SKYWORTH GROUP LIMITED
創維集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00751)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

SKYWORTH GROUP LIMITED (the "Company", together with its subsidiaries referred to as the "Group") is an investment holdings company with subsidiaries principally engaged in manufacture and sales of smart TV systems, home access systems, smart white appliances, intelligent manufacturing, internet value-added services, property development , property holding, photovoltaic products, modern services and trading of other products.

Highlights of Results

	For the year ended 31 December		
	2021	2020	
	RMB million	RMB million	Change
Revenue	**50,928**	40,093	27.0%
Gross profit	**8,548**	7,164	19.3%
Profit for the year	**1,965**	1,835	7.1%
Profit for the year attributable to owners of the Company	**1,634**	1,440	13.5%
Full year dividend per share (HK cents)			
— **Paid interim dividend per share**	**-**	-	N/A
— **Proposed final dividend per share**	**23**	-	N/A

The board (the "**Board**") of directors (the "**Directors**") of the Company is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2021 (the "**Reporting Year**") together with the comparative figures for the year ended 31 December 2020 (the "**Previous Year**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

Amounts expressed in millions of Renminbi except for earnings per share data and otherwise stated

	NOTES	2021	2020
Revenue			
Sales of goods		50,439	39,657
Leases		467	406
Interest under effective interest method		22	30
Total revenue	3	50,928	40,093
Cost of sales		(42,380)	(32,929)
Gross profit		8,548	7,164
Other income		1,284	1,233
Other gains and losses	5	724	965
Selling and distribution expenses		(3,981)	(3,477)
General and administrative expenses		(1,479)	(1,415)
Research and development expenses		(2,097)	(1,865)
Finance costs		(461)	(440)
Share of results of associates and joint ventures		14	15
Profit before taxation		2,552	2,180
Income tax expense	6	(587)	(345)
Profit for the year	7	1,965	1,835
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(9)	45
Fair value loss on trade receivables at fair value through other comprehensive income ("FVTOCI")		(17)	(24)
Cumulative loss reclassified to profit or loss upon disposal of trade receivables at FVTOCI		21	17
Income tax relating to item that will be reclassified subsequently		–	1
		(5)	39
Items that will not be reclassified to profit or loss:			
Fair value gain (loss) on investments in equity instruments at FVTOCI		381	(299)
Income tax relating to item that will not be reclassified subsequently		(57)	47
		324	(252)
Other comprehensive income (expense) for the year		319	(213)
Total comprehensive income for the year		2,284	1,622

	NOTE	2021	2020
Profit for the year attributable to:			
Owners of the Company		1,634	1,440
Non-controlling interests		331	395
		1,965	1,835
Total comprehensive income for the year attributable to:			
Owners of the Company		1,936	1,225
Non-controlling interests		348	397
		2,284	1,622
Earnings per share (expressed in Renminbi cents)			
Basic	9	62.11	49.23
Diluted	9	62.03	44.46

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2021

Amounts expressed in millions of Renminbi

	NOTE	2021	2020
Non-current Assets			
Property, plant and equipment		6,619	5,803
Right-of-use assets		2,539	2,470
Deposits paid for purchase of property, plant and equipment		426	132
Investment properties		1,487	1,566
Goodwill		465	447
Other intangible assets		100	99
Interests in associates and joint ventures		267	214
Financial assets at fair value through profit or loss (“FVTPL”)		1,318	1,032
Equity instruments at FVTOCI		1,593	1,216
Loan receivables		25	598
Deferred tax assets		683	498
Other non-current assets		309	1
		15,831	14,076
Current Assets			
Inventories		7,791	6,004
Stock of properties		5,612	5,045
Financial assets at FVTPL		1,538	616
Trade and bills receivables	10	12,142	13,651
Other receivables, deposits and prepayments		4,092	3,017
Loan receivables		977	1,115
Prepaid tax		159	119
Pledged and restricted bank deposits		2,128	1,627
Bank balances and cash		10,611	8,214
		45,050	39,408
Assets classified as held for sale		-	200
		45,050	39,608

	NOTE	2021	2020
Current Liabilities			
Trade and bills payables	11	11,869	11,899
Other payables		6,092	4,672
Other financial liabilities		375	224
Lease liabilities		56	54
Contract liabilities		3,291	3,107
Provision for warranty		224	205
Deferred income		210	180
Tax liabilities		239	265
Bank borrowings		8,892	7,401
Corporate bonds		77	-
		31,325	28,007
Liabilities associated with assets classified as held for sale		-	84
		31,325	28,091
Net Current Assets		13,725	11,517
Total Assets less Current Liabilities		29,556	25,593
Non-current Liabilities			
Other payables		83	-
Other financial liabilities		340	201
Lease liabilities		95	141
Provision for warranty		135	97
Deferred income		265	270
Bank borrowings		5,370	3,986
Convertible bonds		956	913
Corporate bonds		798	874
Deferred tax liabilities		428	120
		8,470	6,602
NET ASSETS		21,086	18,991
Capital and Reserves			
Share capital		273	273
Reserves		17,772	16,037
Equity attributable to owners of the Company		18,045	16,310
Non-controlling interests		3,041	2,681
		21,086	18,991

NOTES:

1. GENERAL INFORMATION

Skyworth Group Limited (the "Company") is an exempted company incorporated in Bermuda with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and the principal place of business of the Company are disclosed in the corporate information section of the annual report.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company and most of its subsidiaries.

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

<u>Amendments to HKFRSs that are mandatorily effective for the current year</u>

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendment to HKFRS 16	COVID-19-Related Rent Concessions
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform - Phase 2

In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the "Committee") of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as "estimated costs necessary to make the sale" when determining the net realisable value of inventories.

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - continued

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and the related Amendments[3]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to HKAS 8	Definition of Accounting Estimates[3]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts - Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 - 2020[2]

1 Effective for annual periods beginning on or after 1 April 2021.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after 1 January 2023.
4 Effective for annual periods beginning on or after a date to be determined.

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to HKFRS 3 Reference to the Conceptual Framework

The amendments:

- update a reference in HKFRS 3 Business Combinations ("HKFRS 3") so that it refers to the Conceptual Framework for Financial Reporting 2018 issued in June 2018 (the "Conceptual Framework") instead of Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting 2010 issued in October 2010);
- add a requirement that, for transactions and other events within the scope of HKAS 37 Provisions, Contingent Liabilities and Contingent Assets ("HKAS 37") or HK(IFRIC)-Int 21 Levies, an acquirer applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination; and
- add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - continued

New and amendments to HKFRSs in issue but not yet effective - continued

Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)

The amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the amendments clarify that:

  (i) the classification should not be affected by management intentions or expectations to settle the liability within 12 months; and

  (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met at the end of the reporting period, even if the lender does not test compliance until a later date; and

- clarify that if a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non- current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation ("HKAS 32").

In addition, Hong Kong Interpretation 5 was revised as a consequence of the Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

As at 31 December 2021, the Group's outstanding convertible instruments include counterparty conversion options that do not meet equity instruments classification by applying HKAS 32. The Group classified as current or non- current based on the earliest date in which the Group has the obligation to redeem these instruments through cash settlement. The host debt component is measured at amortised cost with carrying amount of RMB956 million and the derivative component (including the conversion options) is measured at fair value with carrying amount of RMB172 million as at 31 December 2021, both of which are classified as non-current. Upon the application of the amendments, in addition to the obligation to redeem through cash settlement, the transfer of equity instruments upon the exercise of the conversion options that do not meet equity instruments classification also constitute settlement of the convertible instruments. Given that the conversion options are exercisable anytime, the host liability and the derivative component amounting to RMB1,128 million would be reclassified to current liabilities as the holders have the option to convert within twelve months.

Except for as disclosed above, the application of the amendments will not result in reclassification of the Group's other liabilities as at 31 December 2021.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") - continued

New and amendments to HKFRSs in issue but not yet effective - continued

Amendments to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

HKAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 *Making Materiality Judgements* (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

Amendments to HKAS 8 Definition of Accounting Estimates

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements.

