SKYWORTH GROUP LIMITED
創維集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00751)

UNAUDITED RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

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

	Nine months ended 30 September		
	2022	2021	
	RMB million	RMB million	Change
Revenue	**38,419**	35,891	7.0%
Gross profit	**6,017**	5,838	3.1%
Profit for the period	**994**	999	-0.5%
Profit for the period attributable to owners of the Company (Note)	**518**	763	-32.1%

The Board has approved that the Company will utilise cash to conduct share buy-back, subject to the then prevailing market conditions.

Note: Profit for the period attributable to owners of the Company decreased by 32.1%, mainly attributable to unrealised fair value loss resulted from the decrease in share prices of listed equity securities at fair value through profit or loss held by the Group. Excluding the aforementioned impact of the change of fair value, the Group's profit for the period attributable to owners of the Company for the nine months ended 30 September 2022 increased by approximately 71.3% as compared to the same period of previous year.

The board (the "**Board**") of directors (the "**Directors**") of the Company is pleased to announce the unaudited consolidated results of the Group for the nine months ended 30 September 2022 (the "**Current Period**") together with the comparative figures for the nine months ended 30 September 2021 (the "**Same Period of Previous Year**"). The nine months results have been reviewed by the audit committee of the Company (the "**Audit Committee**"). The Company's auditor, Messrs. Deloitte Touche Tohmatsu, has reviewed the condensed consolidated statement of financial position as of 30 September 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income and statement of cash flows for the nine-month period then ended in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022

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

	Nine months ended	
	30 September 2022 (unaudited)	30 September 2021 (unaudited)
Revenue		
Sales of goods	37,961	35,529
Leases	409	349
Interest under effective interest method	49	13
Total revenue	38,419	35,891
Cost of sales	(32,402)	(30,053)
Gross profit	6,017	5,838
Other income	916	828
Other gains and losses	(37)	320
Selling and distribution expenses	(2,538)	(2,874)
General and administrative expenses	(1,127)	(948)
Research and development expenses	(1,549)	(1,475)
Finance costs	(367)	(370)
Share of results of associates and joint venture	(9)	6
Profit before taxation	1,306	1,325
Income tax expense	(312)	(326)
Profit for the period	994	999
Other comprehensive (expense) income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of foreign operations	(23)	(12)
Fair value gain (loss) on trade receivables at fair value through other comprehensive income (“FVTOCI”)	3	(16)
Cumulative (loss) gain reclassified to profit or loss upon disposal of trade receivables at FVTOCI	(1)	14
	(21)	(14)

	Nine months ended 30 September 2022 (unaudited)	Nine months ended 30 September 2021 (unaudited)
Items that will not be reclassified to profit or loss:		
Fair value (loss) gain on investments in equity instruments at FVTOCI	(618)	406
Income tax relating to item that will not be reclassified subsequently	76	(63)
	(542)	343
Other comprehensive (expense) income for the period	(563)	329
Total comprehensive income for the period	431	1,328
Profit for the period attributable to:		
Owners of the Company	518	763
Non-controlling interests	476	236
	994	999
Total comprehensive (expense) income for the period attributable to:		
Owners of the Company	(40)	1,092
Non-controlling interests	471	236
	431	1,328
Earnings per share (expressed in Renminbi cents)		
Basic	19.92	29.01
Diluted	19.89	29.01

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 September 2022
Amounts expressed in millions of Renminbi

	As at 30 September 2022 (unaudited)	As at 31 December 2021 (audited)
Non-current Assets		
Property, plant and equipment	7,531	6,619
Right-of-use assets	2,563	2,539
Deposits paid for purchase of property, plant and equipment	494	426
Investment properties	1,426	1,487
Goodwill	462	465
Other intangible assets	94	100
Interests in associates and joint ventures	267	267
Financial assets at fair value through profit and loss ("FVTPL")	1,896	1,318
Equity instruments at FVTOCI	1,363	1,593
Loan receivables	352	25
Deferred tax assets	803	683
Other non-current assets	429	309
	17,680	15,831
Current Assets		
Inventories	8,372	7,791
Stock of properties	7,081	5,612
Financial assets at FVTPL	1,039	1,538
Trade and bills receivables	10,348	12,142
Other receivables, deposits and prepayments	4,687	4,092
Loan receivables	444	977
Prepaid tax	272	159
Pledged and restricted bank deposits	2,942	2,128
Bank balances and cash	9,203	10,611
	44,388	45,050

