessee, had outstanding lease payments for the remainder of the relevant lease terms amounting to approximately RMB142 million in aggregate, among which approximately RMB116 million was secured by rental deposits and unguaranteed, while the remaining approximately RMB26 million was unsecured and unguaranteed.

Contingent liabilities or guarantees

As at 31 May 2020, there was no litigation or arbitration proceeding pending or threatened against the Group or any of the Directors which could have a material adverse effect on the business, financial conditions or result of operations of the Group.

Save as disclosed above, as at 31 May 2020, the Group did not have any other borrowing or other similar indebtedness issued and outstanding or agreed to be issued, bank overdrafts, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other contingent liabilities for the purpose of the indebtedness statement.

MATERIAL CHANGES

Save as disclosed below, the Directors confirm that as at the Latest Practicable Date, there had been no material change in the financial or trading position or outlook of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Group were made up:

- (a) as disclosed in the first quarterly results announcement of the Company for the three months ended 31 March 2020 dated 6 May 2020, the COVID-19 pandemic has caused uncertainties in the business environment, which are expected to have an impact on the Group's business and also the Group's consolidated results for the year ending 31 December 2020. As at the Latest Practicable Date, the impact of the COVID-19 outbreak on the Group's business is expected to continue for a period of time, but the length of the period and scale of its impact are difficult to predict and depend on the development of the situation;
- (b) as disclosed in the announcement of the Company dated 12 June 2020 (the “**Disposals Announcement**”) and the profit alert announcement of the Company dated 15 July 2020 (the “**Profit Alert Announcement**”), on 12 June 2020, two indirect wholly-owned subsidiaries of the Company (being the vendors), entered into the respective sale and purchase agreements with 科學城(廣州)投資集團有限公司 (Science City (Guangzhou) Investment Group Co. Ltd.*) (being the purchaser), pursuant to which each of the vendors has conditionally agreed to sell, and the purchaser has conditionally agreed to acquire, 90% of the equity interest in each of 廣州創維電子有限公司 (Guangzhou Skyworth Electronics Co., Ltd.*, “**Target A**”) and 廣州創維平面顯示科技有限公司 (Guangzhou Flat Display Technology Co., Ltd.*, “**Target B**”), respectively, at an aggregate cash consideration of RMB1,321.2 million. Completion of the disposal of Target A took place on 23 June 2020 and the gain on disposal in the amount of approximately RMB138 million was recorded in the Group's financial results for the six months ended 30 June 2020, subject to audit. Disposal of Target B is expected to be completed on or before 30 October 2020 and an expected gain of approximately RMB584.50 million will be recorded, subject to audit. Details of which are set out in the Disposals Announcement and in the paragraph headed “Profit Estimate” in the Letter from the Board and in Appendix IV to this Offer Document;
- (c) as disclosed in the Profit Alert Announcement, the Board made a preliminary assessment based on the information then available and announced that the Group expected to record an increase in unaudited consolidated net profit for the six months ended 30 June 2020 of not less than 60% as compared to the corresponding period in 2019 as a result of (1) the Group's continuous efforts in refining operations management, improving control over operating costs and reducing the negative impact of the COVID-19 pandemic to the Group's operations, (2) the profit of approximately RMB138 million recorded from the disposal of equity interest in Target A, and (3) the

value-added tax of approximately RMB286 million (after deducting related expenses) which was refunded pursuant to the latest PRC tax policy. Details of which are set out in the Profit Alert Announcement and in the paragraph headed “Profit Estimate” in the Letter from the Board and in Appendix IV to this Offer Document; and

- (d) as disclosed in the announcement of the Company dated 15 July 2020 (the “**Spin-off Announcement**”), the Company proposed to spin-off and separately list the business of Shenzhen Coocaa Network Technology Company Limited, a non-wholly owned subsidiary of the Company on the Stock Exchange or another stock exchange (including the Shenzhen Stock Exchange), subject to the Company’s review of the market conditions at the time. Details of which are set out in the Spin-off Announcement.

FINANCIAL AND TRADING PROSPECTS

In the past few years, the Group maintained a strong commitment to its development strategy of upgrading through transformation. It has established the general principles of “reform, innovation and development” underlying its operations, which will guide the Group in working towards promoting the transformation in three key areas, namely from manufacturing to modern services, from hardware to software, and from terminal products to smart systems. The Group actively pushed for adjustments to its organisational structure, taking an important step towards reforming relevant mechanisms, which had contributed to a steady growth in the Group’s economic benefits. In 2019, the Group completed the acquisition of a subsidiary engaged in the provision of logistics services, as well as the planning and implementation of specific project for the macro-logistics services operation. The Group also acquired a subsidiary which was engaged in the development and production of security technology systems in order to promote the development of its smart systems and commercial display businesses. In addition, the Group completed the initial reform of its marketing system in order to improve the marketing and promotion function. The Group also continued its focus on promoting innovation-driven development and empowering conventional products with smart systems and technologies. In the past few years, the Group heavily invested in technology research and development, and undertook various key research projects at both national and provincial levels. In 2019, 15 of the Group’s key research projects were accepted following examination and a total of 1,164 patent applications were filed.

In the future, the Group will continue to adhere to its underlying principles of “investment, innovation and reform”; accelerate its investment in new products, new businesses, key projects and overseas operations; step up its efforts in product innovation, management innovation and cultural innovation; as well as advance its reform in human resources and operational systems.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is the unaudited pro forma net assets of the Group per Share as at 31 December 2019 prepared based on the audited consolidated statement of financial position of the Group as at 31 December 2019 stated in the latest published annual report of the Group for the year ended 31 December 2019 reproduced in Appendix II to this Offer Document and adjusted for the impact of the Offer in accordance with Rule 4.29 of the Listing Rules assuming that the Offer had been completed on 31 December 2019 to illustrate the effect of the Offer on the financial position of the Group. As it is prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture, of what the net assets and net assets of the Group per Share shall be on the actual completion of the Offer or any future date.

	Audited net assets of the Group as at 31 December 2019 <i>RMB million</i>	Pro forma adjustment <i>(Note 1)</i> <i>RMB million</i>	Unaudited pro forma adjusted net assets of the Group as at 31 December 2019 <i>RMB million</i>
Non-current assets	<u>14,173</u>		<u>14,173</u>
Current assets *	<u>33,365</u>	(995)	<u>32,370</u>
Current liabilities <i>(Note 2)</i>	<u>25,977</u>		<u>25,977</u>
Net current assets <i>(Note 3)</i>	<u>7,388</u>	(995)	<u>6,393</u>
Non-current liabilities <i>(Note 2)</i>	<u>3,418</u>		<u>3,418</u>
Non-controlling interests	<u>2,151</u>		<u>2,151</u>
Net assets	<u><u>15,992</u></u>	(995)	<u><u>14,997</u></u>
* Including:			
Bank balances and cash	<u><u>4,806</u></u>	(995)	<u><u>3,811</u></u>
	<i>RMB</i>		<i>RMB</i>
Net assets per Share	<u><u>5.22</u></u>		<u><u>5.62</u></u>
	<i>(Note 4)</i>		<i>(Note 5)</i>

Notes:

1. To reflect the consideration payable for the buy-back of 392,800,000 Shares at the offer price of HK\$2.8 per Share payable in cash of HK\$1,099,840,000 (equivalent to approximately RMB985,000,000) and the estimated expenses of RMB10,000,000 directly attributable to the Offer, assuming the Maximum Number of Shares to be repurchased by the Company shall be accepted in full under the Offer. The expenses include legal fees, financial advisory fees and other professional fees, which are incurred for an equity transaction and are accounted for as a reduction from equity.

For the purposes of the consideration payable from the Offer, the amount denominated in HK\$ has been converted into RMB at an exchange rate of HK\$1 to RMB0.89578, which is the rate as of the Latest Practicable Date. No representation is made that the HK\$ amounts have been, could have been or may be converted to RMB, at that rate or at all.

2. The Offer will not have any impact on the liabilities of the Group.
3. The working capital (expressed as net current assets) as at 31 December 2019 would decrease from approximately RMB7,388,000,000 to approximately RMB6,393,000,000.
4. The audited net assets of the Group per Share immediately before the completion of the Offer is calculated based on the audited net assets of the Group attributable to owners of the Company as at 31 December 2019 of RMB15,992,000,000 and 3,060,929,420 Shares in issue as at 31 December 2019.
5. The unaudited pro forma adjusted net assets of the Group immediately following the completion of the Offer per Share is calculated based on the unaudited pro forma adjusted net assets of the Group attributable to owners of the Company as at 31 December 2019 of RMB14,997,000,000 and 2,668,129,420 Shares in issue following the completion of the Offer, which is 3,060,929,420 Shares in issue (immediately before the completion of the Offer as detailed above), reduced by 392,800,000 Shares bought back assuming that there is full acceptance of the Offer up to the Maximum Number of Shares.

The following unaudited pro forma adjusted earnings per Share of the Group for the year ended 31 December 2019 is prepared based on the audited consolidated profit attributable to owners of the Company for the year ended 31 December 2019 as shown in the annual report of the Group for the year ended 31 December 2019 reproduced on page II-1 of this Offer Document, and adjusted for the effect of the Offer as if the completion of the Offer had taken place at the beginning of the year ended 31 December 2019.

It has been prepared in accordance with Rule 4.29 of the Listing Rules assuming that the Offer had been completed on 1 January 2019 to illustrate the effect of the Offer on the earnings per Share of the Group for the year ended 31 December 2019. As it is prepared for illustrative purpose only and because of its hypothetical nature, it may not give a true picture, of what the earnings per Share of the Group shall be on the actual completion of the Offer or any future period.

	For the year ended 31 December 2019	
	(Audited)	(Unaudited pro forma adjusted)
	<i>(Note (a))</i>	<i>(Note (b))</i>
Earnings per Share (expressed in RMB cents)		
– basic	<u>24.61</u>	<u>28.27</u>
– diluted	<u>24.52</u>	<u>28.16</u>

Notes:

- (a) The audited basic and diluted earnings per Share of the Group for the year ended 31 December 2019 is calculated based on the audited consolidated profit attributable to owners of the Company for the year ended 31 December 2019 of RMB747,000,000 and RMB745,000,000 and the weighted average number of ordinary shares of 3,035,576,545 and 3,038,789,440 used in the calculation of basic and diluted earnings per Share for the year ended 31 December 2019, respectively.
- (b) The unaudited pro forma adjusted basic and diluted earnings per Share of the Group for the year ended 31 December 2019 is calculated based on the audited consolidated profit attributable to owners of the Company for the year ended 31 December 2019 of RMB747,000,000 for the purpose of basic earnings per Share and RMB745,000,000 for the purpose of diluted earnings per Share and the adjusted number of 2,642,776,545 and 2,645,989,440 pro forma weighted average number of ordinary shares used in the calculation of basic and diluted earnings per Share, respectively, which is the weighted average number of ordinary shares of 3,035,576,545 and 3,038,789,440 used in the calculation of basic and diluted earnings per Share for the year ended 31 December 2019, each reduced by 392,800,000 Shares bought back as if the completion of the Offer had taken place at 1 January 2019 and that there is full acceptance of the Offer up to the Maximum Number of Shares.

Based on the above and having considered the funding of the Offer, the Company considers that there are no material adverse effect on the Group's net assets per Share, earnings per Share, liabilities and working capital as a result of the Offer.

**B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

The following is the text of the independent reporting accountants' assurance report received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this Offer Document.

Deloitte.**德勤****INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****To the Directors of Skyworth Group Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Skyworth Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma net assets of the Group as at 31 December 2019 and the unaudited pro forma adjusted earnings per share of the Group for the year ended 31 December 2019 and related notes as set out on pages III-1 to III-3 of the offer document issued by the Company dated 27 July 2020 (the "Offer Document"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages III-1 to III-3 of the Offer Document.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed conditional cash offer by DBS Asia Capital Limited on behalf of the Company to repurchase up to 392,800,000 shares of the Company for HK\$2.8 per share of the Company (the "Offer") on the Group's financial position as at 31 December 2019 and the Group's earnings per share for the year ended 31 December 2019 as if the Offer had taken place at 31 December 2019 and 1 January 2019 respectively. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the year ended 31 December 2019, on which an auditor's report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the relevant requirements under the Code on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2019 or 1 January 2019 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and

- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
27 July 2020

**A. UNAUDITED FINANCIAL INFORMATION AND ESTIMATED GAIN SET OUT IN
THE ANNOUNCEMENT OF THE COMPANY DATED 12 JUNE 2020**

Reference is made to the announcement of Skyworth Group Limited (the “**Company**”, together with its subsidiaries collectively referred to as the “**Group**”) dated 12 June 2020 (the “**12 June Announcement**”) in relation to the disposals of 90% equity interests in 廣州創維電子有限公司 (Guangzhou Skyworth Electronics Co., Ltd.) (“**Target A**”) and 廣州創維平面顯示科技 有限公司 (Guangzhou Flat Display Technology Co., Ltd.) (“**Target B**”) respectively (collectively the “**Disposals**”).

As set out in the 12 June Announcement, based on (i) the unaudited net asset value of Target A in the management accounts as at 31 May 2020 of approximately RMB490.73 million; and (ii) the unaudited net asset value of Target B in the management accounts as at 31 May 2020 of approximately RMB243.27 million (after taking into account the segregation of assets and liabilities pursuant to the provisions of the related sale and purchase agreement dated 12 June 2020); and (iii) the consideration under the respective sale and purchase agreements, it is expected that the Company will record a gain of approximately RMB138.03 million and RMB584.50 million in respect of the respective disposal of Target A and Target B, subject to audit. Subsequently, the disposal of Target A was completed on 23 June 2020 (the “**Completion Date**”) and the gain on disposal in the amount of approximately RMB138 million was recognised in the Group’s results for the six months ended 30 June 2020, subject to audit or review by the Company’s auditors (please also make reference to the announcement of the Company dated 15 July 2020 in relation to the positive profit alert of the Group’s results for the six months ended 30 June 2020 (the “**Positive Profit Alert Announcement**”). The disposal of Target B is expected to be completed on or before 30 October 2020.

The above estimated gains are for illustrative purpose only and the actual outcome may be different upon completion of the Disposals and completion of audit. The estimated gains on the Disposals was prepared on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the published annual report of the Company for the year ended 31 December 2019, with the bases including the following:

Bases

The estimate gains relating to the Disposals are calculated based on the following:

- (i) the total consideration of the respective Disposals pursuant to the relevant sale and purchase agreements;
- (ii) the current tax regulations of the People’s Republic of China (the “**PRC**”) and the availability of the unused tax losses in estimating the attributable taxes arising from the Disposals;

In respect of the disposal of Target A:

- (iii) the unaudited net asset value as at the Completion Date derived from the unaudited management accounts of Target A for the period from 1 January 2020 to 23 June 2020;
- (iv) the fair value of the remaining 10% equity interest of Target A on the Completion Date as determined by the directors of the Company;

In respect of the disposal of Target B:

- (v) the unaudited net asset value as at 31 May 2020 derived from the unaudited management accounts of Target B for the five months ended 31 May 2020, after segregated all its assets and liabilities other than those agreed to be retained under the sale and purchase agreement;
- (vi) the estimated transaction-related costs to be borne by the Group, which is based on fee quotations from independent service providers and assuming that there will be no material change between the fee quotations and actual costs upon completion of the disposal; and
- (vii) the fair value of the remaining 10% equity interest of Target B as at 31 May 2020 as determined by the directors of the Company.

(a) The unaudited financial information and the estimated gain on disposal of 90% equity interests in Target A

The estimated gain on disposal of 90% equity interests in Target A:

	<i>RMB million</i>
Consideration	574.20
<i>Less:</i> Unaudited net asset value of Target A as at the Completion Date	(490.80)
<i>Less:</i> Tax attributable to the share transfer of Target A	(9.24)
<i>Add:</i> Fair value of the remaining 10% equity interest of Target A recognised as an investment in equity instrument immediately after the completion of the disposal of 90% equity interests in Target A as determined by the directors of the Company with reference to the consideration	63.80
	137.96

APPENDIX IV PROFIT ESTIMATE AND LETTERS FROM THE REPORTING ACCOUNTANTS
AND THE INDEPENDENT FINANCIAL ADVISER ON PROFIT ESTIMATE

As the conditions precedent in relation to the disposal of Target A as disclosed in the 12 June Announcement have been fulfilled on 23 June 2020, the disposal was completed and the corresponding estimated gain of approximately RMB137.96 million was recognised in the Group's profit or loss for the six months ended 30 June 2020, subject to audit or review by the Company's auditors.

(b) The unaudited financial information and the estimated gain on disposal of 90% equity interests in Target B

The estimated gain on disposal of 90% equity interests in Target B:

	<i>RMB million</i>
Consideration	747.00
<i>Less:</i> Unaudited net asset value of Target B as at 31 May 2020 after segregated all its assets and liabilities other than those agreed to be retained under the agreement	(243.27)
<i>Less:</i> Tax attributable to the share transfer of Target B	(0.37)
<i>Less:</i> Estimated transaction-related costs to be borne by the Group	(1.86)
<i>Add:</i> Fair value of the remaining 10% equity interest of Target B to be recognised as investment in equity instrument immediately after the completion of the disposal of 90% equity interest of Target B as determined by the directors of the Company based on the fair value of Target B as at 31 May 2020 with reference to the consideration	<u>83.00</u>
	<u><u>584.50</u></u>

As the conditions precedent in relation to the disposal of Target B as disclosed in the 12 June Announcement have not been fulfilled up to the Latest Practicable Date, the corresponding estimated gain of approximately RMB584.50 million may be different upon completion of the relevant disposal and is expected to be recognised in the Group's profit or loss in the second half of 2020, subject to audit.

**B. POSITIVE PROFIT ALERT RELATING TO THE GROUP'S RESULTS ESTIMATE
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

On 15 July 2020, the Company issued the Positive Profit Alert Announcement stating that based on a preliminary review of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2020, the Company is expected to record an increase in unaudited consolidated net profit for the six months ended 30 June 2020 of not less than 60% as compared to the six months ended 30 June 2019. The increase is a result of (1) the Group's continuous efforts in refining operations management, improving control over operating costs and reducing the negative impact of COVID-19 pandemic to the Group's operations, (2) the profit of approximately RMB138 million on disposal of equity interest in Target A, and (3) the value-added tax of approximately RMB286 million (after deducting related expenses) which was refunded pursuant to the latest tax policy in the PRC.

The unaudited consolidated management accounts of the Group for the six months ended 30 June 2020 was prepared on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the published annual report of the Company for the year ended 31 December 2019, with the basis and assumptions including the following:

- (i) there were no material changes in existing political, legal, fiscal, social or economic conditions in Hong Kong, the PRC and the overseas countries where the Group carries its operation;
- (ii) there were no material changes in legislation or regulations in Hong Kong, the PRC and overseas countries materially affecting the businesses carried on by the Group;
- (iii) there were no material changes in interest rates and exchange rates from those currently prevailing;
- (iv) there were no wars, military incidents, pandemic diseases (other than COVID-19), or natural disasters that would have a material impact on the Group's businesses and operating activities;
- (v) there were no material changes in the bases or rates of tax applicable to the activities of the Group or in the bases or rates of custom duties or levies in the territories in which the Group carries on businesses; and
- (vi) there were no exceptional nor unforeseeable circumstances that will require a material provision to be made by the Group in respect of any contingent liability, litigations, legal proceedings or arbitration threatened or otherwise, abnormal bad debts, incomplete contracts or other unexpected losses.

The following is the text of the letter received from Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, for the purpose of incorporation in this Offer Document.

Deloitte.

德勤

27 July 2020

The Directors
Skyworth Group Limited
Room 1601-04 Westlands Centre
20 Westlands Road
Quarry Bay
Hong Kong

Dear Sirs,

Skyworth Group Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”)

UNAUDITED FINANCIAL INFORMATION AND THE ESTIMATED GAIN ON DISPOSAL RELATING TO EACH OF THE 90% EQUITY INTERESTS IN 廣州創維電子有限公司 (GUANGZHOU SKYWORTH ELECTRONICS CO., LTD.) (“TARGET A”), AND 廣州創維平面顯示科技有限公司 (GUANGZHOU FLAT DISPLAY TECHNOLOGY CO., LTD.) (“TARGET B”), AND RESULTS ESTIMATE FOR THE SIX MONTHS ENDED 30 JUNE 2020 (COLLECTIVELY REFERRED TO AS THE “PROFIT ESTIMATE”)

We refer to the unaudited financial information and the estimated gain on disposal relating to each of the 90% equity interests in Target A and Target B, which is set forth in the section headed “A. Unaudited financial information and estimated gain set out in the announcement of the Company dated 12 June 2020” on pages IV-1 to IV-3 of Appendix IV to the offer document in connection with the conditional cash offer by DBS Asia Capital Limited on behalf of the Company to buy-back up to 392,800,000 shares at HK\$2.80 per share and application for whitewash waiver (the “Offer Document”). We also refer to the results estimate statement, which is set forth in section headed “B. Positive profit alert relating to the Group’s results estimate for the six months ended 30 June 2020” on page IV-4 of Appendix IV to the Offer Document, which contains an estimate of the unaudited consolidated net profit of the Group attributable to owners of the Company for the six months ended 30 June 2020, as extracted below:

**APPENDIX IV PROFIT ESTIMATE AND LETTERS FROM THE REPORTING ACCOUNTANTS
AND THE INDEPENDENT FINANCIAL ADVISER ON PROFIT ESTIMATE**

“On 15 July 2020, the Company issued the Positive Profit Alert Announcement stating that based on a preliminary review of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2020, the Company is expected to record an increase in unaudited consolidated net profit for the six months ended 30 June 2020 of not less than 60% as compared to the six months ended 30 June 2019.”

We have been advised by the directors of the Company that (i) the unaudited financial information and the estimated gain on disposal relating to each of the 90% equity interests in Target A and Target B have been prepared based on the unaudited management accounts of Target A for the period from 1 January 2020 to 23 June 2020, and the unaudited management accounts of Target B for the five months ended 31 May 2020, respectively, and (ii) the results estimate for the six months ended 30 June 2020 has been prepared based on the unaudited consolidated management accounts of the Group for the six months ended 30 June 2020. The aforesaid unaudited management accounts of Target A, Target B and the Group had been prepared on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the audited annual consolidated financial statements of the Group for the year ended 31 December 2019.

The Profit Estimate is prepared by the directors of the Company and constitutes profit forecasts under Rule 10 of the Code on Takeovers and Mergers issued by the Securities and Futures Commission.

Directors’ Responsibilities

The Profit Estimate has been prepared by the directors of the Company based on the unaudited management accounts of Target A for the period from 1 January 2020 to 23 June 2020, the unaudited management accounts of Target B for the five months ended 31 May 2020, and the unaudited consolidated management accounts of the Group for the six months ended 30 June 2020.

The Company’s directors are solely responsible for the Profit Estimate.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

APPENDIX IV PROFIT ESTIMATE AND LETTERS FROM THE REPORTING ACCOUNTANTS
AND THE INDEPENDENT FINANCIAL ADVISER ON PROFIT ESTIMATE

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to express an opinion on the accounting policies and calculations of the Profit Estimate of the Group based on our procedures.

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 “Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness” and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the HKICPA. Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company’s directors have properly compiled the Profit Estimate in accordance with the bases and assumptions adopted by the directors and as to whether the Profit Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases and assumptions adopted by the directors of the Company as set out on pages IV-1 to IV-4 of the Offer Document and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the audited annual consolidated financial statements of the Group for the year ended 31 December 2019.

Yours faithfully,

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

APPENDIX IV PROFIT ESTIMATE AND LETTERS FROM THE REPORTING ACCOUNTANTS
AND THE INDEPENDENT FINANCIAL ADVISER ON PROFIT ESTIMATE

The following is the full text of a report on the Profit Estimate received from Caitong International Capital, the Independent Financial Adviser, for the purpose of incorporation into this Offer Document.



Caitong International Capital Co., Limited
Unit 4811, 48/F, COSCO Tower
183 Queen's Road Central
Hong Kong

27 July 2020

The board of directors
Skyworth Group Limited
Room 1601-04 Westlands Centre
20 Westlands Road
Quarry Bay
Hong Kong

Dear Sirs,

**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
AND
APPLICATION FOR WHITEWASH WAIVER**

We refer to the Offer Document to the Shareholders dated 27 July 2020 relating to the Offer and the Whitewash Waiver, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Offer Document unless the context requires otherwise.

References are made to (i) the announcement of the Company dated 12 June 2020 in relation to the disposals of 90% equity interests in two subsidiaries of the Company, namely 廣州創維電子有限公司 (Guangzhou Skyworth Electronics Co., Ltd.*) (the “**Target A**”) and 廣州創維平面顯示科技有限公司 (Guangzhou Flat Display Technology Co., Ltd.*) (the “**Target B**”) respectively and the expected gains mentioned therein in respect of such disposals (the “**12 June Announcement**”); (ii) the positive profit alert announcement of the Company dated 15 July 2020 regarding the expected increase in unaudited consolidated net profit for the six months ended 30 June 2020 as compared to the corresponding period in 2019 (the “**Profit Alert Announcement**”); and (iii) the relevant financial information contained in the Appendix IV as set out in the Offer Document.

APPENDIX IV PROFIT ESTIMATE AND LETTERS FROM THE REPORTING ACCOUNTANTS
AND THE INDEPENDENT FINANCIAL ADVISER ON PROFIT ESTIMATE

The (i) unaudited financial information and the estimated gains on disposals relating to each of the 90% equity interests in Target A and Target B, which is set forth in the section headed “A. Unaudited financial information and estimated gain set out in the announcement of the Company dated 12 June 2020” in Appendix IV to the Offer Document; and (ii) profit estimate statement (the “**Profit Alert**”) which is set forth in the section headed “B. Positive profit alert relating to the Group’s results estimate for the six months ended 30 June 2020” in Appendix IV to the Offer Document ((i) and (ii) collectively, the “**Profit Estimate**”) constitute profit forecasts under Rule 10 of the Takeovers Code and are therefore required to be reported on pursuant to Rule 10 of the Takeovers Code. We have discussed with the management of the Company (i) the bases and assumptions and reviewed the calculations of the respective estimated gains on disposals of the Target A and the Target B; and (ii) the bases and assumptions upon which the Profit Alert was prepared, details of the above are set out in Appendix IV to the Offer Document.

The Company’s auditors, Deloitte Touche Tohmatsu, conducted the engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 “Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness” and with reference to Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” issued by the Hong Kong Institute of Certified Public Accountants. In this regard, we have also considered the letter dated 27 July 2020 issued by Deloitte Touche Tohmatsu to you (the text of which is set out in Appendix IV to the Offer Document) and which stated that so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases and assumptions adopted by the Directors as set out on pages IV-1 to IV-4 of the Offer Document, and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in the audited annual consolidated financial statements of the Group for the year ended 31 December 2019.

Based on the above, we are satisfied that the Profit Estimate, for which the Directors are solely responsible, has been made with due care and consideration.

**APPENDIX IV PROFIT ESTIMATE AND LETTERS FROM THE REPORTING ACCOUNTANTS
AND THE INDEPENDENT FINANCIAL ADVISER ON PROFIT ESTIMATE**

Shareholders should however note that the actual amount of gain on disposal of Target A is subject to audit and the actual amount of gain on disposal of Target B is subject to the carrying amount of Target B on its completion date of disposal and audit. Accordingly, the actual amounts of gains on disposals of Target A and Target B may be different from the amounts as set forth in the section headed “A. Unaudited financial information and estimated gain set out in the announcement of the Company dated 12 June 2020” in Appendix IV to the Offer Document. Besides, we have noted that as at the date of the Profit Alert Announcement, the Company is in the process of finalising the consolidated financial statements of the Group for the six months ended 30 June 2020 and it could not ascertain the results with certainty. The Profit Alert was made based on a preliminary assessment by the Board with reference to the information then available.

This letter is provided to the Company solely for the purpose of complying with Rule 10 of the Takeovers Code. Except for its inclusion in the Offer Document, this letter may not be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

Yours faithfully,
For and on behalf of
Caitong International Capital Co., Limited

Michael Lam
Chief Executive Officer

* *For identification purposes only*

The following is the full text of the letter, summary of values and valuation reports, prepared for the purpose of incorporation in this circular received from ValQuest Advisory (Hong Kong) Limited, an independent valuer, in connection with the valuations of the property interests of Skyworth Group Limited and/or its subsidiaries as of 30 June 2020.

ValQuest Advisory (Hong Kong) Limited

Unit 706, 7/F
Podium Plaza,
5 Hanoi Road, Tsim Sha Tsui, Kowloon,
Hong Kong SAR
Tel: +852 2180 6460
www.valquestadvl.com



27 July 2020

The Board of Directors**Skyworth Group Limited**

Room 1601-04, 16th Floor
Westlands Centre
No. 20 Westlands Road
Quarry Bay
Hong Kong

Re: Valuations of property interests located in the Mainland China, Hong Kong, Indonesia, South Africa, Ukraine and Denmark

Instructions, purpose and valuation date

We refer to the instructions from Skyworth Group Limited (the “**Company**”) to value all the property interest held by the Company and/or its subsidiaries (hereinafter together referred to as the “**Group**”) located in the aforesaid locations (as more particularly described in the attached valuation reports), we confirm that we have carried out physical site inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the property interests as of 30 June 2020 (the “**Valuation Date**”).

Basis of value

The property interests were valued on the basis of “market value” which is defined under The HKIS Valuation Standards 2017 published by The Hong Kong Institute of Surveyors (HKIS) as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion”.

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction), and without offset for any associated taxes or potential taxes.

Market value is also the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

We confirm that the valuations and reports were undertaken in accordance with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; The HKIS Valuation Standards 2017 (effective from 30 December 2017) published by HKIS; The RICS Valuation – Global Standards incorporating the IVSC International Valuation Standards (effective from 31 January 2020) published by the Royal Institution of Chartered Surveyors; and Rule 11 of the Code on Takeovers and Mergers published by the Securities and Futures commission.

The outbreak of COVID-19, declared by the World Health Organisation as a “Global Pandemic” on 11 March 2020 has affected global financial markets. Our valuations are reported on the basis of ‘material valuation uncertainty’ as per “VPS3 Valuation Reports” and “VPGA10 Matters that may give Rise to Material Valuation Uncertainty” of the RICS Valuation – Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to our valuations than would normally be the case. Given the unknown future impact that COVID-19 might have on the real estate markets, we recommend the instructing party keep the valuations of the property interests under frequent review.

**General valuation
assumptions**

In the course of our valuations, we have assumed that transferrable land use rights or land title have been granted to the properties with nominal annual land use fees or ground rents, and that all requisite land premium has been fully settled. The owner(s) of the properties possesses legal and enforceable title to the properties, and has free and uninterrupted rights to use, occupy or assign the properties for the whole of the unexpired land tenure.