3. REVENUE

Disaggregation of revenue from contracts with customers, leases and interest under effective interest method

For the year ended 31 December 2021

	Multimedia business RMB million	Smart systems technology business RMB million	Smart appliances business RMB million	New energy business RMB million	Modern services and others RMB million	Total RMB million
Type of goods						
Smart TV systems	22,565	216	–	–	106	22,887
Home access systems	57	7,174	–	–	–	7,231
Smart white appliances	62	–	3,925	–	18	4,005
Intelligent manufacturing	1,114	2,070	–	–	–	3,184
Internet value-added services of Coocaa system	1,234	–	–	–	–	1,234
Sales of properties	–	–	–	–	1,851	1,851
Automotive electronic system	–	194	–	–	–	194
Photovoltaic products	–	–	–	4,077	–	4,077
Others (Note (a))	2,338	1,200	450	24	1,764	5,776
Contracts with customers	27,370	10,854	4,375	4,101	3,739	50,439
Leases	–	57	–	–	410	467
Interest under effective interest method (Note (b))	–	–	–	–	22	22
Segment revenue	27,370	10,911	4,375	4,101	4,171	50,928
Timing of revenue recognition for contract with customers						
A point in time	26,668	10,854	4,375	4,101	3,477	49,475
Over time	702	–	–	–	262	964
Total	27,370	10,854	4,375	4,101	3,739	50,439

3. REVENUE - continued

Disaggregation of revenue from contracts with customers, leases and interest under effective interest method - continued

For the year ended 31 December 2020 (restated)

	Multimedia business RMB million	Smart systems technology business RMB million	Smart appliances business RMB million	New energy business RMB million	Modern services and others RMB million	Total RMB million
Type of goods						
Smart TV systems	20,525	172	-	-	89	20,786
Home access systems	50	5,299	-	-	-	5,349
Smart white appliances	67	-	3,882	-	1	3,950
Intelligent manufacturing	123	1,693	-	-	-	1,816
Internet value-added services of Coocaa system	1,056	-	-	-	-	1,056
Sales of properties	-	-	-	-	305	305
Automotive electronic system	-	104	-	-	-	104
Photovoltaic products	-	-	-	104	-	104
Others (Note (a))	2,646	1,418	336	-	1,787	6,187
Contracts with customers	24,467	8,686	4,218	104	2,182	39,657
Leases	-	60	-	-	346	406
Interest under effective interest method (Note (b))	-	-	-	-	30	30
Segment revenue	24,467	8,746	4,218	104	2,558	40,093
Timing of revenue recognition for contract with customers						
A point in time	23,885	8,686	4,218	104	1,987	38,880
Over time	582	-	-	-	195	777
Total	24,467	8,686	4,218	104	2,182	39,657

Notes:

(a) Others mainly represents manufacture and sales of lighting products, security system, other electronic products and trading of other products, etc.

(b) Amount represents interest income from loan receivables and finance lease receivables under group entities in which the loan financing is a principal activity.

4. SEGMENT INFORMATION

The Group is organised into operating business units according to the nature of the goods sold or services provided. The Group determines its operating segments based on these business units by reference to the goods sold or services provided, for the purpose of reporting to the chief operating decision maker ("CODM") (i.e. the executive directors of the Company). Individual operating segments for which discrete financial information is available are identified by the CODM and are operated by their respective management teams. These individual operating segments are aggregated in arriving at the reportable segments of the Group.

To better reflect the expansion of the Group's new energy business, assessment of performance of this business sector and allocation of resources thereto, the CODM separated out the new energy business from the multimedia business in the Group's internal reports. This led to a change in the segment reporting for the comparable period. Specifically, the Group's reportable segments under HKFRS 8 Operating Segments in the current year are as follows:

1.	Multimedia business	- manufacture and sale of smart TV systems for the PRC and overseas markets, provision of internet value-added services of Coocaa system, among others
2.	Smart systems technology business	- manufacture and sale of home access systems, intelligent manufacturing, automotive electronic systems, lighting products, security system and other electronic products
3.	Smart appliances business	- manufacture and sale of smart white appliances and other smart appliances such as smart air conditioners, smart refrigerators, smart washing machines, smart kitchen appliances, among others
4.	New energy business	- sale and installation of distributed photovoltaic power stations in the customer-side retail sector in the PRC market for residential uses

Each of the operating segments under multimedia, smart systems technology, smart appliances and new energy businesses include operations of manufacturing and/or sales of various products under the respective businesses. Each of these operations is considered as a separate operating segment by the CODM. For the purpose of segment reporting, these individual operating segments have been aggregated into reportable segments as set out above in order to present a more systematic and structured segment information. To give details of each of the operating segments, in the opinion of the directors of the Company, would result in particulars of excessive length.

In addition to the above operating reportable segments, the Group has other operating segments which mainly include sales of properties, loan financing, leasing of properties and trading of other products, among others. These operating segments individually do not meet any of the quantitative thresholds for determining reportable segments in both current and prior year. Accordingly, these operating segments are grouped as "Modern services and others".

4. SEGMENT INFORMATION - continued

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM no longer reviews such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

Segment revenue and results

The following is an analysis of the Group's revenue and gross profit by reportable segments:

For the year ended 31 December 2021

	Multimedia business RMB million	Smart systems technology business RMB million	Smart appliances business RMB million	New energy business RMB million	Total reportable segments RMB million	Modern services and others RMB million	Eliminations RMB million	Total RMB million
Revenue								
Segment revenue from external customers	**27,370**	**10,911**	**4,375**	**4,101**	**46,757**	**4,171**	**-**	**50,928**
Inter-segment revenue	**106**	**240**	**90**	**1**	**437**	**4,832**	**(5,269)**	**-**
Total segment revenue	**27,476**	**11,151**	**4,465**	**4,102**	**47,194**	**9,003**	**(5,269)**	**50,928**
Results								
Segment results	**236**	**268**	**61**	**286**	**851**	**1,157**	**-**	**2,008**
Interest income								**295**
Other gains or losses								**1,067**
Unallocated corporate income								**46**
Unallocated corporate expenses								**(417)**
Finance costs								**(461)**
Share of results of associates and joint ventures								**14**
Consolidated profit before taxation of the Group								**2,552**

4. SEGMENT INFORMATION - continued

For the year ended 31 December 2020 (restated)

	Multimedia business RMB million	Smart systems technology business RMB million	Smart appliances business RMB million	New energy business RMB million	Total reportable segments RMB million	Modern services and others RMB million	Eliminations RMB million	Total RMB million
Revenue								
Segment revenue from external customers	24,467	8,746	4,218	104	37,535	2,558	-	40,093
Inter-segment revenue	112	218	53	-	383	4,532	(4,915)	-
Total segment revenue	24,579	8,964	4,271	104	37,918	7,090	(4,915)	40,093
Results								
Segment results	631	399	96	(25)	1,101	217	-	1,318
Interest income								275
Other gains or losses								1,194
Unallocated corporate income								138
Unallocated corporate expenses								(320)
Finance costs								(440)
Share of results of associates and joint ventures								15
Consolidated profit before taxation of the Group								2,180

As a result of collection in the year ended 31 December 2020 upon the finalisation of settlement with the relevant government authority, an amount of RMB358 million was adjusted to revenue in the same year for sales made in prior years. Accordingly, the net amount of RMB286 million (after deducting related expenses) was recognised and included in the segment result of multimedia business segment.

Inter-segment sales are charged at prevailing market rates.

4. SEGMENT INFORMATION - continued

Geographical information

The Group's operations are located in the PRC, Asia region (other than the PRC), Europe, Americas, Africa and other regions.

For segments other than sales of properties included in modern service and others, the Group's geographical analysis of revenue from external customers is determined based on the location of customers. For sales of properties included in modern service and others, the Group's revenue from external customers is determined based on the location of assets. Information about its non-current assets by physical location of the assets is also detailed below.

	Revenue from external customers		Non-current assets (Note (a))	
	2021	2020	2021	2020
	RMB million	RMB million	RMB million	RMB million
PRC	33,220	24,583	11,649	10,173
Asia (other than the PRC) (Note (b))	11,214	9,429	292	472
Europe	1,928	1,890	36	15
Americas	1,626	1,424	-	-
Africa	1,318	1,225	-	-
Other regions	1,622	1,542	47	71
	50,928	40,093	12,024	10,731

Notes:

(a) Non-current assets excluded financial instruments and deferred tax assets.

