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SKYWORTH

SKYWORTH GROUP LIMITED

創維集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00751)

OVERSEAS REGULATORY ANNOUNCEMENT

2023 THIRD QUARTERLY RESULTS OF SKYWORTH DIGITAL CO., LTD.

This announcement is made by the board of directors (the “**Board**”) of Skyworth Group Limited (the “**Company**”) pursuant to Rules 13.09(2) and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Skyworth Digital Co., Ltd. (“**Skyworth Digital**”, Shenzhen Stock Code: 000810), an A-share listed company on the Shenzhen Stock Exchange and a non wholly-owned subsidiary of the Company, has issued an announcement relating to its unaudited third quarterly results for the nine months ended 30 September 2023 (the “**Announcement**”). The Announcement has been reproduced in the Appendix hereto.

Shareholders of the Company and potential investors should take note that the financial information of the third quarterly results of Skyworth Digital in the Announcement has not been audited and the full version of the 2023 third quarterly report of Skyworth Digital in Chinese has been published on the information website of the Shenzhen Stock Exchange (<http://www.cninfo.com.cn>).

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

Hong Kong, 26 October 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.

Stock Code: 000810

Stock Name: Skyworth Digital

Announcement Number: 2023-069

SKYWORTH DIGITAL CO., LTD.

2023 THIRD QUARTERLY REPORT

The Company and all members of the board of directors warrant that the information disclosed is true, accurate and complete and there are no misleading statements or material omissions contained in this announcement.

IMPORTANT NOTES :

1. The board of directors, the board of supervisors and the directors, supervisors and senior executives of the Company guarantee that the quarterly report is true, accurate and complete, and there are no false records, misleading statements or material omissions and bear individual and joint legal liability.
2. The legal representative, the person in charge of accounting, and the responsible person of the accounting institution (head of the Accounting Department) of the Company declare that the financial statements contained in this quarterly report are true, accurate and complete.
3. Has this third quarterly report been audited?
 Yes No

I. Major Financial Figures

(1) Major accounting figures and financial indicators

Is it necessary for the Company to retrospectively adjust or restate accounting figures in previous years?

Yes No

Reason for making retrospective adjustments or restate the accounting information

Change of accounting policies

	The reporting period	Same period prior year		Increase or decrease in the reporting period compared with the same period prior year	From the beginning of the year to the end of the reporting period	Same period prior year		Increase or decrease from the beginning of the year to the end of the reporting period compared with the same period prior year
		Before adjustment	After adjustment			After adjustment	Before adjustment	
Revenue (RMB)	2,457,948,345.20	2,789,275,057.85	2,789,275,057.85	-11.88%	7,628,120,826.98	9,029,416,383.69	9,029,416,383.69	-15.52%
Net profit attributable to shareholders of the Company (RMB)	130,177,151.02	215,499,498.97	215,499,498.97	-39.59%	447,814,332.13	706,886,133.41	706,886,133.41	-36.65%
Net profit attributable to shareholders of the Company after non-recurring gain or loss (RMB)	102,812,862.82	172,930,560.42	172,930,560.42	-40.55%	425,582,756.14	616,620,090.63	616,620,090.63	-30.98%
Net cash from operating activities (RMB)	—	—	—	—	231,897,261.93	1,298,540,622.04	1,298,540,622.04	-82.14%
Basic earnings per share (RMB/share)	0.1140	0.1887	0.1887	-39.59%	0.3923	0.6490	0.6490	-39.55%
Diluted earnings per share (RMB/share)	0.1140	0.1887	0.1887	-39.59%	0.3923	0.6490	0.6490	-39.55%
Weighted average return on net assets	2.11%	3.68%	3.68%	-1.57%	7.30%	13.90%	13.90%	-6.60%
	At the end of the reporting period	At the end of prior year		Increase or decrease at the end of the reporting period compared with the end of prior year (%)				
		Before adjustment	After adjustment	After adjustment				
Total assets (RMB)	10,262,788,664.49	10,810,089,979.80	10,816,425,927.00					-5.12%
Owners' equity attributable to shareholders of the Company (RMB)	6,238,465,147.87	5,999,632,247.08	5,999,632,247.08					3.98%

