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 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

	For the year ended 31 December		
	2022	2021	
	RMB million	RMB million	Change
Revenue	**53,491**	50,928	5.0%
Gross profit	**8,207**	8,548	-4.0%
Profit for the year	**1,407**	1,965	-28.4%
Profit for the year attributable to owners of the Company	**827**	1,634	-49.4%
Full year dividend per share (HK cents)			
— **Paid interim dividend per share**	**3**	-	N/A
— **Proposed final dividend per share**	**-**	23	N/A

The Board does not recommend the distribution of a final dividend for the year ended 31 December 2022 due to the ongoing share buyback project.

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 2022 (the "**Reporting Year**") together with the comparative figures for the year ended 31 December 2021 (the "**Previous Year**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

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

	NOTES	2022	2021
Revenue			
Sales of goods		52,889	50,439
Leases		539	467
Interest under effective interest method		63	22
Total revenue	3	53,491	50,928
Cost of sales		(45,284)	(42,380)
Gross profit		8,207	8,548
Other income		1,201	1,284
Other gains and losses	5	44	724
Selling and distribution expenses		(3,439)	(3,981)
General and administrative expenses		(1,654)	(1,479)
Research and development expenses		(2,116)	(2,097)
Finance costs		(432)	(461)
Share of results of associates and joint ventures		8	14
Profit before taxation		1,819	2,552
Income tax expense	6	(412)	(587)
Profit for the year	7	1,407	1,965
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		5	(9)
Fair value loss on trade receivables at fair value through other comprehensive income ("**FVTOCI**")		(3)	(17)
Cumulative (loss) gain reclassified to profit or loss upon disposal of trade receivables at FVTOCI		(1)	21
		1	(5)
Items that will not be reclassified to profit or loss:			
Fair value (loss) gain on investments in equity instruments at FVTOCI		(576)	381
Income tax relating to item that will not be reclassified subsequently		76	(57)
		(500)	324
Other comprehensive (expense) income for the year		(499)	319
Total comprehensive income for the year		908	2,284

	NOTE	2022	2021
Profit for the year attributable to:			
Owners of the Company		827	1,634
Non-controlling interests		580	331
		1,407	1,965
Total comprehensive income for the year attributable to:			
Owners of the Company		326	1,936
Non-controlling interests		582	348
		908	2,284
Earnings per share (expressed in Renminbi cents)			
Basic	9	31.97	62.11
Diluted	9	31.95	62.03

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

Amounts expressed in millions of Renminbi

	NOTE	2022	2021
Non-current Assets			
Property, plant and equipment		7,888	6,619
Right-of-use assets		2,541	2,539
Deposits paid for purchase of property, plant and equipment		424	426
Investment properties		1,410	1,487
Goodwill		467	465
Other intangible assets		101	100
Interests in associates and joint ventures		287	267
Financial assets at fair value through profit or loss (“**FVTPL**”)		1,987	1,318
Equity instruments at FVTOCI		1,410	1,593
Loan receivables		289	25
Deferred tax assets		877	683
Other non-current assets		303	309
		17,984	15,831
Current Assets			
Inventories		8,947	7,791
Stock of properties		7,349	5,612
Financial assets at FVTPL		1,042	1,538
Trade and bills receivables	10	10,056	12,142
Other receivables, deposits and prepayments		5,884	4,092
Loan receivables		489	977
Prepaid tax		252	159
Pledged and restricted bank deposits		3,353	2,128
Cash and cash equivalents		9,054	10,611
		46,426	45,050

	NOTE	2022	2021
Current Liabilities			
Trade and bills payables	11	12,470	11,869
Other payables		7,611	6,092
Other financial liabilities		342	375
Lease liabilities		46	56
Contract liabilities		4,928	3,291
Provision		274	224
Deferred income		171	210
Tax liabilities		281	239
Bank borrowings		9,404	8,892
Corporate bonds		-	77
		35,527	31,325
Net Current Assets		10,899	13,725
Total Assets less Current Liabilities		28,883	29,556
Non-current Liabilities			
Other payables		118	83
Other financial liabilities		97	340
Lease liabilities		54	95
Provision		236	135
Deferred income		278	265
Bank borrowings		5,853	5,370
Convertible bonds		-	956
Corporate bonds		-	798
Deferred tax liabilities		353	428
		6,989	8,470
NET ASSETS		21,894	21,086
Capital and Reserves			
Share capital		266	273
Reserves		17,601	17,772
Equity attributable to owners of the Company		17,867	18,045
Non-controlling interests		4,027	3,041
		21,894	21,086

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022
Amounts expressed in millions of Renminbi

	2022	2021
OPERATING ACTIVITIES		
Profit before taxation	1,819	2,552
Adjustments for:		
Amortisation of intangible assets	2	1
Depreciation of right-of-use assets	47	93
Depreciation of property, plant and equipment	619	448
Depreciation of investment properties	87	79
Finance costs	432	461
Government grants related to assets recognised	(76)	(92)
Impairment loss recognised in respect of financial assets	1	299
Interest income	(260)	(317)
Loss on derivative component of convertible bonds	96	153
Gain from changes in fair value of financial assets at FVTPL	(202)	(1,212)
Loss on disposal of property, plant and equipment	2	2
Provision	369	334
Share-based payment expenses	65	4
Share of results of associates and joint ventures	(8)	(14)
Write-down of inventories	33	132
Others	29	58
Operating cash flows before movements in working capital	3,055	2,981
Settlement of derivative financial instruments	(71)	(10)
Increase in inventories	(954)	(1,689)
Increase in stock of properties	(1,737)	(567)
Decrease in trade and bills receivables	1,950	1,327
Decrease (increase) in trade receivables at FVTOCI	91	(181)
Increase in other receivables, deposits and prepayments	(196)	(1,294)
Increase (decrease) in trade and bills payables	586	(47)
Increase in other payables	1,679	1,338
Increase in contract liabilities	1,637	184
Decrease in provision	(218)	(271)
(Decrease) increase in deferred income	(26)	20
Cash generated from operations	5,796	1,791
Interest received	7	57
Hong Kong income tax paid	(18)	8
Overseas income tax paid	(19)	(52)
PRC income tax paid	(613)	(526)
Land appreciation tax paid	(5)	(34)
NET CASH FROM OPERATING ACTIVITIES	5,148	1,244