We have further assumed that all consents, approvals and licenses from the relevant government authorities for the development of the properties have been obtained, and that the design, construction and occupation of the properties are in compliance with the local planning regulations and have been approved by the relevant authorities. In addition, for those properties which were either (partly) under construction or vacant sites as of the Valuation Date, we have assumed that these properties would be developed and constructed in accordance with the approved development schemes by the relevant government authorities and provided to us by the Group.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the properties or any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

Valuation methodologies

We have valued the property interests in Groups I, III, IV, VII and VIII and IX (except for those specified below) using either the direct comparison method by making reference to comparable sales evidences available in the local market, and with adjustments to reflect the differences between the subject property and the comparables in terms of various factors such as transaction timing, location, floor level and view etc. and with consideration of the outstanding construction costs to complete the development for those properties which were under development as of the Valuation Date.

In valuing the property interests in Groups II and V which are held by the Group in Mainland China and Hong Kong for investment purpose, we have valued the properties using the income capitalisation method by capitalising the rental income of the property interests (based on the tenancy schedules handed to us by the Group) and have made provisions for the properties' reversionary income potential. We have also made reference to comparable sales evidence as available in the market where applicable.

For the remaining properties in Group I (i.e., property nos. 1, 10, 34, 37 and 38) and Group VI, due to the specific nature of the buildings and structures of these properties which there is no readily identifiable market comparable sale or rental data, we have valued these property interests using the depreciated replacement cost method.

Depreciated replacement cost is defined as "the current cost of replacing an asset with its modern equivalent asset less deduction for physical deterioration and all relevant forms of obsolescence and optimization." It is based on an estimate of the market value of the land in its existing use, plus the current cost of replacement of the improvements less allowance for physical deterioration and all relevant forms of obsolescence and optimisation. In arriving at the values of the land portion, reference has been made to the sales evidence as available in the subject localities. The depreciated replacement cost of the properties is subject to adequate potential profitability of the business.

Source of information

We have relied to a considerable extent on the information provided by the Group in respect of the properties, and have accepted advice on such matters as identification of the properties, land use rights and land tenure, site areas, floor areas, year of completion, occupancy status, tenancy details, planning approvals, statutory notices, easements, development schemes, construction costs and all other relevant matters.

We have had no reason to doubt the truth and accuracy of the information furnished to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

Title investigation

We have caused land searches to be made at the Hong Kong Land Registry for the Hong Kong properties valued, and have been provided by the Group with extracts of title documents relating to the property interests in Mainland China, Indonesia, South Africa, Ukraine and Denmark. However, we have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us by the Group. In the course of our valuation, we have relied on the information given by the Group and the legal opinion of its legal advisers concerning the title and other legal matters relating to the properties in the relevant locations:

- Han Kun Law Offices (dated 23 July 2020) for properties located in Mainland China;
- Assegaf Hamzah & Partners (dated 30 June 2020) for the property located in Indonesia;
- Bowman Gilfillan Inc. (dated 30 June 2020) for the property located in South Africa; and
- Arzinger Law Firm (dated 25 June 2020) for the property located in Ukraine.

Site inspection

We have inspected the exterior and, where possible, the interior of the properties. During the course of our inspections, we noted that the properties appeared to be in a generally reasonable state of repair commensurate with their ages and uses. However, no structural survey has been made, but in the course of our inspections, we did not note any serious defects. We are, however, unable to report whether the properties are free of rot, infestation or any other structural defects. No tests were carried out on any of the services.

We have not carried out detailed on-site measurements to verify the correctness of the site areas in respect of the properties but have assumed that the site areas shown on the documents and/or official plans handed to us by the Group are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations.

Currency & exchange rates

Unless otherwise stated, all monetary sums stated in this report are in Renminbi (RMB). The exchange rates adopted in our valuations are approximately Renminbi Yuan (RMB)1 =

- Hong Kong Dollar (HK\$) 1.09;
- Indonesian Rupiah (IDR) 2,050;
- South African Rand (ZAR) 2.45;
- Ukraine Hryvnia (UAH) 3.72; and
- Danish Krone (DKK) 0.94

which were approximately the prevailing exchange rates as of the Valuation Date.

Remarks

According to the information provided by the Group, for those property interests in Hong Kong (Groups IV and V), South Africa (Group VII), and Denmark (Group IX), the taxes arising from transfer of property interests are mainly stamp taxes which are normally borne by the purchasers.

For property interests in Mainland China (Groups I to III), the potential tax liabilities to property owners upon disposal of property interests mainly include land appreciation tax (at progressive rates from 30% to 60% depending on the appreciation amount) and the corporate income tax (at 25% on the gain).

For property interests in Indonesia (Group VI) and Ukraine (Group VIII), the property owners would need to bear corporate income tax (at 2.5% of selling price for Indonesia; and 5% (local entities or legal person) and 18% (foreign entities or person) for Ukraine) upon disposal of the property interests.

**Confirmation of
independence**

We hereby confirm that ValQuest Advisory (Hong Kong) Limited and the undersigned have no pecuniary or other interests that would conflict with the proper valuations of the properties or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion. We confirm that we are an independent qualified valuer as referred to Rule 5.08 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited; and Note to Rule 11 of the Code on Takeovers and Mergers.

Our valuations are summarised below and the valuation reports are attached.

Yours faithfully,
for and on behalf of
ValQuest Advisory (Hong Kong) Limited
Norris Z. Y. Nie
MCIREA MRICS MHKIS
Managing Director

Note: Mr. Norris Nie is a member of the China Institute of Real Estate Appraiser, a member of The Royal Institution of Chartered Surveyors and a member of the Hong Kong Institute of Surveyors. He has over 22 years of experience in the professional property valuation and advisory services in the Mainland China, Hong Kong and other overseas countries.

SUMMARY OF VALUES

Group I – Property interests held by the Group for self-occupation in Mainland China

No.	Property	Market value in existing state as of 30 June 2020 RMB	Interest attributable to the Group	Market value in existing state as of 30 June 2020 attributable to the Group RMB
1.	Portion of an industrial facility located at No. 539 Tengfei Second Road Southwest Airport Economic Development Zone Shuangliu County Chengdu City Sichuan Province The People's Republic of China	24,500,000	100%	24,500,000
2.	Units 2001 to 2008 of Level 20 Block 2 of Tower 1 No. 229 Dong Street Zhiquan Section Jinjiang District Chengdu City Sichuan Province The People's Republic of China	13,600,000	100%	13,600,000
3.	A proposed commercial development located at East of Yongle Road Shizi Town Quanjiao County Chuzhou City Anhui Province The People's Republic of China	19,300,000	100%	19,300,000
4.	Portion of Skyworth Semiconductor Design Tower located at Hi-tech South Forth Road Nanshan District Shenzhen City Guangdong Province The People's Republic of China	No commercial value	100%	Nil

No.	Property	Market value in existing state as of 30 June 2020 RMB	Interest attributable to the Group	Market value in existing state as of 30 June 2020 attributable to the Group RMB
5.	Skyworth Overseas Development Tower located in Qianhai Shenzhen-Hongkong Cooperation Zone Nanshan District Shenzhen City Guangdong Province The People's Republic of China	1,881,000,000	100%	1,881,000,000
6.	Phases 1 and 3 of a proposed industrial facility located at East of Fengle Avenue and west of Wei Fifth Road Shizi Town Quanjiao County Chuzhou City Anhui Province The People's Republic of China	287,400,000	100%	287,400,000
7.	Unit 05 on Level 6 and Unit 06 on Level 7 No. 82 of No. 1 Cuizhu Street Zhengzhou Hi-tech Industries Development Zone Zhengzhou City Henan Province The People's Republic of China	7,290,000	100%	7,290,000
8.	Unit 0506 of Block 3 Qicheng Dushi Apartment Junction of Changsheng Street and Dayun Road Taiyuan Development Zone Taiyuan City Shanxi Province The People's Republic of China	No commercial value	100%	Nil

No.	Property	Market value in existing state as of 30 June 2020 RMB	Interest attributable to the Group	Market value in existing state as of 30 June 2020 attributable to the Group RMB
9.	A development site located at Yuanjing Second Road Saihan District Huhhot City Inner Mongolia The People's Republic of China	695,100,000	100%	695,100,000
10.	Portion of an industrial facility located at No. 96 Binhuai Avenue Lishui Economic Development Zone Lishui District Nanjing City Jiangsu Province The People's Republic of China	622,500,000	71%	441,975,000
11.	An industrial facility located at West of Chuangxin Middle Road and north of Yangguang Avenue Shaerqin Industrial Zone Saihan District Huhhot City Inner Mongolia The People's Republic of China	No commercial value	100%	Nil
12.	Unit 203 of Block A and Unit 301 of Block D of South Tower and Unit 201 of Block B and Unit 501 of Block F of North Tower Changchun Dushi Haoting Linqun Road Xinzhan District Hefei City Anhui Province The People's Republic of China	7,110,000	100%	7,110,000

APPENDIX V
PROPERTY VALUATION REPORT

No.	Property	Market value in existing state as of 30 June 2020 RMB	Interest attributable to the Group	Market value in existing state as of 30 June 2020 attributable to the Group RMB
13.	Unit 605 of Block No. 9 No. 67 Chaoyang Road Chaoyang District Beijing The People's Republic of China	9,670,000	100%	9,670,000
14.	Units 408, 410, 412 to 419 and 421 No. 18 Yannan Road Lanzhou Hi-Tech Industry Development Zone Chengguan District Lanzhou City Gansu Province The People's Republic of China	8,750,000	100%	8,750,000
15.	Rooms 806 and 808 of Main Building No. 111 Kexue Avenue Guangzhou Hi-Tech Industry Development Zone Huangpu District Guangzhou City Guangdong Province The People's Republic of China	4,080,000	100%	4,080,000
16.	Various units of Block 61 Songping Village Nanshan District Shenzhen City Guangdong Province The People's Republic of China	No commercial value	100%	Nil
17.	Portion of Skyworth Tower located at South of Shennan Avenue Nanshan District Shenzhen City Guangdong Province The People's Republic of China	No commercial value	100%	Nil

APPENDIX V
PROPERTY VALUATION REPORT

No.	Property	Market value in existing state as of 30 June 2020 RMB	Interest attributable to the Group	Market value in existing state as of 30 June 2020 attributable to the Group RMB
18.	Various units of Block 4 of east zone Huangmugang Futian District Shenzhen City Guangdong Province The People's Republic of China	No commercial value	100%	Nil
19.	Various office units of Qunsheng Millennium Plaza East of Chengxin Road Guanshanhu District Guiyang City Guizhou Province The People's Republic of China	2,170,000	100%	2,170,000
20.	Various units of Block A Hongguanshangwu No. 245 Tianshan Avenue High-tech Zone Shijiazhuang City Hebei Province The People's Republic of China	No commercial value	100%	Nil
21.	Units 514 and 628 of Block A Fangyuan-chuangshi No. 105 Zijingshan South Road Guancheng Huizu District Zhengzhou City Henan Province The People's Republic of China	4,110,000	100%	4,110,000
22.	Various units of Block 71 No. 508 Xinyang Road Daoli District Harbin City Heilongjiang Province The People's Republic of China	7,560,000	100%	7,560,000

APPENDIX V**PROPERTY VALUATION REPORT**

No.	Property	Market value in existing state as of 30 June 2020 RMB	Interest attributable to the Group	Market value in existing state as of 30 June 2020 attributable to the Group RMB
23.	Units 1 to 24 on Level 4 of SOHO Block B Gemdale Megr City No. 1335 Renhe Road Hongshan District Wuhan City Hubei Province The People's Republic of China	18,200,000	100%	18,200,000
24.	Various office units on Level 10 of Dongyi Shiqu Commercial Building No. 38 Renmin East Road Yuhua District Changsha City Hunan Province The People's Republic of China	6,980,000	100%	6,980,000
25.	Various units of Huaerzi Building No. 150 Xi'an Avenue Luyuan District Changchun City Jilin Province The People's Republic of China	5,590,000	100%	5,590,000
26.	Units 322 and 323 No. 186-1 Jiangdong Middle Road Jianye District Nanjing City Jiangsu Province The People's Republic of China	8,630,000	100%	8,630,000
27.	Various units of Block 1 No. 22 Beihai Street Dadong District Shenyang City Liaoning Province The People's Republic of China	7,720,000	100%	7,720,000

APPENDIX V**PROPERTY VALUATION REPORT**

No.	Property	Market value in existing state as of 30 June 2020 RMB	Interest attributable to the Group	Market value in existing state as of 30 June 2020 attributable to the Group RMB
28.	Unit 08 on Level 11 Office tower of Haiwei Plaza No. 101 Huayuan Road Licheng District Jinan City Shandong Province The People's Republic of China	3,050,000	100%	3,050,000
29.	Various office units on Level 8 of Wangjing International Building located at east of Weiyang Road and south of Changqing First Road Weiyang District Xi'an City Shaanxi Province The People's Republic of China	11,300,000	100%	11,300,000
30.	Units 1001 and 1006 on Level 10 Block 1 of No. 2 Xipu Road Hedong District Tianjin The People's Republic of China	7,110,000	100%	7,110,000
31.	Levels 1 and 2 No. 64 Baishihang Xiacheng District Hangzhou City Zhejiang Province The People's Republic of China	9,590,000	100%	9,590,000
32.	Level 3 CITIC Bank Tower No. 3 Honghuang Road Jiangbei District Chongqing The People's Republic of China	12,500,000	100%	12,500,000

APPENDIX V
PROPERTY VALUATION REPORT

No.	Property	Market value in existing state as of 30 June 2020 RMB	Interest attributable to the Group	Market value in existing state as of 30 June 2020 attributable to the Group RMB
33.	Portion of Skyworth Digital Tower Songbai Road Shiyan Street Bao'an District Shenzhen City Guangdong Province The People's Republic of China	164,000,000	57%	93,480,000
34.	Portion of an industrial facility located at No. 36 Feilong Road National Economic and Technology Development Zone Suining City Sichuan Province The People's Republic of China	20,400,000	100%	20,400,000
35.	Units 1401 and 1402 on Level 14 Block 2 of Tower 18 Xinzhong Street Dongcheng District Beijing The People's Republic of China	10,300,000	100%	10,300,000
36.	Various units of Block A of Tower 1 West zone of Phase 3 Nansongping Village Baoshen Road Nanshan District Shenzhen City Guangdong Province The People's Republic of China	No commercial value	100%	Nil
37.	Portion of an industrial facility located at No. 100 of Zone 1 of Economic Development Zone Yichun City Jiangxi Province The People's Republic of China	157,500,000	100%	157,500,000

APPENDIX V
PROPERTY VALUATION REPORT

No.	Property	Market value in existing state as of 30 June 2020 RMB	Interest attributable to the Group	Market value in existing state as of 30 June 2020 attributable to the Group RMB
38.	Portion of an industrial facility located at No. 88 Binhuai Avenue Lishui Economic Development Zone Lishui District Nanjing City Jiangsu Province The People's Republic of China	349,400,000	100%	349,400,000
39.	An industrial facility located in Chuangke Industrial Park Baolong Industrial City Longgang District Shenzhen City Guangdong Province The People's Republic of China	No commercial value	100%	Nil
40.	Units 401 and 415 of Block 8A North and Units 301 to 304 of Block 3D No. 88 Xihu East Road Houqiao Street Xishan District Wuxi City Jiangsu Province The People's Republic of China	3,250,000	100%	3,250,000
41.	Portion of Skyworth Technology Industrial Park Shiyan Street Bao'an District Shenzhen City Guangdong Province The People's Republic of China	No commercial value	100%	Nil
Sub-total:		<u>4,389,660,000</u>		<u>4,138,615,000</u>

Group II – Property interests held by the Group for investment in Mainland China

No.	Property	Market value in existing state as of 30 June 2020 RMB	Interest attributable to the Group	Market value in existing state as of 30 June 2020 attributable to the Group RMB
42.	Portion of an industrial facility located at No. 539 Tengfei Second Road Southwest Airport Economic Development Zone Shuangliu County Chengdu City Sichuan Province The People's Republic of China	21,600,000	100%	21,600,000
43.	Portion of Skyworth Semiconductor Design Tower located at Hi-tech South Forth Road Nanshan District Shenzhen City Guangdong Province The People's Republic of China	No commercial value	100%	Nil
44.	Units 10622, 10623 and 10624 Block 1 of Tower 7 No. 19 Fengcheng First Road Xi'an Economic and Technological Development Zone Xi'an City Shaanxi Province The People's Republic of China	2,020,000	100%	2,020,000
45.	Portion of an industrial facility located at No. 96 Binhuai Avenue Lishui Economic Development Zone Lishui District Nanjing City Jiangsu Province The People's Republic of China	94,600,000	71%	67,166,000

APPENDIX V
PROPERTY VALUATION REPORT

No.	Property	Market value in existing state as of 30 June 2020 RMB	Interest attributable to the Group	Market value in existing state as of 30 June 2020 attributable to the Group RMB
46.	Portion of Skyworth Tower located at South of Shennan Avenue Nanshan District Shenzhen City Guangdong Province The People's Republic of China	No commercial value	100%	Nil
47.	Units 701, 702, 703 and 803 Ouzhou Garden East of Xudong Village Hongshan District Wuhan City Hubei Province The People's Republic of China	13,000,000	100%	13,000,000
48.	Unit A of Level 5 South tower of Dormitory No. 11 Bagualing Mall Futian District Shenzhen City Guangdong Province The People's Republic of China	55,500,000	100%	55,500,000
49.	Various units in Shencai Court No. 5007 Huanggang Road Futian District Shenzhen City Guangdong Province The People's Republic of China	29,000,000	100%	29,000,000
50.	Portion of Skyworth Digital Tower Songbai Road Shiyan Street Bao'an District Shenzhen City Guangdong Province The People's Republic of China	327,500,000	57%	186,675,000

No.	Property	Market value in existing state as of 30 June 2020 RMB	Interest attributable to the Group	Market value in existing state as of 30 June 2020 attributable to the Group RMB
51.	Portion of an industrial facility located at No. 36 Feilong Road National Economic and Technology Development Zone Suining City Sichuan Province The People's Republic of China	109,500,000	100%	109,500,000
52.	Unit 202, Block 7 Huamao Court Meihua Road Futian District Shenzhen City Guangdong Province The People's Republic of China	4,870,000	100%	4,870,000
53.	Various dormitories located at West of Huanggang Road and south of Beihuan Road Futian District Shenzhen City Guangdong Province The People's Republic of China	263,500,000	100%	263,500,000
54.	Portion of an industrial facility located at No. 100 of Zone 1 of Economic Development Zone Yichun City Jiangxi Province The People's Republic of China	42,300,000	100%	42,300,000

No.	Property	Market value in existing state as of 30 June 2020 RMB	Interest attributable to the Group	Market value in existing state as of 30 June 2020 attributable to the Group RMB
55.	Portion of Skyworth Technology Industrial Park Shiyan Street Bao'an District Shenzhen City Guangdong Province The People's Republic of China	No commercial value	100%	Nil
56.	Portion of an industrial facility located at No. 88 Binhuai Avenue Lishui Economic Development Zone Lishui District Nanjing City Jiangsu Province The People's Republic of China	75,800,000	100%	75,800,000
Sub-total:		<u><u>1,039,190,000</u></u>		<u><u>870,931,000</u></u>

Group III – Property interests held by the Group for sale in Mainland China

No.	Property	Market value in existing state as of 30 June 2020 RMB	Interest attributable to the Group	Market value in existing state as of 30 June 2020 attributable to the Group RMB
57.	Various units in Blocks 1 to 3 Chuangwei Jiayuan No. 10 Zhongxing West Road Lishui Economic Development Zone Lishui District Nanjing City Jiangsu Province The People's Republic of China	7,870,000	100%	7,870,000
58.	An industrial facility located at No. 99 Kaida Road Guangzhou Science City Huangpu District Guangzhou City Guangdong Province The People's Republic of China	1,086,000,000	100%	1,086,000,000
59.	Hongyuefu located at North of Tuanshan West Road and West of Qunli Avenue Lishui Economic Development Zone Lishui District Nanjing City Jiangsu Province The People's Republic of China	1,201,000,000	100%	1,201,000,000
60.	Unsold portion of Lehuocheng located at No. 26 Tuanshan West Road Lishui Economic Development Zone Lishui District Nanjing City Jiangsu Province The People's Republic of China	199,500,000	100%	199,500,000

APPENDIX V

PROPERTY VALUATION REPORT

No.	Property	Market value in existing state as of 30 June 2020 RMB	Interest attributable to the Group	Market value in existing state as of 30 June 2020 attributable to the Group RMB
61.	Skyworth Smart Society located at East of Zhaolong Road and South of Qingquan Road Zhuangshi Street Zhenhai District Ningbo City Zhejiang Province The People's Republic of China	1,364,000,000	100%	1,364,000,000
62.	Skyworth Shuangzhi Shuangchuang Industrial Park located at East of Zhaolong Road and South of Planned First Road Zhuangshi Street Zhenhai District Ningbo City Zhejiang Province The People's Republic of China	279,600,000	100%	279,600,000
63.	Phases 1 and 2 of Chuangwei Jingyuan No. 29 Jingfa Avenue Economic Development Zone Yichun City Jiangxi Province The People's Republic of China	374,500,000	100%	374,500,000
64.	Qilinhua Town located at East of Yongle Road and West of Tongle Road Quanjiao County Chuzhou City Anhui Province The People's Republic of China	1,282,000,000	100%	1,282,000,000
Sub-total:		<u><u>5,794,470,000</u></u>		<u><u>5,794,470,000</u></u>

Group IV – Property interest held by the Group for self-occupation in Hong Kong

No.	Property	Market value in existing state as of 30 June 2020 RMB	Interest attributable to the Group	Market value in existing state as of 30 June 2020 attributable to the Group RMB
65.	Unit 1 on 5th Floor, Units 1 to 4 on 16th Floor, Units 5 to 6 on 17th Floor and Lorry Parking Space No. L19 on 1/F Westlands Centre No. 20 Westlands Road Quarry Bay Hong Kong	131,100,000	100%	131,100,000
	Sub-total:	131,100,000		131,100,000

Group V – Property interest held by the Group for investment in Hong Kong

No.	Property	Market value in existing state as of 30 June 2020 RMB	Interest attributable to the Group	Market value in existing state as of 30 June 2020 attributable to the Group RMB
66.	Units 5 to 6 on 15th Floor Westlands Centre No. 20 Westlands Road Quarry Bay Hong Kong	36,700,000	100%	36,700,000
	Sub-total:	36,700,000		36,700,000

Group VI – Property interest held by the Group for self-occupation in Indonesia

No.	Property	Market value in existing state as of 30 June 2020 <i>RMB</i>	Interest attributable to the Group	Market value in existing state as of 30 June 2020 attributable to the Group <i>RMB</i>
67.	An industrial facility located at EJIP Industrial Park Plot 5G Jalan Citanduy Raya Desa Sukaresmi Kecamatan Cikarang Selatan Kabupaten Bekasi Jawa Barat Indonesia	122,100,000	44%	53,724,000
Sub-total:		<u><u>122,100,000</u></u>		<u><u>53,724,000</u></u>

Group VII – Property interest held by the Group for self-occupation in South Africa

No.	Property	Market value in existing state as of 30 June 2020 <i>RMB</i>	Interest attributable to the Group	Market value in existing state as of 30 June 2020 attributable to the Group <i>RMB</i>
68.	Erf 295 Faerie Glen Extension 1 Township 513 Arkansas Street Pretoria Faerie Glen Extension 1 Province of Gauteng Republic of South Africa	1,160,000	100%	1,160,000
Sub-total:		<u><u>1,160,000</u></u>		<u><u>1,160,000</u></u>

Group VIII – Property interest held by the Group for self-occupation in Ukraine

No.	Property	Market value in existing state as of 30 June 2020 RMB	Interest attributable to the Group	Market value in existing state as of 30 June 2020 attributable to the Group RMB
69.	Portion of No. 8 Adama Mitskevicha Street Pervomaisky micro-district Kyiv Ukraine	10,800,000	44%	4,752,000
Sub-total:		<u>10,800,000</u>		<u>4,752,000</u>

Group IX – Property interest held by the Group for self-occupation in Denmark

No.	Property	Market value in existing state as of 30 June 2020 RMB	Interest attributable to the Group	Market value in existing state as of 30 June 2020 attributable to the Group RMB
70.	Jellingvej 26 9230 Svenstrup J Himmerland Aalborg Municipality Denmark	8,720,000	44%	3,836,800
Sub-total:		<u>8,720,000</u>		<u>3,836,800</u>
Grand total:		<u>11,533,900,000</u>		<u>11,035,288,800</u>

VALUATION REPORT

Group I – Property interests held by the Group for self-occupation in Mainland China

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
1. Portion of an industrial facility located at No. 539 Tengfei Second Road Southwest Airport Economic Development Zone Shuangliu County Chengdu City Sichuan Province The People's Republic of China	<p>The property comprises the self-use portion of an industrial facility with a site area of approximately 139,910.04 square metres, on which were erected various buildings and structures which were completed in various stages between 2010 and 2012.</p> <p>The buildings mainly comprise workshops, warehouses, ancillary office, dormitories and canteen.</p> <p>The total gross floor area of the property is approximately 88,573.13 square meters, in which the total gross floor area of the self-use portion is approximately 47,062.56 square metres.</p> <p>The land use rights of the property were granted for a term of 20 years commencing on 27 February 2020 and expiring on 26 February 2040 for industrial use.</p>	<p>Portion of the property with a gross floor area of 21,737.17 square metres is subject to various intra-group leases for various terms with the latest expiry date being 19 May 2022 at a total monthly rent of RMB275,531 inclusive of management fees and other charges.</p> <p>The remaining portion of the property is currently owner-occupied for production, ancillary office and dormitory purposes.</p>	<p>24,500,000</p> <p><i>(100% interest attributable to the Group: RMB24,500,000)</i></p>

Notes:–

- (1) Pursuant to a State-owned Land Use Rights Certificate – Chuan (2020) Shuang Liu Qu Bu Dong Chan Quan Zheng Di No. 0005894 issued by the Planning and Natural Resources Bureau of Chengdu dated 3 March 2020, the land use rights of the property were granted to Chengdu Skyworth Electrical Appliance Limited (“CDSW”) for a term of 20 years commencing on 27 February 2020 and expiring on 26 February 2040 for industrial use.
- (2) The land use rights of the entire property were acquired by CDSW on 6 February 2020 at a consideration of RMB46,799,917 pursuant to a State-owned Land Use Rights Grant Contract – 510116-2020-C-002 (Shuang) entered into between the Planning and Natural Resources Bureau of Shuangliu District, Chengdu and CDSW.
- (3) CDSW is a wholly-owned subsidiary of the Company.

- (4) We have attributed no commercial value to the buildings of the property with a total gross floor area of 47,062.56 square metres as they are yet to be granted with proper title certificates. For reference purpose, the value of these buildings (excluding the land, on a 100% basis) would be RMB88,800,000 had they been granted with all relevant title certificates.
- (5) The property was inspected by Wang Ya-Jun, a valuer with 4 years of real estate valuation experience on 2 July 2020.
- (6) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
- a. CDSW possesses the legal title of the land portion of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - b. As confirmed by CDSW, they are in the process of applying the requisite title certificates for those buildings mentioned in Note 4, and there is no material impediment for CDSW to complete the relevant title registration procedures and to obtain the relevant title certificates;
 - c. The use of the property complies with the relevant laws and regulations, and has not contravened with the relevant contracts; and
 - d. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
2. Units 2001 to 2008 of Level 20 Block 2 of Tower 1 No. 229 Dong Street Zhiquan Section Jinjiang District Chengdu City Sichuan Province The People's Republic of China	<p>The property comprises eight office units on Level 20 of a 35-storey office building (plus 3 basement levels) which was completed in about 2009.</p> <p>The total gross floor area of the property is approximately 957.64 square meters.</p> <p>The land use rights of the property were granted for a term expiring on 16 March 2046 for other commercial and services uses.</p>	The property is currently owner-occupied for office purpose.	13,600,000 <i>(100% interest attributable to the Group: RMB13,600,000)</i>

Notes:–

- (1) Pursuant to eight State-owned Land Use Rights Certificates – Jin Guo Yong (2015) Di Nos. 504024, 504026, 504027, 504029, 504030, 504031, 504034 and 504035 issued by the City Rural Real Estate Administration Bureau of Chengdu all dated 28 May 2015, the land use rights of the property were granted to CDSW for a term expiring on 16 March 2046 for other commercial and services uses.
- (2) Pursuant to eight Building Ownership Certificates – Cheng Fang Quan Zheng Jian Zheng Zi Di Nos. 4435922, 4435923, 4435925, 4435928, 4435942, 4435944, 4435945 and 4435946 issued by the City Rural Real Estate Administration Bureau of Chengdu all dated 27 May 2015, the building ownership rights of the property with a total gross floor area of 957.64 square meters are legally vested in CDSW.
- (3) The property was inspected by Wang Ya-jun, a valuer with 4 years of real estate valuation experience on 2 July 2020.
- (4) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
 - a. CDSW possesses the legal title of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights and building ownership rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - b. The use of the property complies with the relevant laws and regulations, and has not contravened with the relevant contracts; and
 - c. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
3. A proposed commercial development located at East of Yongle Road Shizi Town Quanjiao County Chuzhou City Anhui Province The People's Republic of China	<p>The property comprises the proposed 21-storey (plus a basement level) commercial building with a site area of approximately 12,192 square metres.</p> <p>The total planned gross floor area of the property is approximately 47,617 square meters.</p> <p>The land use rights of the property were granted for a term of 40 years commencing on 20 May 2019 and expiring on 19 May 2059 for commercial use.</p>	The property is currently under construction and is expected to complete by January 2021.	<p>19,300,000</p> <p><i>(100% interest attributable to the Group: RMB19,300,000)</i></p>

Notes:–

- (1) Pursuant to a State-owned Land Use Rights Certificate – Wan (2019) Quan Jiao Xian Bu Dong Chan Quan Di No. 0012643 issued by the Natural Resources and Planning Bureau of Quanjiao dated 10 October 2019, the land use rights of the property were granted to Chuzhou Skyworth Hotel Management Limited (“CZHM”) for a term of 40 years commencing on 20 May 2019 and expiring on 19 May 2059 for commercial use.
- (2) The land use rights of the property were acquired by CZHM on 20 May 2019 at a consideration of RMB8,200,000 pursuant to a Confirmation of Acquisition of State-owned Land Use Rights issued by the Natural Resources and Planning Bureau of Quanjiao.
- (3) Pursuant to a Construction Land Use Planning Permit, Di Zi Di No. 341124201900040 issued by the Natural Resources and Planning Bureau of Quanjiao dated 22 July 2019, the proposed land use for the subject site with a site area of 12,192 square metres was approved.
- (4) Pursuant to a Construction Project Planning Permit, No. 2019106 issued by the Natural Resources and Planning Bureau of Quanjiao dated 30 October 2019, the proposed development of the property with a total planned gross floor area of 47,617 square metres was approved.
- (5) Pursuant to a Construction Works Commencement Permit, No. 3411241912190003-SX-001 issued by the Housing and City Rural Development Bureau of Quanjiao dated 19 January 2020, the construction of the property with a total planned gross floor area of 47,617 square metres was approved.