(b) Asia (other than the PRC) mainly includes Vietnam, Indonesia and India, each of which individually contributed less than 10% of total revenue.

Information about major customers

There was no customer who individually accounted for over 10% of the total revenue during any of the current or prior years.

5. OTHER GAINS AND LOSSES

	2021 RMB million	2020 RMB million
Other gains (losses) comprise of:		
Exchange (loss) gain, net	(51)	73
Gain from changes in fair value of financial assets at FVTPL	1,212	345
Changes in fair value of derivative financial instruments		
− (loss) gain on derivative component of convertible bonds	(153)	241
− gain (loss) from changes in fair value of other derivative financial instruments	8	(97)
Gain on disposal of subsidiaries	-	724
Loss on disposal of property, plant and equipment	(2)	(74)
Impairment loss (recognised) reversed, net, in respect of		
− trade receivables	(374)	(7)
− bills receivables	74	(76)
− loan receivables	10	(78)
− other financial assets	(9)	(18)
Others	9	(68)
	724	965

6. INCOME TAX EXPENSE

	2021 RMB million	2020 RMB million
Tax charge (credit):		
PRC Enterprise Income Tax ("EIT")	454	404
PRC land appreciation tax ("LAT")	34	1
PRC withholding tax	-	22
Hong Kong Profits Tax	14	10
Taxation arising in other jurisdictions	36	19
Deferred taxation	49	(111)
	587	345

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits.

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the year. For those PRC subsidiaries approved as High and New Technology Enterprise by the relevant government authorities, they are subject to a preferential rate of 15%.

PRC LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use right and all property development expenditures.

According to a joint circular of Ministry of Finance and State Administration of Taxation, Cai Shui [2008] No. 1, dividend distributed out of the profits generated since 1 January 2008 by the PRC entity shall be subject to EIT pursuant to Articles 3 and 27 of the EIT Law of the PRC and Article 91 of the Implementation Rules of EIT Law of the PRC. Pursuant to Caishui [2018] No. 99 and Caishui [2021] No. 13, certain PRC subsidiaries are entitled to an additional 100% (2020: 75%) tax deduction on eligible research costs incurred by them for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

7. PROFIT FOR THE YEAR

	2021 RMB million	2020 RMB million
Profit for the year has been arrived at after charging (crediting):		
Cost of inventories recognised as an expense including write-down of inventories of RMB132 million (2020: RMB64 million)	40,987	32,555
Cost of stock of properties recognised as an expense	1,189	222
Depreciation of right-of-use assets	140	141
Less: capitalised as cost of inventories	(2)	(3)
capitalised as cost of construction in progress	(45)	(43)
	93	95
Depreciation of investment properties	79	71
Depreciation of property, plant and equipment	686	703
Less: capitalised as cost of inventories	(238)	(227)
	448	476
Amortisation of intangible assets	1	2
Staff costs:		
- Directors' and chief executive's emoluments	88	72
- Related staff costs for research and development activities	1,129	937
- Other staffs salaries, bonus, retirement benefits and others	3,479	3,274
	4,696	4,283
Less: capitalised as		
- Cost of inventories	(1,153)	(1,063)
- Stock of properties	(13)	(5)
- Property, plant and equipment	(2)	(11)
	3,528	3,204
Auditors' remunerations	8	8
Provision for warranty	334	272
Rental income from leases less related outgoings of RMB204 million (2020: RMB125 million)	(263)	(281)

8. DIVIDEND

	2021 RMB million	2020 RMB million
Dividend recognised as distribution during the year:		
2021 final dividend – 23 HK cents (2020: nil) per share	497	-

Subsequent to the end of the reporting period, a final cash dividend in respect of the year ended 31 December 2021 of 23 HK cents (2020: nil) per ordinary share, in an aggregate amount of RMB497 million (2020: nil), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

No interim dividend was paid or proposed during the years ended 31 December 2021 and 2020.

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2021 RMB million	2020 RMB million
Earnings		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	1,634	1,440
Effect of dilutive potential ordinary shares arising from restricted share incentive scheme of Skyworth Digital Co., Limited ("Skyworth Digital"), an indirect non-wholly owned subsidiary of the Company established in the PRC whose shares are listed on the Shenzhen Stock Exchange	-	(2)
Effect of dilutive potential ordinary shares on convertible bonds of Skyworth Digital	-	(129)
Profit for the year attributable to owners of the Company for the purpose of diluted earnings per share	1,634	1,309

9. EARNINGS PER SHARE - continued

	2021	2020
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,630,727,623	2,924,914,748
Effect of dilutive potential ordinary shares in respect of outstanding share options of the Company	3,682,946	-
Effect of dilutive potential ordinary shares in respect of outstanding share awards of the Company	-	19,059,481
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,634,410,569	2,943,974,229

The computation of diluted earnings per share does not assume the exercise of certain (2020: nil) of the Company's outstanding share options as the exercise prices are higher than the average market price per share for the year ended 31 December 2021. The computation of diluted earnings per share for the year ended 31 December 2021 does not assume the conversion of convertible bonds of Skyworth Digital as the conversion of convertible bonds would result in an increase in earnings per share of the Company for the year ended 31 December 2021.

The weighted average number of ordinary shares for the purpose of basic earnings per share has been adjusted for the repurchase of shares and has been arrived at after deducting shares held by share award scheme trust.

10. TRADE AND BILLS RECEIVABLES

	2021 RMB million	2020 RMB million
Trade receivables at amortised cost		
- goods and services	9,162	9,031
- lease receivables	136	119
	9,298	9,150
Less: allowance for credit losses	(709)	(388)
	8,589	8,762
Trade receivables at FVTOCI	557	400
Bill receivables	2,998	4,565
Less: allowance for credit losses	(2)	(76)
	2,996	4,489
	12,142	13,651

As at 1 January 2020, trade receivables from contracts with customers amounted to RMB9,430 million.

The following is an aged analysis of trade receivables at amortised cost and at FVTOCI:

	2021 RMB million	2020 RMB million
Within 30 days	4,866	4,718
31 to 60 days	1,716	2,038
61 to 90 days	823	746
91 to 180 days	939	804
181 to 270 days	338	285
271 to 365 days	233	145
Over 365 days	231	426
Trade receivables	9,146	9,162

As at 31 December 2021, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB2,826 million (2020: RMB1,403 million) which are past due as at the reporting date. Out of the past due balances, RMB178 million (2020: RMB452 million) has been past due 90 days or more and is not considered as in default based on historical experience. Other than two land parcels pledged for security of certain trade receivables (2020: nil), the Group does not hold any collateral over these balances.

10. TRADE AND BILLS RECEIVABLES - continued

As at 31 December 2021, included in the Group's trade receivables are amounts due from an associate and a related party of RMB155 million (2020: RMB107 million) and RMB23 million (2020: nil). The credit period is 45 days. No allowance for credit losses is made for the year ended 31 December 2021 and 2020. The following is an aged analysis presented based on the invoice date at the end of the reporting period:

	2021 RMB million	2020 RMB million
Within 30 days	141	55
31 to 60 days	37	52
	178	107

For customers who used bills to settle their trade receivables upon the expiry of the initial credit period, the ageing analysis of bills receivables at the end of the reporting period was presented based on the date of issuance of the bills. The dates of issuance of all bills receivables are within one year at the end of the reporting period.

The maturity dates of bills receivables at the end of the reporting period are analysed as follows:

	2021 RMB million	2020 RMB million
Within 30 days	357	771
31 to 60 days	465	823
61 to 90 days	753	1,290
91 days or over	1,355	1,569
Bills endorsed to suppliers with recourse	66	36
	2,996	4,489

As at 31 December 2021, bills receivables above of RMB66 million (2020: RMB36 million) are endorsed to suppliers on a full recourse basis. Since the substantial risks and rewards of the ownership of these bills receivables have not been transferred to the relevant counterparties, the Group continues to recognise the full carrying amounts of these endorsed receivables above and the full carrying amount of the trade payables.