	2022	2021
INVESTING ACTIVITIES		
Interest received	252	260
Acquisition of right-of-use assets	(142)	(179)
Payment for property, plant and equipment	(2,320)	(1,918)
Proceeds on disposal of property, plant and equipment	95	321
Investment in associates and a joint venture	(23)	(54)
Investments in financial assets at FVTPL	(1,180)	(2,807)
Proceeds on disposal of financial assets at FVTPL	1,194	2,811
Investments in financial assets at FVTOCI	(345)	-
Loan advanced	(1,192)	(1,455)
Repayments of loan receivables	1,480	2,176
Placement of other deposits	(1,516)	(680)
Refund of other deposits	-	680
Placement of pledged and restricted bank deposits	(2,704)	(2,002)
Withdrawal of pledged and restricted bank deposits	1,479	1,501
Other investing cash flows	(129)	126
NET CASH USED IN INVESTING ACTIVITIES	(5,051)	(1,220)

	2022	2021
FINANCING ACTIVITIES		
Dividends paid	(683)	(84)
Interest paid	(409)	(349)
Repurchase of own shares by a subsidiary of the Company	(126)	-
Repurchase of own shares by the Company	(400)	(116)
Exercise of share options	43	66
Purchase of shares for unvested shares under the share award scheme of the Company	(33)	(79)
New borrowings raised	12,672	13,080
Repayments of borrowings	(11,718)	(10,223)
Payments of lease liabilities	(65)	(78)
Redemption of corporate bonds	(876)	-
Other financing cash flows	(62)	149
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(1,657)	2,366
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,560)	2,390
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	10,611	8,214
Effect of foreign exchange rate changes	3	7
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	9,054	10,611

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 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.

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 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

Except as described below, 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.

Impacts on application of Amendments to HKAS 16 Property, Plant and Equipment – Proceeds before Intended Use

The Group has applied the amendments for the first time in the current year. The amendments specify that the costs of any item that were produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management (such as samples produced when testing whether the relevant property, plant and equipment is functioning properly) and the proceeds from selling such items should be recognised and measured in the profit or loss in accordance with applicable standards. The cost of the items are measured in accordance with HKAS 2 *Inventories*.

In accordance with the transitional provisions, the Group has applied the new accounting policy retrospectively to property, plant and equipment made available for use on or after the beginning of 1 January 2022. The application of the amendments in the current year has had no impact on the Group's financial positions and performance.

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 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[3]
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	Non-current Liabilities with Covenants[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after a date to be determined.
3 Effective for annual periods beginning on or after 1 January 2024.

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 HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

The 2020 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:

- 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.

- 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 the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

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 "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments") - continued

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the requirements introduced by the 2020 Amendments have been modified by the 2022 Amendments. The 2022 Amendments specify that only covenants with which an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.

In addition, the 2022 Amendments specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if the entity classify liabilities arising from loan arrangements as non-current when the entity's right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period.

The 2022 Amendments also defer the effective date of applying the 2020 Amendments to annual reporting periods beginning on or after 1 January 2024. The 2022 Amendments, together with the 2020 Amendments, are effective for annual reporting periods beginning on or after 1 January 2024, with early application permitted. If an entity applies the 2020 amendments for an earlier period after the issue of the 2022 Amendments, the entity should also apply the 2022 Amendments for that period.

Based on the Group's outstanding liabilities as at 31 December 2022, the application of the 2020 and 2022 Amendments will not result in reclassification of the Group's liabilities.

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.

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 - continued

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 2022

	Multimedia business RMB million	Smart systems technology business RMB million	New energy business RMB million	Smart appliances business RMB million	Modern services business and others RMB million	Total RMB million
Type of goods						
Smart TV systems	18,045	84	48	-	56	18,233
Home access systems	30	9,295	-	-	-	9,325
Photovoltaic products	12	-	11,462	-	-	11,474
Smart white appliances	40	-	260	4,150	119	4,569
Intelligent manufacturing	739	1,479	-	-	-	2,218
Internet value-added services of Coocaa system	1,365	-	-	-	-	1,365
Sales of properties	-	-	-	-	208	208
Automotive electronic system	-	308	-	-	-	308
Others (Note (a))	2,849	716	164	243	1,217	5,189
Contracts with customers	23,080	11,882	11,934	4,393	1,600	52,889
Leases	-	51	-	-	488	539
Interest under effective interest method (Note (b))	-	-	-	-	63	63
Segment revenue	23,080	11,933	11,934	4,393	2,151	53,491
Timing of revenue recognition for contract with customers						
A point in time	22,213	11,882	11,787	4,393	1,263	51,538
Over time	867	-	147	-	337	1,351
Total	23,080	11,882	11,934	4,393	1,600	52,889

3. REVENUE - continued

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

For the year ended 31 December 2021

	Multimedia business RMB million	Smart systems technology business RMB million	New energy business RMB million	Smart appliances business RMB million	Modern services business 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
Photovoltaic products	–	–	4,077	–	–	4,077
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
Others (Note (a))	2,338	1,200	24	450	1,764	5,776
Contracts with customers	27,370	10,854	4,101	4,375	3,739	50,439
Leases	–	57	–	–	410	467
Interest under effective interest method (Note (b))	–	–	–	–	22	22
Segment revenue	27,370	10,911	4,101	4,375	4,171	50,928
Timing of revenue recognition for contract with customers						
A point in time	26,668	10,854	4,101	4,375	3,477	49,475
Over time	702	–	–	–	262	964
Total	27,370	10,854	4,101	4,375	3,739	50,439

Notes:

(a) Others mainly represents manufacture and sales of lighting products, security system, other electronic products, income from operations and management of photovoltaic power stations, logistic services 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.