- (6) Pursuant to a Construction Works Fire Services Installations Design Review Opinion – Quan Jian She Shen Zi (2020) Di No. 0002 issued by the Housing and City Rural Development Bureau of Quanjiao dated 9 January 2020, the design of the fire services installations of the property was approved.
- (7) As advised by the Group, the total budgeted construction cost for the property was approximately RMB389,000,000, of which an amount of approximately RMB371,100,000 was outstanding as of the Valuation Date.
- (8) For reference purpose, the value of the property (on a 100% basis) assuming completion as of the Valuation Date would be RMB247,600,000.
- (9) CZHM is a wholly-owned subsidiary of the Company.
- (10) The property was inspected by Qiu Ling-feng, a valuer with 2 years of real estate valuation experience on 2 July 2020.
- (11) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
 - a. CZHM possesses the legal title of the land portion of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - b. The aforesaid approvals and permits are effective, and have not been rescinded, amended or repealed; and
 - c. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
4. Portion of Skyworth Semiconductor Design Tower located at Hi-tech South Forth Road Nanshan District Shenzhen City Guangdong Province The People's Republic of China	<p>The property comprises the self-use portion of a 24-storey office and commercial composite building (plus 3 basement levels) which was completed in about 2013, with a site area of approximately 17,025.5 square metres.</p> <p>The total gross floor area of the subject building is approximately 124,961.56 square meters (including basements), in which the total gross floor area of the self-use portion is approximately 48,633.58 square metres.</p> <p>The land use rights of the property were granted for a term of 50 years commencing on 25 June 2007 and expiring on 24 June 2057 for office and commercial uses.</p>	<p>Portion of the property with a gross floor area of 9,075.08 square metres is currently subject to an intra-group lease for a term of 19 years commencing on 1 May 2020 and expiring on 30 April 2039 at a monthly rent of RMB1,127,010 exclusive of management fees and other charges.</p> <p>The remaining portion of the property is currently owner-occupied for office and commercial purposes.</p>	<p>No commercial value</p> <p><i>(100% interest attributable to the Group: Nil)</i></p>

Notes:–

- (1) Pursuant to a Real Estate Title Certificate – Shen Fang Di Zi Di No. 4000518992 issued by the Real Estate Title Registration Centre of Shenzhen dated 6 January 2012, the land use rights of the property were granted to Skyworth Semi-conductor (Shenzhen) Limited (“SWSC”) for a term of 50 years commencing on 25 June 2007 and expiring on 24 June 2057 for office and commercial uses. According to the aforesaid title certificate, the property could not be transferred.
- (2) SWSC is a wholly-owned subsidiary of the Company.
- (3) We have attributed no commercial value to the property as the subject development is not entitled to be transferred in accordance with the relevant title documents. For reference purpose, the value of the property (i.e., the self-use portion, including land and buildings, on a 100% basis) would be RMB526,400,000 on the basis of discounting the expected rental income (assuming the property is leased out) from the Valuation Date to the land use rights expiry date of the property.

- (4) The property was inspected by Wu Jian-teng, a valuer with 10 years of real estate valuation experience on 24 June 2020.
- (5) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
- a. SWSC possesses the legal title of the land portion of the property;
 - b. As advised by the Company, as the land portion of the property has been mortgaged previously (and has been rescinded recently), and that the contractor of the subject building has not provided all requisite information for filing to the local Real Estate Bureau (which is one of the key procedures for applying the title certificates); SWSC has been unable to obtain the proper title certificates for the subject building. On the basis that SWSC completes the certifications for completion for the subject building and passes all checking and approvals by the relevant government authorities, there would be no legal impediment for SWSC to obtain the requisite title certificates for the subject building. As confirmed by the company, they will pursue to apply for all the requisite approvals and certifications;
 - c. The use of the land portion of the property complies with the relevant laws and regulations, and has not contravened with the relevant contracts; and
 - d. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
5. Skyworth Overseas Development Tower located in Qianhai Shenzhen-Hongkong Cooperation Zone Nanshan District Shenzhen City Guangdong Province The People's Republic of China	<p>The property comprises the proposed 26-storey office and commercial composite building with a site area of approximately 12,495.87 square metres.</p> <p>The total planned gross floor area of the property is approximately 99,166.14 square meters.</p> <p>The land use rights of the property were granted for a term of 40 years commencing on 5 December 2016 and expiring on 4 December 2056 for commercial use.</p>	The property is currently under construction and is expected to complete by May 2022.	1,881,000,000 <i>(100% interest attributable to the Group: RMB1,881,000,000)</i>

Notes:-

- (1) Pursuant to a State-owned Land Use Rights Certificate – Yue (2018) Shen Zhen Shi Bu Dong Chan Quan Di No. 0034765 issued by the Real Estate Title Registration Centre of Shenzhen dated 8 February 2018, the land use rights of the property were granted to Skyworth Group Limited (“SGL”) for a term of 40 years commencing on 5 December 2016 and expiring on 4 December 2056 for commercial use.
- (2) The land use rights of the property were acquired by SGL on 5 December 2016 at a consideration of RMB1,670,000,000 pursuant to a State-owned Land Use Rights Grant Contract – Shen Qian Hai Di He Zi (2016) No. 008 entered into between the Qianhai Shenzhen – Hong Kong Modern Service Industry Cooperation Zone of Shenzhen Administration Bureau and SGL. According to the aforesaid contract, the land use nature of the property is commodity property. The office portion of the property could not be transferred within 10 years from the date of obtaining the relevant certificate of completion, and could only be transferred as a whole thereafter. For the upper-ground and lower-ground commercial portions, they could only be transferred as a whole upon completion.
- (3) Pursuant to a Construction Land Use Planning Permit, Shen Qian Hai Xu QH-2017-0003 issued by the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone of Shenzhen Administration Bureau dated 22 May 2017, the proposed land use for the subject site with a site area of 12,495.9 square metres was approved.
- (4) Pursuant to a Construction Project Planning Permit, Shen Qian Hai Jian Xu Zi No. QH-201909925 issued by the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone of Shenzhen Administration Bureau dated 13 August 2019, the proposed development of the property with a total planned gross floor area of 99,214.81 square metres was approved.

- (5) Pursuant to a Construction Works Commencement Permit, Shen Qian Hai Shi Xu Zi No. QH-2020-0006 issued by the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone of Shenzhen Administration Bureau dated 21 February 2020, the construction of the property with a total planned gross floor area of 99,166.14 square metres was approved.
- (6) As advised by the Group, the total budgeted construction cost for the property was approximately RMB721,400,000, of which an amount of approximately RMB558,200,000 was outstanding as of the Valuation Date.
- (7) For reference purpose, the value of the property (on a 100% basis) assuming completion as of the Valuation Date would be RMB4,092,000,000.
- (8) SGL is a wholly-owned subsidiary of the Company.
- (9) The property was inspected by Wu Jian-teng, a valuer with 10 years of real estate valuation experience on 24 June 2020.
- (10) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
 - a. SGL possesses the legal title of the land portion of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - b. The aforesaid approvals and permits are effective, and have not been rescinded, amended or repealed; and
 - c. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
6. Phases 1 and 3 of a proposed industrial facility located at East of Fenge Avenue and west of Wei Fifth Road Shizi Town Quanjiao County Chuzhou City Anhui Province The People's Republic of China	<p>The property comprises Phases 1 and 3 of a proposed industrial facility erected on five parcels of development site with a total site area of approximately 615,298 square metres.</p> <p>The total planned gross floor area of Phase 1 of the property is approximately 278,079 square metres.</p> <p>The land use rights of Phase 1 of the property were granted for a term of 50 years commencing on 17 October 2018 and expiring on 16 October 2068 for industrial use.</p>	<p>Phase 1 of the property is currently under construction and is expected to complete by July 2020.</p> <p>Phase 3 of the property is currently vacant land pending for development.</p>	<p>287,400,000</p> <p><i>(100% interest attributable to the Group: RMB287,400,000)</i></p>

Notes:–

- (1) The land use rights of Phase 1 of the property were acquired by Skyworth Group Smart Electrical Appliance Limited (“SWAI”) on 17 October 2018 at a consideration of RMB30,272,000 pursuant to a Confirmation of Acquisition of State-owned Land Use Rights issued by the State-land Resources and Real Estate Administration Bureau of Quanjiao.
- (2) The land use rights of Phase 3 of the property were acquired by SWAI on 29 January 2020 at a total consideration of RMB21,412,000 pursuant to four Confirmation of Acquisition of State-owned Land Use Rights issued by the State-land Resources and Real Estate Administration Bureau of Quanjiao.
- (3) Pursuant to a State-owned Land Use Rights Certificate – Wan (2018) Quan Jiao Xian Bu Dong Chan Quan Di No. 0015346 issued by the State-land Resources and Real Estate Administration Bureau dated 29 December 2018, the land use rights of Phase 1 of the property were granted to SWAI for a term of 50 years commencing on 17 October 2018 and expiring on 16 October 2068 for industrial use.
- (4) Pursuant to a Construction Land Use Planning Permit, Di Zi Di No. 341124201800053 issued by the City Rural Planning and Development Bureau of Quanjiao dated 12 November 2008, the proposed land use for Phase 1 of the property with a site area of 360,379 square metres was approved.

- (5) Pursuant to five Construction Project Planning Permits, Nos. 2018084, 2019019, 2019037, 2019091 and 2019103 issued by the City Rural Planning and Development Bureau of Quanjiao dated between 27 December 2018 and 14 November 2019, the proposed development of Phase 1 of the property with a total planned gross floor area of 269,973 square metres was approved.
- (6) Pursuant to five Construction Works Commencement Permits, 3411241812050101-SX-002, 3411241812050101-SX-004, 3411241812050101-SX-005, 3411241812050101-SX-006 and 3411241812050101-SX-007 issued by the Housing and City Rural Development Bureau of Quanjiao dated between 7 March 2019 and 1 November 2019, the construction of Phase 1 of the property with a total planned gross floor area of 269,779 square metres was approved.
- (7) As advised by the Group, the total budgeted construction cost for Phase 1 of the property was approximately RMB540,000,000, of which an amount of approximately RMB273,800,000 was outstanding as of the Valuation Date.
- (8) SWAI is a wholly-owned subsidiary of the Company.
- (9) The property was inspected by Qiu Ling-feng, a valuer with 2 years of real estate valuation experience on 2 July 2020.
- (10) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
 - a. SWAI possesses the legal title of the land portion of Phase 1 of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights of Phase 1 of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - b. All land premium for Phases 1 and 3 of the property has been fully settled;
 - c. The aforesaid approvals and permits are effective, and have not been rescinded, amended or repealed; and
 - d. Phase 1 of the property is subject to a mortgage in favour of the Industrial and Commercial Bank of China Quanjiao Branch for a term commencing on 5 September 2019 and expiring on 4 September 2022 with a maximum loan amount of RMB300,000,000. Other than the aforesaid mortgage, the property is not subject to any other guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
7. Unit 05 on Level 6 and Unit 06 on Level 7 No. 82 of No. 1 Cuizhu Street Zhengzhou Hi-tech Industries Development Zone Zhengzhou City Henan Province The People's Republic of China	<p>The property comprises two units on Levels 6 and 7 of a 12-storey research and development centre which was completed in about 2012.</p> <p>The total gross floor area of the property is approximately 910.78 square meters.</p> <p>The land use rights of the property were granted for a term expiring on 25 November 2051 for research and development uses.</p>	The property is currently owner-occupied for office purpose.	7,290,000 <i>(100% interest attributable to the Group: RMB7,290,000)</i>

Notes:-

- (1) Pursuant to two Building Ownership Certificates – Zheng Fang Quan Zheng Zi Di Nos. 1401115864 and 1401115867 issued by the Real Estate Administration Bureau of Zhengzhou Hi-tech Industries Development Zone all dated 28 May 2014, the building ownership rights of the property with a total gross floor area of 910.78 square meters are legally vested in Henan Hui Min Cheng Electrical Appliance Limited (“HNHM”).
- (2) HNHM is a wholly-owned subsidiary of the Company.
- (3) The property was inspected by Zhang Qian, a valuer with 5 years of real estate valuation experience on 3 July 2020.
- (4) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
 - a. HNHM possesses the legal title of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights and building ownership rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - b. The use of the property complies with the relevant laws and regulations, and has not contravened with the relevant contracts; and
 - c. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
8. Unit 0506 of Block 3 Qicheng Dushi Apartment Junction of Changsheng Street and Dayun Road Taiyuan Development Zone Taiyuan City Shanxi Province The People's Republic of China	<p>The property comprises an apartment on Level 5 of a 13-storey commercial and residential composite building which was completed in about 2012.</p> <p>The gross floor area of the property is approximately 214.45 square meters.</p> <p>The land use rights of the property were granted for a term of 40 years commencing on 29 April 2010 and expiring on 28 April 2050 for commercial use.</p>	The property is currently vacant.	<p>No commercial value</p> <p><i>(100% interest attributable to the Group: Nil)</i></p>

Notes:–

- (1) Pursuant to a Sale and Purchase Agreement entered into between HNHM and 太原錫和物貿有限公司 dated 23 May 2013, HNHM acquired the land use rights and building ownership rights of the property with a gross floor area of 214.45 square metres at a total consideration of RMB1,200,000.
- (2) We have attributed no commercial value to the property as it is yet to be granted with proper title certificate. For reference purpose, the value of the property (on a 100% basis) would be RMB1,970,000 had it been granted with all relevant title certificate.
- (3) The property was inspected by Xu Hui-ling, a valuer with 3 years of real estate valuation experience on 2 July 2020.
- (4) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
 - a. As confirmed by HNHM, they are in the process of applying the requisite title certificate for the property, and there is no material impediment for HNHM to complete the relevant title registration procedures and to obtain the relevant title certificate; and
 - b. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
9. A development site located at Yuanjing Second Road Saihan District Huhhot City Inner Mongolia The People's Republic of China	The property comprises an existing industrial facility with a site area of approximately 119,847.60 square metres, and has just been converted into a development site for residential use.	The property is currently an industrial facility but will soon be demolished for redevelopment.	695,100,000 <i>(100% interest attributable to the Group: RMB695,100,000)</i>

Notes:–

- (1) Pursuant to a State-owned Land Use Rights Grant Contract, C-20201-LY entered into between the Natural Resources Bureau of Huhhot City and Huhehaote City Skyworth Construction Development Limited (“HHSW”) dated 6 January 2020, the subject site of the property with a site area of 119,847.60 square metres was permitted to convert from industrial use into residential use with a maximum permissible plot ratio of 2.0x, and payment of additional land premium of RMB673,321,557 has been settled.
- (2) HHSW is a wholly-owned subsidiary of the Company.
- (3) The property was inspected by Xu Hui-ling, a valuer with 4 years of real estate valuation experience on 1 July 2020.
- (4) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
 - a. The land premium for the land use conversion of the property has been fully settled; and
 - b. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
10. Portion of an industrial facility located at No. 96 Binhuai Avenue Lishui Economic Development Zone Lishui District Nanjing City Jiangsu Province The People's Republic of China	<p>The property comprises the self-use portion of an industrial facility with a total site area of approximately 324,200.81 square metres, on which were erected various buildings and structures which were completed in about 2014.</p> <p>The buildings mainly comprise workshops, research and development centre, warehouse, dormitories and canteen.</p> <p>The total gross floor area of the completed portion of the subject property is approximately 225,981.22 square meters, in which the total gross floor area of the self-use portion is approximately 196,174.47 square metres.</p> <p>The land use rights of the property were granted for various terms with the latest expiry date being 10 August 2067 for industrial use.</p>	<p>Portion of the property with a gross floor area of 500 square metres is subject to an intra-group lease for a term expiring on December 2020 at a monthly rent of RMB15,000 inclusive of management fees but exclusive of other charges.</p> <p>The remaining portion of the property is currently owner-occupied for production, research and development, and dormitory purposes.</p> <p>Portion of the property is under construction and is expected to complete by August 2020.</p>	<p>622,500,000</p> <p><i>(71% interest attributable to the Group: RMB441,975,000)</i></p>

Notes:–

- (1) Pursuant to two Real Estate Title Certificates issued by the Planning and Natural Resources Bureau of Nanjing, the land use rights and building ownership rights of the property (i.e., the subject development) are legally vested in Nanjing Skyworth Household Electrical Appliance Limited (“NJSW”) with details as follows:

Certificate Nos.	Issue date	Site area (sqm)	Gross floor area (sqm)	Land use rights expiry date
Su (2018) Ning Li Bu Dong Chan Quan Di No. 0009808	26 June 2018	197,056.80	184,509.43	19 February 2064
Su (2018) Ning Li Bu Dong Chan Quan Di No. 0003498	9 April 2020	127,144.01	41,471.79	19 February 2064
Total		<u>324,200.81</u>	<u>225,981.22</u>	

- (2) Pursuant to a Construction Works Commencement Permit, No. 320124201907091101 issued by the Administration Approval Bureau of Lishui dated 9 July 2019, the proposed development of the property with a total planned gross floor area of 49,769.6 square metres was approved.
- (3) As advised by the Group, the total budgeted construction cost of portion of the property (as mentioned in Note 2 above) was approximately RMB120,000,000, of which an amount of approximately RMB32,100,000 was outstanding as of the Valuation Date. However, we have not included the relevant costs incurred our valuation result since the construction-in-progress has not been granted with the requisite Construction Land Use Planning Permit and the Construction Project Planning Permit.
- (4) NJSW is a 71% interest-owned subsidiary of the Company.
- (5) The property was inspected by Qiu Ling-feng, a valuer with 2 years of real estate valuation experience on 3 July 2020.
- (6) We have been provided with a legal opinion on the property prepared by the Company’s PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
- NJSW possesses the legal title of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights and building ownership rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - The use of the property complies with the relevant laws and regulations, and has not contravened with the relevant contracts; and
 - The property is subject to a mortgage in favour of Skyworth Group Financial Limited (“SWFI”, a wholly-owned subsidiary of the Company) for a term commencing on 3 April 2019 and expiring on 3 April 2021. Other than the aforesaid mortgage, the property is not subject to any other guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
11. An industrial facility located at West of Chuangxin Middle Road and north of Yangguang Avenue Shaerqin Industrial Zone Saihan District Huhhot City Inner Mongolia The People's Republic of China	<p>The property comprises a proposed industrial facility with a site area of approximately 113,375 square metres.</p> <p>The total planned gross floor area of the property is approximately 82,136.18 square meters.</p> <p>The land use rights of the property were granted for a term of 50 years commencing on 7 August 2019 and expiring on 6 August 2069 for industrial use.</p>	The property is currently under construction and is expected to complete by October 2020.	No commercial value <i>(100% interest attributable to the Group: Nil)</i>

Notes:-

- (1) The land use rights of the property were acquired by Inner Mongolia Skyworth Smart Technology Limited ("SWNM") on 6 August 2019 at a consideration of RMB24,999,188 pursuant to a State-owned Land Use Rights Grant Contract – TZGT-2019-14 entered into between the Natural Resources Bureau of Tumote Zuoqi and SWNM.
- (2) Pursuant to a Construction Land Use Planning Permit – Di Zi Di No. 150121062019006 issued by the Natural Resources Bureau of Tumote Zuoqi dated 6 December 2019, the proposed land use for the subject site with a site area of 113,375 square metres was approved.
- (3) As advised by the Group, the total budgeted construction cost of the property was approximately RMB274,300,000, of which an amount of approximately RMB219,300,000 was outstanding as of the Valuation Date.
- (4) SWNM is a wholly-owned subsidiary of the Company.
- (5) We have attributed no commercial value to the property as the land premium for the subject site has not yet been settled in full. For reference purpose, the value of the property (including the land and the construction works thereon, on a 100% basis) would be RMB79,900,000 had all requisite land premium has been settled, and that all relevant title certificates and/or construction approvals have been obtained.
- (6) The property was inspected by Xu Hui-ling, a valuer with 3 years of real estate valuation experience on 1 July 2020.

- (7) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
- a. The aforesaid permit is effective, and has not been rescinded, amended or repealed; and
 - b. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
12. Unit 203 of Block A and Unit 301 of Block D of South Tower and Unit 201 of Block B and Unit 501 of Block F of North Tower	The property comprises four office units on Levels 2, 3 and 5 within various 18-storey office towers of the subject development which was completed in about 2002.	The property is currently owner-occupied for office purpose.	7,110,000 <i>(100% interest attributable to the Group: RMB7,110,000)</i>
Changchun Dushi Haoting Linquan Road Xinzhan District Hefei City	The total gross floor area of the property is approximately 683.45 square meters.		
Anhui Province The People's Republic of China	The land use rights of the property were granted for a term expiring on 1 May 2052 for commercial and residential uses.		

Notes:–

- (1) Pursuant to four State-owned Land Use Rights Certificates – He Guo Yong (2010) Di Xin Zhan 2130, 2131, 2132 and 2133 issued by the State-land Resources Bureau of Hefei all dated 22 March 2010, the land use rights of the property were granted to Shenzhen Chuangwei-RGB Electronics Co. Ltd (“**RGB**”) for a term expiring on 1 May 2052 for commercial and residential uses.
- (2) Pursuant to four Building Ownership Certificates – Fang Di Quan Zheng He Chan Zi Di Nos. 110038667, 110038669, 110038670 and 110038671 issued by the Real Estate Title Administration Department of Hefei all dated 3 March 2010, the land use rights and building ownership rights of the property with a total gross floor area of 683.45 square meters are legally vested in RGB.
- (3) RGB is a wholly-owned subsidiary of the Company.
- (4) The property was inspected by Qiu Ling-feng, a valuer with 2 years of real estate valuation experience on 1 July 2020.
- (5) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
 - a. RGB possesses the legal title of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights and building ownership rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - b. The use of the property complies with the relevant laws and regulations, and has not contravened with the relevant contracts; and
 - c. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
13. Unit 605 of Block No. 9 No. 67 Chaoyang Road Chaoyang District Beijing The People's Republic of China	<p>The property comprises a residential unit on Level 6 of a 12-storey residential building which was completed in about 2006.</p> <p>The gross floor area of the property is approximately 445.79 square meters.</p> <p>The land use rights of the property were granted for a term of 70 years commencing on 20 May 2004 and expiring on 19 May 2074 for residential use.</p>	The property is currently owner-occupied for office purpose.	9,670,000 <i>(100% interest attributable to the Group: RMB9,670,000)</i>

Notes:–

- (1) Pursuant to a Building Ownership Certificate – X Jing Fang Quan Zheng Chao Qi Zi Di No. 587468 issued by the Real Estate Administration Bureau of Chaoyang District, Beijing dated 21 July 2008, the land use rights and building ownership rights of the property with a gross floor area of 445.79 square meters are legally vested in RGB.
- (2) The property was inspected by Song Zuo-wei, a valuer with 20 years of real estate valuation experience on 7 July 2020.
- (3) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
 - a. RGB possesses the legal title of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights and building ownership rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - b. The use of the property complies with the relevant laws and regulations, and has not contravened with the relevant contracts; and
 - c. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
14. Units 408, 410, 412 to 419 and 421 No. 18 Yannan Road Lanzhou Hi-Tech Industry Development Zone Chengguan District Lanzhou City Gansu Province The People's Republic of China	<p>The property comprises eleven office units on Level 4 of a 14-storey office building which was completed in about 2005.</p> <p>The total gross floor area of the property is approximately 657.53 square meters.</p> <p>The land use rights of the property were granted for a term of 40 years commencing on 20 August 2003 and expiring on 31 August 2053 for composite office use.</p>	The property is currently owner-occupied for office purpose.	8,750,000 <i>(100% interest attributable to the Group: RMB8,750,000)</i>

Notes:-

- (1) Pursuant to a Building Ownership Certificate – Lan Fang Quan Zheng (Cheng Guan Qu) Zi Di No. 388593 issued by the Real Estate Conveyancing Centre of Lanzhou Hi-Tech Industry Development Zone dated 23 December 2014, the building ownership rights of the property with a total gross floor area of 657.53 square meters are legally vested in RGB.
- (2) The property was inspected by Dong Wen-ti, a valuer with 10 years of real estate valuation experience on 5 July 2020.
- (3) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
 - a. RGB possesses the legal title of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights and building ownership rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - b. The use of the property complies with the relevant laws and regulations, and has not contravened with the relevant contracts; and
 - c. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
15. Rooms 806 and 808 of Main Building No. 111 Kexue Avenue Guangzhou Hi-Tech Industry Development Zone Huangpu District Guangzhou City Guangdong Province The People's Republic of China	<p>The property comprises two units on Level 8 of a 12-storey research and development building which was completed in about 2001.</p> <p>The total gross floor area of the property is approximately 300.19 square meters.</p> <p>The land use rights of the property were granted for a term expiring on 9 November 2049 for industrial and warehouse uses.</p>	The property is currently owner-occupied for office purpose.	<p>4,080,000</p> <p><i>(100% interest attributable to the Group: RMB4,080,000)</i></p>

Notes:–

- (1) Pursuant to two Real Estate Title Certificates – Yue Fang Di Zheng Zi Di Nos. C4889257 and C4889258 issued by the State-land Resources and Housing Administration Bureau of Guangzhou all dated 9 July 2007, the land use rights and building ownership rights of the property with a total gross floor area of 300.19 square meters are legally vested in RGB.
- (2) The property was inspected by Wang Ya-jun, a valuer with 4 years of real estate valuation experience on 24 June 2020.
- (3) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
 - a. RGB possesses the legal title of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights and building ownership rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - b. The use of the property complies with the relevant laws and regulations, and has not contravened with the relevant contracts; and
 - c. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
16. Various units of Block 61 Songping Village Nanshan District Shenzhen City Guangdong Province The People's Republic of China	<p>The property comprises seven residential units on Levels 2 to 7 of a 8-storey residential building which was completed in about 1995.</p> <p>The total gross floor area of the property is approximately 464.58 square meters.</p> <p>The land use rights of the property were granted for a term of 70 years commencing on 1 January 1997 and expiring on 1 January 2067 for residential use.</p>	The property is currently owner-occupied for residential purpose.	No commercial value <i>(100% interest attributable to the Group: Nil)</i>

Notes:–

- (1) Pursuant to seven Building Ownership Certificates – Shen Fang Di Zi Di Nos. 4000012131, 4000012136, 4000012139, 4000012141, 4000012143, 4000012145 and 4000012151 all dated 4 November 1998, the land use rights and building ownership rights of the property with a total gross floor area of 464.58 square meters are legally vested in RGB. According to the aforesaid title certificates, the property could not be transferred.
- (2) We have attributed no commercial value to the property as the subject development is not entitled to be transferred in accordance with the relevant title documents. For reference purpose, the value of the property (on a 100% basis) would be RMB16,500,000 on the basis of discounting the expected rental income (assuming the property is leased out) from the Valuation Date to the land use rights expiry date of the property.
- (3) The property was inspected by Liu Xiao-long, a valuer with 5 years of real estate valuation experience on 7 July 2020.
- (4) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
 - a. RGB possesses the legal title of the property;
 - b. The use of the property complies with the relevant laws and regulations, and has not contravened with the relevant contracts; and
 - c. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
17. Portion of Skyworth Tower located at South of Shennan Avenue Nanshan District Shenzhen City Guangdong Province The People's Republic of China	<p>The property comprises the self-use portion of a 18-storey industrial building which was completed in about 2003, with a site area of approximately 11,992.3 square metres.</p> <p>The total gross floor area of the subject building is approximately 60,916.85 square meters, in which the total gross floor area of the self-use portion is approximately 28,975.49 square metres.</p> <p>The land use rights of the property were granted for a term of 50 years commencing on 13 July 1999 and expiring on 13 July 2049 for industrial use.</p>	<p>Portion of the property with a gross floor area of 13,193.29 square metres is currently subject to an intra-group lease for a term commencing on 1 May 2020 and expiring on 30 April 2039 at a monthly rent of RMB1,415,443 exclusive of management fees and other charges.</p> <p>The remaining portion of the property is currently owner-occupied for office and commercial purposes.</p>	<p>No commercial value</p> <p><i>(100% interest attributable to the Group: Nil)</i></p>

Notes:–

- (1) Pursuant to a Real Estate Title Certificate – Shen Fang Di Zi Di No. 4000120441 dated 25 July 2003, the land use rights of the property were granted to RGB for a term of 50 years commencing on 13 July 1999 and expiring on 13 July 2049 for industrial use; and the building ownership rights of the property with a total gross floor area of 60,916.85 square meters (i.e., the subject development) are legally vested in RGB. According to the aforesaid title certificate, the subject land is classified as non-commodity property; and the property could not be transferred.
- (2) We have attributed no commercial value to the property as the subject development is not entitled to be transferred in accordance with the relevant title documents. For reference purpose, the value of the property (i.e., the self-use portion, including land and buildings, on a 100% basis) would be RMB495,500,000 on the basis of discounting the expected rental income (assuming the property is leased out) from the Valuation Date to the land use rights expiry date of the property.
- (3) The property was inspected by Wu Jian-teng, a valuer with 10 years of real estate valuation experience on 24 June 2020.