The maturity dates of these bills endorsed to suppliers with recourse are within one year at the end of the reporting period. All bills receivables at the end of the reporting period are not yet due. These bills receivables and associated liabilities are carried at amortised cost in the Group's consolidated statement of financial position. The directors of the Company consider that the carrying amounts of such bills receivables and associated liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

11. TRADE AND BILLS PAYABLES

	2021 RMB million	2020 RMB million
Trade payables	7,426	7,415
Trade payables under supplier finance arrangements (Note)	1,310	1,669
Bills payables	3,133	2,815
	11,869	11,899

Note: These relate to trade payables in which the suppliers entered into financing arrangements with financial institutions for early settlements. The Group continues to recognise these trade payables as the Group are obliged to make payments to the financial institutions only on due dates of the trade payable, under the same conditions as agreed with the suppliers without further extension.

The following is an aged analysis of trade payables (including those under supplier finance arrangements) based on invoice date at the end of the reporting period:

	2021 RMB million	2020 RMB million
Within 30 days	4,571	4,858
31 to 60 days	1,743	2,228
61 to 90 days	970	879
91 days or over	1,452	1,119
	8,736	9,084

The credit periods of trade payables ranged from 30 days to 90 days.

The maturity dates of bills payables at the end of the reporting period are analysed as follows:

	2021 RMB million	2020 RMB million
Within 30 days	531	513
31 to 60 days	482	560
61 to 90 days	467	485
91 days or over	1,653	1,257
	3,133	2,815

12. PLEDGE OF AND RESTRICTION ON ASSETS

At 31 December 2021, the Group's borrowings were pledged and secured by the following:

	2021 RMB million	2020 RMB million
Right-of-use assets and leasehold land and buildings	2,774	2,530
Investment properties	1,198	1,263
Stock of properties	102	-
Trade receivables	10	17
Bills receivables	66	720
	4,150	4,530

The pledged and restricted bank deposits amounting to RMB2,128 million (2020: RMB1,627 million) are pledged to secure bank borrowings or placed in restricted bank accounts in accordance with the applicable regulations and requirements.

In addition, the Group's corporate bonds are secured by the equity interest of a subsidiary of the Company.

BUSINESS PERFORMANCE REVIEW

Revenue

For the year ended 31 December 2021, the Group's overall revenue amounted to RMB50,928 million, compared with an overall revenue of RMB40,093 million for the year ended 31 December 2020(the "Previous Year").

During the Reporting Year, the Coronavirus ("COVID-19") epidemic persisted and the variants such as Delta and Omicron have swept across the world. Affected by sluggish domestic home appliances market and the impacts of the epidemic in overseas markets, our growth has been hindered under such unfavourable environment. The Group has always followed its strategic direction and strived for reform and innovation, so as to overcome difficulties on the way forward. Under the intensified competition among brands, Skyworth adhered to its development philosophy of "leading technology" and "health technology", and prioritised consumers' experience. By focusing on the implementation of the intelligent development strategies, the Group actively promoted the transformation and development from manufacturing to modern services, from hardware to software and from device products to smart systems, as well as keeping on the "5G + AI + Device" technological innovation path, the Group has speeded up the research and development of new products and the adjustments of product structure with new technologies, new processes, new materials and new structure. In 2021, the Group continued to adjust its five-year development plan to further strengthen the integration of its internal resources and improve its asset structure, defined the direction of development and enhance the determination of development. The Group has also strengthened the implementation of its internationalisation strategies to develop overseas business and alleviate the impacts arising from the COVID-19 epidemic. By standardising corporate development with a focus on professional development, the reform and transformation of the Group has been accelerated, resulting in a steady improvement in corporate efficiency with both overall revenue and net profit hitting record highs.

For its smart TV systems business, Skyworth determined to develop its four major businesses, i.e. domestic household business, domestic commercial business, OEM business and overseas OEM/brand business, and leveraged on its advantages as an early mover in the OLED TV market to further strengthen and increase its market share through the introduction of products offering greater value. The Group's multimedia business, smart systems technology business and smart appliances business were hit hard by the outbreak of the COVID-19 in the Previous Year. Despite the impacts from the fluctuation of the epidemic in the Year, global economy has been recovering gradually due to the launch of vaccine and the rise in vaccination rate. The Group recorded an overall revenue of RMB50,928 million, representing an increase of 27.0% compared with the Previous Year. However, as affected by COVID-19, the raw material prices for home appliance enterprises and logistics costs around the world generally rise, causing a decline in corporate profit margins. Thus, the gross profit margin fell by 1.1 percentage points from the Previous Year to 16.8% during the Reporting Year.

For the years ended 31 December 2021 and 2020, the Group's smart TV systems sales volumes by market are as follows:

	Year ended 31 December 2021	Year ended 31 December 2020	**Year ended 31 December 2021 vs Year ended 31 December 2020**
	Unit ('000)	*Unit ('000)*	***Increase/ (decrease)***
PRC Market	**6,388**	7,597	**(15.9%)**
Overseas Markets	**7,589**	9,451	**(19.7%)**
Total smart TV systems sales volume	**13,977**	17,048	**(18.0%)**

(a) Business Review by Geographical Segment

The Group's operations have been expanded worldwide, including mainland China and other regions in Asia, Africa, Europe and Americas, with mainland China being the primary market.

Mainland China Market

For the year ended 31 December 2021, revenue from the mainland China market amounted to RMB33,220 million, representing an increase of RMB8,637 million or 35.1% compared with RMB24,583 million for the Previous Year.

During the Reporting Year, the Group's multimedia business, smart systems technology business and smart appliances business each accounted for 47.9% (the Previous Year: 58.8%), 20.7% (the Previous Year: 21.1%) and 8.7% (the Previous Year: 11.7%) of its revenue from the mainland China market, while modern services business and other operations accounted for 10.4% (the Previous Year: 8.1%) of revenue from the mainland China market and the new energy business accounted for the remaining 12.3% (the Previous Year: 0.3%).

Overseas Markets

For the year ended 31 December 2021, revenue from overseas markets amounted to RMB17,708 million, equivalent to 34.8% of the Group's overall revenue, representing an increase of RMB2,198 million or 14.2% compared with RMB15,510 million recorded in the Previous Year. The Group optimised its sales channels in overseas markets to reduce the negative impact of COVID-19, resulting in a considerable growth in revenue overseas during the Reporting Year.

Geographical distribution of revenue in overseas markets

The Group's main overseas markets are Asia, Europe, Middle East and Americas. The geographical distribution of the revenue in proportion for overseas markets is illustrated as follows:

	Year ended 31 December	
	2021	2020
	(%)	(%)
Asia (excluding Middle East)	**63**	61
Europe	**11**	12
Middle East	**9**	9
Americas	**9**	9
Africa	**7**	8
Oceania	**1**	1
	100	100

For revenue analysis by business sectors concerning the mainland China market and overseas markets, please refer to the section headed "Business Review by Business Sectors".

(b) Business Review by Business Sectors

The Group has announced its overall strategic direction for upgrading through reformation for the next five years, including: 1. Multimedia Business, 2. Smart Systems Technology Business, 3. Smart Appliances Business, 4. New Energy Business and 5. Modern Services Business.

1. Multimedia business

The Group's multimedia business primarily covers, among others, smart TV systems and provision of internet value-added services of Coocaa System.

For the year ended 31 December 2021, the Group's multimedia business recorded revenue of RMB27,370 million, representing an increase of RMB2,903 million or 11.9% compared with RMB24,467 million recorded in the Previous Year.

1.1 Smart TV Systems Products (PRC Market)

For the year ended 31 December 2021, the Group's smart TV systems products recorded revenue of RMB12,949 million in the mainland China market, representing an increase of RMB726 million or 5.9% compared with RMB12,223 million recorded in the Previous Year.