Reasons for the change in accounting policies: On 13 December 2022, the Ministry of Finance issued the Interpretation No.16 Accounting Standards for Business Enterprises (Cai Kuai [2022] No.31, hereinafter referred to as the "Interpretation No.16"). The requirements under the Interpretation No. 16, among which the accounting treatment of deferred income tax related to the assets and liabilities arising from a single transaction not applicable to the initial recognition exemption shall be effective from 1 January 2023. Interpretation No. 16 also stipulates that for taxable temporary differences and deductible temporary differences arising from the lease liabilities and right-of-use assets recognised due to individual transactions that apply to this interpretation at the beginning of the earliest period in which the interpretation is first implemented, enterprises shall, in accordance with this interpretation and the provisions of "Accounting Standards for Business Enterprises No. 18 - Income Taxes", adjust the cumulative impact amount to the initial retained earnings and other related financial statement items of the earliest period in the financial statements. Based on the requirements, the Company retrospectively adjusted the balance of deferred income tax assets and deferred income tax liabilities at

the end of the previous year.

(2) Items and amounts of non-recurring gains or losses

Applicable Not applicable

Unit: RMB

Item	Amount for the reporting period	Amount from the beginning of the year to the end of the reporting period	Remark
Profit or loss on disposal of non-current assets (including the offset part of asset impairment provisions)	1,790,188.29	6,525,986.61	Gains on disposal of fixed assets and right-of-use assets
Government subsidies included in profit or loss for the reporting period (except for those closely related to Company's normal operations, which comply with national policies and regulations and are continuously granted at fixed quotas or amounts according to certain standards)	22,505,876.39	43,238,304.94	Government subsidies
Gains from the difference between investment cost and the fair value of identifiable net assets when the corporate acquires subsidiaries, associates or joint-venture companies	0.00	5,961.78	The acquisition of Shenzhen Keweixin Optical Technology Co., Ltd.* (深圳市科維新光學科技有限公司) resulted in negative goodwill
Profit or loss of debt restructuring	-5,653.20	-1,073,253.12	Losses from debt restructuring
Other than effective hedging activities associated with the Company's normal operations, gains and losses from changes in fair value of financial assets held for trading and trading financial liabilities, as well as investment gains from disposal of trading financial assets, trading financial liabilities and available-for-sale financial assets	4,303,667.68	-28,955,906.57	Gains and losses on changes in fair value of forward foreign exchange, gains and losses on investments, gains and losses on changes in fair value of trading financial assets
Non-operating income and expenses other than the above	2,625,217.57	4,334,264.97	Other items of non-recurring gains or losses
Less: income tax effects	3,702,949.77	1,506,885.54	
Effects of minority interests (after tax)	152,058.76	336,897.08	
Total	27,364,288.20	22,231,575.99	--

Details for defining other gains or losses items as non-recurring gains or losses:

Applicable Not applicable

The Company did not define any gains or losses item defined as non-recurring gains or losses.

Details for defining items of non-recurring gains or losses set out in "Explanatory Announcement No.1 on Information Disclosure for Companies Publicly Issuing Securities - Non-recurring Gains or Losses" as items of recurring gains or losses.

Applicable Not applicable

The Company did not define any item classified as non-recurring gains or losses according to "Explanatory Announcement No.1 on Information Disclosure for Companies Publicly Issuing Securities - Non-recurring Gains or Losses" as an item of recurring gains or losses.

(3) Details and reasons for changes in major accounting figures and financial indicators

Applicable Not applicable

Unit: RMB

Balance sheet items	30 September 2023	1 January 2023	Increase or decrease	Reason for change
Derivative financial assets	0.00	1,416,008.18	-100.00%	Fair value of undelivered forward foreign exchange
Prepayment	279,183,290.96	106,971,781.53	160.99%	Mainly due to the increase in prepayment to suppliers