- (4) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
- a. RGB possesses the legal title of the property;
 - b. The uses of the property do not comply with the relevant laws and regulations, and hence there is a risk for RGB to be penalised by the relevant government authorities for not using the property in accordance with the planned use. In accordance with the relevant laws and regulations, the relevant government authorities have the rights to forfeit the land use rights and impose fines (at a rate of not less than RMB10 and not more than RMB30 per square metre site area) for those property owners not using the properties in accordance with the planned use. As confirmed by the Company, they have not been penalised by the local government authorities for using the property for the existing uses. Based on the interview with the representatives from the local government authorities, despite it is not uncommon for such land use contravention for properties in Shenzhen, it has been rare for the relevant enforcement actions be taken against those property owners who do not use the properties in accordance with the planned use. As such, it is considered that the chance for RGB be penalised for the land use contravention would be relatively minimal; and
 - c. The property is subject to a mortgage in favour of Industrial and Commercial Bank of China Limited, Shenzhen High-tech Zone Branch for a term commencing on 21 April 2013 and expiring on 31 December 2020 with a loan amount of RMB94,000,000. Other than the aforesaid mortgage, the property is not subject to any other guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
18. Various units of Block 4 of east zone Huangmugang Futian District Shenzhen City Guangdong Province The People's Republic of China	<p>The property comprises ten residential units with a total gross floor area of approximately 837.6 square meters.</p> <p>The property falls within the redevelopment scheme located in east of Huafu Village and west zone of old residential estate.</p> <p>As advised by the Company, the property has been surrendered to the developer of the aforesaid redevelopment scheme in exchange for a total gross floor area of 1,118.37 square metres of the redeveloped real estate project subject to the exercise of option to acquire additional floor spaces.</p>	<p>The property has been resumed by the local government as part of the urban redevelopment scheme, and has been demolished as of the Valuation Date.</p>	<p>No commercial value</p> <p>(100% interest attributable to the Group: Nil)</p>

Notes:–

- (1) Pursuant to ten Housing Relocation, Compensation and Resettlement Agreements for the redevelopment scheme located in east of Huafu Village and west zone of old residential estate in Futian District, Shenzhen entered into between 深圳市福田福華建設開發有限公司, RGB and Land Reserve Centre of Futian District, Shenzhen all dated 6 September 2017, RGB agreed to surrender the property with a total gross floor area of 837.6 square metres to 深圳市福田福華建設開發有限公司 in exchange for a total gross floor area of 988.37 square metres (i.e., conversion ratio of 1: 1.18); and exercised the option to purchase an additional gross floor area of 130 square metres (at a price of RMB9,000 per square metre) of the redeveloped real estate project developed by 深圳市福田福華建設開發有限公司.
- (2) The property was inspected by Liu Xiao-long, a valuer with 5 years of real estate valuation experience on 29 June 2020.
- (3) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
 - a. The aforesaid agreements as mentioned in Note 1 have been effective from 1 November 2017; and
 - b. RGB has the rights to request 深圳市福田富華建設開發有限公司 to handover the exchanged real estate within the period as specified in the aforesaid agreements, and to request 深圳市福田富華建設開發有限公司 to apply for the title certificates for the exchanged real estate on behalf of RGB.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
19. Various office units of Qunsheng Millennium Plaza East of Chengxin Road Guanshanhu District Guiyang City Guizhou Province The People's Republic of China	<p>The property comprises three office units on Level 16 of an 18-storey office building which was completed in about 2013.</p> <p>The total gross floor area of the property is approximately 237.96 square meters.</p> <p>The land use rights of the property were granted for a term of 50 years commencing on 23 December 2000 and expiring on 23 December 2050 for commercial and finance uses.</p>	The property is currently owner-occupied for office purpose.	2,170,000 <i>(100% interest attributable to the Group: RMB2,170,000)</i>

Notes:-

- (1) The property was acquired by RGB in August 2015 at a total consideration of RMB1,925,709.
- (2) Pursuant to three Real Estate Title Certificates – Qian (2016) Guan Shan Hu Qu Bu Dong Chan Quan Di Nos. 0004559, 0004560 and 0005367 issued by the State-land Resources Bureau of Guizhou dated between 5 January 2016 and 28 March 2016, the land use rights and building ownership rights of the property with a total gross floor area of 237.96 square meters are legally vested in RGB.
- (3) The property was inspected by Zong Wen-ting, a valuer with 4 years of real estate valuation experience on 3 July 2020.
- (4) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
 - a. RGB possesses the legal title of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights and building ownership rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - b. The use of the property complies with the relevant laws and regulations, and has not contravened with the relevant contracts; and
 - c. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
20. Various units of Block A Hongguan-shangwu No. 245 Tianshan Avenue High-tech Zone Shijiazhuang City Hebei Province The People's Republic of China	The property comprises seven office units on Level 15 of a 23-storey (plus 2 basement levels) office building which was completed in about 2018. The total gross floor area of the property is approximately 840.36 square meters.	The property is currently owner-occupied for office purpose.	No commercial value (100% interest attributable to the Group: Nil)

Notes:–

- (1) Pursuant to seven Sale and Purchase Agreements entered into between RGB and 石家莊市裕華區宋營鎮中仰陵村民委員會 dated 8 December 2017, RGB acquired the land use rights and building ownership rights of the property with a total gross floor area of 840.36 square metres at a total consideration of RMB6,311,141.
- (2) We have attributed no commercial value to the property as it is yet to be granted with proper title certificate. For reference purpose, the value of the property (on a 100% basis) would be RMB7,310,000 had it been granted with all relevant title certificate.
- (3) The property was inspected by Xu Hui-ling, a valuer with 3 years of real estate valuation experience on 2 July 2020.
- (4) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
 - a. As confirmed by RGB, they are in the process of applying the requisite title certificate(s) for the property, and there is no material impediment for RGB to complete the relevant title registration procedures and to obtain the relevant title certificate(s);
 - b. The use of the property complies with the relevant laws and regulations, and has not contravened with the relevant contracts; and
 - c. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
21. Units 514 and 628 of Block A Fangyuan-chuangshi No. 105 Zijingshan South Road Guancheng Huizu District Zhengzhou City Henan Province The People's Republic of China	The property comprises two units on Levels 5 and 6 of a 25-storey apartment which was completed in about 2012. The total gross floor area of the property is approximately 507.84 square meters.	The property is currently owner-occupied for office purpose.	4,110,000 <i>(100% interest attributable to the Group: RMB4,110,000)</i>

Notes:–

- (1) Pursuant to two Building Ownership Certificates – Zheng Fang Quan Zheng Zi Di Nos. 1501263539 and 1501263541 issued by the Housing Protection and Real Estate Administration Bureau of Zhengzhou dated between 26 October 2015 and 27 October 2015, the building ownership rights of the property with a total gross floor area of 507.84 square meters are legally vested in RGB.
- (2) The property was inspected by Zhang Qian, a valuer with 5 years of real estate valuation experience on 3 July 2020.
- (3) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
 - a. RGB possesses the legal title of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights and building ownership rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - b. The use of the property complies with the relevant laws and regulations, and has not contravened with the relevant contracts; and
 - c. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
22. Various units of Block 71 No. 508 Xinyang Road Daoli District Harbin City Heilongjiang Province The People's Republic of China	<p>The property comprises four residential units on Level 5 of a 27-storey residential building which was completed in about 2003.</p> <p>The total gross floor area of the property is approximately 669.08 square meters.</p> <p>The land use rights of the property were granted for a term expiring on 1 September 2072 for residential use.</p>	The property is currently owner-occupied for office purpose.	7,560,000 <i>(100% interest attributable to the Group: RMB7,560,000)</i>

Notes:–

- (1) Pursuant to a State-owned Land Use Rights Certificate – Ha Guo Yong (2010) Di No. 020080 issued by the People's Government of Harbin dated 27 April 2010, the land use rights of the subject development were granted for a term expiring on 1 September 2072 for residential use.
- (2) Pursuant to four Building Ownership Certificates – Ha Fang Quan Zheng Li Zi Di Nos. 0901080846, 0901080851, 0901080852 and 0901080855 issued by Housing and Residential Bureau of Harbin all dated 20 November 2009, the building ownership rights of the property with a total gross floor area of 669.08 square meters are legally vested in RGB.
- (3) The property was inspected by Zhang Xiao-jun, a valuer with 21 years of real estate valuation experience on 7 July 2020.
- (4) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
 - a. RGB possesses the legal title of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights and building ownership rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;

- b. The use of the property does not comply with the relevant laws and regulations, and hence there is a risk for RGB to be penalised by the relevant government authorities for not using the property in accordance with the planned use. In accordance with the relevant laws and regulations, the relevant government authorities have the rights to forfeit the land use rights and impose fines (at a rate of not less than RMB10 and not more than RMB30 per square metre site area) for those property owners not using the properties in accordance with the planned use. As confirmed by the Company, they have not been penalised by the local government authorities for using the property for the existing use. In case RGB be investigated for or required to use the property in accordance with the planned use, RGB will do the alteration accordingly. Such alternation of use (if required) would not be material to the Group's operating results; and

- c. The property is not subject to any other guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
23. Units 1 to 24 on Level 4 of SOHO Block B Gemdale Megr City No. 1335 Renhe Road Hongshan District Wuhan City Hubei Province The People's Republic of China	<p>The property comprises 24 units on Level 4 of a 26-storey SOHO tower which was completed in about 2016.</p> <p>The total gross floor area of the property is approximately 867.6 square meters.</p> <p>The land use rights of the property were granted for a term of 40 years commencing on 17 January 2014 and expiring on 6 January 2054 for commercial and services uses.</p>	The property is currently owner-occupied for office purpose.	18,200,000 <i>(100% interest attributable to the Group: RMB18,200,000)</i>

Notes:–

- (1) Pursuant to 24 Real Estate Title Certificates – E (2018) Wu Han Shi Hong Shan Bu Dong Chan Quan Di Nos. 0093671, 0093676, 0093677, 0093678, 0093694, 0093695, 0093696, 0093697, 0093698, 0093704, 0093707, 0093708, 0093709, 0093710, 0093711, 0093716, 0093717, 0093718, 0093719, 0093720, 0093800, 0093801, 0093803 and 0093820 issued by the Real Estate Registration Bureau of Wuhan all dated 25 December 2018, the land use rights and building ownership rights of the property with a total gross floor area of 867.6 square meters are legally vested in RGB.
- (2) The property was inspected by Zhu Dan-dan, a valuer with 3 years of real estate valuation experience on 7 July 2020.
- (3) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
 - a. RGB possesses the legal title of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights and building ownership rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - b. The use of the property complies with the relevant laws and regulations, and has not contravened with the relevant contracts; and
 - c. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
24. Various office units on Level 10 of Dongyi Shiqu Commercial Building No. 38 Renmin East Road Yuhua District Changsha City Hunan Province The People's Republic of China	The property comprises 17 office units on Level 10 of a 19-storey office building which was completed in about 2007. The total gross floor area of the property is approximately 792.66 square meters.	The property is currently owner-occupied for office purpose.	6,980,000 <i>(100% interest attributable to the Group: RMB6,980,000)</i>

Notes:–

- (1) The property was acquired by RGB in September 2017 at a total consideration of RMB2,682,383.
- (2) Pursuant to 17 Building Ownership Certificates – Chang Fang Quan Zheng Yu Hua Zi Di Nos. 709115366, 709115371, 709115386, 709115388, 709115392, 709115430, 709115439, 709115444, 709115445, 715128946, 715128947, 715128948, 715128949, 715128950, 715128951, 715128952 and 715128953 issued by the Housing and City Rural Development Committee of Changsha dated between 17 August 2009 and 5 June 2015, the building ownership rights of the office portion of the property with a total gross floor area of 792.66 square meters and the two carparks are legally vested in RGB.
- (3) The property was inspected by Zong Wen-ting, a valuer with 4 years of real estate valuation experience on 3 July 2020.
- (4) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
 - a. RGB possesses the legal title of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights and building ownership rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - b. The use of the property complies with the relevant laws and regulations, and has not contravened with the relevant contracts; and
 - c. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
25. Various units of Huaerzi Building No. 150 Xi'an Avenue Luyuan District Changchun City Jilin Province The People's Republic of China	The property comprises four residential units on Level 3 of a 17-storey residential building which was completed in about 1998. The total gross floor area of the property is approximately 777 square meters.	The property is currently owner-occupied for office purpose.	5,590,000 <i>(100% interest attributable to the Group: RMB5,590,000)</i>

Notes:–

- (1) Pursuant to four Building Ownership Certificates – Fang Quan Zheng Chang Fang Quan Zi Di Nos. 5120000253, 5120000254, 5120000255 and 5120000256 issued by the Real Estate Title Registration and Issuing Centre of Changchun all dated 30 November 2009, the building ownership rights of the property with a total gross floor area of 777 square meters are legally vested in RGB.
- (2) The property was inspected by Zhang Xiao-jun, a valuer with 21 years of real estate valuation experience on 7 July 2020.
- (3) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
 - a. RGB possesses the legal title of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights and building ownership rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - b. The use of the property does not comply with the relevant laws and regulations, and hence there is a risk for RGB to be penalised by the relevant government authorities for not using the property in accordance with the planned use. In accordance with the relevant laws and regulations, the relevant government authorities have the rights to forfeit the land use rights and impose fines (at a rate of not less than RMB10 and not more than RMB30 per square metre site area) for those property owners not using the properties in accordance with the planned use. As confirmed by the Company, they have not been penalised by the local government authorities for using the property for the existing use. In case RGB be investigated for or required to use the property in accordance with the planned use, RGB will do the alteration accordingly. Such alternation of use (if required) would not be material to the Group's operating results; and
 - c. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
26. Units 322 and 323 No. 186-1 Jiangdong Middle Road Jianye District Nanjing City Jiangsu Province The People's Republic of China	<p>The property comprises two office units on Level 3 of a 21-storey office building which was completed in about 2009.</p> <p>The total gross floor area of the property is approximately 449.66 square meters.</p> <p>The land use rights of the property were granted for a term of 50 years expiring on 17 October 2055 for commercial and finance uses.</p>	The property is currently owner-occupied for office purpose.	8,630,000 <i>(100% interest attributable to the Group: RMB8,630,000)</i>

Notes:–

- (1) Pursuant to two State-owned Land Use Rights Certificates – Ning Jian Guo Yong (2011) Di Nos. 03167 and 03169 issued by the People's Government of Nanjing all dated 21 March 2011, the land use rights of the property were granted for a term of 50 years expiring on 17 October 2055 for commercial and finance uses.
- (2) Pursuant to two Building Ownership Certificates – Ning Fang Quan Zheng Jian Zhuan Zi Di Nos. 384603 and 384604 issued by the Housing and City Rural Development committee of Nanjing all dated 1 March 2011, the building ownership rights of the property with a total gross floor area of 449.66 square meters are legally vested in RGB.
- (3) The property was inspected by Qiu Ling-feng, a valuer with 2 years of real estate valuation experience on 3 July 2020.
- (4) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
 - a. RGB possesses the legal title of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights and building ownership rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - b. The use of the property complies with the relevant laws and regulations, and has not contravened with the relevant contracts; and
 - c. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
27. Various units of Block 1 No. 22 Beihai Street Dadong District Shenyang City Liaoning Province The People's Republic of China	<p>The property comprises six residential units on Levels 11 and 12 of a 12-storey residential building which was completed in about 2006.</p> <p>The total gross floor area of the property is approximately 689.45 square meters.</p> <p>The land use rights of the property were granted for a term expiring on 18 March 2052 for residential use.</p>	The property is currently owner-occupied as dormitories.	7,720,000 <i>(100% interest attributable to the Group: RMB7,720,000)</i>

Notes:–

- (1) Pursuant to six State-owned Land Use Rights Certificates – Shen Yang Guo Yong (2010) Di Nos. DD02376, DD02377, DD02378, DD02379, DD02380 and DD02381 issued by the People's Government of Shenyang all dated 13 August 2010, the land use rights of the property were granted for a term expiring on 18 March 2052 for residential use.
- (2) Pursuant to six Building Ownership Certificates – Shen Fang Quan Zheng Da Dong Zi Nos. N030013780, N030013781, N030013782, N030013783, N030013784 and N030013785 issued by the Real Estate Bureau of Shenyang all dated 24 November 2009, the building ownership rights of the property with a total gross floor area of 689.45 square meters are legally vested in RGB.
- (3) The property was inspected by Zhang Xiao-jun, a valuer with 21 years of real estate valuation experience on 8 July 2020.
- (4) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
 - a. RGB possesses the legal title of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights and building ownership rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - b. The use of the property complies with the relevant laws and regulations, and has not contravened with the relevant contracts; and
 - c. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
28. Unit 08 on Level 11 Office tower of Haiwei Plaza No. 101 Huayuan Road Licheng District Jinan City Shandong Province The People's Republic of China	<p>The property comprises an office unit on Level 11 of a 27-storey office building which was completed in about 2007.</p> <p>The gross floor area of the property is approximately 331.74 square meters.</p> <p>The land use rights of the property were granted for a term of 70 years commencing on 26 June 2002 and expiring on 21 June 2076 for commercial and residential uses.</p>	The property is currently owner-occupied for office purpose.	3,050,000 <i>(100% interest attributable to the Group: RMB3,050,000)</i>

Notes:–

- (1) Pursuant to a Building Ownership Certificate – Ji Fang Quan Zheng Li Cheng Zi Di No. 094541 issued by the Real Estate Administration Bureau of Jinan dated 10 March 2008, the building ownership rights of the property with a total gross floor area of 331.74 square meters are legally vested in RGB.
- (2) The property was inspected by Xu Hui-ling, a valuer with 3 years of real estate valuation experience on 3 July 2020.
- (3) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
 - a. RGB possesses the legal title of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights and building ownership rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - b. The use of the property complies with the relevant laws and regulations, and has not contravened with the relevant contracts; and
 - c. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
29. Various office units on Level 8 of Wangjing International Building located at east of Weiyang Road and south of Changqing First Road Weiyang District Xi'an City Shaanxi Province The People's Republic of China	<p>The property comprises five office units on Levels 8 of 16-storey office building which was completed in about 2013.</p> <p>The total gross floor area of the property is approximately 747.45 square meters.</p> <p>The land use rights of the property were granted for a term of 40 years commencing on 30 July 2009 and expiring on 29 July 2049 for commercial and finance uses.</p>	The property is currently owner-occupied for office purpose.	11,300,000 <i>(100% interest attributable to the Group: RMB11,300,000)</i>

Notes:–

- (1) Pursuant to five Real Estate Title Certificates – Shaan (2020) Xi An Shi Bu Dong Chan Quan Di Nos. 0104054, 0104055, 0104056, 0104057 and 0104058 issued by the Natural Resources and Planning Bureau of Xian all dated 22 April 2020, the land use rights and building ownership rights of the office portion of the property with a total gross floor area of 747.45 square meters are legally vested in RGB.
- (2) The property was inspected by Wang Ya-jun, a valuer with 4 years of real estate valuation experience on 1 July 2020.
- (3) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
 - a. RGB possesses the legal title of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights and building ownership rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - b. The use of the property complies with the relevant laws and regulations, and has not contravened with the relevant contracts; and
 - c. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
30. Units 1001 and 1006 on Level 10 Block 1 of No. 2 Xinpu Road Hedong District Tianjin The People's Republic of China	<p>The property comprises two office units on Level 10 of a 21-storey office building which was completed in about 2013.</p> <p>The total gross floor area of the property is approximately 464.65 square meters.</p> <p>The land use rights of the property were granted for a term expiring on 5 December 2057 for other commercial and services uses.</p>	<p>The property is currently subject to intra-group leases for various terms with the latest expiry date being 10 April 2022 at a total monthly rent of RMB33,700 exclusive of management fees and other charges.</p>	<p>7,110,000</p> <p><i>(100% interest attributable to the Group: RMB7,110,000)</i></p>

Notes:–

- (1) The property was acquired by RGB in December 2016 at a total consideration of RMB7,320,597.
- (2) Pursuant to two Real Estate Title Certificates – Jin (2016) He Dong Bu Dong Chan Quan Di Nos. 1015888 and 1015901 issued by the State-land Resources and Real Estate Administration Bureau all dated 14 June 2016, the land use rights and building ownership rights of the property with a total gross floor area of 464.65 square meters are legally vested in RGB.
- (3) The property was inspected by Jing Xiao-yan, a valuer with 14 years of real estate valuation experience on 3 July 2020.
- (4) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
 - a. RGB possesses the legal title of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights and building ownership rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - b. The use of the property complies with the relevant laws and regulations, and has not contravened with the relevant contracts; and
 - c. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
31. Levels 1 and 2 No. 64 Baishihang Xiacheng District Hangzhou City Zhejiang Province The People's Republic of China	<p>The property comprises the entire Levels 1 to 2 of a 6-storey commercial building which was completed in about 2002.</p> <p>The gross floor area of the property is approximately 343.67 square meters.</p> <p>The land use rights of the property were granted for a term expiring on 5 August 2042 for commercial use.</p>	The property is currently owner-occupied for office purpose.	<p>9,590,000</p> <p>(100% interest attributable to the Group: RMB9,590,000)</p>

Notes:–

- (1) Pursuant to a State-owned Land Use Rights Certificate – Hang Xia Guo Yong (2014) Di No. 005513 issued by the People's Government of Hangzhou dated 5 June 2014, the land use rights of the property were granted for a term expiring on 5 August 2042 for commercial use.
- (2) Pursuant to a Building Ownership Certificate – Hang Fang Quan Zheng Xia Yi Zi Di No. 14750552 issued by the Housing Protection and Real Estate Administration Bureau dated 4 June 2014, the building ownership rights of the property with a gross floor area of 343.67 square meters are legally vested in RGB.
- (1) The property was inspected by Qiu Ling-feng, a valuer with 2 years of real estate valuation experience on 7 July 2020.
- (2) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
 - a. RGB possesses the legal title of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights and building ownership rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - b. The use of the property complies with the relevant laws and regulations, and has not contravened with the relevant contracts; and
 - c. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
32. Level 3 CITIC Bank Tower No. 3 Honghuang Road Jiangbei District Chongqing The People's Republic of China	<p>The property comprises the entire Level 3 of a 28-storey office building which was completed in about 2008.</p> <p>The gross floor area of the property is approximately 1,092.6 square meters.</p> <p>The land use rights of the property were granted for a term expiring on 1 November 2037 for commercial use.</p>	The property is currently owner-occupied for office purpose.	<p>12,500,000</p> <p>(100% interest attributable to the Group: RMB12,500,000)</p>

Notes:–

- (1) Pursuant to a Real Estate Title Certificate – 103 Fang Di Zheng 2007 Zi Di No. 10193 issued by the State-land Resources and Real Estate Administration Bureau dated 6 July 2007, the land use rights and building ownership rights of the property with a gross floor area of 1,092.6 square meters are legally vested in RGB.
- (2) The property was inspected by Wang Ya-jun, a valuer with 4 years of real estate valuation experience on 2 July 2020.
- (3) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
 - a. RGB possesses the legal title of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights and building ownership rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - b. The use of the property complies with the relevant laws and regulations, and has not contravened with the relevant contracts; and
 - c. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
33. Portion of Skyworth Digital Tower Songbai Road Shiyan Street Bao'an District Shenzhen City Guangdong Province The People's Republic of China	<p>The property comprises the self-use portion of a 28-storey research and development centre which was completed in about 2016, with a site area of approximately 20,392.85 square metres.</p> <p>The total gross floor area of the subject property is approximately 60,685.09 square meters, in which the total gross floor area of the self-use portion is approximately 20,248.5 square metres.</p> <p>The land use rights of the property were granted for a term commencing on 30 June 2007 and expiring on 29 June 2056 for industrial use.</p>	<p>Portion of the property with a gross floor area of 9,566.12 square metres is subject to an intra-group leases for a term expiring on 15 April 2021 at a monthly rent of RMB461,920 exclusive of management fees and other charges.</p> <p>The remaining portion of the property is currently owner-occupied for office and dormitory purposes.</p>	<p>164,000,000</p> <p><i>(57% interest attributable to the Group: RMB93,480,000)</i></p>

Notes:–

- (1) Pursuant to a Real Estate Title Certificate – Yue (2017) Shen Zhen Shi Bu Dong Chan Quan Di No. 0072080 issued by the Real Estate Registration Centre of Shenzhen dated 12 May 2017, the land use rights of the property were granted to Shenzhen Skyworth Digital Technology Co., Ltd (“**SWDT**”) for a term commencing on 30 June 2007 and expiring on 29 June 2056 for industrial use; and the building ownership rights of the property with a total gross floor area of 60,685.09 square meters (i.e., the subject development) are legally vested in SWDT. According to the aforesaid title certificate, the property could only be transferred as a whole.
- (2) SWDT is a 57% interest-owned subsidiary of the Company.
- (3) The property was inspected by Wu Jian-teng, a valuer with 10 years of real estate valuation experience on 24 June 2020.

- (4) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
- a. SWDT possesses the legal title of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights and building ownership rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - b. The uses of the property do not comply with the relevant laws and regulations, and hence there is a risk for SWDT to be penalised by the relevant government authorities for not using the property in accordance with the planned use. In accordance with the relevant laws and regulations, the relevant government authorities have the rights to forfeit the land use rights and impose fines (at a rate of not less than RMB10 and not more than RMB30 per square metre site area) for those property owners not using the properties in accordance with the planned use. As confirmed by the Company, they have not been penalised by the local government authorities for using the property for the existing uses. Based on the interview with the representatives from the local government authorities, despite it is not uncommon for such land use contravention for properties in Shenzhen, it has been rare for the relevant enforcement actions be taken against those property owners who do not use the properties in accordance with the planned use. As such, it is considered that the chance for SWDT be penalised for the land use contravention would be relatively minimal; and
 - c. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
34. Portion of an industrial facility located at No. 36 Feilong Road National Economic and Technology Development Zone Suining City Sichuan Province The People's Republic of China	<p>The property comprises the self-use portion of an industrial facility with a total site area of approximately 237,157.96 square metres, on which were erected various buildings and structures which were completed in various stages between 2018 and 2019.</p> <p>The buildings mainly comprise workshops and warehouses.</p> <p>The total gross floor area of the subject property is approximately 191,541.54 square meters, in which the total gross floor area of the self-use portion is approximately 138,201.33 square metres.</p> <p>The land use rights of the property were granted for various terms with the latest expiry date being 2 April 2069 for industrial use.</p>	The property is currently owner-occupied for production, ancillary office and warehouse purposes.	<p>20,400,000</p> <p><i>(100% interest attributable to the Group: RMB20,400,000)</i></p>

Notes:–

- (1) The land use rights of the property were acquired by Suining Skyworth Electronics Limited (“SNSW”) between 29 December 2016 and 26 March 2018 at a total consideration of RMB34,151,040 pursuant to two State-owned Land Use Rights Grant Contracts – 510800-2016-Gua-10 and 510800-2018-Gua-2 entered into between the State-land Resources Bureau of Suining and SNSW.
- (2) Pursuant to three Real Estate Title Certificates, Chuan (2020) Sui Ning Shi Bu Dong Chan Quan Di Nos. 0002933, 0002934 and 0002935 issued by the Natural Resources and Planning Bureau of Suining all dated 10 January 2020, the land use rights of portion of the property with a site area of 91,318.25 square metres were granted to SNSW for a term of 50 years commencing on 20 January 2017 and expiring on 19 January 2067 for industrial use.
- (3) Pursuant to another Real Estate Title Certificate, Chuan (2019) Sui Ning Shi Bu Dong Chan Quan Di No. 0021510 issued by the Natural Resources and Planning Bureau of Suining dated 18 April 2019, the land use rights of the remaining portion of the property with a site area of 145,839.71 square metres were granted to SNSW for a term of 50 years commencing on 3 April 2019 and expiring on 2 April 2069 for industrial use.

- (4) Pursuant to a Construction Land Use Planning Permit, Di Zi Di No. 2018-080 issued by the City Rural Planning Administration Bureau of Suining dated 12 December 2018, the proposed land use for portion of the subject site with a site area of 145,839.71 square metres was approved.
- (5) Pursuant to a Construction Project Planning Permit, Jian Zi Di No. 5109002019065 issued by the Natural Resources and Planning Bureau of Suining dated 18 December 2019, the proposed development of the property with a total planned gross floor area of 157,259.96 square metres was approved.
- (6) SNSW is a wholly-owned subsidiary of the Company.
- (7) We have attributed no commercial value to the buildings of the property with a total gross floor area of 138,201.33 square metres as they are yet to be granted with proper title certificates. For reference purpose, the value of these buildings (excluding the land, on a 100% basis) would be RMB387,000,000 had they been granted with all relevant title certificates.
- (8) The property was inspected by Wang Ya-jun, a valuer with 4 years of real estate valuation experience on 2 July 2020.
- (9) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
 - a. Save as those mentioned in Note 7 above, SNSW possesses the legal title of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights and building ownership rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - b. As confirmed by SNSW, they are in the process of applying the requisite title certificates for those buildings mentioned in Note 7, and there is no material impediment for SNSW to complete the relevant title registration procedures and to obtain the relevant title certificates;
 - c. The use of the property complies with the relevant laws and regulations, and has not contravened with the relevant contracts; and
 - d. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
35. Units 1401 and 1402 on Level 14 Block 2 of Tower 18 Xinzhong Street Dongcheng District Beijing The People's Republic of China	<p>The property comprises two units on Level 14 of a 24-storey office building which was completed in about 2002.</p> <p>The total gross floor area of the property is approximately 328.14 square meters.</p>	The property is currently owner-occupied for office purpose.	<p>10,300,000</p> <p>(100% interest attributable to the Group: RMB10,300,000)</p>

Notes:–

- (1) Pursuant to two Building Ownership Certificates – Jing Fang Quan Zheng Dong Ta Zi Di Nos. B00339 and B00340 issued by the State-land Resources and Real Estate Administration Bureau of Beijing all dated 1 March 2004, the building ownership rights of the property with a total gross floor area of 328.14 square meters are legally vested in New Skyworth Injection (Shenzhen) Limited (“XSWI”).
- (2) XSWI is a wholly-owned subsidiary of the Company.
- (3) The property was inspected by Song Zuo-wei, a valuer with 20 years of real estate valuation experience on 8 July 2020.
- (4) We have been provided with a legal opinion on the property prepared by the Company’s PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
 - a. XSWI possesses the legal title of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights and building ownership rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - b. The use of the property complies with the relevant laws and regulations, and has not contravened with the relevant contracts; and
 - c. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
36. Various units of Block A of Tower 1 West zone of Phase 3 Nansongping Village Baoshen Road Nanshan District Shenzhen City Guangdong Province The People's Republic of China	The property comprises three residential units on Levels 5 and 23 of a 33-storey residential building which was completed in about 2009. The total gross floor area of the property is approximately 149.27 square meters.	The property is currently owner-occupied as dormitories.	No commercial value <i>(100% interest attributable to the Group: Nil)</i>

Notes:–

- (1) Pursuant to three Shenzhen Housing and Construction Bureau Protective Housing (Unit) Sale and Purchase Agreements, entered into between SWFI and Shenzhen Housing and Construction Bureau dated 12 June 2014, SWFI acquired the building ownership rights of the property with a total gross floor area of 149.27 square metres at a total consideration of RMB700,783.
- (2) We have attributed no commercial value to the property as the full title of the property is yet to be obtained.
- (3) The property was inspected by Liu Xiao-long, a valuer with 5 years of real estate valuation experience on 7 July 2020.
- (4) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor-Han Kun Law Offices, which contains, *inter alia*, the following:
 - a. As confirmed by SWFI, the full title of the property has not been obtained. SWFI should pay certain land premium and the relevant expenses to the government to obtain the full title of the property. Prior to the settlement of the aforesaid land premium and expenses, the property could not be leased, mortgage and transferred, save as the mortgage purely for the acquisition of the property.
 - b. The use of the property complies with the relevant laws and regulations, and has not contravened with the relevant contracts; and
 - c. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
37. Portion of an industrial facility located at No. 100 of Zone 1 of Economic Development Zone Yichun City Jiangxi Province The People's Republic of China	<p>The property comprises the self-use portion of an industrial facility with a site area of approximately 129,936.5 square metres, on which were erected various buildings and structures which were completed in various stages between 2012 and 2014.</p> <p>The buildings mainly comprise workshops, dormitories, ancillary offices and canteen.</p> <p>The total gross floor area of the subject property is approximately 80,808.01 square meters, in which the total gross floor area of the self-use portion is approximately 63,688.01 square metres.</p> <p>The land use rights of the property were granted for a term expiring on 17 December 2056 for industrial use.</p>	The property is currently owner-occupied for production, ancillary office and dormitory purposes.	<p>157,500,000</p> <p><i>(100% interest attributable to the Group: RMB157,500,000)</i></p>

Notes:–

- (1) Pursuant to a State-owned Land Use Rights Certificate – Yi Chun Guo Yong (2001) Di No. 11010364 issued by the People's Government of Yichun dated 15 December 2011, the land use rights of the property were granted to Skyworth Electronic Components (Yichun) Limited ("SWYC") for a term expiring on 17 December 2056 for industrial use.