During the Reporting Year, the Group established its "5G + AI + Device" technology development strategy to seize new opportunities of traditional home appliances brought by new technology, with focuses on consumers' experience and product enhancement to create sustainable competitiveness for the future. The material initiatives included the introduction of flicker-free backlit display technology to protect users' eyes and the use of environmental-friendly and high-colour gamut optical display materials to continuously strengthen its brand concept of health technology. The new technology used in Mini-LED products provided perfect picture quality with ultra-high contrast for users while its unique backlighting system could save energy by approximately 25%. Such technologies reflected the Group's conduct and responsibility regarding carbon neutrality. The development and application of ultra-wideband antennas has improved the stability of Wi-Fi connections by over 30%. Combined with high-performance WiFi 6 modules and screen mirroring shortcut, the Group managed to provide smoother viewing and screen mirroring experience. In 2021, the Group launched 8K OLED TV W92, OLED TV W82, the world's first model with adjustable curvature, and Q41Pro series of TVs featuring ultra-high definition full screen with optical and blue light filter functions, as well as the first OLED gaming monitors G90. As the flagship product with cutting-edge technology of the year, W92 was equipped with 8K 120Hz OLED panel, Skyworth AI Picture Quality Engine and Skyworth 30+ Picture Quality Tuning TM and 3D LUT technology, allowing users to enjoy a cinema-level visual feast with amazing colour, brightness and contrast. With the Group's Audio Glass Sound technology, W92 ensured an evenly distributed sound field and a stronger sound immersion to deliver a true-to-life sound reproduction. Equipped with innovative bendable screen, rotating base, PTZ camera and the 2.1 built-in super bass, W82 created the most realistic visual experience of electric games and 3D movies. In addition to its young and energetic outlook, Q41Pro series was equipped with the new AI SR super resolution technology, featuring flicker-free and blue light filter functions to protect users' eyes. Thanks to 4K 120Hz OLED panel and 3D LUT technology, a professional colour grading technology used in the film industry, G90 delivered outstanding performance for dark field and ultra-high contrast.

During the Reporting Year, the Group adjusted its sales strategy and shifted its focus to high-end TV products such as OLED TV in response to the sluggish growth in the PRC market. Although the Group's sales volume in the PRC market dropped by 15.9% year-on-year, the increase in sales of high-end TV products such as OLED TV led to an increase in the average unit price, resulting in an increase in sales revenue. As a response to the impact of the pandemic and fierce market competition, the Group will continue to make corresponding changes to its sales strategy and adjust the unit rates to increase its market share.

1.2 Smart TV Systems Products (Overseas Markets)

For the year ended 31 December 2021, the Group's smart TV systems products recorded revenue of RMB9,616 million in overseas markets, representing an increase of RMB1,314 million or 15.8% compared with RMB8,302 million recorded in the Previous Year.

During the Reporting Year, the COVID-19 epidemic persisted and most overseas countries suffered from the variants such as Delta and Omicron. In the face of certain unfavourable factors such as the sharp rise in panel and sea freight prices and the serious cargo transportation disruptions, the Group adopted relatively stable and prudent sales strategies and optimised its customers and sales channels in different countries, resulting in a continuous growth in the international TV market. During the Year, the Group strengthened the promotion of high-end products such as OLED products and large screen TVs which were quickly recognised by the market. At the same time, the Group's OEM business developed steadily, with the sales in South America, India, Turkey and South Asia posted a significant year-on-year growth. Benefited from the expansion of e-commerce, the Group's overseas online business recorded considerable growth, thereby mitigating the negative impacts of the ongoing epidemic on offline businesses.

By sponsoring the famous Italian football club Juventus and the AFF Championship, Skyworth's brand awareness and image were enhanced among our customers and consumers, and the Group was able to set foot in core e-commerce channels in Vietnam and Italy. The Group also achieved significant increment of sales volume in both India and Indonesia by improving production efficiency and product quality, and increasing customer confidence.

1.3 Internet value-added services of Coocaa System

For the year ended 31 December 2021, the Group recorded a growth of RMB178 million or 16.9% in revenue from the internet value-added services of Coocaa System, which increased to RMB1,234 million from RMB1,056 million in the Previous Year.

As the PRC gradually transits from 4G to 5G for its internet and telecommunication technologies, rapid growths will be observed for internet-based online content services. For the year ended 31 December 2021, the accumulated smart terminals of Coocaa System in the PRC market was over 118 million. The Group's industrial deployment strategy of "hardware + content" is well received by internet-based enterprises: Beijing iQIYI Science & Technology Co., Ltd.* (北京愛奇藝科技有限公司) ("iQIYI"), an affiliate of Tencent Holdings Limited ("Tencent") and an affiliate of Baidu Holdings Limited* (百度控股有限公司) ("Baidu") have all successively invested in Shenzhen Coocaa Network Technology Company Limited* (深圳市酷開網絡科技股份有限公司) ("Coocaa Technology", an indirect non-wholly owned subsidiary of the Company).

As a system support carrier for smart terminals, not only has Coocaa Technology promoted the innovation and convergent of large-screen and home internet businesses, it has also assisted our long-term development in the industry of smart human habitat and made a leap-forward enhancement for our operating efficiency. With a team engaged in scaled large-screen internet technical service, Coocaa Technology leverages on the advantages of Coocaa system, including an independent and flexible technical architecture, reliable and secure connection services, accurate data and algorithms, as well as efficient technical application flexibility. By cooperating with strategic partners, with common developed internet-based products designed around user experience, in-depth exploration of statistical value, as well as precise digital marketing capabilities, Coocaa Technology has won industry recognition and wide approval among customers, especially during the epidemic, when Chinese citizens went out less and their time spent in watching TV at home increased significantly, "Otaku economy" drove a continuous growth in revenue from content-based operations. It is our opinion that building on technologies of greater sophistication and reliability, the Group's smart home and smart city businesses will enjoy accelerated development through collaborative projects with strategic partners including internet giants and internet TV service providers.

2. Smart Systems Technology Business

Smart systems technology business covers, among others, home access systems, intelligent manufacturing, automotive electronic systems and other electronic products.

For the year ended 31 December 2021, revenue recorded for the Group's Smart Systems Technology business amounted to RMB10,911 million, representing an increase of RMB2,165 million or 24.8% from RMB8,746 million recorded in the Previous Year. In particular, revenue recorded in the mainland China market amounted to RMB6,867 million, representing a significant increase of RMB1,686 million or 32.5% from RMB5,181 million recorded in the Previous Year. Revenue recorded in overseas markets amounted to RMB4,044 million, representing an increase of RMB479 million or 13.4% from RMB3,565 million recorded in the Previous Year.

During the Year, benefited from the Group's well-established system, planning and research and development capabilities, industry chain integration capabilities, supply chain as well as industrialisation capabilities, the Group has overcome a number of challenges such as soaring price of raw material, on-going overseas epidemic, chaotic international logistics and increase in logistics costs, and recorded significant growth in both smart devices and broadband connection businesses. Leveraging on its market share in the smart set-top box market, the Group has achieved a new breakthrough in the sales of set-top boxes to the three major domestic telecommunications operators. Thanks to the rapid development of the domestic gigabit broadband network upgrades, the Group's broadband connection business has achieved remarkable results in the centralised procurement and tender of the three major domestic telecommunications operators. In the Virtual Reality (VR) business, the Group launched cost-effective all-in-one VR device and VR split-type device during the Year.

The Group achieved growth in sales of volume set-top boxes and broadband network connection products in overseas market. The set-top box business recorded substantial growth in overseas markets across the global, including Latin America, the Middle East, India and Europe, while the broadband network connection product business continued to grow steadily in regions such as Southeast Asia, India and Mexico and achieved mass supply, leading to a year-on-year growth in overseas results.

3. Smart Appliances Business

Smart appliances business is principally engaged in the research and development, production and sales of smart air conditioners, smart refrigerators, smart washing machines, smart kitchen appliances and tablet computers.

Empowered by smart technologies, the Group is committed to becoming a leading brand of smart home appliances by constantly introducing innovative products according to the needs of consumers and providing all-round smart home experience in multi-scenarios. In 2021, certain products such as the American-style three-door smart refrigerator and the sixth-generation i-DD smart drum washing machine launched by the Group's research and development teams such as Skyworth White Appliances Research Institute* (創維白家電研究院) and Freezer and Washing Machine Technology Center* (冰洗技術中心) have been highly recognised by the market and well received by customers. Capitalising on product research and development, Skyworth Electric Co., Ltd.* (創維電器股份有限公司), an indirect non-wholly owned subsidiary of the Company ("Skyworth Electric"), has been recognised as National High-tech Enterprise (國家高新技術企業), Integration of Informatisation and Industrialisation Standard Enterprise issued by the Ministry of Industry and Information Technology (工信部兩化融合貫標企業), Double Software Certification Enterprise (雙軟企業), Jiangsu Demonstration Intelligent Workshop (江蘇省智能車間示範單位), Nationally Recognised CNAS Laboratory (國家認可的 CNAS 實驗室), Top Ten Washing Machine Exporters in the PRC during the "13th Five-Year Plan" Period (「十三五」中國十大洗衣機出口企業) and Provincial and Municipal Industrial Design Centers (省市級工程技術研究中心).