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 People's Republic of China (the "**PRC**") and overseas markets, intelligent manufacturing, 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.	New energy business	- sale and installation of distributed photovoltaic power stations in the customer-side retail sector in the PRC market for residential uses
4.	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

Each of the operating segments under multimedia, smart systems technology, new energy and smart appliances 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 business 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 result by reportable segments:

For the year ended 31 December 2022

	Multimedia business RMB million	Smart systems technology business RMB million	New energy business RMB million	Smart appliances business RMB million	Total reportable segments RMB million	Modern services business and others RMB million	Eliminations RMB million	Total RMB million
Revenue								
Segment revenue from external customers	**23,080**	**11,933**	**11,934**	**4,393**	**51,340**	**2,151**	**-**	**53,491**
Inter-segment revenue	**207**	**94**	**25**	**87**	**413**	**1,343**	**(1,756)**	**-**
Total segment revenue	**23,287**	**12,027**	**11,959**	**4,480**	**51,753**	**3,494**	**(1,756)**	**53,491**
Results Segment results	**395**	**819**	**431**	**102**	**1,747**	**696**	**-**	**2,443**
Interest income								**260**
Other gains or losses								**59**
Unallocated corporate income								**26**
Unallocated corporate expenses								**(545)**
Finance costs								**(432)**
Share of results of associates and joint ventures								**8**
Consolidated profit before taxation of the Group								**1,819**

4. SEGMENT INFORMATION - continued

For the year ended 31 December 2021

	Multimedia business RMB million	Smart systems technology business RMB million	New energy business RMB million	Smart appliances business RMB million	Total reportable segments RMB million	Modern services business and others RMB million	Eliminations RMB million	Total RMB million
Revenue								
Segment revenue from external customers	27,370	10,911	4,101	4,375	46,757	4,171	-	50,928
Inter-segment revenue	106	240	1	90	437	4,832	(5,269)	-
Total segment revenue	27,476	11,151	4,102	4,465	47,194	9,003	(5,269)	50,928
Results								
Segment results	236	268	286	61	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

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 services business 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 services business 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))	
	2022	2021	2022	2021
	RMB million	RMB million	RMB million	RMB million
PRC	36,564	33,220	12,620	11,649
Asia (other than the PRC) (Note (b))	9,868	11,214	529	292
Europe	2,048	1,928	29	36
Americas	1,885	1,626	2	-
Africa	1,585	1,318	-	-
Other regions	1,541	1,622	52	47
	53,491	50,928	13,232	12,024

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

During the year ended 31 December 2022, one (2021: nil) customer has accounted for over 10% of the Group's total revenue amounting to RMB11,926 million (2021: N/A).

5. OTHER GAINS AND LOSSES

	2022 RMB million	2021 RMB million
Other gains (losses) comprise of:		
Gain from changes in fair value of financial assets at FVTPL	202	1,212
Changes in fair value of derivative financial instruments		
– loss on derivative component of convertible bonds	(96)	(153)
– (loss) gain from changes in fair value of other derivative financial instruments	(47)	8
Impairment loss (recognised) reversed, net, in respect of		
– trade receivables	(21)	(374)
– bills receivables	2	74
– loan receivables	20	10
– other financial assets	(2)	(9)
Others	(14)	(44)
	44	724

6. INCOME TAX EXPENSE

	2022 RMB million	2021 RMB million
Tax charge (credit):		
PRC Enterprise Income Tax ("**EIT**")	498	454
PRC land appreciation tax ("**LAT**")	5	34
PRC withholding tax	89	-
Hong Kong Profits Tax	6	14
Taxation arising in other jurisdictions	6	36
Deferred taxation	(192)	49
	412	587

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% (2021: 100%) 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

	2022 RMB million	2021 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 RMB33 million (2021: RMB132 million)	44,957	40,987
Cost of stock of properties recognised as an expense	112	1,189
Depreciation of right-of-use assets	133	140
Less: capitalised as cost of inventories	(1)	(2)
capitalised as cost of construction in progress	(85)	(45)
	47	93
Depreciation of investment properties	87	79
Depreciation of property, plant and equipment	860	686
Less: capitalised as cost of inventories	(241)	(238)
	619	448
Amortisation of intangible assets	2	1
Staff costs:		
- Directors' and chief executive's emoluments	96	88
- Related staff costs for research and development activities	1,196	1,129
- Other staffs salaries, bonus, retirement benefits and others	3,577	3,479
	4,869	4,696
Less: capitalised as		
- Cost of inventories	(1,137)	(1,153)
- Stock of properties	(12)	(13)
- Property, plant and equipment	(5)	(2)
	3,715	3,528
Auditors’ remunerations	9	8
Provision for warranty	369	334
Rental income from leases less related outgoings of RMB215 million (2021: RMB204 million)	(328)	(263)

8. DIVIDEND

	2022 RMB million	2021 RMB million
Dividend recognised as distribution during the year:		
2022 interim dividend — 3 HK cents (2021: nil) per share	69	-
2021 final dividend — 23 HK cents (2021: 2020 final dividend of nil) per share	-	497
	69	497

The Board has determined not to declare final dividend for the year ended 31 December 2022 (2021: final dividend of 23 HK cents, totalling approximately RMB497 million).

No interim dividend was paid or proposed during the year ended 31 December 2021.

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:

	2022 RMB million	2021 RMB million
Earnings		
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	827	1,634

Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,586,593,994	2,630,727,623
Effect of dilutive potential ordinary shares in respect of outstanding share options of the Company	2,056,943	3,682,946
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,588,650,937	2,634,410,569

The computation of diluted earnings per share does not assume the exercise of certain 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 2022 and 2021. The computation of diluted earnings per share for the year ended 31 December 2022 and 2021 does not assume the conversion of convertible bonds of Skyworth Digital Co., Ltd. as the conversion of convertible bonds would result in an increase in earnings per share of the Company for the year ended 31 December 2022 and 2021.

The weighted average number of ordinary shares shown above has been adjusted for the repurchase of shares.

10. TRADE AND BILLS RECEIVABLES

	2022 RMB million	2021 RMB million
Trade receivables at amortised cost		
- goods and services	8,197	9,162
- lease receivables	143	136
	8,340	9,298
Less: allowance for credit losses	(724)	(709)
	7,616	8,589
Trade receivables at FVTOCI	450	557
	8,066	9,146
Bill receivables	1,990	2,998
Less: allowance for credit losses	-	(2)
	1,990	2,996
	10,056	12,142

As at 1 January 2021, trade receivables from contracts with customers amounted to RMB8,762 million.

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

	2022 RMB million	2021 RMB million
Within 30 days	3,803	4,866
31 to 60 days	1,566	1,716
61 to 90 days	662	823
91 to 180 days	1,071	939
181 to 270 days	337	338
271 to 365 days	164	233
Over 365 days	463	231
Trade receivables	8,066	9,146

As at 31 December 2022, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB2,368 million (2021: RMB2,826 million) which are past due as at the reporting date. Out of the past due balances, RMB276 million (2021: RMB178 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 (2021: two land parcels) pledged for security of certain trade receivables, the Group does not hold any collateral over these balances.