	As at 30 September 2022 (unaudited)	As at 31 December 2021 (audited)
Current Liabilities		
Trade and bills payables	11,359	11,869
Other payables	6,640	6,092
Other financial liabilities	333	375
Lease liabilities	44	56
Contract liabilities	5,539	3,291
Provision for warranty	249	224
Deferred income	177	210
Tax liabilities	268	239
Bank borrowings	8,699	8,892
Corporate bonds	799	77
	34,107	31,325
Net Current Assets	10,281	13,725
Total Assets less Current Liabilities	27,961	29,556
Non-current Liabilities		
Other payables	235	83
Other financial liabilities	100	340
Lease liabilities	72	95
Provision for warranty	197	135
Deferred income	278	265
Bank borrowings	5,226	5,370
Convertible bonds	-	956
Corporate bonds	-	798
Deferred tax liabilities	337	428
	6,445	8,470
NET ASSETS	21,516	21,086
Capital and Reserves		
Share capital	268	273
Reserves	17,242	17,772
Equity attributable to owners of the Company	17,510	18,045
Non-controlling interests	4,006	3,041
	21,516	21,086

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022
Amounts expressed in millions of Renminbi

	Nine months ended 30 September 2022 (unaudited)	Nine months ended 30 September 2021 (unaudited)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	2,975	(518)
NET CASH USED IN INVESTING ACTIVITIES		
Interest received	191	145
Acquisition of right-of-use assets	(99)	-
Purchase of and deposits paid for acquisition of property, plant and equipment	(1,598)	(1,229)
Loans advanced	(1,458)	(1,217)
Repayments of loans receivables	1,670	1,696
Investments in financial assets at FVTPL	(1,100)	(2,038)
Proceeds on disposal of financial assets at FVTPL	1,008	1,635
Investment in equity instruments at FVTOCI	(340)	-
Placement of pledged and restricted bank deposits	(1,944)	(1,181)
Withdrawal of pledged and restricted bank deposits	1,130	1,151
Placement of other deposits	-	(680)
Refund of other deposits	-	680
Other investing cash flows	16	(16)
	(2,524)	(1,054)
NET CASH (USED IN) FROM FINANCING ACTIVITIES		
Dividends paid	(575)	(82)
Interest paid	(351)	(358)
Repurchase of shares by the Company	(345)	-
Purchase of shares for unvested shares under the share award scheme of the Company	(33)	(79)
New bank borrowings raised	10,773	13,559
Repayments of bank borrowings	(11,114)	(10,676)
Repayments of lease liabilities	(61)	(47)
Repayments of corporate bonds	(71)	-
Other financing cash flows	(80)	94
	(1,857)	2,411

	Nine months ended 30 September 2022 (unaudited)	Nine months ended 30 September 2021 (unaudited)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,406)	839
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	10,611	8,214
Effect of foreign exchange rate changes	(2)	3
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD, represented by bank balances and cash	9,203	9,056

BUSINESS PERFORMANCE REVIEW

Revenue

The overall revenue of the Group for the nine months ended 30 September 2022 amounted to RMB38,419 million, representing an increase of RMB2,528 million or 7.0% as compared to the Same Period of Previous Year.

For the nine months ended 30 September 2022 and 2021, the Group's smart TV systems sales volumes by market are as follows:

	Nine months ended 30 September 2022	Nine months ended 30 September 2021	Nine months ended 30 September 2022 vs Nine months ended 30 September 2021
	Unit ('000)	*Unit ('000)*	***Increase/(decrease)***
PRC market	**3,995**	**4,331**	**(7.8%)**
Overseas markets	**6,425**	**5,602**	**14.7%**
Total smart TV systems sales volumes	**10,420**	**9,933**	**4.9%**

(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 America, with mainland China being the primary market.

Mainland China Market
For the nine months ended 30 September 2022, revenue from the mainland China market amounted to approximately RMB25,681 million, representing an increase of RMB2,371 million or 10.2% as compared to RMB23,310 million for the Same Period of Previous Year.

During the Current Period, the Group's multimedia business, smart systems technology business, smart appliances business and new energy business each accounted for 35.5% (the Same Period of Previous Year: 50.4%), 20.1% (the Same Period of Previous Year: 21.0%), 9.5% (the Same Period of Previous Year: 9.0%) and 30.5% (the Same Period of Previous Year: 9.4%) of its revenue from the mainland China market, while modern services business and other operations attributed the remaining 4.4% (the Same Period of Previous Year: 10.2%).

Overseas Markets
For the nine months ended 30 September 2022, revenue from overseas markets amounted to RMB12,738 million, accounted for 33.2% of the Group's overall revenue, representing an increase of RMB157 million or 1.2% as compared to RMB12,581 million recorded in the Same Period of Previous Year. The Group continued to optimise its sales channels in overseas markets to reduce the negative impact of COVID-19, resulting in a steady growth in overseas revenue during the Current Period.