For the year ended 31 December 2021, the Group's revenue recorded for smart appliance products amounted to RMB4,375 million, representing an increase of RMB157 million or 3.7% compared with RMB4,218 million recorded in the Previous Year. In particular, revenue recorded in the mainland China market amounted to RMB2,893 million, representing an increase of RMB25 million or 0.9% compared with RMB2,868 million recorded in the Previous Year. Revenue in overseas markets amounted to RMB1,482 million, representing an increase of RMB132 million or 9.8% compared with RMB1,350 million recorded in the Previous Year.

Due to the rapid growth of Skyworth Electric's own brand and its ODM business in recent years, in order to remove business capacity constraints, step up the research and development of smart products, improve the intelligence and high-end level of products as well as enhance product competitiveness, Skyworth Electric submitted the application for the proposed separate listing on the Shenzhen Stock Exchange ("SZSE") during the Year and received the notice of acceptance of such listing application at the end of the Year. The proceeds from the listing on the SZSE will strongly support Skyworth Electric to continue its steady development of smart home appliances in the future. The proceeds will be used for the production of popular products such as commercial freezers, multi-door refrigerators, clothes dryers and Gemini washing machines. An advanced research and development centre will be also constructed in the industrial park in Nanjing, further strengthening the research and development capabilities of Skyworth Electric.

Leveraging on its core patented technologies such as air-cooled dual frequency conversion technology, highly versatile side-by-side refrigerator platform and i-health smart control system which have been highly recognised by the market, Skyworth Electric has further developed its online and offline sales channels to increase its market share and enhance the brand value of Skyworth Electric in the smart home appliances market.

In addition, since the air-conditioning production base was officially relocated to Chuzhou at the end of 2020, the Group continued to step up the i-DD technology upgrade and the research and development of key technologies such as new-generation smart air-conditioning to improve the quality and competitiveness of its air-conditioning products. The Group is committed to securing large orders and enhancing its profitability with the diversified supply chains in the Yangtze River Delta region, and therefore implement the Group's plan to build a production base and headquarters in the Yangtze River Delta region.

During the Reporting Year, the Group's operating performance of smart appliances business was affected by the COVID-19 pandemic. However, with COVID-19 vaccination rates gradually reaching satisfactory levels in various countries, we expect the global economy and the operating performance of the smart appliance business to improve significantly. The Group will continue to develop new products, strengthen channel operations and achieve large-scale manufacturing with excellent operational capabilities, manufacturing so as to continue to grow its business scale.

4. New Energy Business

For the year ended 31 December 2021, revenue recorded for new energy business of the Group amounted to RMB4,101 million, representing a substantial increase of RMB3,997 million or 3,843.3% compared with RMB104 million recorded in the Previous Year.

Due to global climate change, major countries have put forward their own new energy strategies. According to the "13th Five-Year" Plan, the PRC government has set a clear policy on environmental protection and new energy. In the face of such enormous market potentials, the Group has been actively considering entering the clean energy industry. Riding on the general trend of integrated development of modern energy, smart manufacturing and digital technology, the Group started with residential photovoltaic and provided complete solutions for power station development, design, construction, operation, management and consulting services. Based on the energy Internet of Things, the Group also built a development, construction, operation and management platform for full-process assets of smart clean energy. During the Year, the Group's total installed capacity of distributed photovoltaic power stations catapulted the Group to the top level in the industry. More than 60,000 residential photovoltaic power stations have been put into operation and connected to the power grid. In addition, the Group has cooperated with financial institution to provide finance lease services for the construction of photovoltaic power stations. The Group is devoted to developing itself into a one-stop solution provider from finance, installation to after-sales based on the business model of "Internet + Photovoltaic + People-benefiting Financial Services".

In the future, the Group is committed to the development of comprehensive new energy. It will strengthen its presence in residential photovoltaic market and gradual develop industrial and commercial photovoltaics business, as well as the integrating smart energy management on the consumption side, with a goal to become an industry leader on the Internet of the clean energy industry on the consumption side.

5. Modern Services Business

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.

For the year ended 31 December 2021, revenue recorded for modern services business amounted to RMB3,932 million, representing an increase of RMB1,452 million or 58.5% compared with RMB2,480 million recorded in the Previous Year. In particular, revenue recorded for the mainland China market amounted to RMB3,382 million, representing a significant increase of RMB1,421 million or 72.5% compared with RMB1,961 million recorded in the Previous Year. Revenue in overseas markets amounted to RMB550 million, representing an increase of RMB31 million or 6.0% compared with RMB519 million recorded in the Previous Year.

During the Year, the Group has been focusing on investing resources to integrate various segments under modern services business with an aim to strengthen the supply chain management and facilitate the strategic cooperation with major suppliers to provide diversified services to customers. In view of this, in 2021, the Group continued to optimise different segments under modern services business and establish dedicated teams for its modern services business such as financial services, macro-logistics services, supply chain operation, foreign trades, as well as park-based property management and construction development.

In terms of capital operation, the Group continued to stablish a financial business platform with financial companies as the main body and supplemented by venture capital and small loans. Thanks to the "integrated foreign and domestic currency capital pools for multinational companies (跨國公司本外幣一體化資金池)" approved by the State Administration of Foreign Exchange, the Group also broadened its financing channels. The venture capital industry has also successively searched for excellent projects in the semiconductor, new materials and new equipment sectors closely related to the Group's business, achieving a win-win situation. Based on the development plan of the macro-logistics services industry, the logistics companies have completed the integration of the Group's material warehouse, factory warehouse and leased warehouse business across the country during the Year. With all-round supply chain logistics, factory logistics, sales and after-sales logistics, the logistics costs among various entities within the Group have been reduced, thereby increasing the external revenue.

By creating innovation spaces in the science and technology parks, seizing construction opportunities of industrial bases, integrating Skyworth's smart human habitat in property management, including green buildings, smart control systems and devices, as well as offering a variety of content services, the Group managed to address the problem of insufficient room for revenue growth in traditional property management business.

By fully utilising the strengths of its core operations, the Group is constantly incorporating innovation into its development model and accelerating new business integration and expansion. The Group has created favourable conditions and settings for future reform and development, which provides strong support for scientific research, investment, production, procurement and construction across the Skyworth Group.

Gross profit margin

For the year ended 31 December 2021, the overall gross profit margin of the Group was 16.8%, representing a decrease of 1.1 percentage points in comparison to 17.9% recorded in the Previous Year.

During the Reporting Year, in order to ensure robust operations across the Group, it continued to refine operations management, adopting multiple integrated methods to increase the gross profit margin of its products and reduce group-wide operating costs. During the Year, due to impact of the epidemic on global supply chain, the prices of upstream materials for smart TV systems products such as glass and ICs continued to increase, with some materials climbing by more than 50% in the first half of the year, which lowered the gross profit margin of smart TV system products. Furthermore, the Group's new businesses such as photovoltaic products are in the stage of rapid development, and therefore the gross profit margin is relatively lower than the average level of the Group. Raw materials for other industries, such as copper and IC, have also experienced price increases, affecting the gross profit margin of various smart home appliances. During the Year, the Group adopted various measures to cope with the challenges arising from rising material prices and industry competition, including strengthening its sales price control, increasing the proportion of products with high gross profit margin and increasing its investment in product research and development to improve product quality, thereby enhancing the Group's pricing power and gross profit level.

Expenses

For the year ended 31 December 2021, the Group's selling and distribution expenses amounted to RMB3,981 million, representing an increase of RMB504 million or 14.5% compared with RMB3,477 million for the Previous Year. The selling and distribution expenses to revenue ratio for the year ended 31 December 2021 was 7.8%, which decreased by 0.9 percentage points from 8.7% recorded in the Previous Year.

For the year ended 31 December 2021, the Group's general and administrative expenses amounted to RMB1,479 million, representing an increase of RMB64 million or 4.5% compared with RMB1,415 million for the Previous Year. The general and administrative expenses to revenue ratio for the year ended 31 December 2021 was 2.9%, which decreased by 0.6 percentage points from 3.5% recorded in the Previous Year.