10. TRADE AND BILLS RECEIVABLES - continued

As at 31 December 2022, included in the Group's trade receivables are amounts due from an associate and a related party of RMB223 million (2021: RMB155 million) and RMB10 million (2021: RMB23 million). The credit period is 45 days. No allowance for credit losses is made for the years ended 31 December 2022 and 2021. The following is an aged analysis presented based on the invoice date at the end of the reporting period:

	2022 RMB million	2021 RMB million
Within 30 days	168	141
31 to 60 days	65	37
	233	178

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:

	2022 RMB million	2021 RMB million
Within 30 days	172	357
31 to 60 days	273	465
61 to 90 days	669	753
91 days or over	864	1,355
Bills endorsed to suppliers with recourse	12	66
	1,990	2,996

As at 31 December 2022, bills receivables above of RMB12 million (2021: RMB66 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 in note 11.

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 statement approximate their fair values.

11. TRADE AND BILLS PAYABLES

	2022 RMB million	2021 RMB million
Trade payables	8,650	8,736
Bills payables	3,820	3,133
	12,470	11,869

The following is an aged analysis of trade payables based on invoice date at the end of the reporting period:

	2022 RMB million	2021 RMB million
Within 30 days	4,611	4,571
31 to 60 days	1,437	1,743
61 to 90 days	948	970
91 days or over	1,654	1,452
	8,650	8,736

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:

	2022 RMB million	2021 RMB million
Within 30 days	661	531
31 to 60 days	695	482
61 to 90 days	561	467
91 days or over	1,903	1,653
	3,820	3,133

All bill payables at the end of reporting period are not yet due.

12. PLEDGE OF AND RESTRICTION ON ASSETS

At 31 December 2022, the Group's borrowings were pledged and secured by the following:

	2022 RMB million	2021 RMB million
Right-of-use assets, leasehold land and buildings and construction in progress	3,129	2,774
Investment properties	1,135	1,198
Stock of properties	328	102
Trade and bills receivables	61	76
	4,653	4,150

The pledged and restricted bank deposits as set out in the consolidated statement of financial position are pledged to secure bank borrowings or placed in restricted bank accounts in accordance with the applicable regulations and requirements.

BUSINESS PERFORMANCE REVIEW
Revenue

For the year ended 31 December 2022 (the "**Reporting Year**"), the Group's overall revenue amounted to RMB53,491 million, compared with an overall revenue of RMB50,928 million for the year ended 31 December 2021 (the "**Previous Year**").

2022 was a challenging year, the global economy was influenced by the fluctuating Coronavirus ("**COVID-19**") epidemic and the Russia-Ukraine conflict, which clouded with uncertainty and complexity. However, as countries adjusted their pandemic policies and gradually lifted travel restrictions, the overall business environment has been significantly improved and the economic operation has become more stable. Nevertheless, the energy crises provoked by the Russia-Ukraine conflict drove up the rampant inflation, posing a drag on the recovery process. Amid the decelerated growth of European economies and the high debt pressure, the United States and other countries continued to raise interest rates sharply to preempt inflationary pressure, causing the fear of recession among consumers. Under the influences of numerous uncertainties, the price of global assets remains volatile, limiting the economic rebound to a certain extent. The Group seized the opportunity brought by the depressed market sentiment and continue to add value to its brands, products and services, and ultimately implemented a strategic plan with clear product positioning and product competitiveness. Firstly, the Group adhered to the consumer experience as the core and further enhance the competitiveness of smart TV systems and smart appliance products. Secondly, the Group seize the opportunity of the vigorous development of digital technology and digital economy to accelerate the development of smart systems technology business; Thirdly, the Group firmly grasped the opportunities arising from the global development of clean energy and the implementation of China's "dual-carbon strategy", accelerating the development of photovoltaic and other new energy businesses, and further strengthening its position as a leader in distributed photovoltaic.

During the year, Skyworth has actively promoted the strategies of informationisation, smartisation, internationalisation, and low-carbonisation, as well as adhering to the development concept of "leading technology" and "healthy technology", prioritising consumers' experience and focusing on technological innovation, to accelerate enterprise reform, transformation, and improve overall efficiency, so as to achieve balanced development in overall revenue. The Group recorded an overall revenue of RMB53,491 million, representing an increase of 5.0% as compared with the Previous Year. However, affected by the COVID-19 pandemic and the rise in international crude oil prices, the raw material prices and logistics costs for global home appliance companies have generally increased, squeezing corporate profit margins. During the Reporting Year, the overall gross profit margin of the Group was 15.3%, decreased by 1.5 percentage points from the Previous Year.

(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 2022, revenue from the mainland China market amounted to RMB36,564 million, representing an increase of RMB3,344 million or 10.1% compared with RMB33,220 million for the Previous Year

During the Reporting Year, the Group's multimedia business, smart systems technology business, new energy business and smart appliances business, each accounted for 35.5% (the Previous Year: 47.9%), 18.3% (the Previous Year: 20.7%), 32.6% (the Previous Year: 12.3%) and 9.1% (the Previous Year: 8.7%) of its revenue from the mainland China market, while the modern services business and other operations attributed the remaining 4.5% (the Previous Year: 10.4%).

Overseas Markets
For the year ended 31 December 2022, revenue from overseas markets amounted to RMB16,927 million, equivalent to 31.6% of the Group's overall revenue, representing a decrease of RMB781 million or 4.4% compared with RMB17,708 million recorded in the Previous Year. This was mainly attributable to the impact of the COVID-19 pandemic, geopolitical conflicts, and foreign exchange shortages, which led to sluggish consumer demand. Overseas customers have also significantly increased their demands for improving product quality and reducing prices. Despite the challenging situation, the Group continued to optimise its sales channels in overseas markets, diversify its distribution, and explore new retail channels to mitigate the negative impact of the pandemic and high logistics costs.