Geographical distribution of revenue in overseas markets

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

	Nine months ended 30 September	
	2022	2021
	(%)	(%)
Asia (excluding Middle East)	58	62
Europe	11	11
America	11	10
Africa	10	7
Middle East	9	9
Oceania	1	1
	100	100

For revenue analysis by business sector 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 nine months ended 30 September 2022, the Group's multimedia business recorded revenue of RMB16,977 million, representing a decrease of RMB2,687 million or 13.7% as compared to RMB19,664 million recorded in the Same Period of Previous Year.

1.1 Smart TV Systems Products (PRC Market)

For the nine months ended 30 September 2022, the Group's smart TV systems products recorded revenue of RMB6,980 million in the mainland China market, representing a decrease of RMB1,950 million or 21.8% as compared to RMB8,930 million recorded in the Same Period of Previous Year.

During the Current Period, the Group's sales volume in the PRC market dropped by 7.8% year-on-year due to the ongoing impact of Omicron, the COVID-19 variant virus. In response to the pandemic and the intense market competition, the Group will continue to adjust its sales strategy, shift its focus to high-end TV products such as OLED, and adjust unit prices accordingly to increase its market share.

1.2 Smart TV Systems Products (Overseas Markets)
For the nine months ended 30 September 2022, the Group's smart TV systems products recorded revenue of RMB6,137 million in overseas markets, representing a decrease of RMB1,142 million or 15.7% as compared to RMB7,279 million recorded in the Same Period of Previous Year.

During the Current Period, COVID-19 spread faster and most overseas countries were still suffering from Omicron and other variant viruses. Facing many unfavourable factors, such as the sharp rise in shipping prices and serious disruptions in cargo transportation, the Group adopted a relatively stable and prudent sales strategy that optimised its customers and channels in various countries, and actively expanded its e-commerce business, which successfully reduced the negative impact of the ongoing outbreaks on its offline business.

Leveraging the TikTok platform with key opinion leaders that suit the brand's image, as well as organising new product launch events and roving exhibitions, the Group has successfully enhanced the popularity and image of Skyworth's brand in Indonesia, Thailand and other Southeast Asian countries.

1.3 Internet Value-added Services of Coocaa System
For the nine months ended 30 September 2022, the Group recorded a growth of RMB58 million or 6.2% in revenue from the internet value-added services of Coocaa System, which increased to RMB988 million from RMB930 million recorded in the Same Period of 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. As at 30 September 2022, the accumulated smart devices of Coocaa System in the PRC market was over 143 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 nine months ended 30 September 2022, revenue recorded for smart systems technology business in the mainland China market amounted to RMB5,168 million, representing an increase of RMB276 million or 5.6% from RMB4,892 million recorded in the Same Period of Previous Year. The revenue recorded in overseas markets amounted to RMB3,818 million, representing an increase of RMB1,045 million or 37.7% from RMB2,773 million recorded in the Same Period of Previous Year.

During the Current Period, despite a number of challenges such as the complex international political and economic environment, exchange rate fluctuations and the rebound of epidemic, the global efforts for developing a digital economy still brought opportunities. With the Group's years of technology experience and research and development capabilities, industry chain integration capabilities, supply chain as well as industrialisation capabilities, the Group was able to ensure on-time delivery of goods 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 impressive results 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 won remarkable results in the centralised procurement and tender of the three major domestic telecommunications operators. The market share of PON gateways has increased significantly.

The Group achieved growth in sales volume of set-top boxes and broadband network connection products in overseas market. The set-top box business successfully realised stable mass supply and recorded growth in revenue in Europe, Latin America and Africa and other regions, while the broadband network connection product business continued to grow steadily in regions such as India, Southeast Asia and Europe 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.

For the nine months ended 30 September 2022, revenue recorded for smart appliance products in the mainland China market amounted to RMB2,449 million, representing an increase of RMB348 million or 16.6% as compared to RMB2,101 million recorded in the Same Period of Previous Year. Revenue in overseas markets amounted to RMB924 million, representing a decrease of RMB289 million or 23.8% as compared to RMB1,213 million recorded in the Same Period of Previous Year.

During the Current Period, while the sales in overseas markets declined as compared to the Same Period of Previous Year due to the impact of the epidemic and the weak export market for home appliances, the Group overcame difficulties to promote the sales growth of smart appliances business in the domestic market and continued to expand its online e-commerce business. The Group also took various measures to mitigate the impact of the epidemic on the offline channels, and thus managed to maintain a steady performance despite the volatile environment caused by the pandemic.