- (2) Pursuant to eight Building Ownership Certificates issued by the Real Estate Administration Bureau of Yichun, the building ownership rights of the property with a total gross floor area of 80,808.01 square meters are legally vested in SWYC with details as follows:

Certificate Nos. (Yi Fang Chan Zheng Yi Chun Zi Di)	Issue date	Gross floor area (sqm)	No. of storey
No. 20120916	5 Jun 2012	9,836.54	1
No. 20120917	5 Jun 2012	2,445.14	1
No. 20120918	5 Jun 2012	2,478.13	3
No. 20120919	5 Jun 2012	1,818.37	1
No. 20133889	30 Aug 2013	20,189.48	2
No. 20133890	30 Aug 2013	6,087.65	6
No. 20133891	30 Aug 2013	1,080.08	-1
No. 20133892	30 Aug 2013	6,435.76	3
No. 2-2014000773	20 Feb 2014	<u>30,436.86</u>	3
Total		<u>80,808.01</u>	

- (3) SWYC is a wholly-owned subsidiary of the Company.
- (4) The property was inspected by Zong Wen-ting, a valuer with 4 years of real estate valuation experience on 1 July 2020.
- (5) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
- SWYC possesses the legal title of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights and building ownership rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - The use of the property complies with the relevant laws and regulations, and has not contravened with the relevant contracts; and
 - The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
38. Portion of an industrial facility located at No. 88 Binhuai Avenue Lishui Economic Development Zone Lishui District Nanjing City Jiangsu Province The People's Republic of China	<p>The property comprises the self-use portion of an industrial facility with a total site area of approximately 258,002.80 square metres, on which were erected various buildings and structures which were completed in various stages between 2018 and 2019.</p> <p>The buildings mainly comprise workshops, warehouse, dormitory and canteen.</p> <p>The total gross floor area of the completed portion of the property is approximately 126,662.65 square meters, in which the total gross floor area of the self-use portion is approximately 104,092.54 square meters.</p> <p>The land use rights of the property were granted for various terms with the latest expiry date being 21 September 2063 for industrial use.</p>	<p>Portion of the property is currently owner-occupied for production and warehouse purposes.</p> <p>The remaining portion of the property with a total gross floor area of 4,600 square metres is subject to various intra-group leases for a common term expiring on 31 December 2020 at a total monthly rent of RMB64,400 inclusive of management fees and other outgoings.</p>	<p>349,400,000</p> <p><i>(100% interest attributable to the Group: RMB349,400,000)</i></p>

Notes:—

- (1) Pursuant to two Real Estate Title Certificates issued by the State-land Resources Bureau of Nanjing, the land use rights and building ownership rights of the property with a total site area of 238,047.8 square metres; and a total gross floor area of 126,662.65 square meters are legally vested in Nanjing Skyworth Flat-panel Technology Limited (“SWFD”) with details as follows:

Certificate Nos.	Issue date	Site area (sqm)	Gross floor area (sqm)	Land use rights expiry date
Su (2018) Ning Li Bu Dong Chan Quan Di No. 0011271	12 July 2018	183,888	99,043.4	28 February 2062
Su (2019) Ning Li Bu Dong Chan Quan Di No. 0023004	29 November 2019	54,159.8	27,619.25	21 September 2063
Total		238,047.8	126,662.65	

- (2) SWFD is a wholly-owned subsidiary of the Company.
- (3) The property was inspected by Qiu Ling-feng, a valuer with 2 years of real estate valuation experience on 4 July 2020.
- (4) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
 - a. SWFD possesses the legal title of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights and building ownership rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - b. The use of the property complies with the relevant laws and regulations, and has not contravened with the relevant contracts; and
 - c. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
39. An industrial facility located in Chuangke Industrial Park Baolong Industrial City Longgang District Shenzhen City Guangdong Province The People's Republic of China	<p>The property comprises an industrial facility with a site area of approximately 112,906.46 square metres, on which were erected various buildings and structures which were completed in about 2009.</p> <p>The buildings mainly comprise workshops and warehouse.</p> <p>The total gross floor area of the completed portion of the property is approximately 43,344.04 square meters.</p> <p>The land use rights of the property were granted for a term of 50 years commencing on 29 June 2007 and expiring on 28 June 2057 for industrial use.</p>	<p>The completed portion of the property is currently subject to an intra-group lease for a term expiring on 1 October 2020 at nil monthly rent.</p> <p>Portion of the property was under construction as of the Valuation Date and is expected to complete by 2022.</p>	<p>No commercial value</p> <p><i>(100% interest attributable to the Group: Nil)</i></p>

Notes:–

- (1) Pursuant to a Real Estate Title Certificate – Yue (2015) Shen Zhen Shi Bu Dong Chan Quan Di No. 0019168 issued by the Planning and Natural Resources Bureau of Shenzhen, the land use rights of the property were granted to Shenzhen Skyworth Chuang Ke Development Limited (“SWCK”) for a term of 50 years commencing on 29 June 2007 and expiring on 28 June 2057 for industrial use; and the building ownership rights of the property with a total gross floor area of 43,344.04 square meters are legally vested in SWCK. According to the aforesaid title certificate, the property could not be transferred or leased.
- (2) Pursuant to a Construction Land Use Planning Permit, Shen Gui Tu Xu No. LG-2018-001 issued by the Planning and Natural Resources Bureau Longgang Administration Bureau of Shenzhen dated 26 June 2019, the proposed land use for the subject site with a site area of 112,906 square metres was approved.
- (3) Pursuant to a Construction Project Planning Permit, Shen Gui Tu Jian Xu Zi No. LG-2019-0061 issued by the Planning and Natural Resources Bureau Longgang Administration Bureau of Shenzhen dated 26 June 2019, the proposed development of the property with a total planned gross floor area of 186,729.78 square metres was approved.

- (4) As advised by the Group, the total budgeted construction cost of portion of the property (as mentioned in Note 3 above) was approximately RMB768,200,000, of which an amount of approximately RMB724,600,000 was outstanding as of the Valuation Date.
- (5) SWCK is a wholly-owned subsidiary of the Company.
- (6) We have attributed no commercial value as the property is not entitled to be transferred or leased in accordance with the relevant title document. For reference purpose, on the basis that the property could be freely transferred subject to payment of additional land premium, the value of the property (on a 100% basis) would be RMB251,600,000.
- (7) The property was inspected by Xu Hui-ling, a valuer with 3 years of real estate valuation experience on 24 June 2020.
- (8) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
 - a. SWCK possesses the legal title of the property;
 - b. The aforesaid approvals and permits are effective, and have not been rescinded, amended or repealed;
 - c. The use of the property complies with the relevant laws and regulations, and has not contravened with the relevant contracts; and
 - d. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
40.	Units 401 and 415 of Block 8A North and Units 301 to 304 of Block 3D No. 88 Xihu East Road Houqiao Street Xishan District Wuxi City Jiangsu Province The People's Republic of China	The property comprises six commercial units on Levels 3 and 4 within 5-storey commercial blocks of the subject development which was completed in about 2011. The total gross floor area of the property is approximately 690.5 square meters. The land use rights of the property were granted for a term expiring on 21 December 2044 for commercial, finance and information uses.	The property is currently vacant. 3,250,000 <i>(100% interest attributable to the Group: RMB3,250,000)</i>

Notes:–

- (1) Pursuant to six Real Estate Title Certificates – Su (2017) Wu Xi Shi Bu Dong Chan Quan Di Nos. 0231783, 0231786, 0231788, 0231789, 0231790 and 0231791 issued by the State-land Resources Bureau of Wuxi all dated 22 December 2017, the land use rights and building ownership rights of the property with a total gross floor area of 690.5 square meters are legally vested in SZSC.
- (2) SZSC is a wholly-owned subsidiary of the Company.
- (3) The property was inspected by Qiu Ling-feng, a valuer with 2 years of real estate valuation experience on 7 July 2020.
- (5) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
 - a. SZSC possesses the legal title of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights and building ownership rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses; and
 - b. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
41. Portion of Skyworth Technology Industrial Park Shiyuan Street Bao'an District Shenzhen City Guangdong Province The People's Republic of China	<p>The property comprises the self-use portion of an industrial facility with a site area of approximately 411,164.52 square metres, on which were erected various buildings and structures which were completed in various stages between 2006 and 2018.</p> <p>The buildings mainly comprise workshops, ancillary office, canteen and dormitories.</p> <p>The total gross floor area of the property is approximately 1,013,910.74 square meters, in which the total gross floor area of the self-use portion is approximately 763,405.63 square metres.</p> <p>The land use rights of the property were granted for a term of 50 years commencing on 31 July 2003 and expiring on 30 July 2053 for industrial use.</p>	<p>Portion of the property with a gross floor area of 378,364.63 square metres is subject to an intra-group lease for a term expiring on 31 December 2020 at a monthly rent of RMB9,152,444 exclusive of management fees and other charges.</p> <p>The remaining portion of the property is currently owner-occupied for production, ancillary office and dormitory purposes.</p>	<p>No commercial value</p> <p><i>(100% interest attributable to the Group: Nil)</i></p>

Notes:–

- (1) Pursuant to 26 Real Estate Title Certificates issued by the Real Estate Registration Centre of Shenzhen, the land use rights of the property were granted to Skyworth Group Technology Park Management Limited (“SWMT”) for a term of 50 years commencing on 31 July 2003 and expiring on 30 July 2053 for industrial use; and the building ownership rights of the property with a total gross floor area of 895,897.72 square meters are legally vested in SWMT with details as follows:

Certificate Nos.	Issue date	Building type	Gross floor area (sqm)
Yue (2019) Shen Zhen Shi Bu Dong Chan Quan Di No.0004774	7 Jan 2019	Office and training room	27,441.13
Yue (2019) Shen Zhen Shi Bu Dong Chan Quan Di No.0004766	7 Jan 2019	Workshop, dormitory, ancillary rooms, canteen	223,284.53
Yue (2019) Shen Zhen Shi Bu Dong Chan Quan Di No.0004761	7 Jan 2019	Workshop	96,254.73
Yue (2020) Shen Zhen Shi Bu Dong Chan Quan Di No.0079400	9 May 2020	Dormitory	10,416.59
Yue (2020) Shen Zhen Shi Bu Dong Chan Quan Di No.0078396	9 May 2020	Dormitory	10,706.70
Yue (2020) Shen Zhen Shi Bu Dong Chan Quan Di No.0078399	9 May 2020	Dormitory	12,322.87
Yue (2020) Shen Zhen Shi Bu Dong Chan Quan Di No.0078395	9 May 2020	Dormitory	12,929.94
Yue (2020) Shen Zhen Shi Bu Dong Chan Quan Di No.0078397	9 May 2020	Dormitory	12,538.87
Yue (2020) Shen Zhen Shi Bu Dong Chan Quan Di No.0078402	9 May 2020	Ancillary room	319.24
Yue (2020) Shen Zhen Shi Bu Dong Chan Quan Di No.0078392	9 May 2020	Workshop	52,075.32
Yue (2020) Shen Zhen Shi Bu Dong Chan Quan Di No.0078393	9 May 2020	Ancillary room	1,248.14
Yue (2020) Shen Zhen Shi Bu Dong Chan Quan Di No.0078390	9 May 2020	Workshop	21,335.38
Yue (2020) Shen Zhen Shi Bu Dong Chan Quan Di No.0078387	9 May 2020	Workshop	18,629.68
Yue (2020) Shen Zhen Shi Bu Dong Chan Quan Di No.0078394	9 May 2020	Workshop	22,818.43
Yue (2020) Shen Zhen Shi Bu Dong Chan Quan Di No.0078401	9 May 2020	Ancillary room	456.32
Yue (2019) Shen Zhen Shi Bu Dong Chan Quan Di No.0225315	14 Nov 2019	Dormitory	35,551.69
Yue (2019) Shen Zhen Shi Bu Dong Chan Quan Di No.0225316	14 Nov 2019	Dormitory	35,292.54
Yue (2019) Shen Zhen Shi Bu Dong Chan Quan Di No.0157654	22 Aug 2019	Dormitory	18,014.41
Yue (2019) Shen Zhen Shi Bu Dong Chan Quan Di No.0157657	22 Aug 2019	Dormitory	14,162.51

Certificate Nos.	Issue date	Building type	Gross floor area (sqm)
Yue (2019) Shen Zhen Shi Bu Dong Chan Quan Di No.0157655	22 Aug 2019	Workshop	60,574.05
Yue (2019) Shen Zhen Shi Bu Dong Chan Quan Di No.0157656	22 Aug 2019	Workshop	51,163.10
Yue (2019) Shen Zhen Shi Bu Dong Chan Quan Di No.0157658	22 Aug 2019	Workshop	14,834.39
Yue (2020) Shen Zhen Shi Bu Dong Chan Quan Di No.0078388	9 May 2020	Workshop	67,195.18
Yue (2020) Shen Zhen Shi Bu Dong Chan Quan Di No.0078389	9 May 2020	Workshop	26,501.68
Yue (2020) Shen Zhen Shi Bu Dong Chan Quan Di No.0078398	9 May 2020	Canteen	12,349.93
Yue (2020) Shen Zhen Shi Bu Dong Chan Quan Di No.0078391	9 May 2020	Workshop	37,480.37
Total			<u>895,897.72</u>

- (2) According to the aforesaid title certificates, the subject land is classified as non-commodity property; and the property could not be transferred.
- (3) SWMT is a wholly-owned subsidiary of the Company.
- (4) We have attributed no commercial value to the property as the subject development is not entitled to be transferred in accordance with the relevant title documents; and portion of the property with a gross floor area of 118,013.02 square metres are yet to be granted with proper title certificates. For reference purpose, the value of the property (i.e., the self-use portion, including land and buildings, on a 100% basis) would be RMB5,522,000,000 on the basis of discounting the expected rental income (assuming the property is leased out and all requisite title documents have been obtained) from the Valuation Date to the land use rights expiry date of the property.
- (5) The property was inspected by Wu Jian-teng, a valuer with 10 years of real estate valuation experience on 24 June 2020.
- (6) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
- a. SWMT possesses the legal title of the property;
 - b. The use of the property complies with the relevant laws and regulations, and has not contravened with the relevant contracts; and
 - c. The property is subject to a mortgage in favour of Industrial and Commercial Bank of China Limited, Shenzhen High-tech Zone Branch for a term commencing on 20 September 2019 and expiring on 20 September 2035 with a maximum loan amount of RMB1,320,000,000. Other than the aforesaid mortgage, the property is not subject to any other guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Group II – Property interests held by the Group for investment in Mainland China

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
42. Portion of an industrial facility located at No. 539 Tengfei Second Road Southwest Airport Economic Development Zone Shuangliu County Chengdu City Sichuan Province The People's Republic of China	<p>The property comprises the leased-out portion of an industrial facility with a site area of approximately 139,910.04 square metres, on which were erected various buildings and structures which were completed in various stages between 2010 and 2012.</p> <p>The buildings mainly comprise workshops, warehouses, ancillary office, dormitories and canteen.</p> <p>The total gross floor area of the property is approximately 88,573.13 square meters, in which the total gross floor area of the leased-out portion is approximately 41,510.57 square metres.</p> <p>The land use rights of the property were granted for a term of 20 years commencing on 27 February 2020 and expiring on 26 February 2040 for industrial use.</p>	<p>The property is subject to various tenancies for various terms with the latest expiry date being 16 May 2022 yielding a total monthly rent of RMB1,007,327 inclusive of management fees and other charges.</p>	<p>21,600,000</p> <p><i>(100% interest attributable to the Group: RMB21,600,000)</i></p>

Notes:–

- (1) Pursuant to a State-owned Land Use Rights Certificate – Chuan (2020) Shuang Liu Qu Bu Dong Chan Quan Zheng Di No. 0005894 issued by the Planning and Natural Resources Bureau of Chengdu dated 3 March 2020, the land use rights of the property were granted to CDSW for a term of 20 years commencing on 27 February 2020 and expiring on 26 February 2040 for industrial use.
- (2) The land use rights of the entire property were acquired by CDSW on 6 February 2020 at a consideration of RMB46,719,917 pursuant to a State-owned Land Use Rights Grant Contract – 510116-2020-C-002 (Shuang) entered into between the Planning and Natural Resources Bureau of Shuangliu District, Chengdu and CDSW.

- (3) We have attributed no commercial value to the buildings of the property with a total gross floor area of 41,510.57 square metres as they are yet to be granted with proper title certificates. For reference purpose, the value of these buildings (excluding the land, on a 100% basis) would be RMB78,300,000 had they been granted with all relevant title certificates.
- (4) The property was inspected by Wang Ya-jun, a valuer with 4 years of real estate valuation experience on 2 July 2020.
- (5) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
- a. CDSW possesses the legal title of the land portion of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - b. As confirmed by CDSW, they are in the process of applying the requisite title certificates for those buildings mentioned in Note 3, and there is no material impediment for CDSW to complete the relevant title registration procedures and to obtain the relevant title certificates;
 - c. As the Company was unable to provide the relevant title documents for the subject buildings, it is unable to confirm whether the tenancy agreements entered into between CDSW and the lessees are effective. If CDSW does not have the right to lease the property according to the tenancy agreements, there is a potential risk that the tenancy agreements would be deemed as void;
 - d. The tenancy agreements have not been registered with the relevant real estate bureau, despite such non-registration would not affect the effectiveness of the tenancy agreements. However, CDSW might be required by the relevant real estate bureau to perform the registration within a specified period of time, and would be fined for not completing the registration on time;
 - e. The use of the property complies with the relevant laws and regulations, and has not contravened with the relevant contracts; and
 - f. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
43. Portion of Skyworth Semiconductor Design Tower located at Hi-tech South Forth Road Nanshan District Shenzhen City Guangdong Province The People's Republic of China	<p>The property comprises the leased-out portion of a 24-storey office and commercial composite building (plus 3 basement levels) which was completed in about 2013, with a site area of approximately 17,025.5 square metres.</p> <p>The total gross floor area of the subject building is approximately 124,961.56 square meters (including basements), in which the total gross floor area of the leased-out portion is approximately 76,327.98 square metres.</p> <p>The land use rights of the property were granted for a term of 50 years commencing on 25 June 2007 and expiring on 24 June 2057 for office and commercial uses.</p>	<p>The property is subject to various tenancies for various terms with the latest expiry date being 31 October 2029 yielding a total monthly rent of RMB12,841,817 exclusive of management fees and other charges.</p>	<p>No commercial value</p> <p><i>(100% interest attributable to the Group: Nil)</i></p>

Notes:–

- (1) Pursuant to a Real Estate Title Certificate – Shen Fang Di Zi Di No. 4000518992 issued by the Real Estate Title Registration Centre of Shenzhen dated 6 January 2012, the land use rights of the property were granted to SWSC for a term of 50 years commencing on 25 June 2007 and expiring on 24 June 2057 for office and commercial uses. According to the aforesaid title certificate, the property could not be transferred.
- (2) We have attributed no commercial value to the property as the subject development is not entitled to be transferred in accordance with the relevant title documents. For reference purpose, the value of the property (i.e., the self-use portion, including land and buildings, on a 100% basis) would be RMB1,328,000,000 on the basis of discounting the expected rental income (assuming the property is leased out) from the Valuation Date to the land use rights expiry date of the property.
- (3) The property was inspected by Wu Jian-teng, a valuer with 10 years of real estate valuation experience on 24 June 2020.

- (4) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
- a. SWSC possesses the legal title of the land portion of the property;
 - b. As advised by the Company, as the land portion of the property has been mortgaged previously (and has been rescinded recently), and that the contractor of the subject building has not provided all requisite information for filing to the local Real Estate Bureau (which is one of the key procedures for applying the title certificates); SWSC has been unable to obtain the proper title certificates for the subject building. On the basis that SWSC completes the certifications for completion for the subject building and processes all checking and approvals by the relevant government authorities, there would be no legal impediment for SWSC to obtain the requisite title certificates for the subject building. As confirmed by the Company, they will pursue to apply for all the requisite approvals and certifications;
 - c. As the Company was unable to provide the relevant title documents for the subject building, it is unable to confirm whether the tenancy agreements entered into between SWSC and the lessees are effective. If SWSC does not have the right to lease the property according to the tenancy agreements, there is a potential risk that the tenancy agreements would be deemed as void;
 - d. The tenancy agreements have not been registered with the relevant real estate bureau, despite such non-registration would not affect the effectiveness of the tenancy agreements. However, SWSC might be required by the relevant real estate bureau to perform the registration within a specified period of time, and would be fined for not completing the registration on time;
 - e. The use of the land portion of the property complies with the relevant laws and regulations, and has not contravened with the relevant contracts; and
 - f. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
44. Units 10622, 10623 and 10624 Block 1 of Tower 7 No. 19 Fengcheng First Road Xi'an Economic and Technological Development Zone Xi'an City Shaanxi Province The People's Republic of China	The property comprises three units on Level 10 of a 26-storey apartment which was completed in about 2011. The total gross floor area of the property is approximately 164.92 square meters.	The property is subject to various tenancies for a common term of 5 years commencing on 20 May 2016 and expiring on 19 May 2021 at a total monthly rent of RMB3,167 exclusive of management fees and other charges.	2,020,000 <i>(100% interest attributable to the Group: RMB2,020,000)</i>

Notes:–

- (1) Pursuant to three Building Ownership Certificates – Xi An Shi Fang Quan Zheng Jing Ji Ji Shu Kai Fa Qu Zi Di Nos. 1100114013-1-7-10622, 1100114013-1-7-10623 and 1100114013-1-7-10624 issued by the Housing Protection and Real Estate Administration Bureau of Xian all dated 28 October 2013, the building ownership rights of the property with a total gross floor area of 164.92 square meters are legally vested in HNHM.
- (2) The property was inspected by Wang Ya-jun, a valuer with 4 years of real estate valuation experience on 1 July 2020.
- (3) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
 - a. HNHM possesses the legal title of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights and building ownership rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - b. The tenancy agreements entered into between HNHM and the lessees are legal and enforceable documents, and are binding amongst the parties;
 - c. The tenancy agreements have not been registered with the relevant real estate bureau, despite such non-registration would not affect the effectiveness of the tenancy agreements. However, HNHM might be required by the relevant real estate bureau to perform the registration within a specified period of time, and would be fined for not completing the registration on time;
 - d. The use of the property complies with the relevant laws and regulations, and has not contravened with the relevant contracts; and
 - e. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
45. Portion of an industrial facility located at No. 96 Binhuai Avenue Lishui Economic Development Zone Lishui District Nanjing City Jiangsu Province The People's Republic of China	<p>The property comprises the leased-out portion of an industrial facility with a total site area of approximately 324,200.81 square metres, on which were erected various buildings and structures which were completed in about 2014.</p> <p>The buildings mainly comprise workshops, research and development centre, warehouse, dormitories and canteen.</p> <p>The total gross floor area of the subject property is approximately 225,981.22 square meters, in which the total gross floor area of the leased-out portion is approximately 29,806.75 square metres.</p> <p>The land use rights of the property were granted for various terms with the latest expiry date being 10 August 2067 for industrial use.</p>	<p>The property is subject to various tenancies for various terms with the latest expiry date being 31 December 2021 yielding a total monthly rent of RMB435,031 inclusive of management fees but exclusive of other charges.</p>	<p>94,600,000</p> <p><i>(71% interest attributable to the Group: RMB67,166,000)</i></p>

Notes:–

- (1) Pursuant to two Real Estate Title Certificates issued by the Planning and Natural Resources Bureau of Nanjing, the land use rights and building ownership rights of the property (i.e., the subject development) are legally vested in NJSW with details as follows:

Certificate Nos.	Issue date	Site area (sqm)	Gross floor area (sqm)	Land use rights expiry date
Su (2018) Ning Li Bu Dong Chan Quan Di No. 0009808	26 June 2018	197,056.80	184,509.43	19 February 2064
Su (2018) Ning Li Bu Dong Chan Quan Di No. 0003498	9 April 2020	127,144.01	41,471.79	19 February 2064
Total		<u>324,200.81</u>	<u>225,981.22</u>	

- (2) The property was inspected by Qiu Ling-feng, a valuer with 2 years of real estate valuation experience on 3 July 2020.
- (3) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
- a. NJSW possesses the legal title of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights and building ownership rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - b. The tenancy agreements entered into between NJSW and the lessees are legal and enforceable documents, and are binding amongst the parties;
 - c. The tenancy agreements have not been registered with the relevant real estate bureau, despite such non-registration would not affect the effectiveness of the tenancy agreements. However, NJSW might be required by the relevant real estate bureau to perform the registration within a specified period of time, and would be fined for not completing the registration on time;
 - d. The use of the property complies with the relevant laws and regulations, and has not contravened with the relevant contracts; and
 - e. The property is subject to a mortgage in favour of SWFI for a term commencing on 3 April 2019 and expiring on 3 April 2021. Other than the aforesaid mortgage, the property is not subject to any other guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
46. Portion of Skyworth Tower located at South of Shennan Avenue Nanshan District Shenzhen City Guangdong Province The People's Republic of China	<p>The property comprises the leased-out portion of a 18-storey industrial building which was completed in about 2003, with a site area of approximately 11,992.3 square metres.</p> <p>The total gross floor area of the subject building is approximately 60,916.85 square meters, in which the total gross floor area of the leased-out portion is approximately 31,941.36 square metres.</p> <p>The land use rights of the property were granted for a term of 50 years commencing on 13 July 1999 and expiring on 13 July 2049 for industrial use.</p>	<p>The property is subject to various tenancies for various terms with the latest expiry date being 31 May 2028 yielding a total monthly rent of RMB5,079,351 exclusive of management fees and other charges.</p>	<p>No commercial value <i>(100% interest attributable to the Group: Nil)</i></p>

Notes:–

- (1) Pursuant to a Real Estate Title Certificate – Shen Fang Di Zi Di No. 4000120441 dated 25 July 2003, the land use rights of the property were granted to RGB for a term of 50 years commencing on 13 July 1999 and expiring on 13 July 2049 for industrial use; and the building ownership rights of the property with a total gross floor area of 60,916.85 square meters (i.e., the subject development) are legally vested in RGB. According to the aforesaid title certificate, the subject land is classified as non-commodity property; and the property could not be transferred.
- (2) The property was inspected by Wu Jian-teng, a valuer with 10 years of real estate valuation experience on 24 June 2020.
- (3) We have attributed no commercial value to the property as the subject development is not entitled to be transferred in accordance with the relevant title documents. For reference purpose, the value of the property (i.e., the self-use portion, including land and buildings, on a 100% basis) would be RMB546,200,000 on the basis of discounting the expected rental income (assuming the property is leased out) from the Valuation Date to the land use rights expiry date of the property.