Geographical distribution of revenue in overseas markets

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

	Year ended 31 December	
	2022 (%)	2021 (%)
Asia (excluding Middle East)	**58**	63
Europe	**12**	11
Americas	**11**	9
Middle East	**9**	9
Africa	**9**	7
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's five major business sectors include: 1. Multimedia Business, 2. Smart Systems Technology Business, 3. New Energy Business, 4. Smart Appliances 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 connection services of Coocaa System.

For the year ended 31 December 2022, the Group's multimedia business recorded revenue of RMB23,080 million, representing a decrease of RMB4,290 million or 15.7% compared with RMB27,370 million recorded in the Previous Year.

1.1 Smart TV Systems Products (PRC Market)
For the year ended 31 December 2022, the Group's smart TV systems products recorded revenue of RMB9,891 million in the mainland China market, representing a decrease of RMB3,058 million or 23.6% compared with RMB12,949 million recorded in the Previous Year.

In 2022, based on user-centric thinking, the Group unified the planning and value proposition of core technologies and products, and presented the concept of "health care, home entertainment, and ultimate aesthetics" in an all-round way around the user's experience. The breakthroughs in core technology are derived from continuous innovation and improvement of core technologies such as display, sound, sensing connections, industrial design and AI software integration systems.

During the Reporting Year, the Group focused on developing and applying new technologies such as Mini LED, high refresh rate, VRR and high colour accuracy. Among them, the concept of "No flickering backlight, no harm to your eyes" of the second-generation display technology driven by Mini LED backlight enjoys growing popularity in people's minds, and the brand concept of health technology of the Group has been continuously strengthened. The Group's new products launched in 2022 include the Wallpaper TV Series Q53P/Q53/Q53L with "flush wall mounting + independent media hub" design, Home Entertainment TV Series G53/G53L/A33 equipped with the "V3 full-feature AI chip" combined with Skyworth's self-developed "AI Picture Quality Engine", and the Group's first glass-backed professional office monitor B40Q. Moreover, the Group has been promoting the popularisation of 120Hz high refresh rate products this year, with high refresh rate display A33, A23, and G53 successively launched. In addition, the Group released the industry-leading Mini LED display product -D80 in the year, which has 4K resolution and 144Hz refresh rate. It supports six-fold eye protection technologies, and its colour gamut covers 99% of the DCI-P3 colour gamut and meets Display HDR 1000 standard certification, achieving breakthroughs in display technology.

To cope with the fierce competition in the Chinese market and the recurring challenges posed by the pandemic, the Group conducted in-depth research on the development trends of the market and channel, targeting the channel transformation direction of dual-channel integration during the Reporting Year. It also targeted sales strategy adjustments. which includes promoting high-end TV products such as OLED and large-screen TVs, improving product planning and layout, providing precise services in high-end segmented markets to capture the most potential customers, and increasing brand exposure through e-commerce live streaming and self-media communication to increase product sales and market share.

1.2 Smart TV Systems Products (Overseas Markets)

For the year ended 31 December 2022, the Group's smart TV systems products recorded revenue of RMB8,154 million in overseas markets, representing a decrease of RMB1,462 million or 15.2% compared with RMB9,616 million recorded in the Previous Year.

During the Reporting Year, overseas home appliance markets still faced challenges of variability and uncertainty. The outbreak of COVID-19 and variants in some countries and regions has also resulted in a decline in customers' purchasing power and confidence. The Group timely adjusted its marketing strategy, including expanding its channels and markets, to mitigate the negative impact of the sluggish economy on its offline business. In addition to its regular chain, agent and e-commerce channels, the Group developed multiple channels such as O2O and live streaming platforms during the year. The Group's branches in Vietnam, Indonesia, and the Philippines are actively exploring new retail channel cooperation. The Group also officially launched its brand overseas live streaming ecommerce through newly developed channels and further accumulated Skyworth's brand influence by organising activities such as new product press conference, promotions, and roadshow.

1.3 Internet Connection Services of Coocaa System

During the ongoing pandemic, 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) develop steadily in the internet value-added service market, based on the reliable and secure connection services, and mature and stable technology of the Coocaa system. It grasped the opportunities under the macro-environment of "Otaku economy" to promote the continuous growth of revenue from content based operations of home smart device services. For the year ended 31 December 2022, the accumulated smart devices of Coocaa System in the PRC market were over 168 million. The Group's industrial deployment strategy of "hardware + content internet services" 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 Coocaa Technology.

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 2022, revenue recorded for the Group's smart systems technology business amounted to RMB11,933 million, representing an increase of RMB1,022 million or 9.4% from RMB10,911 million recorded in the Previous Year. In particular, revenue recorded in the mainland China market amounted to RMB6,705 million, representing a decrease of RMB162 million or 2.4% from RMB6,867 million recorded in the Previous Year. Revenue recorded in overseas markets amounted to RMB5,228 million, representing an increase of RMB1,184 million or 29.3% from RMB4,044 million recorded in the Previous Year.

During the year, despite adverse impact posed by the Russia-Ukraine War, tense Sino-US relations, the international political situation and the economic environment, the Group overcame the obstacles and challenges and actively responded to market changes. While seizing industry needs, the Group continued to strengthen its mature system structure planning and research and development capabilities, leveraging on the advantages in supply chain and industrial competitiveness to implement industrial chain integration and organisational reform and enhance intelligent manufacturing capabilities and systematically controlled business risks, etc. During the Reporting Year, small and medium-sized modules business of the smart systems technology business of the Group experienced a slowdown as compared with the Previous Year due to the decline in the handset market. Nevertheless, leveraging on its market share in the smart set-top box and broadband connection market, the Group has achieved new breakthroughs in centralised procurement and provincial supply of set-top boxes of the three major domestic telecommunications operators, such as increasing bid-winning shares and order supply. The Company ranks first in the industry among broadcast network operators, and the market share of newly added 4K set-top boxes is expanding.

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 supply and delivery in regions such as Europe, Latin America, Africa and the Middle East, with an increasing coverage rate and market share among overseas mainstream telecommunications or integrated operators. The broadband connection business also achieved a certain degree of growth and sustained mass supply in India, Southeast Asia, Europe and other regions, leading to a growth trend in overseas business.

3. New Energy Business

During the year ended 31 December 2022, the Group recorded a revenue of RMB11,934 million from the new energy business, representing a growth of RMB7,833 million or 191.0% as compared to RMB4,101 million recorded in the Previous Year. During the Year, the Group's total installed capacity of distributed photovoltaic power stations was still of the top level in the industry. More than 140,000 residential photovoltaic power stations have been put into operation and connected to the power grid, with accumulated more than 200,000 residential photovoltaic power stations have been built and under grid-connected operation.

