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SKYWORTH
SKYWORTH GROUP LIMITED
創維集團有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 00751)

**CONNECTED TRANSACTION -
THE TRADEMARK TRANSFER AGREEMENT AND LICENSING AGREEMENT**

THE TRADEMARK TRANSFER AGREEMENT AND THE LICENSING AGREEMENT

The Board announces that on 26 March 2021, Skyworth Group, an indirect wholly-owned subsidiary of the Company, entered into the Trademark Transfer Agreement with Sky-well New Energy, pursuant to which Skyworth Group has agreed to transfer all its title and interest in the Subject Trademarks to Sky-well New Energy at a consideration of RMB28,000,000 (equivalent to approximately HK\$33,277,475). The Subject Trademarks are 11 trademarks bearing the marks “创维” and/or “Skyworth” as registered with the Trademark Office of the State Administration for Industry and Commerce of the PRC (中國國家工商行政管理總局商標局) under Class 12 (Vehicles; apparatus for locomotion by land, air or water) of the Nice Classification by the World Intellectual Property Organization as applied in the PRC through its local laws. On the same date as the Trademark Transfer Agreement was entered into, Sky-well New Energy entered into the Licensing Agreement with Skyworth Automobile, pursuant to which Sky-well New Energy grants a perpetual license at no charge in favour of Skyworth Automobile in respect of Skyworth Automobile’s use of the Subject Trademarks and other associated trademarks in certain specified products in its ordinary course of business.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Wong is a controlling shareholder of the Company as he indirectly holds approximately 46.75% of the total issued share capital of the Company. The equity interests of Sky-well New Energy are indirectly held as to approximately 88.97% by Mr. Wong and Sky-well New Energy is therefore an associate of Mr. Wong and a connected person of the Company under the Listing Rules. Accordingly, the Trademark Transfer Agreement, the Licensing Agreement and the respective transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the Trademark Transfer Agreement and the Licensing Agreement exceed 0.1% but are less than 5%, the Trademark Transfer Agreement, the Licensing Agreement and the transactions contemplated respectively thereunder are subject to the reporting and announcement requirements, but are exempted from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE TRADEMARK TRANSFER AGREEMENT

The Board is pleased to announce that on 26 March 2021, Skyworth Group, an indirect wholly-owned subsidiary of the Company, entered into Trademark Transfer Agreement with Sky-well New Energy, pursuant to which Skyworth Group has agreed to transfer all its title and interest in the Subject Trademarks to Sky-well New Energy at a consideration of RMB 28,000,000 (equivalent to approximately HK\$33,277,475). The Subject Trademarks are 11 trademarks bearing the marks “创维” and/or “Skyworth” as registered with the Trademark Office of the State Administration for Industry and Commerce of the PRC (中國國家工商行政管理總局商標局) under Class 12 (Vehicles; apparatus for locomotion by land, air or water) of the Nice Classification by the World Intellectual Property Organization as applied in the PRC through its local laws.

Set out below is a summary of certain key terms of the Trademark Transfer Agreement:

- Date : 26 March 2021
- Parties : Skyworth Group (as transferor)
Sky-well New Energy (as transferee)
- Subject Assets : Pursuant to the Trademark Transfer Agreement, Skyworth Group agreed to transfer all its title and interest in the Subject Trademarks to Sky-well New Energy. The Subject Trademarks comprise of eleven trademarks registered in the PRC, namely “创维” and “SKYWORTH” together with the graphic and trademarks in such combined form.

It is a term under the Trademark Transfer Agreement that:- (i) in the event Mr. Wong ceases to be the controlling shareholder of Sky-well New Energy, Sky-well New Energy shall unconditionally assign the Subject Trademarks at no cost to Skyworth Group; and (ii) Sky-well New Energy shall enter into the License Agreement to grant a license in favour of Skyworth Automobile in respect of the Subject Trademarks.

- Consideration : The consideration for the transfer of the Subject Trademarks is RMB28,000,000 (equivalent to approximately HK\$33,277,475), which is payable by Sky-well New Energy in cash in 3 equal instalments of approximately RMB9,333,333 (equivalent to approximately HK\$11,092,491) as follows:-

- (i) the first instalment shall be paid within 1 month after the date of the Trademark Transfer Agreement;
- (ii) the second instalment shall be paid within the 13th month after the date of the Trademark Transfer Agreement; and
- (iii) the remaining balance of the consideration shall be paid within the 25th month after the date of the Trademark Transfer Agreement.

The consideration for the transfer of the Subject Trademarks is determined upon arm's length negotiation between Skyworth Group and Sky-well New Energy taking into account mainly the fair value of the Subject Trademarks as of 31 December 2020 as assessed by an independent valuer engaged by the Company for this purpose.

The Company intends to apply the proceeds received towards general working capital of the Group.