4. New Energy Business

During the year ended 31 December 2021, to better reflect the expansion of the Group's new energy business, the new energy business was separated out from the multimedia business. For the nine months ended 30 September 2022, the Group recorded a revenue of RMB7,821 million from the new energy business, representing an increase of RMB5,631 million or 257.1% as compared to RMB2,190 million recorded in the Same Period of Previous Year.

Due to global climate change, major countries have put forward their own new energy strategies and carbon neutrality target. The PRC government has set a clear policy on environmental protection and new energy. The "14th Five-Year Plan for Renewable Energy Development" clearly states that the annual power generation of renewable energy will reach about 3.3 trillion kWh by 2025, while wind power and solar power generation will be doubled during the "14th Five-Year" Plan. With the dual benefits of the carbon peak and carbon neutrality ("Double Carbon") goals and the "County-wide promotion" policy, the residential distributed photovoltaic market in the PRC has ushered in rapid development. In the face of such enormous market potentials, the Group followed the general trend of integrated development of modern energy, smart manufacturing and digital technology, and 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 distributed photovoltaic power stations. The Group's self-developed smart operation and maintenance system effectively integrates photovoltaic information with advanced Internet technology and digital information technology to fully realise the real-time digital management of residential photovoltaic power stations, thereby maximising the benefits of residential photovoltaic power stations.

During the Current Period, the Group's total installed capacity of distributed photovoltaic power stations was still of the top level in the industry. More than 100,000 residential photovoltaic power stations have been put into operation and connected to the power grid, with accumulated more than 150,000 residential photovoltaic power stations have been built and under grid-connected operation. In addition, the Group has cooperated with financial institution to provide finance/operating 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 + Inclusive finance".

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 nine months ended 30 September 2022, revenue recorded for modern services business in the mainland China market amounted to RMB1,093 million, representing a decrease of RMB1,227 million or 52.9% as compared to RMB2,320 million recorded in the Same Period of Previous Year. There was no revenue in overseas markets during the Current Period (the Same Period of Previous Year: RMB550 million).

During the Current Period, 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. 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, park-based property management and construction development.

Gross profit margin

For the nine months ended 30 September 2022, the overall gross profit margin of the Group was 15.7%, representing a decrease of 0.6 percentage points in comparison to 16.3% recorded in the Same Period of Previous Year.

In the past fiscal year, the global supply chain was dragged down by the epidemic, and therefore the electronics industry raised inventory levels and compressed gross margins. During the Current Period, TV panel prices of all sizes have been adjusted back to certain extent. We believed that the panel market has entered a period of adaptation and the trend of panel prices are relatively stable, which would help alleviate the upward pressure on the costs of copper, aluminium, steel and other raw materials due to the impact arising from on-going epidemic and Russo-Ukrainian War. In addition, the gross profit margin of the new energy business was lower than that of other segments of the Group since it was in a period of rapid growth. While its sales have increased significantly year-on-year, the Group's overall gross profit margin has also declined slightly. The Group continued to promote the refined management of operations and adopted various comprehensive measures to improve the gross profit margin of products, so as to reduce group-wide operating costs and ensure healthy operations across the Group. It took various measures to cope with challenges such as rising raw materials and industry competition, including strengthening sales price control, increasing the proportion of high-margin products and expanding higher product research and development expenses to improve product quality, thereby enhancing the Group's pricing power and gross profit level.

Expenses

For the nine months ended 30 September 2022, the Group's selling and distribution expenses amounted to RMB2,538 million, representing a decrease of RMB336 million or 11.7% as compared to RMB2,874 million for the Same Period of Previous Year. The selling and distribution expenses to revenue ratio for the nine months ended 30 September 2022 was 6.6%, which decreased by 1.4 percentage points from 8.0% recorded in the Same Period of Previous Year.

For the nine months ended 30 September 2022, the Group's general and administrative expenses amounted to RMB1,127 million, representing an increase of RMB179 million or 18.9% as compared to RMB948 million for the Same Period of Previous Year. The general and administrative expenses to revenue ratio for the nine months ended 30 September 2022 was 2.9%, which increased by 0.3 percentage points from 2.6% recorded in the Same Period of Previous Year.