- (4) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
- a. RGB possesses the legal title of the property;
 - b. The tenancy agreements entered into between RGB and the lessees are legal and enforceable documents, and are binding amongst the parties;
 - c. The tenancy agreements have not been registered with the relevant real estate bureau, despite such non-registration would not affect the effectiveness of the tenancy agreements. However, RGB might be required by the relevant real estate bureau to perform the registration within a specified period of time, and would be fined for not completing the registration on time;
 - d. The uses of the property do not comply with the relevant laws and regulations, and hence there is a risk for RGB to be penalised by the relevant government authorities for not using the property in accordance with the planned use. In accordance with the relevant laws and regulations, the relevant government authorities have the rights to forfeit the land use rights and impose fines (at a rate of not less than RMB10 and not more than RMB30 per square metre site area) for those property owners not using the properties in accordance with the planned use. As confirmed by the Company, they have not been penalised by the local government authorities for leasing the property for the existing uses. Based on the interview with the representatives from the local government authorities, despite it is not uncommon for such land use contravention for properties in Shenzhen, it has been rare for the relevant enforcement actions be taken against those property owners who do not lease the properties in accordance with the planned use. As such, it is considered that the chance for RGB be penalised for the land use contravention; or be claimed against the compensation by the lessees for the tenancy agreements become ineffective as a result of the land use contravention would be relatively minimal; and
 - e. The property is subject to a mortgage in favour of Industrial and Commercial Bank of China Limited, Shenzhen High-tech Zone Branch for a term commencing on 21 April 2013 and expiring on 31 December 2020 with a loan amount of RMB94,000,000. Other than the aforesaid mortgage, the property is not subject to any other guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
47. Units 701, 702, 703 and 803 Ouzhou Garden East of Xudong Village Hongshan District Wuhan City Hubei Province The People's Republic of China	<p>The property comprises four residential units on Levels 7 and 8 of a 17-storey residential building which was completed in about 2002.</p> <p>The total gross floor area of the property is approximately 670.53 square meters.</p> <p>The land use rights of the property were granted for a term expiring on 30 December 2068 for residential use.</p>	<p>Units 702, 703 and 803 of the property are subject to various tenancies for a common term expiring on 30 January 2025 at a total monthly rent of RMB10,750 exclusive of management fees and other charges.</p>	<p>13,000,000</p> <p><i>(100% interest attributable to the Group: RMB13,000,000)</i></p>

Notes:–

- (1) Pursuant to four State-owned Land Use Rights Certificates – Hong Guo Yong (2010 Si) Nos. 971, 972, 973 and 974 issued by the State-land Resources and Planning Bureau of Wuhan all dated 26 February 2010, the land use rights of the property were granted for a term expiring on 30 December 2068 for residential use.
- (2) Pursuant to four Building Ownership Certificates – Wu Fang Quan Zheng Hong Zi Di Nos. 2010002048, 2010002049, 2010002050 and 2010002087 issued by the Real Estate Administration Bureau of Hongshan District, Wuhan all dated 2 March 2010, the building ownership rights of the property with a total gross floor area of 670.53 square meters are legally vested in RGB.
- (3) The property was inspected by Zhu Dan-dan, a valuer with 3 years of real estate valuation experience on 6 July 2020.
- (4) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
 - a. RGB possesses the legal title of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights and building ownership rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - b. The tenancy agreements entered into between RGB and the lessees are legal and enforceable documents, and are binding amongst the parties;
 - c. The tenancy agreements have not been registered with the relevant real estate bureau, despite such non-registration would not affect the effectiveness of the tenancy agreements. However, RGB might be required by the relevant real estate bureau to perform the registration within a specified period of time, and would be fined for not completing the registration on time;

- d. The use of the property complies with the relevant laws and regulations, and has not contravened with the relevant contracts; and
- e. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
48. Unit A of Level 5 South tower of Dormitory No. 11 Bagualing Mall Futian District Shenzhen City Guangdong Province The People's Republic of China	<p>The property comprises a residential unit on Level 5 of a 7-storey residential building which was completed in about 1985.</p> <p>The gross floor area of the property is approximately 601 square meters.</p> <p>The land use rights of the property were granted for a term of 50 years commencing on 12 October 1983 and expiring on 11 October 2033 for residential use.</p>	<p>The property is subject to a tenancy for a term of 5 years commencing on 1 August 2015 and expiring on 31 July 2020 at a monthly rent of RMB21,780 exclusive of management fees and other charges.</p>	<p>55,500,000</p> <p><i>(100% interest attributable to the Group: RMB55,500,000)</i></p>

Notes:–

- (1) Pursuant to a Real Estate Title Certificate – Shen Fang Di Zi Di No. 3000033681 issued by the People's Government of Shenzhen dated 3 June 1999, the land use rights and the building ownership rights of the property with a gross floor area of 601 square meters are legally vested in RGB.
- (2) The property was inspected by Xu Hui-ling, a valuer with 3 years of real estate valuation experience on 24 June 2020.
- (3) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
 - a. RGB possesses the legal title of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights and building ownership rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - b. The tenancy agreement entered into between RGB and the lessee is legal and enforceable document, and is binding amongst the parties;
 - c. The tenancy agreement has not been registered with the relevant real estate bureau, despite such non-registration would not affect the effectiveness of the tenancy agreement. However, RGB might be required by the relevant real estate bureau to perform the registration within a specified period of time, and would be fined for not completing the registration on time;

- d. The use of the property complies with the relevant laws and regulations, and has not contravened with the relevant contracts; and
- e. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
49. Various units in Shencai Court No. 5007 Huanggang Road Futian District Shenzhen City Guangdong Province The People's Republic of China	<p>The property comprises five residential units on Levels 3, 4, 8, 10 and 11 of a 25-storey residential building which was completed in about 2000.</p> <p>The total gross floor area of the property is approximately 440.35 square meters.</p> <p>The land use rights of the property were granted for a term of 70 years commencing on 31 January 1997 and expiring on 30 January 2067 for residential use.</p>	<p>The property is subject to various tenancies for various terms with the latest expiry date being 31 October 2021 yielding a total monthly rent of RMB20,800 exclusive of management fees and other charges.</p>	<p>29,000,000</p> <p>(100% interest attributable to the Group: RMB29,000,000)</p>

Notes:–

- (1) Pursuant to five Real Estate Title Certificates – Shen Fang Di Zi Di Nos. 3000151358, 3000151363, 3000151366, 3000151370 and 3000151372 issued by the People's Government of Shenzhen all dated 3 December 2002, the land use rights of the property and the building ownership rights of the property with a total gross floor area of 440.35 square meters are legally vested in RGB.
- (2) The property was inspected by Xu Hui-ling, a valuer with 3 years of real estate valuation experience on 24 June 2020.
- (3) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
 - a. RGB possesses the legal title of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights and building ownership rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - b. The tenancy agreements entered into between RGB and the lessees are legal and enforceable documents, and are binding amongst the parties;
 - c. The tenancy agreements have not been registered with the relevant real estate bureau, despite such non-registration would not affect the effectiveness of the tenancy agreements. However, RGB might be required by the relevant real estate bureau to perform the registration within a specified period of time, and would be fined for not completing the registration on time;

- d. The use of the property complies with the relevant laws and regulations, and has not contravened with the relevant contracts; and
- e. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
50. Portion of Skyworth Digital Tower Songbai Road Shiyuan Street Bao'an District Shenzhen City Guangdong Province The People's Republic of China	<p>The property comprises the self-use portion of a 28-storey research and development centre which was completed in about 2016, with a site area of approximately 20,392.85 square metres.</p> <p>The total gross floor area of the subject property is approximately 60,685.09 square meters, in which the total gross floor area of the leased-out portion is approximately 40,436.59 square metres.</p> <p>The land use rights of the property were granted for a term commencing on 30 June 2007 and expiring on 29 June 2056 for industrial use.</p>	<p>The property is subject to various tenancies for various terms with the latest expiry date being 31 December 2022 yielding a total monthly rent of RMB1,823,085 exclusive of management fees and other charges.</p>	<p>327,500,000</p> <p><i>(57% interest attributable to the Group: RMB186,675,000)</i></p>

Notes:–

- (1) Pursuant to a Real Estate Title Certificate – Yue (2017) Shen Zhen Shi Bu Dong Chan Quan Di No. 0072080 issued by the Real Estate Registration Centre of Shenzhen dated 12 May 2017, the land use rights of the property were granted to SWDT for a term commencing on 30 June 2007 and expiring on 29 June 2056 for industrial use; and the building ownership rights of the property with a total gross floor area of 60,685.09 square meters (i.e., the subject development) are legally vested in SWDT. According to the aforesaid title certificate, the property could only be transferred as a whole.
- (2) The property was inspected by Wu Jian-teng, a valuer with 10 years of real estate valuation experience on 24 June 2020.

- (3) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
- a. SWDT possesses the legal title of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights and building ownership rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - b. The tenancy agreements entered into between SWDT and the lessees are legal and enforceable documents, and are binding amongst the parties;
 - c. The tenancy agreements have not been registered with the relevant real estate bureau, despite such non-registration would not affect the effectiveness of the tenancy agreements. However, SWDT might be required by the relevant real estate bureau to perform the registration within a specified period of time, and would be fined for not completing the registration on time;
 - d. The uses of the property do not comply with the relevant laws and regulations, and hence there is a risk for SWDT to be penalised by the relevant government authorities for not using the property in accordance with the planned use. In accordance with the relevant laws and regulations, the relevant government authorities have the rights to forfeit the land use rights and impose fines (at a rate of not less than RMB10 and not more than RMB30 per square metre site area) for those property owners not using the properties in accordance with the planned use. As confirmed by the Company, they have not been penalised by the local government authorities for leasing the property for the existing uses. Based on the interview with the representatives from the local government authorities, despite it is not uncommon for such land use contravention for properties in Shenzhen, it has been rare for the relevant enforcement actions be taken against those property owners who do not lease the properties in accordance with the planned use. As such, it is considered that the chance for SWDT be penalised for the land use contravention; or be claimed against the compensation by the lessees for the tenancy agreements become ineffective as a result of the land use contravention would be relatively minimal; and
 - e. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
51. Portion of an industrial facility located at No. 36 Feilong Road National Economic and Technology Development Zone Suining City Sichuan Province The People's Republic of China	<p>The property comprises the leased-out portion of an industrial facility with a total site area of approximately 237,157.96 square metres, on which were erected various buildings and structures which were completed in various stages between 2018 and 2019.</p> <p>The buildings mainly comprise workshops and warehouses.</p> <p>The total gross floor area of the subject property is approximately 191,541.54 square meters, in which the total gross floor area of the leased-out portion is approximately 53,340.21 square metres.</p> <p>The land use rights of the property were granted for various terms with the latest expiry date being 2 April 2069 for industrial use.</p>	<p>The property is subject to various tenancies for various terms with the latest expiry date being 24 December 2023 yielding a total monthly rent of RMB475,105 exclusive of management fees and other charges.</p>	<p>109,500,000</p> <p><i>(100% interest attributable to the Group: RMB109,500,000)</i></p>

Notes:–

- (1) The land use rights of the property were acquired by SNSW between 29 December 2016 and 26 March 2018 at a total consideration of RMB34,151,040 pursuant to two State-owned Land Use Rights Grant Contracts – 510800-2016-Gua-10 and 510800-2018-Gua-2 entered into between the State-land Resources Bureau of Suining and SNSW.
- (2) Pursuant to three Real Estate Title Certificates, Chuan (2020) Sui Ning Shi Bu Dong Chan Quan Di Nos. 0002933, 0002934 and 0002935 issued by the Natural Resources and Planning Bureau of Suining all dated 10 January 2020, the land use rights of portion of the property with a site area of 91,318.25 square metres were granted to SNSW for a term of 50 years commencing on 20 January 2017 and expiring on 19 January 2067 for industrial use; and the building ownership rights of three buildings with a total gross floor area of 34,281.58 square metres were legally vested in SNSW.

- (3) Pursuant to another Real Estate Title Certificate, Chuan (2019) Sui Ning Shi Bu Dong Chan Quan Di No. 0021510 issued by the Natural Resources and Planning Bureau of Suining dated 18 April 2019, the land use rights of the remaining portion of the property with a site area of 145,839.71 square metres were granted to SNSW for a term of 50 years commencing on 3 April 2019 and expiring on 2 April 2069 for industrial use.
- (4) Pursuant to a Construction Land Use Planning Permit, Di Zi Di No. 2018-080 issued by the City Rural Planning Administration Bureau of Suining dated 12 December 2018, the proposed land use for portion of the subject site with a site area of 145,839.71 square metres was approved.
- (5) Pursuant to a Construction Project Planning Permit, Jian Zi Di No. 5109002019065 issued by the Natural Resources and Planning Bureau of Suining dated 18 December 2019, the proposed development of portion of the property with a total planned gross floor area of 157,259.96 square metres was approved.
- (6) We have attributed no commercial value to portion of the buildings of the property with a total gross floor area of 19,058.63 square metres as they are yet to be granted with proper title certificates. For reference purpose, the value of these buildings (excluding the land, on a 100% basis) would be RMB53,400,000 had they been granted with all relevant title certificates.
- (7) The property was inspected by Wang Ya-jun, a valuer with 4 years of real estate valuation experience on 2 July 2020.
- (8) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
 - a. Save as those mentioned in Note 6 above, SNSW possesses the legal title of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights and building ownership rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - b. As confirmed by SNSW, they are in the process of applying the requisite title certificates for those buildings mentioned in Note 6, and there is no material impediment for SNSW to complete the relevant title registration procedures and to obtain the relevant title certificates;
 - c. As the Company was unable to provide the relevant title documents for portion of the subject building as mentioned in Note 6, it is unable to confirm whether the relevant tenancy agreements entered into between SNSW and the lessees are effective. If SNSW does not have the right to lease the property according to the tenancy agreements, there is a potential risk that the tenancy agreements would be deemed as void;
 - d. The tenancy agreements have not been registered with the relevant real estate bureau, despite such non-registration would not affect the effectiveness of the tenancy agreements. However, SNSW might be required by the relevant real estate bureau to perform the registration within a specified period of time, and would be fined for not completing the registration on time;
 - e. The use of the property complies with the relevant laws and regulations, and has not contravened with the relevant contracts; and
 - f. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
52. Unit 202, Block 7 Huamao Court Meihua Road Futian District Shenzhen City Guangdong Province The People's Republic of China	<p>The property comprises a residential unit on Level 2 of a 8-storey residential building which was completed in about 1995.</p> <p>The gross floor area of the property is approximately 79.9 square meters.</p> <p>The land use rights of the property were granted for a term of 70 years commencing on 6 May 1993 and expiring on 5 May 2063 for residential use.</p>	<p>The property is subject to a rolling tenancy at a monthly rent of RMB5,300 exclusive of management fees and other charges.</p>	<p>4,870,000</p> <p><i>(100% interest attributable to the Group: RMB4,870,000)</i></p>

Notes:–

- (1) Pursuant to a Real Estate Title Certificate – Shen Fang Di Zi Di No. 5218337 issued by the People's Government of Shenzhen dated 2 June 1997, the land use rights and building ownership rights of the property with a gross floor area of 79.9 square meters are legally vested in New Skyworth Electrical Appliance (Shenzhen) Limited (“XSWS”).
- (2) XSWS is a wholly-owned subsidiary of the Company.
- (3) The property was inspected by Liu Xiao-long, a valuer with 7 years of real estate valuation experience on 7 July 2020.

- (4) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
- a. XSWS possesses the legal title of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights and building ownership rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - b. The tenancy agreement entered into between XSWS and the lessee is legal and enforceable document, and is binding amongst the parties;
 - c. The tenancy agreement has not been registered with the relevant real estate bureau, despite such non-registration would not affect the effectiveness of the tenancy agreement. However, XSWS might be required by the relevant real estate bureau to perform the registration within a specified period of time, and would be fined for not completing the registration on time;
 - d. The use of the property complies with the relevant laws and regulations, and has not contravened with the relevant contracts; and
 - e. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in
			existing state as of 30 June 2020 RMB
53. Various dormitories located at West of Huanggang Road and south of Beihuan Road Futian District Shenzhen City Guangdong Province The People's Republic of China	<p>The property comprises 41 residential units on various levels of 11-storey Block A, B and C of the subject development which was completed in about 2000.</p> <p>The total gross floor area of the property is approximately 3,998.82 square meters.</p> <p>The land use rights of the property were granted for a term of 70 years commencing on 31 January 1997 and expiring on 30 January 2067 for residential use.</p>	<p>The property is subject to various tenancies for various terms with the latest expiry date being 31 October 2021 yielding a total monthly rent of RMB180,300 exclusive of management fees and other charges.</p>	<p>263,500,000</p> <p><i>(100% interest attributable to the Group: RMB263,500,000)</i></p>

Notes:-

- (1) Pursuant to 41 Real Estate Title Certificates issued by the Real Estate Registration Centre of Shenzhen dated between 28 January 2003 and 26 July 2010, the land use rights and building ownership rights of the property with a total gross floor area of 3,998.82 square meters are legally vested in XSWS with details as follows:

Certificate Nos. (Shen Fang Di Zi Di)	Unit No.	Issue date	Gross floor area (sqm)
No. 3000160781	A1108	28 Jan 2003	124.12
No. 3000160784	A1105	28 Jan 2003	122.99
No. 3000160787	B204	28 Jan 2003	83.78
No. 3000160790	A1101	28 Jan 2003	124.12
No. 3000160934	B603	28 Jan 2003	85.32
No. 3000160937	B1105	28 Jan 2003	86.81
No. 3000160938	C204	28 Jan 2003	86.89
No. 3000160941	C1105	28 Jan 2003	86.89
No. 3000160944	B1108	28 Jan 2003	87.98
No. 3000160946	C304	28 Jan 2003	89.89
No. 3000160948	C208	28 Jan 2003	76.52
No. 3000160950	C205	28 Jan 2003	86.89
No. 3000160952	A401	28 Jan 2003	124.12
No. 3000160953	A1008	28 Jan 2003	124.12
No. 3000160955	A704	28 Jan 2003	122.99
No. 3000160964	C707	28 Jan 2003	85.4

Certificate Nos. (Shen Fang Di Zi Di)	Unit No.	Issue date	Gross floor area (sqm)
No. 3000160967	B207	28 Jan 2003	82.28
No. 3000160969	B502	28 Jan 2003	85.32
No. 3000160972	B201	28 Jan 2003	84.94
No. 3000160974	B208	28 Jan 2003	84.94
No. 3000160981	B706	28 Jan 2003	85.32
No. 3000160983	B205	28 Jan 2003	83.78
No. 3000160984	B707	28 Jan 2003	85.32
No. 3000160995	A404	28 Jan 2003	122.99
No. 3000160998	C201	28 Jan 2003	85.02
No. 3000161034	B1104	28 Jan 2003	86.81
No. 3000161035	C1108	28 Jan 2003	88.07
No. 3000161038	A604	28 Jan 2003	122.99
No. 3000161039	A1005	28 Jan 2003	122.99
No. 3000161040	B203	28 Jan 2003	82.28
No. 3000161046	A304	28 Jan 2003	122.99
No. 3000161051	A1104	28 Jan 2003	122.99
No. 3000161053	B1101	28 Jan 2003	87.98
No. 3000161324	B608	29 Jan 2003	87.98
No. 3000161472	B803	29 Jan 2003	85.32
No. 3000161476	A808	28 Jan 2003	124.12
No. 3000208293	A308	28 Sep 2003	124.12
No. 3000623688	B807	26 Jul 2010	85.32
No. 3000623699	C303	26 Jul 2010	85.4
No. 3000623707	C502	26 Jul 2010	85.4
No. 3000623714	B802	26 Jul 2010	85.32
Total			<u>3,998.82</u>

- (2) The property was inspected by Xu Hui-ling, a valuer with 3 years of real estate valuation experience on 24 June 2020.

- (3) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
- a. XSWS possesses the legal title of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights and building ownership rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - b. The tenancy agreements entered into between XSWS and the lessees are legal and enforceable documents, and are binding amongst the parties. The tenancy agreements have been registered with the relevant real estate bureau;
 - c. The use of the property complies with the relevant laws and regulations, and has not contravened with the relevant contracts; and
 - d. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
54. Portion of an industrial facility located at No. 100 of Zone 1 of Economic Development Zone Yichun City Jiangxi Province The People's Republic of China	<p>The property comprises the leased-out portion of an industrial facility with a site area of approximately 129,936.5 square metres, on which were erected various buildings and structures which were completed in various stages between 2012 and 2014.</p> <p>The buildings mainly comprise workshops, dormitories, ancillary offices and canteen.</p> <p>The total gross floor area of the subject property is approximately 80,808.01 square meters, in which the total gross floor area of the leased-out portion is approximately 17,120 square metres.</p> <p>The land use rights of the property were granted for a term expiring on 17 December 2056 for industrial use.</p>	<p>The property is subject to various tenancies for various terms with the latest expiry date being 30 September 2022 yielding a total monthly rent of RMB122,709 exclusive of management fees and other charges.</p>	<p>42,300,000</p> <p><i>(100% interest attributable to the Group: RMB42,300,000)</i></p>

Notes:–

- (1) Pursuant to a State-owned Land Use Rights Certificate – Yi Chun Guo Yong (2001) Di No. 11010364 issued by the People's Government of Yichun dated 15 December 2011, the land use rights of the property were granted to SWYC for a term expiring on 17 December 2056 for industrial use.

- (2) Pursuant to eight Building Ownership Certificates issued by the Real Estate Administration Bureau of Yichun, the building ownership rights of the property with a total gross floor area of 80,808.01 square meters are legally vested in SWYC with details as follows:

Certificate Nos. (Yi Fang Chan Zheng Yi Chun Zi Di)	Issue date	Gross floor area (sqm)	No. of storey
No. 20120916	5 Jun 2012	9,836.54	1
No. 20120917	5 Jun 2012	2,445.14	1
No. 20120918	5 Jun 2012	2,478.13	3
No. 20120919	5 Jun 2012	1,818.37	1
No. 20133889	30 Aug 2013	20,189.48	2
No. 20133890	30 Aug 2013	6,087.65	6
No. 20133891	30 Aug 2013	1,080.08	-1
No. 20133892	30 Aug 2013	6,435.76	3
No. 2-2014000773	20 Feb 2014	<u>30,436.86</u>	3
Total		<u><u>80,808.01</u></u>	

- (3) The property was inspected by Zong Wen-ting, a valuer with 4 years of real estate valuation experience on 1 July 2020.
- (4) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
- SWYC possesses the legal title of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights and building ownership rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - The tenancy agreements entered into between SWYC and the lessees are legal and enforceable documents, and are binding amongst the parties;
 - The tenancy agreements have not been registered with the relevant real estate bureau, despite such non-registration would not affect the effectiveness of the tenancy agreements. However, SWYC might be required by the relevant real estate bureau to perform the registration within a specified period of time, and would be fined for not completing the registration on time;
 - The use of the property complies with the relevant laws and regulations, and has not contravened with the relevant contracts; and
 - The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
55. Portion of Skyworth Technology Industrial Park Shiyuan Street Bao'an District Shenzhen City Guangdong Province The People's Republic of China	<p>The property comprises the leased-out portion of an industrial facility with a site area of approximately 411,164.52 square metres, on which were erected various buildings and structures which were completed in various stages between 2006 and 2018.</p> <p>The buildings mainly comprise workshops, ancillary office, canteen and dormitories.</p> <p>The total gross floor area of the property is approximately 1,013,910.74 square meters, in which the total gross floor area of the leased-out portion is approximately 250,505.11 square metres.</p> <p>The land use rights of the property were granted for a term of 50 years commencing on 31 July 2003 and expiring on 30 July 2053 for industrial use.</p>	<p>Portion of the property is subject to various tenancies for various terms with the latest expiry date being 30 April 2040 yielding a total monthly rent of RMB12,545,020 exclusive of management fees and other charges.</p>	<p>No commercial value <i>(100% interest attributable to the Group: Nil)</i></p>

Notes:–

- (1) Pursuant to 26 Real Estate Title Certificates issued by the Real Estate Registration Centre of Shenzhen, the land use rights of the property were granted to SWMT for a term of 50 years commencing on 31 July 2003 and expiring on 30 July 2053 for industrial use; and the building ownership rights of the property with a total gross floor area of 895,897.72 square meters are legally vested in SWMT with details as follows:

Certificate Nos.	Issue date	Building type	Gross floor area (sqm)
Yue (2019) Shen Zhen Shi Bu Dong Chan Quan Di No.0004774	7 Jan 2019	Office and training room	27,441.13
Yue (2019) Shen Zhen Shi Bu Dong Chan Quan Di No.0004766	7 Jan 2019	Workshop, dormitory, ancillary rooms, canteen	223,284.53
Yue (2019) Shen Zhen Shi Bu Dong Chan Quan Di No.0004761	7 Jan 2019	Workshop	96,254.73
Yue (2020) Shen Zhen Shi Bu Dong Chan Quan Di No.0079400	9 May 2020	Dormitory	10,416.59
Yue (2020) Shen Zhen Shi Bu Dong Chan Quan Di No.0078396	9 May 2020	Dormitory	10,706.70
Yue (2020) Shen Zhen Shi Bu Dong Chan Quan Di No.0078399	9 May 2020	Dormitory	12,322.87
Yue (2020) Shen Zhen Shi Bu Dong Chan Quan Di No.0078395	9 May 2020	Dormitory	12,929.94
Yue (2020) Shen Zhen Shi Bu Dong Chan Quan Di No.0078397	9 May 2020	Dormitory	12,538.87
Yue (2020) Shen Zhen Shi Bu Dong Chan Quan Di No.0078402	9 May 2020	Ancillary room	319.24
Yue (2020) Shen Zhen Shi Bu Dong Chan Quan Di No.0078392	9 May 2020	Workshop	52,075.32
Yue (2020) Shen Zhen Shi Bu Dong Chan Quan Di No.0078393	9 May 2020	Ancillary room	1,248.14
Yue (2020) Shen Zhen Shi Bu Dong Chan Quan Di No.0078390	9 May 2020	Workshop	21,335.38
Yue (2020) Shen Zhen Shi Bu Dong Chan Quan Di No.0078387	9 May 2020	Workshop	18,629.68
Yue (2020) Shen Zhen Shi Bu Dong Chan Quan Di No.0078394	9 May 2020	Workshop	22,818.43
Yue (2020) Shen Zhen Shi Bu Dong Chan Quan Di No.0078401	9 May 2020	Ancillary room	456.32
Yue (2019) Shen Zhen Shi Bu Dong Chan Quan Di No.0225315	14 Nov 2019	Dormitory	35,551.69
Yue (2019) Shen Zhen Shi Bu Dong Chan Quan Di No.0225316	14 Nov 2019	Dormitory	35,292.54
Yue (2019) Shen Zhen Shi Bu Dong Chan Quan Di No.0157654	22 Aug 2019	Dormitory	18,014.41
Yue (2019) Shen Zhen Shi Bu Dong Chan Quan Di No.0157657	22 Aug 2019	Dormitory	14,162.51
Yue (2019) Shen Zhen Shi Bu Dong Chan Quan Di No.0157655	22 Aug 2019	Workshop	60,574.05
Yue (2019) Shen Zhen Shi Bu Dong Chan Quan Di No.0157656	22 Aug 2019	Workshop	51,163.10

Certificate Nos.	Issue date	Building type	Gross floor area (sqm)
Yue (2019) Shen Zhen Shi Bu Dong Chan Quan Di No.0157658	22 Aug 2019	Workshop	14,834.39
Yue (2020) Shen Zhen Shi Bu Dong Chan Quan Di No.0078388	9 May 2020	Workshop	67,195.18
Yue (2020) Shen Zhen Shi Bu Dong Chan Quan Di No.0078389	9 May 2020	Workshop	26,501.68
Yue (2020) Shen Zhen Shi Bu Dong Chan Quan Di No.0078398	9 May 2020	Canteen	12,349.93
Yue (2020) Shen Zhen Shi Bu Dong Chan Quan Di No.0078391	9 May 2020	Workshop	37,480.37
Total			<u>895,897.72</u>

- (2) According to the aforesaid title certificates, the subject land is classified as non-commodity property; and the property could not be transferred.
- (3) We have attributed no commercial value to the property as the subject development is not entitled to be transferred in accordance with the relevant title documents. For reference purpose, the value of the property (i.e., the leased-out portion, including land and buildings, on a 100% basis) would be RMB1,812,000,000 on the basis of discounting the expected rental income (assuming the property is leased out) from the Valuation Date to the land use rights expiry date of the property.
- (4) The property was inspected by Wu Jian-teng, a valuer with 10 years of real estate valuation experience on 24 June 2020.
- (5) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
- a. SWMT possesses the legal title of the property;
 - b. The tenancy agreements entered into between SWMT and the lessees are legal and enforceable documents, and are binding amongst the parties;
 - c. Some of the tenancy agreements have not been registered with the relevant real estate bureau, despite such non-registration would not affect the effectiveness of the tenancy agreements. However, SWMT might be required by the relevant real estate bureau to perform the registration within a specified period of time, and would be fined for not completing the registration on time;

- d. The use of portion of the property (as hotel) does not comply with the relevant laws and regulations, and hence there is a risk for SWMT to be penalised by the relevant government authorities for not using the property in accordance with the planned use. In accordance with the relevant laws and regulations, the relevant government authorities have the rights to forfeit the land use rights and impose fines (at a rate of not less than RMB10 and not more than RMB30 per square metre site area) for those property owners not using the properties in accordance with the planned use. As confirmed by the Company, they have not been penalised by the local government authorities for leasing the property for the existing use. Based on the interview with the representatives from the local government authorities, despite it is not uncommon for such land use contravention for properties in Shenzhen, it has been rare for the relevant enforcement actions be taken against those property owners who do not lease the properties in accordance with the planned use. As such, it is considered that the chance for SWMT be penalised for the land use contravention; or be claimed against the compensation by the lessees for the tenancy agreements become ineffective as a result of the land use contravention would be relatively minimal; and
- e. The property is subject to a mortgage in favour of Industrial and Commercial Bank of China Limited, Shenzhen High-tech Zone Branch for a term commencing on 20 September 2019 and expiring on 20 September 2035 with a maximum loan amount of RMB1,320,000,000. Other than the aforesaid mortgage, the property is not subject to any other guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
56. Portion of an industrial facility located at No. 88 Binhuai Avenue Lishui Economic Development Zone Lishui District Nanjing City Jiangsu Province The People's Republic of China	<p>The property comprises the leased-out portion of an industrial facility with a total site area of approximately 258,002.80 square metres, on which were erected various buildings and structures which were completed in various stages between 2018 and 2019.</p> <p>The buildings mainly comprise workshops, warehouse, dormitory and canteen.</p> <p>The total gross floor area of the completed portion of the property is approximately 126,662.65 square meters, in which the total gross floor area of the leased-out portion is approximately 22,570.11 square metres.</p> <p>The land use rights of the property were granted for various terms with the latest expiry date being 21 September 2063 for industrial use.</p>	<p>The property is subject to various tenancies for various terms with the latest expiry date being 30 August 2024 yielding a total monthly rent of RMB382,158 inclusive of management fees and other charges.</p>	<p>75,800,000</p> <p><i>(100% interest attributable to the Group: RMB75,800,000)</i></p>

Notes:-

- (1) Pursuant to two Real Estate Title Certificates issued by the State-land Resources Bureau of Nanjing, the land use rights and building ownership rights of the property with a total site area of 238,047.8 square metres; and a total gross floor area of 126,662.65 square meters are legally vested in SWFD with details as follows:

Certificate Nos.	Issue date	Site area (sqm)	Gross floor area (sqm)	Land use rights expiry date
Su (2018) Ning Li Bu Dong Chan Quan Di No. 0011271	12 July 2018	183,888	99,043.4	28 February 2062
Su (2019) Ning Li Bu Dong Chan Quan Di No. 0023004	29 November 2019	54,159.8	27,619.25	21 September 2063
Total		<u>238,047.8</u>	<u>126,662.65</u>	

- (2) The property was inspected by Qiu Ling-feng, a valuer with 2 years of real estate valuation experience on 4 July 2020.
- (3) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
- a. SWFD possesses the legal title of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights and building ownership rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - b. The tenancy agreements entered into between SWFD and the lessees are legal and enforceable documents, and are binding amongst the parties;
 - c. The tenancy agreements have not been registered with the relevant real estate bureau, despite such non-registration would not affect the effectiveness of the tenancy agreements. However, SWFD might be required by the relevant real estate bureau to perform the registration within a specified period of time, and would be fined for not completing the registration on time;
 - d. The use of the property complies with the relevant laws and regulations, and has not contravened with the relevant contracts; and
 - e. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Group III – Property interests held by the Group for sale in Mainland China

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
57. Various units in Blocks 1 to 3 Chuangwei Jiayuan No. 10 Zhongxing West Road Lishui Economic Development Zone Lishui District Nanjing City Jiangsu Province The People's Republic of China	The property comprises 9 commercial units on Levels 1 and 2 of three 11-storey commercial buildings which were completed in about 2012. The total gross floor area of the property is approximately 511.09 square meters. The land use rights of the property were granted for a term expiring on 17 October 2050 for other commercial and services uses.	The property is currently vacant.	7,870,000 <i>(100% interest attributable to the Group: RMB7,870,000)</i>

Notes:–

- (1) Pursuant to 9 Building Ownership Certificates – Ning Fang Quan Zheng Li Zhuan Zi Di No. 2094916, Su (2019) Ning Li Bu Dong Chan Quan Di Nos. 0017542, 0017585, 0017590, 0017594, 0017596, 0017598, 0017611 and 0017612 all dated 26 August 2019, the land use rights and the building ownership rights of the property with a total gross floor area of 511.09 square meters are legally vested in Nanjing Wei Long Commercial Management Limited (“NJWL”).
- (2) NJWL is a wholly-owned subsidiary of the Company.
- (3) The property was inspected by Qiu Ling-feng, a valuer with 2 years of real estate valuation experience on 4 July 2020.
- (4) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
 - a. NJWL possesses the legal title of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights and building ownership rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses; and
 - b. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
58. An industrial facility located at No. 99 Kaida Road Guangzhou Science City Huangpu District Guangzhou City Guangdong Province The People's Republic of China	<p>The property comprises an industrial facility with a site area of approximately 127,623 square metres, on which were erected various buildings and structures which were completed in about 2015.</p> <p>The buildings mainly comprise workshops, facilities centre and dormitories.</p> <p>The total gross floor area of the property is approximately 172,403.86 square meters.</p> <p>The land use rights of the property were granted for a term of 50 years commencing on 28 September 2007 and expiring on 27 September 2057 for industrial and warehouse uses.</p>	<p>The property is partly owner-occupied and partly leased-out as of the Valuation Date.</p> <p>The total leased gross floor area is approximately 1,568 square metres, and for various terms with the latest expiry date being 31 December 2020 yielding a total monthly rent of RMB30,520 exclusive of management fees and other charges.</p>	<p>1,086,000,000</p> <p><i>(100% interest attributable to the Group: RMB1,086,000,000)</i></p>

Notes:—

- (1) Pursuant to a Real Estate Title Certificate – Yue Fang Di Quan Zheng Sui Zi Di No. 0550034111 issued by the State-land Resources and Real Estate Administration Bureau of Guangzhou dated 1 July 2015, the land use rights of the property were granted to Guangzhou Skyworth Flat-panel Technology Limited (“GZFD”) for a term of 50 years commencing on 28 September 2007 and expiring on 27 September 2057 for industrial and warehouse uses; and the building ownership rights of the property with a total gross floor area of 172,403.86 square meters are legally vested in GZFD.
- (2) GZFD is a wholly-owned subsidiary of the Company.
- (3) The property was inspected by Zong Wen-ting, a valuer with 4 years of real estate valuation experience on 24 June 2020.