The PRC government has set a clear policy on environmental protection and new energy. With the dual benefits of the carbon peak and carbon neutrality ("**Double Carbon**") goals and the "County-wide promotion" policy, the scale of China's photovoltaic industry continues to expand, and the residential distributed photovoltaic market has achieved rapid development. According to the National Energy Administration, in 2022, China's newly installed photovoltaic capacity was approximately 87.41 GWh, representing a year-on-year increase of approximately 59.3%; among them, the newly installed distributed photovoltaic capacity was approximately 51.11 GWh, representing a year-on-year increase of approximately 74.5%. 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 to achieve service efficiency and quality control service system. During the year, in addition to building a development, construction, operation and management platform for full-process asset of distributed photovoltaic stations, the Group launched upgraded products that are more aesthetically pleasing, functional and profitable to meet the diverse needs of users. While adhering to quality, the Group has stepped up technological innovation and research and development, and independently developed the "Photovoltaic Power Station Automation Design System" to customise and design products with higher accuracy and safety for users' roof structures. The Group's self-developed smart operation and maintenance system also effectively integrates photovoltaic information with advanced internet technology and digital information technology, and fully realises real-time digital management of residential photovoltaic power stations.

Skyworth Photovoltaic is committed to the layout of comprehensive new energy development, actively developing into a one-stop solution provider from finance, installation to after-sales, and through the innovative model of "Photovoltaic + Inclusive finance + Digital technology", to create a customer-satisfied photovoltaic products and brands. In order to meet the vigorous market development opportunities, the Group will follow the market development trend, give full play to its own product technology strength, continue to deepen the residential photovoltaic business, and gradually develop industrial and commercial photovoltaics businesses, as well as the integrated smart energy management on the consumption side. At the same time, the Group will continue to look for opportunities for strategic cooperation with potential upstream supply chain companies to jointly broaden cooperation ideas in the photovoltaic field and improve market competitiveness, so as to bring higher-quality photovoltaic product solutions to customers and promote the development of a green economy.

4. 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.

During the year ended 31 December 2022, the Group recorded a revenue of RMB4,393 million from the smart appliance business; representing an increase of RMB18 million or 0.4% as compared to RMB4,375 million recorded in the Previous Year. Among which, revenue recorded in the mainland China market amounted to RMB3,120 million, representing an increase of RMB227 million or 7.8% as compared to RMB2,893 million recorded in the Previous Year. Revenue in overseas markets amounted to RMB1,273 million, representing a decrease of RMB209 million or 14.1% as compared to RMB1,482 million recorded in the Previous Year.

During the Reporting Year, the sales in overseas markets declined as compared to the Previous Year due to the impact of the pandemic and the weak export market for home appliances. Nevertheless, the Group continues to increase the research and development of smart products and enhance product competitiveness to promote the sales growth of smart appliances business in the domestic market and continue to expand the online e-commerce business. The Group also took various measures to mitigate the impact of the epidemic on the offline channels, including actively expand online sales platform customers, strengthen channel operations and optimise sales channels of traditional offline dealer, and thus managed to maintain a steady performance despite the volatile environment caused by recurrent epidemic outbreaks.

In response to external environmental factors and fierce competition in the industry, the Group actively explores the application of new technologies and processes in home appliances, and strives to launch high-quality and innovative technology products according to consumers' needs, so as to consolidate its own competitive advantages and market position. Continuous product research and development has enabled Skyworth Electric Co., Ltd.* (創維電器股份有限公司) ("**Skyworth Electric**", an indirect non wholly-owned subsidiary of the Company) to successively obtain honorary titles such as Leading Innovative Entrepreneur in Nanjing City (南京市創新型領軍企業), 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), Provincial and Municipal Industrial Design Center (省市級工業設計中心) and Provincial and Municipal Engineering Technology Research Center (省市級工程技術研究中心). In 2022, Skyworth Electric continued to deepen product development around the three directions of "health, energy saving, and intelligence", bringing consumers new smart appliances and enhancing the brand value of Skyworth Electric in the smart home appliance market.

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.

During the year ended 31 December 2022, the Group recorded a revenue of RMB1,638 million from the modern service business; representing a decrease of RMB2,294 million or 58.3% as compared to RMB3,932 million recorded in the Previous Year. Among which, revenue recorded in the mainland China market amounted to RMB1,638 million, representing a decrease of RMB1,744 million or 51.6% as compared to RMB3,382 million recorded in the Previous Year. There was no revenue in overseas markets during the Reporting Year (the Previous Year: RMB550 million). Affected by the repeated pandemic, the Group's property sales that were originally scheduled to be delivered by the end of 2022 have been delayed. Therefore, the revenue of the modern service business during the Reporting Year recorded a year-on-year decrease as compared with the Previous year.

During the Reporting Year, modern services business continued to focus on supply chain management and facilitate the strategic cooperation with major suppliers to provide diversified services to customers. Under this concept, various segment under modern services business, including financial services, macro-logistics services, supply chain operation, foreign trades, park-based property management, park construction and development and other professional teams made a significant contribution to the Group's external business as well as the supply chain and operating ecology among various business units within the Group. Among them, the home appliance maintenance and repair business brought consumers a good after-sales service experience, and also provided feedback and improvement suggestions from users on the Group's products to various business units. In addition to providing high-quality services and integrating resources in warehouses in various domestic regions, the logistics company's comprehensive supply chain logistics, factory logistics, sales and after-sales logistics also provided support for the rapid growth of the new energy business.

In terms of capital operation, the Group continued to take the financial company as the main body, supplemented by venture capital funds and small loans as the financial business platform, and use the advantages of 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 to broaden the Group's financing channels. Under the impact of the economic downturn in 2022, the venture capital business steadily managed the investment portfolio held by the Group, and continued to seek high-quality investment opportunities such as semiconductors, new materials, new equipment and other upstream and downstream industry projects.

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.

The Group will fully explore the core business advantages, continue to innovate the development model, actively implement organisational optimisation, accelerate the integration and development of new businesses, to create favourable conditions and environment for the future reform and development of the Skyworth Group, as well as to provide supports and empower synergies for the Group's businesses including scientific research, investment, production, procurement and construction.