Since the Group continued to devote enormous resources to the research and development of premium smart products to improve its corporate competitiveness during the Year, a corresponding increase was recorded in research and development expenses. For the year ended 31 December 2021, the Group's research and development expenses amounted to RMB2,097 million, representing an increase of RMB232 million or 12.4% compared with RMB1,865 million for the Previous Year. The research and development expenses to revenue ratio for the year ended 31 December 2021 was 4.1%, which decreased by 0.6 percentage points from 4.7% recorded in the Previous Year.

LIQUIDITY, FINANCIAL RESOURCES AND CASH FLOW MANAGEMENT

The Group adopts a prudent financial policy to maintain stable financial conditions. As at 31 December 2021, net current assets amounted to RMB13,725 million, representing an increase of RMB2,208 million or 19.2% when compared with RMB11,517 million as at 31 December 2020. As at 31 December 2021, bank balances and cash amounted to RMB10,611 million, representing an increase of RMB2,397 million or 29.2% when compared with RMB8,214 million as at 31 December 2020. As at 31 December 2021, pledged and restricted bank deposits amounted to RMB2,128 million, representing an increase of RMB501 million or 30.8% when compared with RMB1,627 million as at 31 December 2020.

The Group secured certain assets against its certain trade facilities and loans granted from various banks. As at 31 December 2021, such secured and restricted assets included bank deposits of RMB2,128 million (as at 31 December 2020: RMB1,627 million), trade receivables of RMB10 million (as at 31 December 2020: RMB17 million), bills receivables of RMB66 million (as at 31 December 2020: RMB720 million), investment properties of RMB1,198 million (as at 31 December 2020: RMB1,263 million), stock of properties of RMB102 million (as at 31 December 2020: nil) as well as certain prepaid lease payments on land use rights, lands and properties in mainland China and Hong Kong, with an aggregate net book value of RMB2,774 million (as at 31 December 2020: RMB2,530 million).

As at 31 December 2021, total bank loans amounted to RMB14,262 million (as at 31 December 2020: RMB11,387 million), corporate bonds (inclusive of interest) amounted to RMB921 million (as at 31 December 2020: RMB920 million) and convertible bonds (inclusive of interest) amounted to RMB962 million (as at 31 December 2020: RMB917 million). Overall interest-bearing liabilities of the Group were RMB16,145 million (as at 31 December 2020: RMB13,224 million), equity attributable to owners of the Company amounted to RMB18,045 million (as at 31 December 2020: RMB16,310 million). The debt to equity ratio revealed as 76.6% (as at 31 December 2020: 69.6%).

TREASURY POLICY

The Group's major investments and revenue streams are derived from mainland China. The Group's assets and liabilities are mainly denominated in RMB, others are denominated in Hong Kong dollars, US dollars and Euros. The Group uses general trade financing to fulfil the needs in operating cash flow. In order to reduce finance costs, the Group exploits the currency-based and income-based financial management tools introduced by banks to offset such costs. The management of the Group regularly reviews changes in foreign exchange rates and its interest rate exposures, in order to determine the need for foreign exchange hedging. However, In the face of certain uncertainties including the outbreak of the COVID-19 epidemics, the spread of Omicron variant in various countries, the continued tension in international relations, the increasing uncertainty of the global economic recovery and the unstable trend in U.S. interest rates, it was difficult to predict the exchange rate trend. For the year ended 31 December 2021, the Group recorded a net exchange loss of RMB51 million (year ended 31 December 2020: gain of RMB73 million) associated with general operation.

In addition, the Group still held the following investments during the Reporting Year:

(a) Unlisted equity securities

As at 31 December 2021, the Group held investments in 40 unlisted companies. The total value (at fair value) of these investments (net of changes in fair value and costs) was RMB2,292.4 million, of which RMB1,468 million represented 10% equity interest held by the Group in a PRC investee company. This investee company is principally engaged in manufacture and sale of flat screen displays, display materials, LCD-related products and other electronic accessories.

(b) Listed equity securities

As of 31 December 2021, the Group held investments in nine listed equity securities, details of which are as follows:

Listed company	**Shareholding percentage as of 31 December 2021**	**Value of investment as of 31 December 2021 (RMB million)**	**Value of investment as of 31 December 2020 (RMB million)**	**Exchange on which the securities are listed**	**Principal business of the listed company**
Chigo Holding Limited	3.39%	-	-	The Stock Exchange of Hong Kong Limited	Manufacture and sale of air-conditioners
Bank of Gansu Co., Ltd.	0.66%	122.9	128.2	The Stock Exchange of Hong Kong Limited	Financial services
Jiangsu Broadcasting Cable Information Network Corporation Limited	0.00%	0.4	132.4	Shanghai Stock Exchange	TV channels, broadband, data services
Amlogic (Shanghai) Co., Ltd.	0.08%	44.0	126.5	Shanghai Stock Exchange	Research, design, development and manufacture of chips
Linklogis Inc.	0.36%	49.7	42.8 (note: not listed in 2020)	The Stock Exchange of Hong Kong Limited	Supply Chain Fintech Solutions Services
Anhui Coreach Technology Co., Ltd.	1.21%	50.5	50.0	Shenzhen Stock Exchange	Research and development, design, production and sales of optoelectronic systems and technical services
Puya Semiconductor (Shanghai) Co., Ltd.	2.97%	340.1	55.7 (note: not listed in 2020)	Shanghai Stock Exchange	Research, design, development and manufacture of chips
Guizhou Zhenhua E-chem Inc.	0.33%	64.0	10.3 (note: not listed in 2020)	Shanghai Stock Exchange	Research and development, design, production and sales of lithium-ion battery cathode materials
Shanghai Anlogic Infotech Co., Ltd.	2.91%	697.2	33.1 (note: not listed in 2020)	Shanghai Stock Exchange	Research, design, development and manufacture of chips

In order to give full play to the advantages of the Group's products from the smart systems technology business and innovative content services, Skyworth Group opted to invest in business partners in relation to building a smart-home platform in a prudent manner, aiming to create a new ecosystem for its smart human habitat business. Building on scenarios related to smart household services, Coocaa Technology will explore the feasibility of expanding operation scale for the smart human habitat business. Through strategic partnerships with financial institutions, coupled with the know-how of Coocaa Technology in providing customised and targeted smart-home content services, the Group plans to tap into the business sector of financial technology services, aiming to build a high-tech smart household service platform that covers the three key areas of home entertainment, consumer and financial services. Since Coocaa Technology also proposed to improve experience for home users and enhance service capacity of their own OTT platforms through in-depth cooperation with financial institutions in mobile payment, Skyworth Group therefore made a medium to long-term investment in Bank of Gansu Co., Ltd.

During the Year, in addition to its existing listed equity securities, the Group held investments in four equity securities newly listed on the Stock Exchange of Hong Kong Limited, the Shanghai Stock Exchange or the SZSE and recorded considerable capital appreciation. As medium to long-term investments, these listed or newly listed equity securities are principally engaged in emerging industries such as semiconductors, new materials and new equipment, whose businesses are similar to or has an upstream and downstream relationship with the Group. As such, the Group's judgment on their results coincides with the whole electronic industry, which is one of the main high-tech business sectors being supported by the PRC government, though returns from these investments might still be subject to market uncertainties. The management will take a prudent approach in dealing with these investments on a regular basis and take necessary actions to cope with market changes.

SIGNIFICANT INVESTMENTS AND ACQUISITIONS

During the Reporting Year, in order to cope with the increased production scale and improved output ratio of smart products, the Group invested a total of RMB1,086 million in construction projects, including the expansion of its production plants in Longgang, Shenzhen, Guangzhou Knowledge City and Qianhai, Shenzhen, and RMB968 million for purchasing machinery and other equipment for production lines and improvement of facilities in former production plants. The Group plans to further invest in building properties, plants, office premises and purchasing new equipment, with a view to further increasing productivity, improving operation efficiency for its products, as well as catering for future business needs in the development of smart, diversified and internationalised strategy.

CONTINGENT LIABILITIES

There are individual patent disputes which arise in the ordinary course of business of the Group. The Group is in the course of processing these matters. The directors are of the view that these patent disputes will not have a material adverse impact on the consolidated financial statements of the Group.