The Group continued to devote resources to the research and development of premium smart products, to improve its corporate competitiveness. During the Current Period, the global economy has been affected by unexpected factors such as epidemic rebound. However, with the continuous efforts of domestic economic stabilisation policies and the improvement of the epidemic prevention and control situation, the economy continued to stabilise and rebound. As a result, the Group increased its investment in research and development as compared to the Same Period of Previous Year. For the nine months ended 30 September 2022, the Group's research and development expenses amounted to RMB1,549 million, representing an increase of RMB74 million or 5.0% as compared to RMB1,475 million for the Same Period of Previous Year. The research and development expenses to revenue ratio for the nine months ended 30 September 2022 was 4.0%, which dropped by 0.1 percentage points from 4.1% recorded in the Same Period of Previous Year.

OUTLOOK

As the global epidemic situation was still raging, the Group complied with relevant domestic and foreign epidemic prevention policies and measures, strictly implemented the internal epidemic prevention guidelines and measures formulated by the Group and enhanced the access management of the parks, in order to minimise the risk of the epidemic to operations and employees. Looking back at the epidemic prevention and control work across the country during the Current Period, the Group did not experience production suspension or delay in delivery in a number of its production bases and industrial parks. Besides, the Group will continue to maintain proactive preventive measures so that it can continue the usual operation despite the rebound of epidemic.

In addition, the Group will carefully analyse the uncertainties in the market environment, including the increase in interest rate by the United States and other major economies to curb inflation, geopolitical tensions in the world, on-going Sino-US Bilateral Trade, global foreign exchange fluctuations and rising transportation costs. While making prudent and objective judgments and timely adjustments to its operational plans for scientific research, production, marketing, procurement and construction, the Group will also closely monitor the foreign exchange risks of export trade and imported raw materials, adopt flexible treasury management and cooperate with domestic and overseas financial institutions that offer the most favourable terms to stabilise borrowing costs. Apart from that, under the backdrop of increasing domestic credit risks, in addition to implementing the policy of deepening its cooperation with existing physical dealers and accelerating the expansion of online sales network, the Group will focus on risk management of receivable recovery to support the long-term and healthy development of the Group's business.

The Group will continue to firmly grasp the global opportunities for digitalisation, smartisation and low carbonisation. 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 fulfil 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. On the other hand, as a photovoltaic enterprise actively responding to the "Double Carbon" goal, Skyworth's new energy business will continue to adhere to technological innovation and long-term sustainability by following the market development trend and exerting its own capabilities in product know-how, in order to provide users with photovoltaic product solutions of higher quality and promote the development of green economy.

Facing the tight global supply chain and the downturn in the global home appliances consumption market, Skyworth Group will continue to develop products with the "5G + AI + Device" technical development idea to promote the research and development and application of new technologies, new materials and new processes, as well as enhance product competitiveness, enterprise innovation and research and development strength. Supporting by the research and development of 5G home access systems and control systems, new generation of smart appliances and other products, the Group's operations will upgrade from manufacturing to modern services, from a hardware manufacturer to a developer and operator of smart home systems. We believe that the new generation of products with high gross profit margin and high output value can help the Group to maintain its leading position in the market and seize more market share of new smart home appliances.

EVENTS AFTER THE REPORTING PERIOD

Reference is made to the announcements of the Company dated 5 March 2020 and 26 October 2022 regarding, respectively, the unaudited 2019 third quarterly results and the results of the repurchase of corporate bonds issued on 16 March 2020 by Skyworth Group Co., Ltd.* (創維集團有限公司) (the "Subsidiary"), a wholly-owned subsidiary of the Company established under the laws of the People's Republic of China ("PRC"). The Subsidiary had completed the repurchase of all the corporate bonds and such corporate bonds were cancelled on 25 October 2022. As such, the Subsidiary is no longer required to disclose its consolidated financial statements (including quarterly results) pursuant to applicable laws and regulations in the PRC, and by reason of such disclosure the Group has published its consolidated quarterly financial results previously during the financial years ended 31 December 2020 and 2021, as well as the current financial year. Given that the Subsidiary's quarterly financial information is no longer required to be published, the Company will not be publishing the Group's consolidated quarterly financial results commencing from 1 January 2023.

Save as disclosed above, up to the end of the Current Period and up to the date of this announcement, the Group did not have any other material events.

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 to the Group throughout the Current Period.

By order of the Board
Skyworth Group Limited
Lin Jin
Chairman of the Board

Hong Kong, 26 October 2022

As at the date of this announcement, the Board of the Company comprises five executive Directors, namely Mr. Lin Jin (Chairman), Mr. Liu Tangzhi (Vice Chairman), Mr. Shi Chi (Chief Executive Officer), Ms. Lin Wei Ping and Mr. Lam Shing Choi, Eric; and three independent non-executive Directors, namely Mr. Li Weibin, Mr. Cheong Ying Chew, Henry and Mr. Hung Ka Hai, Clement.

* *For identification purposes only*