Gross profit margin

During the year ended 31 December 2022, the overall gross profit margin of the Group was 15.3%, representing a decrease of 1.5 percentage points in comparison to 16.8% recorded in the Previous Year.

In the past fiscal year, the global supply chain was dragged down by the pandemic, and therefore the electronics industry raised inventory levels and compressed gross margins. During the Reporting Year, TV panel prices of all sizes have been adjusted back to certain extent, which would help alleviate the upward pressure on the costs of main raw materials for other electrical and electronic products such as copper, aluminium, steel and blister materials due to the impact arising from on-going pandemic and Russia-Ukraine War. However, 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. During the year, the Group 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

During the year ended 31 December 2022, the Group's selling and distribution expenses amounted to RMB3,439 million, representing a decrease of RMB542 million or 13.6% as compared to RMB3,981 million for the Previous Year. The selling and distribution expenses to revenue ratio for the year ended 31 December 2022 was 6.4%, which decreased by 1.4 percentage points from 7.8% recorded in the Previous Year.

During the year ended 31 December 2022, the Group's general and administrative expenses amounted to RMB1,654 million, representing an increase of RMB175 million or 11.8% as compared to RMB1,479 million for the Previous Year. The general and administrative expenses to revenue ratio for the year ended 31 December 2022 was 3.1%, which slightly increased by 0.2 percentage points from 2.9% recorded in the Previous Year.

The research and development expenses increased due to the Group continued to devote resources to the research and development of premium smart products to improve its corporate competitiveness. During the year ended 31 December 2022, the Group's research and development expenses amounted to RMB2,116 million, representing an increase of RMB19 million or 0.9% as compared to RMB2,097 million for the Previous Year. The research and development expenses to revenue ratio for the year ended 31 December 2022 was 4.0%, which slightly decreased by 0.1 percentage points from 4.1% 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 2022, net current assets amounted to RMB10,899 million, representing a decrease of RMB2,826 million or 20.6% when compared with RMB13,725 million as at 31 December 2021; as at 31 December 2022, bank balances and cash amounted to RMB9,054 million, representing a decrease of RMB1,557 million or 14.7% when compared with RMB10,611 million as at 31 December 2021; as at 31 December 2022, total pledged and restricted bank deposits amounted to RMB3,353 million, representing an increase of RMB1,125 million or 57.6% when compared with RMB2,128 million as at 31 December 2021.

The Group secured certain assets against its certain trade facilities and loans granted from various banks. As at 31 December 2022, such secured and restricted assets included bank deposits of RMB3,353 million (as at 31 December 2021: RMB2,128 million), trade receivables of RMB3 million (as at 31 December 2021: RMB10 million), bills receivables of RMB58 million (as at 31 December 2021: RMB66 million), investment properties of RMB1,135 million (as at 31 December 2021: RMB1,198 million), stock of properties of RMB328 million (as at 31 December 2021: RMB102 million) 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 RMB3,129 million (as at 31 December 2021: RMB2,774 million).

As at 31 December 2022, total bank loans amounted to RMB15,257 million (as at 31 December 2021: RMB14,262 million). Corporate bonds (inclusive of interest) and convertible bonds (inclusive of interest) have been fully returned or converted into shares during the Reporting Year (as at 31 December 2021: RMB921 million and RMB962 million). Overall interest-bearing liabilities of the Group were RMB15,257 million (as at 31 December 2021: RMB16,145 million), equity attributable to owners of the Company amounted to RMB17,867 million (as at 31 December 2021: RMB18,045 million). The debt to equity ratio revealed as 69.7% (as at 31 December 2021: 76.6%).

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. During the Reporting Year, the management of the Group focused on changes in foreign exchange rates and onshore and offshore interest rates to determine the need for foreign exchange hedging. In the face of the COVID-19 pandemic and the strong trend of the US exchange rate, exchange risk management became more important. For the year ended 31 December 2022, the net foreign exchange gain generated from general operations was RMB13 million (for the year ended 31 December 2021: loss of RMB51 million).

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

(a) Unlisted equity securities

As of 31 December 2022, the Group held investments in 52 unlisted companies. The total value (at fair value) of these investments was RMB2,322 million (reflecting the changes in fair values and cost), of which RMB961 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 2022, the Group held investments in eight (31 December 2021: nine) listed equity securities, details of which are as follows:

Listed company	**Shareholding percentage as of 31 December 2022**	**Value of investment as of 31 December 2022 (RMB million)**	**Value of investment as of 31 December 2021 (RMB million)**	**Exchange on which the securities are listed**	**Principal business of the listed company**
Bank of Gansu Co., Ltd.	0.66%	93.8	122.9	The Stock Exchange of Hong Kong Limited	Financial services
Jiangsu Broadcasting Cable Information Network Corporation Limited	0.00%	-	0.4	Shanghai Stock Exchange	TV channels, broadband, data services
Amlogic (Shanghai) Co., Ltd.	0.08%	23.5	44.0	Shanghai Stock Exchange	Research, design, development and manufacture of chips
Linklogis Inc.	0.36%	30.4	49.7	The Stock Exchange of Hong Kong Limited	Provide supply chain fintech solutions services
Anhui Coreach Technology Co., Ltd.	1.21%	38.4	50.5	Shenzhen Stock Exchange	Research and development, design, production and sales of optoelectronic systems and technical services
Puya Semiconductor (Shanghai) Co., Ltd.	2.97%	228.1	340.1	Shanghai Stock Exchange	Research, design, development and manufacture of chips
Guizhou Zhenhua E-chem Inc	0.33%	64.7	64.0	Shanghai Stock Exchange	Research and development, design, production and sales of lithium-ion battery cathode materials
Shanghai Anlogic Infotech Co., Ltd.	2.91%	561.0	697.2	Shanghai Stock Exchange	Research, design, development and manufacture of chips
Huitongda Network Co., Ltd.	1.61%	326.8	-	The Stock Exchange of Hong Kong Limited	Provide a one-stop supply chain trading and service platform
Chigo Holding Limited	3.39%	-	-	The Stock Exchange of Hong Kong Limited (Delisted on 4 April 2022)	Manufacture and sales of air conditioners

To utilise advantages of 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, aiming to create a new ecosystem for its smart human habitat business. During the Reporting Year, the Group invested in Huitongda Network Co., Ltd., a one-stop supply chain trading and service platform, as a medium to long-term investment to seize the sinking market in China.