HUMAN RESOURCES CAPITAL

As at 31 December 2021, the Group had around 34,000 employees (as at 31 December 2020: 36,000) in the PRC (Hong Kong and Macau inclusive) and overseas, including sales personnel situated throughout 27 branches and 212 sales offices. The Group places high emphasis on fundamental employee benefits, appraisal systems, long-term and short-term incentive schemes, in an effort to motivate and recognise staff with outstanding contributions and performance. The Group allocates substantial resources for staff development, focusing on pre-employment and on-the job trainings, providing periodical updates on the latest industrial trends, policies and guidelines to improve the quality of human capital. Meanwhile, the Group continues to strengthen the infrastructure of human resources, and implement information management to optimise the remuneration standards and systems of each business unit, and gradually establishes a long-term centralised mechanism for the selection, training and development of industry leaders. It also sets up a specified department to enhance the professionalism of general staff and the leadership skills of its senior management.

The Group’s remuneration policy is determined with reference to individual performance, functions and conditions of human resources market.

OUTLOOK

Since the global outbreak of the COVID-19 epidemic in early 2020, it continued to profoundly impact the global economy in 2021. The Group has made corresponding adjustments to the prevention and control mechanism in response to changes in the epidemic. The Group strictly implemented various prevention and control measures, including strengthening the management of access to the industrial park, setting up a centralised quarantine centre and investing in mask production lines, so as to minimise the impact of the COVID-19 epidemic on the Group's employees and operations.

In order to cope with the tight global supply chain and the downturn in the global home appliances consumption market, Skyworth Group will continue to actively leverage on various emerging technologies including 5G, artificial intelligence, virtual reality, big data and cloud computing to launch new ultra-high definition TVs such as 5G+8K TVs, OLED TVs and mini-LED TVs, i-DD smart washer dryer combos, smart refrigerators, smart air conditioning products and smart kitchen appliances, as well as 5G smart access systems, and smart network devices, office, automobile and other application systems. Based on the Group's new technologies, new processes, new materials and innovative research achievements, the Group is committed to improving its product competitiveness on top of its achievements in 2021. Furthermore, in view of increasing credit risks, the Group will deepening its cooperation with existing physical dealers and accelerating the expansion of online sales network, and focus on risk management of receivable recovery from global markets to achieve steady development.

As proposed by the board of directors of the Group, Skyworth aims to achieve "transformation and development acceleration" in 2022. The Group will promptly promote the three key strategies of smartisation, refinement and internationalisation, and continue to expanding its focus on five key business sectors, namely multimedia, smart systems technology, smart appliances, new energy and modern services. Upholding the innovative thinking and development model, the Group will further focus on informatisation, cost control and improving efficiency, and actively promote the transformation in three key areas, namely from manufacturing to modern services, from hardware to software, and from terminal products to smart systems. In addition to consolidating its leading position in home appliances industry, the Group will continue to explore promising projects such as photovoltaic business, venture capital business, industrial park development and logistics business. Taking Coocaa Technology and Skyworth Electric as examples, the Group will also strive to spin-off other potential IPO projects to enhance the value of the Group.

Capitalising on the leading position in the multimedia and digital technology industries in the PRC, the Group will maintain the synergy of hardware and software to fulfill the needs in multi-scenarios with the use of the big data from Coocaa System. Based on the three elements of "connectivity, intelligence and ecology", the Group will facilitate the construction of green buildings which are "healthy, safe, convenient, comfortable and energy-saving", develop and promote smart system control centre (system) products, and expand a full range of smart home content services. With "Green building + Smart systems + Content services" as its core, the Group will achieve the one-stop smart control for home, office and vehicle, providing users with borderless and interactive sharing experience. The Group will also make every effort to explore overseas markets and focus on certain well-performing markets such as India, Southeast Asia and Africa. Moreover, the Group will continue to develop the European and Latin American markets, strengthen the planning of and investment in marketing channels, and promote the coordinated development of Skyworth's three major branded products (SKYWORTH, Coocaa and Metz) and OEM business, with an aim to achieve rapid growth in its overseas business.

EVENTS AFTER THE REPORTING PERIOD

COVID-19 and its variants including Omicron are continuing to spread around the world, together with recent tension in international relations, have caused continuous uncertainties in the business environment. The COVID-19 epidemic has not caused any material financial difficulties of the Group up to the date of this report, but it is expected that our overseas business would be affected for a certain period. The length of the period and scale of its impact are difficult to predict and subject to the development of the situation.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company recognises the importance of a publicly listed company's responsibilities to enhance its transparency and accountability, and is committed to maintaining a high standard of corporate governance in the interests of its shareholders. The Company devotes to best practice on corporate governance, and to comply to the extent practicable, with the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

During the Reporting year and up to the date of this announcement, the Company has complied with the code provisions as set out in the CG Code, save and except for the code provision A.6.7 of the CG Code.

Pursuant to code provision A.6.7 of the CG Code, the independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of the shareholders of the Company. Mr. Li Weibin, an independent non-executive Director, was unable to attend the annual general meeting of the Company held on 20 May 2021 due to other prior business engagements.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") was established by the Board since the listing of the shares of the Company on the Stock Exchange of Hong Kong Limited on 7 April 2000. The Audit Committee currently comprises 3 independent non-executive Directors. The chairperson of the Audit Committee is Mr. Cheong Ying Chew, Henry and the other members are Mr. Li Weibin and Mr. Hung Ka Hai, Clement.

The Audit Committee has its written terms of reference adopted since its establishment. The terms of reference were subsequently revised on 30 March 2012 in order to comply with the then adopted amendments to the CG Code. In light of the amendments made to the CG Code with effect from 1 January 2016, the Board has further adopted the revised terms of reference of the Audit Committee on 15 December 2015 in accordance with such CG Code amendments. The terms of reference of the Audit Committee was published on the Company's website (http://investor.skyworth.com/en/index.php) and the website of Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk).

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed the financial reporting matters, including the review of the annual results of the Group for the Reporting Year.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2021 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE")

The Company has adopted the code of conduct regarding securities transactions by Directors (the **"Code of Conduct"**) on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry of all Directors, the Company received confirmation from each of the Directors that he/she had complied with the Code of Conduct throughout the Reporting Year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company has purchased a total of 29,056,000 Shares of the Company on the Stock Exchange during the Reporting Year (the "**Repurchased Shares**") and the aggregate consideration paid was approximately HK$140.23 million (excluding expenses). All the Repurchased Shares were cancelled on 15 December 2021. As at 31 December 2021, the total number of Shares in issue was 2,667,229,420.

Save as disclosed above, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed shares during the Reporting Year.

FINAL DIVIDEND

The Board has proposed a final dividend for the Reporting Year of 23 HK cents (in cash) per share of the Company (2020: Nil), totalling approximately RMB497 million (2020: Nil), as at the date of this announcement to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on Wednesday, 1 June 2022, and the retention of the remaining profit for the Reporting Year in reserves.

CLOSURE OF THE REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The register of members of the Company will be closed from Thursday, 19 May 2022 to Tuesday, 24 May 2022 (both days inclusive), during which no transfer of shares will be registered. In order to qualify for attendance at the 2021 annual general meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar 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 Wednesday, 18 May 2022.

CLOSURE OF THE REGISTER OF MEMBERS FOR FINAL DIVIDEND

The register of members of the Company will be closed from Monday, 30 May 2022 to Wednesday, 1 June 2022 (both days inclusive), during which no transfer of shares will be registered. In order to qualify for the final dividend payable on or around Monday, 13 June 2022, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Hong Kong Registrars Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Friday, 27 May 2022.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual results announcement is published on the Company's website (http://investor.skyworth.com/en/index.php) and the website of Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk). The Company's 2021 annual report will be made available on the websites of the Company and Hong Kong Exchanges and Clearing Limited and will be despatched to the shareholders of the Company in due course.

APPRECIATION

On behalf of the Board, I would like to express our gratitude to our shareholders and business associates for their continuing support, and extend our sincere appreciation to all management and staff for their ongoing dedication, commitments and contributions throughout the Reporting year.

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

Hong Kong, 22 March 2022

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 purposes only*