- (4) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor – Han Kun Law Offices, which contains, *inter alia*, the following:
- a. GZFD possesses the legal title of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights and building ownership rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - b. The use of the property complies with the relevant laws and regulations, and has not contravened with the relevant contracts; and
 - c. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB												
59. Hongyuefu located at North of Tuanshan West Road and West of Qunli Avenue Lishui Economic Development Zone Lishui District Nanjing City Jiangsu Province The People's Republic of China	<p>The property comprises the proposed residential and commercial composite development known as "Hongyuefu" with a site area of approximately 133,192.2 square metres.</p> <p>The total planned gross floor area of the property is approximately 335,437.19 square meters which comprise the following:</p> <table border="1"> <thead> <tr> <th>Portion</th> <th>Gross floor area (sqm)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>210,765.32</td> </tr> <tr> <td>Commercial</td> <td>25,389.39</td> </tr> <tr> <td>Basement (incl. carparks)</td> <td>93,631.24</td> </tr> <tr> <td>Ancillary facilities and others</td> <td><u>5,651.24</u></td> </tr> <tr> <td>Total</td> <td><u><u>335,437.19</u></u></td> </tr> </tbody> </table>	Portion	Gross floor area (sqm)	Residential	210,765.32	Commercial	25,389.39	Basement (incl. carparks)	93,631.24	Ancillary facilities and others	<u>5,651.24</u>	Total	<u><u>335,437.19</u></u>	<p>The property is currently under construction and is expected to complete in various stages between July 2020 and March 2022.</p>	<p>1,201,000,000</p> <p>(100% interest attributable to the Group: RMB1,201,000,000)</p>
Portion	Gross floor area (sqm)														
Residential	210,765.32														
Commercial	25,389.39														
Basement (incl. carparks)	93,631.24														
Ancillary facilities and others	<u>5,651.24</u>														
Total	<u><u>335,437.19</u></u>														
	<p>The land use rights of the property were granted for a term of 70 years expiring on 9 August 2086 for residential use; and 40 years expiring on 9 August 2056 for commercial and services uses, respectively.</p>														

Notes:–

- (1) The land use rights of the property were acquired by Nanjing Weiheng Real Estate Limited ("NJWH") on 8 June 2015 at a total consideration of RMB371,700,000 pursuant to two State-owned Land Use Rights Grant Contracts – Nos. 3201242015CR0037 and 3201242015CR0038 entered into between the State-land Resources Bureau of Nanjing, Lishui Branch and NJWH.

- (2) Pursuant to a State-owned Land Use Rights Certificate – Su (2017) Ning Li Bu Dong Chan Quan Di No. 0032329 issued by the State-land Resources Bureau of Nanjing dated 12 December 2017, the land use rights of the property were granted to NJWH for a term of 70 years expiring on 9 August 2086 for residential use; and 40 years expiring on 9 August 2056 for commercial and services uses, respectively.
- (3) Pursuant to a Construction Land Use Planning Permit, Di Zi Di No. 320117201710644 issued by the Planning Bureau of Nanjing, Lishui Branch dated 10 November 2017, the proposed land use for the subject site with a site area of 133,192.14 square metres was approved.
- (4) Pursuant to five Construction Project Planning Permits issued by the Planning Bureau of Nanjing, the proposed development of portion of the property with a total planned gross floor area of 329,398.2 square metres was approved with details as follows:

Permits (Jian Zi Di Nos.)	Issue date	Portion	Gross floor area (sqm)
320117201810477	16 Jul 2018	Block #1, #2, #3, #10, #13 and power distribution rooms A and B	61,006.3
320117201810662	26 Sep 2018	Phase 2	113,651.3
320117201810660	26 Sep 2018	Phase 3	60,216.1
320117201810663	26 Sep 2018	Phase 4	67,665.7
320117201810661	26 Sep 2018	Phase 5 (Plot B)	<u>26,858.8</u>
Total			<u><u>329,398.2</u></u>

- (5) Pursuant to six Construction Works Commencement Permits issued by the Administration Approval Bureau of Lishui, the construction of portion of the property with a total planned gross floor area of 329,204.52 square metres was approved with details as follows:

Permits (Nos.)	Issue date	Portion	Gross floor area (sqm)
320124201810290101	29 Oct 2018	Block #1 and #2	38,775.70
320124201909191101	19 Sep 2019	Phases 3 and 4 and others	128,610.50
320124201812201201	20 Dec 2018	Block #5 and #9 and others	50,944.64
320124201904151101	15 Apr 2019	Block #11, #12, #15, #16, #17, #18, #19 and others	61,784.28
320124201809040101	24 Sep 2018	Block #3, #10 and #13	22,230.60
320124201901231201	23 Jan 2019	Phase 5 (Stage 1)	<u>26,858.80</u>
Total			<u><u>329,204.52</u></u>

- (6) Pursuant to five Pre-sale Permits issued by the Administration Approval Bureau of Lishui, the pre-sale of portion of the subject development was approved with details as follows:

Permits (Ning Fang Xiao Di Nos.)	Issue date	Portion
2019500032	17 Sep 2019	Block #5, #6, #7 and #19
2019500050	29 Nov 2019	Block #8, #9, #11, #12, #15, #16, #17 and #18
2020500038	30 Jun 2020	Block #20, #21, #22, #25, #26 and #33
2019500001	17 Jan 2019	Block #1 and #13
2018500042	14 Dec 2018	Block #2, #3 and #10

- (7) As advised by the Group, the total budgeted construction cost for the property was approximately RMB1,116,900,000, of which an amount of approximately RMB583,600,000 was outstanding as of the Valuation Date.
- (8) As advised by the Group, portion of the subject development with a total gross floor area of 130,303.26 square metres has been pre-sold (but was yet to be handed over) for a total consideration of approximately RMB1,129,900,000. We have reflected the contract value of the pre-sold portion in the course of our valuation.
- (9) For reference purpose, the value of the property (on a 100% basis, including the pre-sold but not yet handed over portion) assuming completion as of the Valuation Date would be RMB2,477,000,000.
- (10) NJWH is a wholly-owned subsidiary of the Company.
- (11) The property was inspected by Wang Ya-jun, a valuer with 4 years of real estate valuation experience on 13 July 2020.
- (12) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor, which contains, *inter alia*, the following:
- a. NJWH possesses the legal title of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - b. The aforesaid approvals and permits are effective, and have not been rescinded, amended or repealed;
 - c. NJWH has the right to pre-sale the portion of the subject development in accordance with the aforesaid Pre-sale Permits; and
 - d. The property is subject to a mortgage in favour of Industrial Bank Co., Ltd., Nanjing Branch for a term of 3 years commencing on 25 October 2019 and expiring on 24 October 2022 at a loan amount of RMB350,000,000. Other than the aforesaid mortgage, the property is not subject to any other guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
60. Unsold portion of Lehuocheng located at No. 26 Tuanshan West Road Lishui Economic Development Zone Lishui District Nanjing City Jiangsu Province The People's Republic of China	<p>The property comprises various residential and commercial units as well as 758 carparking spaces within a residential and commercial composite development known as "Lehuocheng" which was completed in about 2019.</p> <p>The total gross floor area of the residential and commercial portion of the property is approximately 8,335.05 square meters, of which the residential portion comprises 6,771.32 square metres; and the commercial portion comprises 1,563.73 square metres, respectively.</p> <p>The land use rights of the property were granted for a term of 70 years expiring on 3 December 2082 for residential use.</p>	The property is vacant as of the Valuation Date.	<p>199,500,000</p> <p><i>(100% interest attributable to the Group: RMB199,500,000)</i></p>

Notes:–

- (1) Pursuant to eight Real Estate Title Certificates or transfer of fixed assets registration record, issued by the Planning and Natural Resources Bureau of Nanjing or the State-land Resources Bureau of Nanjing, the land use rights and the building ownership rights of the unsold residential and commercial portion of the property with a total gross floor area of 827.61 square meters are legally vested in Nanjing Weihong Real Estate Limited (“NJWO”) with details as follows:

Certificate Nos.	Issue date	Portion	Gross floor area (sqm)
Su (2020) Ning Li Bu Dong Chan Quan Di No. 0006719	21 May 2020	Room 101 of Block #5	107.06
Su (2020) Ning Li Bu Dong Chan Quan Di No. 0006720	21 May 2020	Room 104 of Block #5	101.74
Su (2020) Ning Li Bu Dong Chan Quan Di No. 0006721	21 May 2020	Room 105 of Block #5	101.74
Su (2020) Ning Li Bu Dong Chan Quan Di No. 0006723	21 May 2020	Room 109 of Block #5	110.12
No. 202007027 (Transfer of fixed assets registration record)	21 May 2020	Room 103 of Block #5	104.33
Su (2019) Ning Li Bu Dong Chan Quan Di No. 0000028	3 Jan 2019	Room 102 of Unit 1 of Block #20	92.81
Su (2019) Ning Li Bu Dong Chan Quan Di No. 0000029	3 Jan 2019	Room 103 of Unit 2 of Block #20	83.18
Su (2018) Ning Li Bu Dong Chan Quan Di No. 0006718	12 Nov 2018	Room 2508 of Unit 2 of Block #28	126.63
Total			<u>827.61</u>

- (2) As advised by the Group, portion of the subject property with a total gross floor area of 7,507.44 square metres (including 6,468.7 square metres of residential; and 1,038.74 for commercial) has been pre-sold (but was yet to be handed over) for a total consideration of approximately RMB68,200,000. We have reflected the contract value of the pre-sold portion in the course of our valuation.
- (3) NJWO is a wholly-owned subsidiary of the Company.

- (4) The property was inspected by Wang Ya-jun, a valuer with 4 years of real estate valuation experience on 13 July 2020.

- (5) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor, which contains, *inter alia*, the following:
 - a. NJWO possesses the legal title of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights and building ownership rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses; and

 - b. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value												
			in existing state as of 30 June 2020 RMB												
61. Skyworth Smart Society located at East of Zhaolong Road and South of Qingquan Road Zhuangshi Street Zhenhai District Ningbo City Zhejiang Province The People's Republic of China	<p>The property comprises the proposed residential and commercial composite development known as "Skyworth Smart Society" with a site area of approximately 52,612 square metres.</p> <p>The total planned gross floor area of the property is approximately 136,823.35 square meters which comprise the following:</p> <table border="1"> <thead> <tr> <th>Portion</th> <th>Gross floor area (sqm)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>85,243.00</td> </tr> <tr> <td>Commercial</td> <td>1,897.58</td> </tr> <tr> <td>Basement (incl. carparks)</td> <td>39,567.01</td> </tr> <tr> <td>Ancillary facilities and others</td> <td><u>10,115.76</u></td> </tr> <tr> <td>Total</td> <td><u>136,823.35</u></td> </tr> </tbody> </table>	Portion	Gross floor area (sqm)	Residential	85,243.00	Commercial	1,897.58	Basement (incl. carparks)	39,567.01	Ancillary facilities and others	<u>10,115.76</u>	Total	<u>136,823.35</u>	<p>The property is currently under construction and is expected to complete by June 2022.</p>	<p>1,364,000,000</p> <p>(100% interest attributable to the Group: RMB1,364,000,000)</p>
Portion	Gross floor area (sqm)														
Residential	85,243.00														
Commercial	1,897.58														
Basement (incl. carparks)	39,567.01														
Ancillary facilities and others	<u>10,115.76</u>														
Total	<u>136,823.35</u>														
	<p>The land use rights of the property were granted for a term of 70 years expiring on 28 July 2089 for residential use.</p>														

Notes:–

- (1) The land use rights of the property were acquired by Ningbo Skyworth Construction Development Limited ("NBCD") on 8 July 2019 at a consideration of RMB1,224,491,688 pursuant to a State-owned Land Use Rights Grant Contract – No. 3302112019A21010 entered into between the Natural Resources and Planning Bureau of Ningbo and NBSW.
- (2) Pursuant to a State-owned Land Use Rights Certificate – Zhe (2019) Ning Bo Shi (Zhen Hai) Bu Dong Chan Quan Di No. 0043148 issued by the Natural Resources and Planning Bureau of Ningbo dated 23 August 2019, the land use rights of the property were granted to NBCD for a term of 70 years expiring on 28 July 2089 for residential use.

- (3) Pursuant to a Construction Land Use Planning Permit, Di Zi Di No. 330211201900023 issued by the Natural Resources and Planning Bureau of Ningbo dated 22 July 2019, the proposed land use for the subject site with a site area of 52,612 square metres was approved.
- (4) Pursuant to a Construction Project Planning Permit, Jian Zi Di No. 330211202000031 issued by the Natural Resources and Planning Bureau of Ningbo dated 20 March 2020, the proposed development of the property with a total planned gross floor area of 136,823.35 square metres was approved.
- (5) Pursuant to a Construction Works Commencement Permit, No. 330211202004300101 issued by the Housing and Development Transportation Bureau of Ningbo dated 30 April 2020, the construction of the property with a total planned gross floor area of 136,823.35 square metres was approved.
- (6) As advised by the Group, the total budgeted construction cost for the property was approximately RMB632,900,000, of which an amount of approximately RMB565,400,000 was outstanding as of the Valuation Date.
- (7) For reference purpose, the value of the property (on a 100% basis) assuming completion as of the Valuation Date would be RMB2,221,000,000.
- (8) NBCD is a wholly-owned subsidiary of the Company.
- (9) The property was inspected by Zong Wen-ting, a valuer with 4 years of real estate valuation experience on 13 July 2020.
- (10) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor, which contains, *inter alia*, the following:
 - a. NBCD possesses the legal title of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - b. The aforesaid approvals and permits are effective, and have not been rescinded, amended or repealed; and
 - c. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
62.	Skyworth Shuangzhi Shuangchuang Industrial Park located at East of Zhaolong Road and South of Planned First Road Zhuangshi Street Zhenhai District Ningbo City Zhejiang Province The People's Republic of China	The property comprises the proposed commercial development known as "Skyworth Shuangzhi Shuangchuang Industrial Park" with a site area of approximately 48,544 square metres. The total planned gross floor area of the property is approximately 112,751.72 square meters which comprise the following:	279,600,000 <i>(100% interest attributable to the Group: RMB279,600,000)</i>
		Gross floor area	
	Portion	area	
		<i>(sqm)</i>	
	Office for sale	31,013.36	
	Office for owner's investment holding for at least 10 years after completion	44,515.46	
	Basement (incl. carparks)	35,155.81	
	Ancillary facilities and others	<u>2,067.09</u>	
	Total	<u>112,751.72</u>	
	The land use rights of the property were granted for a term of 40 years expiring on 3 July 2059 for commercial and finance uses.		

Notes:–

- (1) The land use rights of the property were acquired by Ningbo Skyworth Smart Technology Limited ("NBSW") on 20 June 2019 at a consideration of RMB101,748,224 pursuant to a State-owned Land Use Rights Grant Contract – No. 3302112019A21009 entered into between the Natural Resources and Planning Bureau of Ningbo and NBSW.

- (2) Pursuant to a State-owned Land Use Rights Certificate – Zhe (2019) Ning Bo Shi (Zhen Hai) Bu Dong Chan Quan Di No. 0041793 issued by the Natural Resources and Planning Bureau of Ningbo dated 13 August 2019, the land use rights of the property were granted to NBSW for a term of 40 years expiring on 3 July 2059 for commercial and finance uses.
- (3) Pursuant to a Construction Land Use Planning Permit, Di Zi Di No. 330211201900021 issued by the Natural Resources and Planning Bureau of Ningbo dated 4 July 2019, the proposed land use for the subject site with a site area of 48,544 square metres was approved.
- (4) Pursuant to a Construction Project Planning Permit, Jian Zi Di No. 330211202000027 issued by the Natural Resources and Planning Bureau of Ningbo dated 13 March 2020, the proposed development of the property with a total planned gross floor area of 112,751.72 square metres was approved.
- (5) Pursuant to a Construction Works Commencement Permit, No. 330211202005190101 issued by the Housing and Development Transportation Bureau of Ningbo dated 19 May 2020, the construction of the property with a total planned gross floor area of 112,414.95 square metres was approved.
- (6) As advised by the Group, the total budgeted construction cost for the property was approximately RMB794,400,000, of which an amount of approximately RMB770,500,000 was outstanding as of the Valuation Date.
- (7) For reference purpose, the value of the property (on a 100% basis) assuming completion as of the Valuation Date would be RMB919,400,000.
- (8) The property was inspected by Zong Wen-ting, a valuer with 4 years of real estate valuation experience on 13 July 2020.
- (9) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor, which contains, *inter alia*, the following:
 - a. NBSW possesses the legal title of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - b. The aforesaid approvals and permits are effective, and have not been rescinded, amended or repealed; and
 - c. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
63. Phases 1 and 2 of Chuangwei Jingyuan No. 29 Jingfa Avenue Economic Development Zone Yichun City Jiangxi Province The People's Republic of China	<p>The property comprises the unsold portion of Phase 1; and Phase 2 of a proposed residential and commercial composite development known as "Chuangwei Jingyuan" with a site area of approximately 38,020.42 square metres (Phase 2).</p> <p>Phase 1 of the property has a total gross floor area of approximately 3,459.07 square metres.</p>	<p>Phase 1 of the property is currently vacant as of the Valuation Date.</p> <p>Phase 2 of the property is currently under construction and is expected to complete by June 2021.</p>	<p>374,500,000</p> <p><i>(100% interest attributable to the Group: RMB374,500,000)</i></p>

The total planned gross floor area of Phase 2 of the property is approximately 159,235.82 square meters which comprise the following:

Portion	Gross floor area (sqm)
Residential	124,470.38
Commercial	10,161.29
Basement (incl. carparks)	21,299.35
Ancillary facilities and others	<u>3,304.80</u>
Total	<u>159,235.82</u>

The land use rights of the property were granted for a term of 70 years expiring on 14 May 2082 for residential use; and 40 years expiring on 14 May 2052 for commercial use, respectively.

Notes:–

- (1) Pursuant to eight Building Ownership Certificates issued by the Fixed Assets Registration Bureau of Yichun, the land use rights and the building ownership rights of Phase 1 of the property with a total gross floor area of 3,382.87 square meters are legally vested in Yichun Skyworth Real Estate Limited (“YCRE”) with details as follows:

Certificate Nos. (Gan (2018) Yi Chun Shi Bu Dong Chan Quan Di)	Issue date	Gross floor area (sqm)
No. 0040908	27 Nov 2018	118.19
No. 0040906	27 Nov 2018	966.15
No. 0041089	27 Nov 2018	245.16
No. 0041090	27 Nov 2018	289.38
No. 0041307	28 Nov 2018	500.26
No. 0041361	27 Nov 2018	72.41
No. 0041366	27 Nov 2018	450.35
No. 0041484	28 Nov 2018	<u>740.97</u>
Total		<u><u>3,382.87</u></u>

- (2) For the remaining portion of Phase 1 of the property with a gross floor area of 76.2 square metres, the Company advise that they are in the process of applying for the relevant title certificates. As such, we have attributed no commercial value to such portion. For reference purpose, the value of such portion (on a 100% basis) would be RMB650,000 had they been granted with all relevant title certificates.
- (3) Pursuant to a State-owned Land Use Rights Certificate – Gan (2018) Yi Chun Shi Bu Dong Chan Quan Di No. 0039432 issued by the Fixed Assets Registration Bureau of Yichun dated 14 November 2018, the land use rights of Phase 2 of the property were granted to YCRE for a term of 70 years expiring on 14 May 2082 for residential use; and 40 years expiring on 14 May 2052 for commercial use, respectively.
- (4) Pursuant to a Construction Land Use Planning Permit, Yi Jing Gui Di Zi Di No. 2013015 issued by the City Rural Planning and Development Bureau of Yichun dated 6 December 2013, the proposed land use for Phases 1 and 2 of the subject site with total a site area of 66,665.53 square metres was approved.

- (5) Pursuant to nine Construction Project Planning Permits issued by the Planning Bureau of Yichun, the proposed development of Phase 2 of the property with a total planned gross floor area of 159,235.82 square metres was approved with details as follows:

Permits (Jian Zi Di Nos.)	Issue date	Portion	Gross floor area (sqm)
360901201800016-1 (Gong)	26 Jul 2018	Block #6	7,261.86
360901201800016-2 (Gong)	26 Jul 2018	Block #7	13,119.30
360901201800016-3 (Gong)	26 Jul 2018	Block #8	17,744.28
360901201800016-6 (Gong)	26 Jul 2018	Block #10	25,307.20
360901201800016-7 (Gong)	26 Jul 2018	Block #11	34,776.63
360901201800016-8 (Gong)	26 Jul 2018	Block #12	24,304.72
360901201800016-4 (Gong)	26 Jul 2018	Block #91	7,712.06
360901201800016-5 (Gong)	26 Jul 2018	Block #92	7,710.42
360901201800016-9 (Gong)	26 Jul 2018	Basement	<u>21,299.35</u>
Total			<u><u>159,235.82</u></u>

- (6) Pursuant to a Construction Works Commencement Permit, No. 362201201810161701 issued by the Development Bureau of Yichun Economic and Development Zone dated 16 October 2018, the construction of Phase 2 of the property with a total planned gross floor area of 156,000 square metres was approved.

- (7) Pursuant to seven Pre-sale Permits issued by the Administration Approval Bureau of Yichun, Administration Approval Bureau of Yichun Economic and Development Zone or Economic Development and Labour Protection Bureau of Yichun Economic and Development Zone, the pre-sale of portion of Phase 2 of the subject development was approved with details as follows:

Permits (Yi Fang Yu Shou Zheng Di Nos.)	Issue date	Portion	Gross floor area (sqm)
(Jing) No. 002	29 May 2019	Block #6 to #11	40,864.42
(Jing) No. 008	29 Aug 2019	Block #7	12,920.75
(Jing) No. 013	20 Dec 2019	Block #92	7,561.71
No. 012	25 Jan 2019	Block #10	24,756.63
(Jing) No. 012	20 Dec 2019	Block #12	23,812.68
(Jing) No. 011	28 Oct 2019	Block #91	7,561.71
(Jing) No. 001	15 Jan 2020	Block #8	<u>17,023.87</u>
Total			<u><u>134,501.77</u></u>

- (8) As advised by the Group, the total budgeted construction cost for Phase 2 of the property was approximately RMB450,000,000, of which an amount of approximately RMB161,300,000 was outstanding as of the Valuation Date.
- (9) As advised by the Group, portion of Phase 2 of the subject development with a total gross floor area of 63,984.28 square metres has been pre-sold (but was yet to be handedover) for a total consideration of approximately RMB298,900,000. We have reflected the contract value of the pre-sold portion in the course of our valuation.
- (10) For reference purpose, the value of Phase 2 of the property (on a 100% basis, including the pre-sold but not yet handedover portion) assuming completion as of the Valuation Date would be RMB676,100,000.
- (11) YCRE is a wholly-owned subsidiary of the Company.
- (12) The property was inspected by Qiu Ling-feng, a valuer with 2 years of real estate valuation experience on 13 July 2020.
- (13) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor, which contains, *inter alia*, the following:
- a. YCRE possesses the legal title of the property, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - b. The aforesaid approvals and permits are effective, and have not been rescinded, amended or repealed;
 - c. YCRE has the right to pre-sale the portion of the subject development in accordance with the aforesaid Pre-sale Permits; and
 - d. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market value
			in existing state as of 30 June 2020 RMB
64. Qilinh Town located at East of Yongle Road and West of Tongle Road Quanjiao County Chuzhou City Anhui Province The People's Republic of China	The property comprises the proposed residential and commercial composite development known as "Qilinh Town" with a site area of approximately 550,735 square metres. The total planned gross floor area of the property is approximately 990,728.46 square meters which comprise the following:	The property is currently under construction and is expected to complete by December 2024.	1,282,000,000 <i>(100% interest attributable to the Group: RMB1,282,000,000)</i>
	Portion	Gross floor area <i>(sqm)</i>	
	Residential	776,755.00	
	Commercial	23,839.00	
	Basement (incl. carparks)	175,389.00	
	Ancillary facilities and others	<u>14,745.46</u>	
	Total	<u>990,728.46</u>	
	The land use rights of the property were granted for a common term of 70 years with the latest expiring date being 17 December 2088 for residential use; and a common term of 40 years with the latest expiry date being 17 December 2058 for commercial and services uses, respectively.		

Notes:–

- (1) The land use rights of portion of the property (with a total site area of 497,559 square metres) were acquired by Chuzhou Skyworth Construction Development Limited ("CZCD") on 17 December 2018 at a total consideration of RMB1,052,000,000 pursuant to eight State-owned Land Use Rights Grant Contracts entered into between the State-land Resources Bureau of Quanjiao and CZCD.

- (2) The land use rights of the remaining portion of the property (with a site area of 53,176 square metres) were acquired by CZCD on 26 January 2020 at a consideration of RMB112,470,000 pursuant to a State-owned Land Use Rights Grant Contract entered into between the State-land Resources Bureau of Quanjiao and CZCD.
- (3) Pursuant to four State-owned Land Use Rights Certificates issued by the State-land Resources Bureau of Quanjiao, the land use rights of portion of the property with a total site area of 497,559 square metres were granted to CZCD for a term of 70 years for residential use; and 40 years for commercial and services uses, respectively, with details as follows:

Certificate Nos.**(Wan (2019))****Quan Jiao Xian Bu****Dong Chan Quan Di)**

Issue date	Site area (sqm)	Land use rights expiry dates	
No. 0013461	25 Oct 2019	58,499	Residential: 17 Dec 2088 Commercial and services: 17 Dec 2058
No. 0012815	15 Oct 2019	178,436	Residential: 16 Dec 2088 Commercial and services: 16 Dec 2058
No. 0012816	25 Oct 2019	198,160	Residential: 16 Dec 2088 Commercial and services: 16 Dec 2058
No. 0012729	12 Oct 2019	62,464	Residential: 16 Dec 2088 Commercial and services: 16 Dec 2058
Total		<u>497,559</u>	

- (4) Pursuant to eight Construction Land Use Planning Permits, Di Zi Di Nos. 341124201900023 to 341124201900030 issued by the Natural Resources and Planning Bureau of Quanjiao all dated 10 June 2019, the proposed land use for portion of the subject site with total a site area of 497,559 square metres was approved.
- (5) Pursuant to two Construction Project Planning Permits, Nos. 2019104 and 2019105 issued by the Natural Resources and Planning Bureau of Quanjiao all dated 30 October 2019, the proposed development of portion of the property with a total planned gross floor area of 927,595 square metres was approved.
- (6) As advised by the Group, the total budgeted construction cost for the property was approximately RMB2,844,000,000, of which an amount of approximately RMB2,779,000,000 was outstanding as of the Valuation Date.
- (7) For reference purpose, the value of the property (on a 100% basis) assuming completion as of the Valuation Date would be RMB5,502,000,000.

- (8) CZCD is a wholly-owned subsidiary of the Company.
- (9) The property was inspected by Wang Ya-jun, a valuer with 4 years of real estate valuation experience on 14 July 2020.
- (10) We have been provided with a legal opinion on the property prepared by the Company's PRC legal advisor, which contains, *inter alia*, the following:
 - a. CZCD possesses the legal title of the property as mentioned in Note 3, and has the rights to lease, transfer, mortgage or otherwise handle the land use rights of such portion of the property during the remaining land use rights term, without further payment of any land premium or relevant expenses;
 - b. CZCD has settled all the land premium for the portion of the property as mentioned in Note 2;
 - c. The aforesaid approvals and permits are effective, and have not been rescinded, amended or repealed; and
 - d. The property is not subject to any guarantee, mortgage, foreclosure or other third-party rights, and has not been compulsorily expropriated.

VALUATION REPORT

Group IV – Property interest held by the Group for self-occupation in Hong Kong

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
65. Unit 1 on 5th Floor, Units 1 to 4 on 16th Floor, Units 5 to 6 on 17th Floor and Lorry Parking Space No. L19 on 1/F Westlands Centre No. 20 Westlands Road Quarry Bay Hong Kong <i>(130/4,170th parts or shares of and in sub-section 1 of section C of Quarry Bay Marine Lot No. 1 and section B of Quarry Bay Marine Lot No. 2)</i>	The property comprises seven industrial units on Levels 5, 16 and 17 of a 27-storey industrial building which was completed in about 1989. The total gross floor area and saleable area of the industrial portion of the property is approximately 16,306 square feet and 11,741 square feet, respectively. The property is held under two government leases for a common term of 999 years commencing on 2 February 1882 and 18 April 1900, respectively.	The property is currently owner-occupied for workshop and ancillary office purposes, of which Units 501, 1604, 1705 and 1706 are subject to intra-group leases for various terms with the latest expiry date being 31 December 2021 at a total monthly rent of HKD 155,340 exclusive of management fees and government rates (except for Unit 1604 which is inclusive).	131,100,000 <i>(100% interest attributable to the Group: RMB131,100,000)</i>

Notes:–

- (1) The registered owners of the property are:
 - Skyworth Electronics Company Limited registered vide memorial no. UB5459989 dated 30 September 1992 (Re: Units 2, 3 and 4 on 16th Floor);
 - Skyworth Electronics Company Limited registered vide memorial no. UB5573335 dated 2 February 1993 (Re: Unit 1 on 16th Floor);
 - Skyworth Electronics Company Limited registered vide memorial no. UB5844422 dated 20 October 1993 (Re: Lorry Parking Space No. L19 on 1/F and Unit 1 on 5th Floor); and
 - Winform Inc. registered vide memorial no. UB8277155 dated 12 December 2000 (Re: Units 5 and 6 on 17th Floor).
- (2) Skyworth Electronics Company Limited and Winform Inc. are wholly-owned subsidiaries of the Company.
- (3) The property was inspected by Jason Leung, a valuer with 14 years of real estate valuation experience on 14 July 2020.

VALUATION REPORT

Group V – Property interest held by the Group for investment in Hong Kong

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
66. Units 5 to 6 on 15th Floor Westlands Centre No. 20 Westlands Road Quarry Bay Hong Kong	The property comprises two adjoining industrial units on Level 15 of a 27-storey industrial building which was completed in about 1989.	The property will be subject to a tenancy for a term of two years commencing on 2 January 2020 and expiring on 1 January 2022 at a monthly rent of HKD 94,340 exclusive of management fees and government rates.	36,700,000 <i>(100% interest attributable to the Group: RMB36,700,000)</i>
<i>(38/4,170th parts or shares of and in sub-section 1 of section C of Quarry Bay Marine Lot No. 1 and section B of Quarry Bay Marine Lot No. 2)</i>	The total gross floor area and saleable area of the property is approximately 4,717 square feet and 3,396 square feet, respectively. The property is held under two government leases for a common term of 999 years commencing on 2 February 1882 and 18 April 1900, respectively.		