In addition to the listed equity securities mentioned above, the Group maintains a stable portfolio of listed equity investments. These listed equity securities are mainly for medium to long-term investment and are concentrated in emerging industries such as semiconductors, new materials, and new equipment that are similar to those of the Group or are in the upstream or downstream industries. Therefore, the Group is able to make reasonable judgments on their performance and compare them with the industry. These high-tech industries are important business sectors advocated by the PRC government, though returns on these investments may still be subject to market uncertainty. The management will take a prudent approach to regularly review these equity investments and implement necessary measures to respond to 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 RMB1,402 million in construction projects, including the expansion of its production plants in Ningbo, Wuhan, Shenzhen, Guangzhou and Qianhai, and RMB836 million for acquisition of other property, plant and equipment. 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 condensed consolidated financial statements of the Group.

HUMAN RESOURCES CAPITAL

As at 31 December 2022, the Group had around 31,400 employees (as at 31 December 2021: 34,000) in the PRC (Hong Kong and Macau inclusive) and overseas, including sales personnel situated throughout 24 branches and 187 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, implement information management, optimise the remuneration standards and systems of various business units, 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 outbreak of the COVID-19 pandemic in early 2020, it has continued to have a profound impact on the global economy. In 2022, the United States and other major economies raised interest rates to curb inflation, tense geopolitical situations around the world, on-going Sino-US bilateral trade disputes and the soaring inflation, which have had a huge impact on the global economy. The Group closely monitored the foreign exchange risks of export trade and imported raw materials, adopted flexible treasury management and cooperated 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 focused on risk management of receivable recovery which enabled the Group's business to record revenue growth in 2022 under unfavourable business environments such as weak market demand and continuous challenges.

Currently, the global home appliance consumption market is still in a downturn due to unfavourable global economic factors. Nevertheless, 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. On the other hand, as a photovoltaic company that actively responds to the "Double Carbon" goal, Skyworth's new energy business will continue to adhere to technological innovation and long-term sustainability. The Group will continue to build a strong brand image with flexible product solutions, high-quality product quality, and efficient operation and maintenance services, and implement effective scientific and technological management to build a leading digital management platform in the industry, so as to maximise the benefits of photovoltaic power station and empower the healthy development of the photovoltaic industry.

Entering 2023, the gradual relaxation and lifting of epidemic control measures and quarantine restrictions around the world have created favourable conditions for economic recovery and production activities to rebound. The Group will continue to firmly grasp the opportunities of the global economy, such as digitisation, smartisation and low-carbonisation. Capitalising on the leading position in the multimedia industry and digital technology industry in the PRC, the Group collaborates with hardware and software to meet diverse demands of the market. 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 establish clear positioning and goals for each business sector and even each business unit, and streamline processes to eliminate unnecessary process management and inefficient operating costs, with the aim of achieving effective management of operations. The Group roots in China and keeps a close eye on the world, and will fully leverage its own advantages to form a joint development force, striving to transform and upgrade towards its goals, promoting the Group to achieve higher-quality and more efficient development, and continuously enhancing its ability to create value and brand competitiveness.

EVENTS AFTER THE REPORTING PERIOD

Reference are made to (i) the announcement of the Company dated 23 December 2022 in relation to, among other things, the Offer, the Whitewash Waiver and PRC MGO ("**Rule 3.5 Announcement**"); and (ii) the announcement of the Company published on 12 January 2023 in relation to, among other things, delay dispatch of offer document ("**Delay Despatch Announcement**"). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Rule 3.5 Announcement. The Company will despatch the offer document on or before 14 April 2023 after the announcement of the results for the year ended 31 December 2022. Save for the above, up to the date of this report, the Group did not have any material events.

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.

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, consolidated statement of cash flows and the related notes thereto for the year ended 31 December 2022 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 as approved by the Board of Directors on 23 March 2023. 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.

CORPORATE BONDS

On 15 September 2017, the Company issued secured corporate bonds in the aggregate principal value of RMB2,000 million. The corporate bonds bear an interest at 5.36% per annum with maturity of 5 years, under which the Company has the right to adjust the coupon rate and the bond holders have a sell-back right to the Group at the end of the third year. The purposes for issuing corporate bonds were to adjust the debt structure and supplement the general working capital of the Group. The corporate bonds were listed on the Shenzhen Stock Exchange under the abbreviated bond name "17 Skyworth P1" with the code "112584" on 23 October 2017. The Company adjusted the coupon rate of the corporate bonds to 4.85% per annum on 27 August 2020 and the bond holders are entitled the right to sell-back all or part of the corporate bonds to the Company during the sell-back registration period (1 September 2020 to 7 September 2020) at the sellback price which equals to the face value of the bond (excluding interest), and the sell-back was settled on 15 September 2020. According to the data provided by the Shenzhen Branch of China Securities Depository and Clearing Company Limited on 11 September 2020, the bond holders sold back "17 Skyworth P1" bonds to the Company and in the aggregate principal amount of RMB1,913,308,000 (excluding interest).

On 15 September 2022, the Company had redeemed the bonds in full at their outstanding principal amount of RMB86.692 million together with interest accrued to the maturity date. The corporate bonds were delisted from the Shenzhen Stock Exchange on the same date.

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

During the Reporting Year, the Board considered that repurchases of Shares would lead to an enhancement of the earnings per Share and overall shareholders return, thus the Company has purchased a total of 107,232,000 Shares of the Company on the Stock Exchange (the "**Repurchased Shares**") at an aggregate consideration of approximately HK$444.49 million (excluding expenses). All the Repurchased Shares were cancelled as of 9 November 2022. As at 31 December 2022, the total number of Shares in issue was 2,585,201,420.

Save as disclosed above and the redemption of bonds issued by the Company under the section headed "Corporate Bonds" above, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Reporting Year.

CLOSURE OF THE REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The register of members of the Company will be closed from Friday, 19 May 2023 to Wednesday, 24 May 2023 (both days inclusive), during which no transfer of shares will be registered. In order to qualify for attendance at the 2022 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 Thursday, 18 May 2023.

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 2022 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
Lin Jin
Chairman of the Board

Hong Kong, 23 March 2023

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*