THE LICENSING AGREEMENT

On the same date as the Trademark Transfer Agreement was entered into, Sky-well New Energy entered into the Licensing Agreement with Skyworth Automobile, pursuant to which Sky-well New Energy grants a perpetual license at no charge in favour of Skyworth Automobile in respect of Skyworth Automobile's use of the Subject Trademarks and other associated trademarks in certain specified products in its ordinary course of business.

The key terms of the Licensing Agreement are summarised as follows:-

- Date : 26 March 2021
- Parties : (i) Sky-well New Energy
(ii) Skyworth Automobile
- Subject Matter : Sky-well New Energy will grant a perpetual license free of charge in favour of Skyworth Automobile in respect of (i) the Subject Trademarks, and (ii) other new trademarks registered in the future by Sky-well New Energy under Class 12 of the Nice Classification, pursuant to which Skyworth Automobile may use such trademarks in a range of specified electronic products / electric appliances relating to automobile and vehicles, e.g. display boards, navigation devices, detectors, rear mirrors etc.

Sky-well New Energy further undertakes in favour of Skyworth Automobile not to participate in the production of the specified products referred to under the Licensing Agreement or otherwise engage in competing business activities with Skyworth Automobile.

The Licensing Agreement has an initial term of three years, upon expiry of which Skyworth Automobile has the sole discretion to

renew the Licensing Agreement for another three-year term. Upon expiry of each subsequent renewed term, Skyworth Automobile has the sole discretion to renew the Licensing Agreement for another three-year term. In addition, Skyworth Automobile may terminate the Licensing Agreement by three months' written notice to Sky-well New Energy. Sky-well New Energy is not entitled to terminate the Licensing Agreement unless Skyworth Automobile has committed a fundamental breach of the Licensing Agreement.

INFORMATION ON SKYWORTH GROUP, SKYWORTH AUTOMOBILE AND SKY-WELL NEW ENERGY

Skyworth Group is a company established in the PRC and an indirect wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

Skyworth Automobile is a company established in the PRC and an indirect non wholly-owned subsidiary of the Company. It is principally engaged in the development of software and hardware technology used in the electronic appliances and components and import and export of merchandise and technology.

Sky-well New Energy is a company established in the PRC and is principally engaged in the business of manufacturing and sales of large, medium and light buses, passenger cars and related components and parts.

REASONS FOR AND BENEFITS OF THE TRADEMARK TRANSFER AGREEMENT

The Group is an investment holding company with subsidiaries 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 is not currently in and has no plan in the near term to enter the automobile manufacturing industry (i.e. the manufacturing and assembly of ready-for-sale automobile) in the PRC. To a relatively small scale, the Company's A-share listed subsidiary, Skyworth Digital Co., Ltd., manufactures and sells electronic components and appliances that can be used in automobile and vehicles but does not manufacture automobile. The Subject Trademarks were originally registered in the PRC with the intention to protect the "Skyworth" brand generally. As the Group has no plan in the near term to enter the automobile manufacturing industry and as Skyworth Automobile is licensed to use the Subject Trademarks in the production of a range of automobile and vehicle-related electronic components and appliances, the Directors consider that it will not be detrimental to the Group's existing principal businesses for it to transfer the Subject Trademarks to Sky-well New Energy which is majority owned by the Company's controlling Shareholder, Mr. Wong. Given that Mr. Wong has been a controlling Shareholder of the Company for more than 20 years, the Directors also consider that it will be in his interest to protect the "Skyworth" brand. More particularly, when assessing the transactions contemplated under the Trademark Transfer Agreement, the Directors considered the following reasons:-

- (i) The Group is not currently in and has no plan in the near term to enter the automobile manufacturing industry (i.e. the manufacturing and assembly of ready-for-sale automobile) in the PRC in light of a number of challenges incidental to entering into the business of automobile manufacturing and sale, including the existing market competition in such sector, technology and talents requirements, as well as heavy capital investments;

- (ii) The Subject Trademarks were originally registered by the Group in Class 12 as protection against passing off by third parties; and Sky-well New Energy has contractually undertaken to continue to protect the “Skyworth” brand from unauthorized use in that registration class. The transactions contemplated under the Trademark Transfer Agreement will also not affect the existing “Skyworth” trademarks of the Group which are registered in the PRC or other parts of the world outside Class 12 of the Nice Classification;
- (iii) The terms and conditions of the Trademark Transfer Agreement, including the consideration, are on normal commercial terms (with reference to the valuation report of the Subject Trademarks prepared by an independent valuer), and which have been agreed between Skyworth Group and Sky-well New Energy after arm’s length negotiations;
- (iv) Taking into account of the consideration of RMB28,000,000 and the estimated transaction costs of RMB250,000 (equivalent to approximately HK\$297,120), and that the Group has not recognized any value for Subject Trademarks in its consolidated financial statements, the Group is expected to record an unaudited estimated gain on the disposal of Trademark of approximately RMB27,750,000 (equivalent to approximately HK\$32,980,354) and
- (v) Skyworth Automobile is granted a license to continue with the use of the Subject Trademarks in the production of a range of automobile and vehicle-related electronic components and appliances and therefore its business will not be disrupted.