Notes:–

- (1) The registered owner of the property is Skyworth (Group) Company Limited (currently known as Skyworth TV Holdings Limited) registered vide memorial no. UB7719721 (Unit 5) and memorial no. UB7719722 (Unit 6) both dated 3 March 1999.
- (2) Unit 6 of the property is subject to a building order no. UBCSI/08-01/0042/11 under section 24(1) of the Buildings Ordinance by the Building Authority registered vide memorial no. 16102600480311 dated 22 June 2016.
- (3) In the course of our valuation, we have assumed that the aforesaid building order would not have any material impact to the overall value of the property.
- (4) The property was inspected by Jason Leung, a valuer with 14 years of real estate valuation experience on 14 July 2020.

VALUATION REPORT

Group VI – Property interest held by the Group for self-occupation in Indonesia

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
67. An industrial facility located at EJIP Industrial Park Plot 5G Jalan Citanduy Raya Desa Sukaresmi Kecamatan Cikarang Selatan Kabupaten Bekasi Jawa Barat Indonesia	<p>The property comprises an industrial facility with a site area of approximately 67,556 square metres, on which were erected various buildings and structures which were completed in various stages between 1995 and 2013.</p> <p>The buildings mainly include workshops, ancillary office and warehouse.</p> <p>The total gross floor area of the property is approximately 34,983 square meters.</p> <p>The property is held under freehold land interest.</p>	The property is owner-occupied for production, warehouse and ancillary office purposes.	122,100,000 <i>(44% interest attributable to the Group: RMB53,724,000)</i>

Notes:–

- (1) The property is registered under a Right to Build Certificate (“SHGB”) – No. 02665/Sukaresmi dated 23 November 2018 with total site area of 67,556 square metres under the name of PT Skyworth Industry Indonesia (“PTSW”).
- (2) PTSW is 44% interest-owned by the Company.
- (3) The property was inspected by Susan Widjojo, a valuer with 23 years of real estate valuation experience on 24 June 2020.
- (4) We have been provided with a legal opinion on the property prepared by the Company’s Indonesia legal advisor – Assegaf Hamzah & Partners, which contains, *inter alia*, the following:
 - a. PTSW is the registered and legal owner of the property pursuant to the SHGB No. 02665/Sukaresmi;
 - b. PTSW is the property’s sole owner, and is entitled to transfer, lease, dispose, or secure the property for loan subject to PTSW’s Article of Association and relevant stipulations under the Estate Regulation of EJIP Industrial Park; and
 - c. The historical pages of the SHGB No. 02665 does not record any transfer, encumbrance, blockage and/or change of size of the property. PTSW confirmed that it is not involved in loan agreement which may affect its entitlement to the property.

VALUATION REPORT

Group VII – Property interest held by the Group for self-occupation in South Africa

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
68. Erf 295 Faerie Glen Extension 1 Township 513 Arkansas Street Pretoria Faerie Glen Extension 1 Province of Gauteng Republic of South Africa	The property comprises a single-storey residential property which was completed in about 1979, and with a site area of approximately 1,268 square metres. The total gross floor area of the property is approximately 493 square meters.	The property is currently owner-occupied for residential purpose.	1,160,000 <i>(100% interest attributable to the Group: RMB1,160,000)</i>
	The property is held under freehold land interest.		

Notes:–

- (1) The registered owner of the property is Sinoprime Investments & Manufacturing SA (Pty) Ltd Van As (“**Sinoprime**”) registered vide Deed of Transfer No. T105843/2014.
- (2) Sinoprime is a wholly-owned subsidiary of the Company.
- (3) The property was inspected by Andre Steyn, a valuer with 14 years of real estate valuation experience on 23 June 2020.
- (4) We have been provided with a legal opinion on the property prepared by the Company’s South Africa legal advisor – Bowman Gilfillan Inc., which contains, *inter alia*, the following:
 - a. Sinoprime by virtue of its full title ownership of the property is entitled, without restriction, to transfer, lease, mortgage or otherwise dispose of the Property to any third parties;
 - b. There are no conditions contained in the title deed or other endorsements relating to the property which appear from the title deed which affects the transferability of the property or places any restrictions on the owner of the property in freely dealing with the property; and
 - c. The property is unencumbered and, in particular is not encumbered by any mortgage bonds registered over the property in favour of a third party as registered security.

VALUATION REPORT

Group VIII – Property interest held by the Group for self-occupation in Ukraine

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
69. Portion of No. 8 Adama Mitskevicha Street Pervomaisky micro-district Kyiv Ukraine <i>(1,826/10,000th parts or shares of an in the subject building)</i>	The property comprises portion of a 3-storey commercial building which was completed in about 1960s. The gross floor area of the property is approximately 1,879.6 square meters. The property is held under freehold land interest.	The property is currently owner-occupied for office and commercial purposes.	10,800,000 <i>(44% interest attributable to the Group: RMB4,752,000)</i>

Notes:–

- (1) The property was acquired by Strong Ukraine LLC (“SUSW”) pursuant to a Sale and Purchase Agreement dated 24 June 2016 at a consideration of RMB2,401,125.
- (2) Pursuant to the State Register of Proprietary Rights to Real Estate of the subject building, SUSW is the registered owner of the property with 1,826/10,000th parts or shares of an in the subject building.
- (3) SUSW is 44% interest-owned by the Company.
- (4) The property was inspected by Liudmyla Simonova, a valuer with 26 years of real estate valuation experience on 23 June 2020.
- (5) We have been provided with a legal opinion on the property prepared by the Company’s Ukraine legal advisor – Arzinger Law Firm, which contains, *inter alia*, the following:
 - a. SUSW has registered title (freehold) over the property;
 - b. SUSW and other co-owners jointly have a title to the entire subject building, each holding their respective share of ownership within the building. Hence, SUSW has a right to dispose of the property subject to written consents of other co-owners of the subject building;
 - c. Any kind of disposal of the property (including but not limited to mortgage) can be made only based on the explicit written consent of the co-owners; or the property should be separated as a stand-alone asset; and
 - d. There are not any registered encumbrances, pending litigations or third parties’ rights (including leases) with regard to the property.

VALUATION REPORT

Group IX – Property interest held by the Group for self-occupation in Denmark

Property	Description and tenure	Particulars of occupancy	Market value in existing state as of 30 June 2020 RMB
70. Jellingvej 26 9230 Svenstrup J Himmerland Aalborg Municipality Denmark	<p>The property comprises a standalone property with a site area of approximately 5,260 square metres, on which were erected various buildings and structures which were completed in about 1991.</p> <p>The buildings mainly comprise office, warehouse and garage.</p> <p>The total gross floor area of the property is approximately 1,887 square meters.</p> <p>The property is held under freehold land interest.</p>	The property is currently owner-occupied for office and warehouse purposes.	8,720,000 <i>(44% interest attributable to the Group: RMB3,836,800)</i>

Notes:–

- (1) The registered owner of the property is Strong Scandinavia A/S.
- (2) Strong Scandinavia A/S is 44% interest-owned by the Company.
- (3) The property was inspected by Claus Sondrup, a valuer with 18 years of real estate valuation experience on 29 June 2020.

RESPONSIBILITY STATEMENT

This Offer Document includes particulars given in compliance with the Listing Rules and the Codes for the purpose of giving information with regard to the Offer and the Company. All Directors jointly and severally accept full responsibility for the accuracy of information contained in this Offer Document and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this Offer Document have been arrived at after due and careful consideration and there are no other facts not contained in this Offer Document, the omission of which would make any statement in this Offer Document misleading.

SHARE CAPITAL

The authorised and issued share capital of the Company as at the Latest Practicable Date and immediately upon completion of the Offer (assuming full acceptance of the Offer) are set out as follows:

<i>Authorised</i>	<i>HK\$</i>
<u>10,000,000,000</u> Shares as at the Latest Practicable Date	<u>1,000,000,000</u>
 <i>Issued and fully paid or credited as fully paid</i>	
3,060,929,420 Shares as at the Latest Practicable Date	306,092,942
<u>(392,800,000)</u> Shares proposed to be bought-back and cancelled	<u>(39,280,000)</u>
 <u>2,668,129,420</u> Shares upon completion of the Offer	 <u>266,812,942</u>

All the issued Shares rank *pari passu* with each other in all respects including the rights as to voting, dividends and capital.

No Shares had been issued or bought-back by the Company since the end of the financial year of the Company ended 31 December 2019 up to the Latest Practicable Date.

There had been no re-organisation of capital of the Company during the two financial years immediately preceding the commencement of the Offer Period on 17 June 2020.

During the 12-month period immediately preceding the date of this Offer Document, the Company did not buy-back any Shares.

None of the Shares to be bought-back were issued during the two-year period immediately preceding the date of the Offer, being 17 June 2020.

As at the Latest Practicable Date, the Company had outstanding Share Options entitling their holders to subscribe for a total of 122,598,000 Shares. Details of the Share Options are set out below:

Date of grant	Exercise price per Share (HK\$)	Exercise period	Number of Shares subject to the Share Options outstanding as at the Latest Practicable Date
22 January 2016	4.226	01/09/2016 – 20/08/2024	14,852,000
		01/09/2017 – 20/08/2024	17,154,000
		01/09/2018 – 20/08/2024	25,692,000
8 July 2016	6.320	01/09/2017 – 20/08/2024	2,500,000
		01/09/2018 – 20/08/2024	2,500,000
		01/09/2019 – 20/08/2024	2,500,000
		01/09/2020 – 20/08/2024	2,500,000
9 August 2017	4.090	01/09/2018 – 20/08/2024	500,000
		01/09/2019 – 20/08/2024	500,000
		01/09/2020 – 20/08/2024	500,000
		01/09/2021 – 20/08/2024	500,000
15 April 2019	2.680	30/09/2019 – 20/08/2024	21,160,000
		30/09/2020 – 20/08/2024	15,870,000
		30/09/2021 – 20/08/2024	<u>15,870,000</u>
			<u><u>122,598,000</u></u>

As at the Latest Practicable Date, save for the outstanding Share Options and the 3,060,929,420 Shares in issue, the Company did not have other class of securities, outstanding options, derivatives, warrants or other securities which are convertible or exchangeable into Shares.

During the two-year period immediately preceding the date of this Offer Document, the Company declared cash dividends in the amount of HK\$9.0 cents and HK\$6.0 cents per Share for the year ended 31 March 2018 and the nine months ended 31 December 2018, respectively. Depending on the future results and financial position of the Group, the Company may, on the recommendation of the Board, declare dividends as and when it considers appropriate taking into account the then financial performance of the Group as well as the amount of profits and/or reserves legally available for distribution. Based on the audited consolidated financial statements of the Group for the year ended 31 December 2019, the Directors did not recommend the payment of a final dividend.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the Latest Practicable Date, the interests of the Directors and chief executive of the Company in the Shares, which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be entered in the register required to be kept under section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules, were as follows:

(a) Long positions in shares of the Company and associated corporations

The Company

Name	Capacity	Total	Approximate % of issued Shares
Mr. Lai Weide	Beneficial owner	6,002,000	0.20
Ms. Lin	Beneficial owner	9,160,382	0.30
	Interest of spouse (Notes 1 and 2)	<u>1,238,258,799</u>	<u>40.45</u>
		<u>1,247,419,181</u>	<u>40.75</u>
Mr. Liu Tangzhi	Beneficial owner	7,884,675	0.26
Mr. Shi Chi	Beneficial owner	5,184,825	0.17
	Interest of spouse	<u>5,466,466</u>	<u>0.18</u>
		<u>10,631,291</u>	<u>0.35</u>

Name	Capacity	Total	Approximate % of issued Shares
Mr. Lin	Beneficial owner	3,898,719	0.13
Mr. Li Weibin	Beneficial owner	1,000,000	0.03
Mr. Lam Shing Choi, Eric	Beneficial owner	2,000,000	0.07

Notes:

- (1) 37,300,000 Shares are held by Mr. Wong and 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 interested and deemed to be interested in 1,238,258,799 Shares.
- (2) Ms. Lin is interested in 1,247,419,181 Shares, which comprise 9,160,382 Shares held by herself and the deemed interests in 1,238,258,799 Shares held by her spouse Mr. Wong.

Associated corporations – Skyworth Digital Co., Ltd.

Name	Capacity	Total	Approximate % of the total number of issued shares
Mr. Lai Weide	Beneficial owner (Note)	750,000	0.07
Mr. Liu Tangzhi	Beneficial owner (Note)	600,000	0.06
Mr. Shi Chi	Beneficial owner	36,770,524	3.46
	Interest of spouse	<u>6,507,500</u>	<u>0.61</u>
		<u>43,278,024</u>	<u>4.07</u>

Note: 400,000 shares of Skyworth Digital Co., Ltd. held by Mr. Lai Weide and 400,000 shares of Skyworth Digital Co., Ltd. held by Mr. Liu Tangzhi are restricted shares granted under the restricted share incentive scheme of Skyworth Digital Co., Ltd. (the “**Restricted Share Incentive Scheme**”), a 57.05% owned subsidiary of the Company, which are subject to lock-up restrictions under the terms and conditions of the Restricted Share Incentive Scheme. The restricted shares will be released from the lock-up restriction in 3 batches in accordance with the release schedule under the Restricted Share Incentive Scheme, conditional upon the fulfilment of performance targets specified thereunder. Details of the Restricted Share Incentive Scheme were published on the information website of the Shenzhen Stock Exchange (<http://www.cninfo.com.cn/>).

(b) Share Options

Name	Date of grant	Exercise price (HK\$)	Exercise period	Number of Share Options
Mr. Lai Weide	8 July 2016	6.320	01/09/2017 – 20/08/2024	2,500,000
			01/09/2018 – 20/08/2024	2,500,000
			01/09/2019 – 20/08/2024	2,500,000
			01/09/2020 – 20/08/2024	2,500,000
	15 April 2019	2.680	30/09/2019 – 20/08/2024	4,000,000
			30/09/2020 – 20/08/2024	3,000,000
			30/09/2021 – 20/08/2024	3,000,000
Mr. Liu Tangzhi	15 April 2019	2.680	30/09/2019 – 20/08/2024	4,000,000
			30/09/2020 – 20/08/2024	3,000,000
			30/09/2021 – 20/08/2024	3,000,000
Mr. Lam Shing Choi, Eric	15 April 2019	2.680	30/09/2019 – 20/08/2024	800,000
			30/09/2020 – 20/08/2024	600,000
			30/09/2021 – 20/08/2024	600,000

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) to be entered in the register required to be kept under section 352 of the SFO; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, according to the register kept by the Company pursuant to Section 336 of the SFO and, so far as was known to the Directors, the persons or entities, other than a Director or chief executive of the Company, who had an interest in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or in any options in respect of such share capital were as follows:

Name of Shareholder	Capacity	Number of Shares	Approximate % of issued Shares
Target Success	Trustee (<i>Note 1</i>)	1,200,958,799	39.23
Mr. Wong	Beneficial owner	37,300,000	1.22
	Interest of spouse (<i>Note 2</i>)	9,160,382	0.30
	Interest of controlled corporation (<i>Note 1</i>)	<u>1,200,958,799</u>	<u>39.23</u>
		<u>1,247,419,181</u>	<u>40.75</u>
Ms. Lin	Beneficial owner	9,160,382	0.30
	Held by spouse (<i>Note 3</i>)	<u>1,238,258,799</u>	<u>40.45</u>
		<u>1,247,419,181</u>	<u>40.75</u>

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 1,200,958,799 Shares.
- (2) Ms. Lin is interested in 1,247,419,181 Shares, which comprise 9,160,382 Shares held by herself and the deemed interests in 1,238,258,799 Shares held by her spouse Mr. Wong.
- (3) 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.

Save as disclosed herein and so far as was known to the Directors, as at the Latest Practicable Date, no person (not being a Director or chief executive of the Company) had an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company, or in any options in respect of such share capital.

OTHER INTERESTS IN THE COMPANY

As at the Latest Practicable Date:

- (i) save as disclosed in the section headed “*Interests of Directors and Chief Executive in Shares, Underlying Shares and Debentures*” and Shares held on behalf of non-discretionary investment clients of the DBS Group, the Company, the Directors and the persons acting in concert with them are not interested in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
- (ii) save for the Irrevocable Undertakings, no persons have irrevocably committed themselves to accept or reject the Offer;
- (iii) save as disclosed in the section headed “*Interests of Substantial Shareholders*”, there are no Shareholders which holds 10% or more of the voting rights of the Company;
- (iv) none of the Company, the Directors or any persons acting in concert with them have borrowed or lent any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
- (v) none of the subsidiaries of the Company, nor pension funds of the Company or of any of the Company’s subsidiaries, nor any person who is presumed to be acting in concert with the Company by virtue of class (5) of the definition of “acting in concert” under the Takeovers Code or who is an associate of the Company by virtue of class (2) of the definition of “associate” under the Takeovers Code, but excluding exempt principal traders and exempt fund managers, had any interest in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
- (vi) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any party acting in concert with it (including any person who is presumed to be acting in concert with the Company by virtue of classes (1), (2), (3) and (5) of the definition of “acting in concert”) or who is an associate of the Company by virtue of classes (2), (3) and (4) of the definition of “associate”; and

- (vii) no shareholding in the Company was managed on a discretionary basis by fund managers (other than exempt fund managers) connected with the Company.

DEALINGS IN SECURITIES

The Company had not issued nor bought-back any Shares since 31 December 2019, being the end of the last financial year, and did not/will not conduct any on-market buy-back of Shares from the date of the Announcement up to and including the date at which the Offer closes, lapses or is withdrawn, as the case may be.

The Company had not bought-back or issued any Shares since 17 June 2018, being the date falling two years immediately preceding the commencement date of the Offer Period, up to the date of this Offer Document.

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.

During the Relevant Period:

- (i) the Company, the Directors and persons acting in concert with them did not deal for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares, save and except for dealings by members of the DBS Group that were conducted on a non-discretionary basis for and on behalf of clients of the relevant members of the DBS Group; and
- (ii) the Wong Concert Party Group did not deal for value in any Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

As at the Latest Practicable Date, the Company had no agreement, arrangement or understanding to transfer, charge or pledge any of the Shares acquired pursuant to the Offer to any other persons.

As at the Latest Practicable Date, there was no agreement or arrangement to which the Company or Mr. Wong was a party which related to circumstances in which it/he might or might not invoke or seek to invoke a pre-condition or a condition to the Offer or the Whitewash Waiver.

MARKET PRICES

The table below shows the closing prices per Share on the Stock Exchange on (i) the Latest Practicable Date; (ii) 16 June 2020, being the Last Trading Day; and (iii) the last trading day of each of the calendar months during the Relevant Period.

Date	Closing price per Share HK\$
31 December 2019	2.25
31 January 2020	2.10
28 February 2020	1.95
31 March 2020	1.65
29 April 2020	1.81
29 May 2020	2.00
Last Trading Day	2.04
30 June 2020	2.17
Latest Practicable Date	2.40

HIGHEST AND LOWEST CLOSING PRICES

The highest and lowest closing prices per Share as quoted on the Stock Exchange during the Relevant Period were HK\$2.54 per Share on 14 January 2020, 16 January 2020 and 17 January 2020 and HK\$1.56 per Share on 16 March 2020, 17 March 2020 and 18 March 2020, respectively.

ARRANGEMENTS AFFECTING DIRECTORS

No benefit has been or will be given to any Director as compensation for loss of office or otherwise in connection with the Offer.

As at the Latest Practicable Date, there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer.

As at the Latest Practicable Date, there was no agreement, arrangement or understanding (including any compensation arrangement) that existed between (i) the Company, Mr. Wong or any parties acting in concert with any of them; and (ii) any of the Directors, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Offer.

DIRECTORS' INTERESTS IN CONTRACTS

As at the Latest Practicable Date, there was no material contract entered into by Mr. Wong or the Company in which any Director had a material personal interest.

DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into service contracts with any member of the Group or any associated companies of the Company which (i) (including both continuous and fixed term contracts) had been entered into or amended within 6 months before the date of the Announcement; (ii) are continuous contracts with a notice period of 12 months or more; or (iii) are fixed term contracts with more than 12 months to run irrespective of the notice period.

MATERIAL LITIGATION

As at the Latest Practicable Date, neither the Company nor any member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any member of the Group.

MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries) were entered into by the members of the Group within the two years immediately preceding the commencement date of the Offer Period, which were or might be material:

- (1) the limited partnership agreement dated 8 November 2019 entered into between Skyworth Venture Capital (an indirect wholly owned subsidiary of the Company), 天津創維海河投資管理有限公司 (Tianjin Chuangwei Haihe Investment Management Co., Ltd.*) (an indirect joint venture of the Company), 天津市海河產業基金合夥企業(有限合夥)(Tianjin Haihe Industry Fund Partnership Enterprise (Limited Partnership)*), 天津盛創投資有限公司 (Tianjin Shenchuang Investment Co., Ltd.*), 天津瑞豐投資管理有限公司 (Tianjin Ruifeng Investment Management Co., Ltd.*), 前海德勤投資控股(深圳)有限公司 (Qianhai Deqing Investment Holding (Shenzhen) Co., Ltd.*) and 天津旌榮信息諮詢合夥企業(有限合夥)(Tianjin Shengrong Information Advisory Partnership Enterprise (Limited Partnership)* in relation to the formation of 天津創維海河新興產業投資合夥企業(有限合夥)(Tianjin Chuangwei Haihe New Industry Investment Partnership Enterprise (Limited Partnership)*), details of which are set out in the announcement of the Company dated 8 November 2019;

- (2) the sale and purchase agreement dated 12 June 2020 entered into between 創維集團建設發展有限公司 (Skyworth Group Construction Development Co. Ltd.*) and 科學城(廣州)投資集團有限公司 (Science City (Guangzhou) Investment Group Co. Ltd.*) in respect of the sale and purchase of 90% equity interest in 廣州創維電子有限公司 (Guangzhou Skyworth Electronics Co., Ltd.*), details of which are set out in the announcement of the Company dated 12 June 2020; and
- (3) the sale and purchase agreement dated 12 June 2020 entered into between 深圳創維-RGB 電子有限公司 (Shenzhen Chuangwei-RGB Electronics Co., Ltd.*) and 科學城(廣州)投資集團有限公司 (Science City (Guangzhou) Investment Group Co. Ltd.*) in respect of the sale and purchase of 90% equity interest in 廣州創維平面顯示科技有限公司 (Guangzhou Flat Display Technology Co., Ltd.*), details of which are set out in the announcement of the Company dated 12 June 2020.

EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinions or advices in this Offer Document:

Name	Qualification
DBSAC	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
Caitong International Capital	a licensed corporation under the SFO, licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities
Deloitte Touche Tohmatsu	certified public accountants
ValQuest Advisory (Hong Kong) Limited	professional property valuer

Each of DBSAC, Caitong International Capital, Deloitte Touche Tohmatsu and ValQuest Advisory (Hong Kong) Limited has given and has not withdrawn its written consent to the issue of this Offer Document with the inclusion herein of its opinion or letter (as the case may be) and references to its name, in the form and context in which it is included.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) on the website of the Company (www.skyworth.com); (ii) on the website of the Securities and Futures Commission (www.sfc.hk); and (iii) at the Company's principal place of business in Hong Kong at Rooms 1601-04 Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong during normal business hours from 9:00 a.m. to 5:00 p.m. (except Saturdays, Sundays and public holidays in Hong Kong) from the date of this Offer Document for so long as the Offer remains open for acceptance:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Company for the nine months ended 31 December 2018 and the financial year ended 31 December 2019;
- (c) the written consents as referred to in the paragraph headed "Experts and Consents" in this appendix;
- (d) the Letter from the Board, the text of which is set out on pages 7 to 20 of this Offer Document;
- (e) the Letter from DBSAC, the text of which is set out on pages 21 to 30 of this Offer Document;
- (f) the Letter from the Independent Board Committee, the text of which is set out on pages 31 to 32 of this Offer Document;
- (g) the Letter from the Independent Financial Adviser, the text of which is set out on pages 33 to 65 of this Offer Document;
- (h) the report from Deloitte Touche Tohmatsu on the unaudited pro forma financial information of the Group, the text of which is set out in Appendix III to this Offer Document;
- (i) the respective letters from the reporting accountants and the Independent Financial Adviser on the Profit Estimate, the text of which is set out in Appendix IV to this Offer Document;
- (j) the property valuation report from ValQuest Advisory (Hong Kong) Limited, the text of which is set out in Appendix V to this Offer Document;
- (k) the Irrevocable Undertakings; and
- (l) the material contracts referred to in the section headed "Material Contracts" in this appendix.

MISCELLANEOUS

- (a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The Company's principal place of business in Hong Kong is situated at Rooms 1601-04 Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong.
- (c) The principal place of business of DBSAC is situated at 73/F, The Center, 99 Queen's Road Central, Hong Kong.
- (d) The registered office of the Independent Financial Adviser is situated at Unit 4811, 48th Floor, COSCO Tower, 183 Queen's Road Central, Hong Kong.
- (e) The principal members of the concert group of the Company are Target Success and Mr. Wong, whose addresses are at 3rd Floor, J & C Building, P.O. Box 362, Road Town, Tortola, Virgin Islands (British), VG1110 and Room 1601-04, 16/F., Westlands Centre, 20 Westlands Road, Quarry Bay, Hong Kong, respectively.
- (f) The ultimate controlling shareholder of Target Success is Mr. Wong and the director of Target Success is Ms. Lin.
- (g) The English texts of this Offer Document, the form of proxy for the SGM and the Form of Acceptance shall prevail over their respective Chinese texts.

NOTICE OF SGM

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this notice.

SKYWORTH

SKYWORTH GROUP LIMITED

創維集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00751)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**SGM**”) of Skyworth Group Limited (the “**Company**”) will be held at 26/F., Sino Plaza, 255-257 Gloucester Road, Causeway Bay, Hong Kong, on Wednesday, 19 August 2020 at 10:00 a.m. (or any adjournment thereof) for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions as an ordinary resolution and a special resolution of the Company, respectively:

ORDINARY RESOLUTION

“**THAT**, the conditional cash offer (the “**Offer**”) by DBS Asia Capital Limited on behalf of the Company to buy-back up to 392,800,000 shares of nominal value of HK\$0.1 each in the issued share capital of the Company (the “**Shares**”) held by the shareholders of the Company (the “**Shareholders**”) at a price of HK\$2.80 per Share and subject to the terms and conditions as set out in the offer document despatched to the Shareholders on 27 July 2020 together with the accompanying form of acceptance (copies of which marked “A” have been produced to the SGM and initialed by the chairman of the SGM for the purpose of identification) be approved, without prejudice and in addition to the existing authority of the Company under the general mandate to buy-back Shares granted by the Shareholders at the annual general meeting of the Company held on 22 May 2020, and that the directors of the Company be authorised to execute all such documents (and, where necessary, to affix the seal of the Company thereon in accordance with the memorandum of association of the Company) and do all such acts as such directors consider desirable, necessary or expedient to give effect to or otherwise in connection with the Offer, including, without limitation, completion of the buy-back of Shares pursuant to the Offer.”

NOTICE OF SGM

SPECIAL RESOLUTION

“**THAT**, the waiver (the “**Whitewash Waiver**”) in respect of any obligation under the Codes on Takeovers and Mergers and Share Buy-backs of Hong Kong (the “**Codes**”) of Mr. Wong Wang Sang, Stephen (“**Mr. Wong**”), the controlling shareholder of the Company, to make a mandatory general offer for all the issued Shares other than those already owned by Mr. Wong and parties acting in concert (as defined in the Codes) with him which may, but for the Whitewash Waiver, arise upon completion of the Offer be hereby approved, and that the directors of the Company be authorised to execute all such documents (and, where necessary, to affix the seal of the Company thereon in accordance with the bye-laws of the Company) and do all such acts as such directors consider desirable, necessary or expedient to give effect to or otherwise in connection with the Whitewash Waiver.”

Skyworth Group Limited
Lai Weide
Chairman of the Board

Hong Kong, 27 July 2020

As at the date of this notice, the Board 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.

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business in Hong Kong:
Rooms 1601-04
Westlands Centre
20 Westlands Road
Quarry Bay
Hong Kong

NOTICE OF SGM

Notes:

- (1) A member entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf. A proxy need not be a member of the Company.
- (2) In order to be valid, the proxy form must be deposited together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of that power or authority, at the office of the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time fixed for holding the SGM or any adjournment thereof. Completion and return of the proxy form will not preclude any member from attending and voting in person should he so desire.
- (3) The register of members of the Company will be closed from Friday, 14 August 2020 to Wednesday, 19 August 2020 (both days inclusive), during which period no transfer of shares in the Company will be effected. In order to qualify for attendance at the SGM, all transfers, accompanied by the relevant share certificates, have to be lodged with the Company's branch share registrar and transfer office in Hong Kong, Hong Kong Registrars Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on Thursday, 13 August 2020.

(4) **Effect of bad weather on the SGM**

The SGM will be adjourned if there is:

- (a) a tropical cyclone warning signal number 8 or above; or
 - (b) a "black" rainstorm warning, in force in Hong Kong 2 hours before the scheduled time of the SGM on the day of the SGM. An announcement will be made by the Company in such event.
- (5) The health of our shareholders, staff and stakeholders is of paramount importance to us. In view of the ongoing Novel Coronavirus (COVID-19) pandemic, the Company will implement the following precautionary measures at the SGM to protect attending shareholders, staff and stakeholders from the risk of infection:
- (i) compulsory body temperature checks will be conducted for every shareholder, proxy or other attendee at each entrance of the meeting venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the meeting venue or be required to leave the meeting venue;
 - (ii) each attendee is required to wear a surgical face mask throughout the meeting and inside the meeting venue, and to maintain a safe distance between seats;
 - (iii) no refreshment will be served, and there will be no corporate gift; and
 - (iv) each attendee may be asked whether (a) he/she travels outside of Hong Kong within the 14-day period immediately before the SGM and (b) he/she is subject to any Hong Kong Government prescribed quarantine. Anyone who responds positively to any of these questions may be denied entry into the meeting venue or be required to leave the meeting venue.

NOTICE OF SGM

Pursuant to the Prevention and Control of Disease (Prohibition on Group Gathering) Regulation (the “**Regulation**”), group gatherings of more than 20 persons for shareholders’ meetings are required to be accommodated in separate rooms or partitioned areas of not more than 20 persons each.

In addition, the Company reminds all shareholders that physical attendance in person at the meeting is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the meeting as their proxy to vote on the relevant resolution(s) instead of attending the meeting in person, by completing and return the proxy form attached to this Offer Document.

The Company will keep its shareholders informed by way of further announcement if there are any material updates on the Regulation which would affect the SGM.