Based on the above factors, the Directors (including the independent non-executive Directors) consider that despite the transactions contemplated under the Trademark Transfer Agreement and the Licensing Agreement not being in the ordinary course of business of the Group, in light of the following factors, the Trademark Transfer Agreement and the Licensing Agreement are on normal commercial terms or better to the Group which are fair and reasonable, and the transactions contemplated thereunder are in the interest of the Company and its Shareholders as a whole.

Since Ms. Lin Wei Ping and Mr. Lin Jin, who are executive Directors, are associates of Mr. Wong who is considered to be materially interested in the Trademark Transfer Agreement and the Licensing Agreement, Ms. Lin Wei Ping and Mr. Lin Jin are also deemed to have material interests in, and have abstained from voting on, the resolutions passed by the Board to approve the Trademark Transfer Agreement and the Licensing Agreement for the purpose of bye-law 103(3) of the Company’s bye-laws. Save as disclosed, none of the Directors has a material interest in the Trademark Transfer Agreement and the Licensing Agreement or is required to abstain from voting on the relevant board resolutions to approve the Trademark Transfer Agreement and the Licensing Agreement under the bye-laws of the Company or the Listing Rules.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Wong is a controlling shareholder of the Company as he indirectly holds approximately 46.75% of the total issued share capital of the Company. The equity interests of Sky-well New Energy are indirectly held as to approximately 88.97% by Mr. Wong and Sky-well New Energy is therefore an associate of Mr. Wong and a connected person of the Company under the Listing Rules. Accordingly, the Trademark Transfer Agreement, the Licensing Agreement and the transactions contemplated respectively thereunder constitute a connected transaction of the Company under Chapter 14A of the

Listing Rules.

As the applicable percentage ratio(s) (as defined in the Listing Rules) in respect of the Trademark Transfer Agreement and Licensing Agreement exceed 0.1% but are less than 5%, the Trademark Transfer Agreement, the Licensing Agreement and the transactions contemplated respectively thereunder are subject to the reporting and announcement requirements, but are exempted from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Company”	Skyworth Group Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange (Stock Code: 00751);
“connected person”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its Subsidiaries from time to time, and “Group Company” shall be construed accordingly;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Licensing Agreement”	the agreement dated 26 March 2021 entered into between Sky-well New Energy and Skyworth Automobile in relation to, among other things, the granting of a license by Sky-well New Energy in favour of Skyworth Automobile in respect of the use of the Subject Trademarks in a range of specified products and appliances;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Wong”	Mr. Wong Wang Sang, Stephen who is a controlling shareholder of the Company and spouse of Ms. Lin Wei Ping, an executive Director;
“PRC”	the People’s Republic of China;

“RMB”	Renminbi, the lawful currency of the PRC;
“Skyworth Group”	創維集團有限公司 (Skyworth Group Co., Ltd.*), a company established in the PRC and an indirect wholly-owned subsidiary of the Company;
“Skyworth Automobile”	深圳創維汽車智能有限公司 (Skyworth Automobile Electronics (Shenzhen) Co., Ltd.*) a company established in the PRC and an indirect non wholly-owned subsidiary of the Company;
“Sky-well New Energy”	開沃新能源汽車集團有限公司 (Sky-well New Energy Automobile Group Co. Ltd.*), a company established in the PRC;
“Subject Trademark”	11 trademarks owned by Skyworth Group as at the date of this announcement, which bear the marks “创维” and/or “Skyworth” and are registered with the Trademark Office of the State Administration for Industry and Commerce of the PRC (中國國家工商行政管理總局商標局) under Class 12 (Vehicles; apparatus for locomotion by land, air or water) of the Nice Classification by the World Intellectual Property Organization as applied in the PRC through its local laws;
“Trademark Transfer Agreement”	the trademark transfer agreement dated 26 March 2021 entered into between Skyworth Group (as transferor) and Sky-well New Energy (as transferee) in respect of the transfer of the title and interest in the Subject Trademarks;
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

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

Hong Kong, 26 March 2021

As at the date of this announcement, the Board of the Company comprises Mr. Lai Weide as the Chairman of the Board; Mr. Liu Tangzhi as executive Director and the chief executive officer; Ms. Lin Wei Ping, Mr. Shi Chi, Mr. Lin Jin and Mr. Lam Shing Choi, Eric as executive Directors; and Mr. Li Weibin, Mr. Cheong Ying Chew, Henry and Mr. Hung Ka Hai, Clement as independent non-executive Directors.

** For identification purpose only*