Long-term equity investment	175,414,644.23	117,423,629.41	49.39%	Mainly due to the capital increase of the associated company Huizhou Skyworth Construction Development Co., Ltd.* (惠州創維建設發展有限公司) of RMB59,400,000
Construction in progress	299,356,174.13	63,842,184.96	368.90%	Mainly due to the increase in construction expenditure in Huizhou Skyworth Digital Industrial Park Phase I Project* (惠州創維數字產業園一期項目)
Right-of-use assets	14,598,248.74	28,665,468.74	-49.07%	Decrease was mainly due to the early withdrawal of leased housing by the subsidiary and normal depreciation during the reporting period
Long-term deferred expenses	23,921,239.54	36,365,456.04	-34.22%	Decrease was mainly due to normal amortisation
Short-term loan	337,128,552.59	680,816,123.24	-50.48%	Decrease was mainly due to the repayment of foreign currency borrowings during the reporting period
Derivative financial liabilities	598,755.79	9,908,608.33	-93.96%	Fair value of undelivered forward foreign exchange
Contract liabilities	135,464,480.05	93,218,632.76	45.32%	Mainly due to the increase in advance payment from customers
Taxes and surcharges payables	61,589,467.91	33,783,162.95	82.31%	Mainly due to the increase in value-added tax payables
Other payables	262,720,394.60	385,135,946.73	-31.79%	Mainly due to the decrease in the balance of other payables because of the payment for subsidiaries for the acquisition of minority equity and other operating payments during the reporting period
Non-current liabilities maturing within one year	11,384,562.87	18,017,650.44	-36.81%	Mainly due to the decrease in the balance of lease liabilities maturing within one year which caused by the early withdrawal of the leased housing by the subsidiary during the reporting period
Lease liabilities	6,231,428.72	14,232,790.80	-56.22%	Mainly due to the decrease in the balance of lease liabilities maturing more than one year which caused by the early withdrawal of the leased housing by the subsidiary during the reporting period
Deferred income tax liabilities	5,123,409.15	8,174,675.65	-37.33%	Mainly due to the decrease in deferred income tax liabilities recognised on leases
Income statement items	January - September 2023	January - September 2022	Increase or decrease	Reason for change
Financial costs	-102,695,669.24	-74,929,480.84	-37.06%	Mainly due to no interest expenses on the convertible bonds during the reporting period
Other income	101,207,007.46	145,621,572.60	-30.50%	Mainly due to the decrease in income-related government subsidies received during the reporting period
Investment income (loss shall be stated as "-")	-33,087,355.59	-3,559,890.33	-829.45%	Mainly due to the increase in loss on delivered forward foreign exchange
Gain on fair value changes (loss shall be stated as "-")	-5,253,444.08	10,821,766.46	-148.55%	Increase in loss from changes in fair value of delivered forward foreign exchange
Loss on credit impairment (loss shall be stated as "-")	-12,206,283.52	45,763,854.94	-126.67%	Mainly due to the impact of changes in accounting estimation

				for the measurement of loss provision for account receivables in the same period prior year
Loss on impairment of assets (loss shall be stated as “-”)	-22,961,758.45	-16,182,116.69	41.90%	Increase in the loss on inventory value during the reporting period
Gain on disposal of assets (loss shall be stated as “-”)	6,371,569.88	-178,111.20	3,677.30%	Mainly due to the increase in gain on disposal of fixed asset during the reporting period
Non-operating income	4,770,508.16	1,776,889.96	168.48%	Increase in non-operating income
Non-operating expenses	536,678.24	1,386,350.39	-61.29%	Decrease in non-operating expenses
Cash flow statement items	January - September 2023	January - September 2022	Increase or decrease	Reason for change
Net cash flows from operating activities	231,897,261.93	1,298,540,622.04	-82.14%	Mainly due to the decrease in operating income during the reporting period and the decrease in sales collection
Net cash flows from investing activities	-461,307,727.37	-129,658,882.83	-255.79%	Mainly due to the increase in payments for projects under construction and increase in the payment for capital from associated companies during the reporting period
Net cash flows from financing activities	-654,585,450.77	-463,925,685.09	-41.10%	Mainly due to the decrease in bank borrowings and the increase in dividends payment this year

II. Shareholder Information

(1) Total number of holders of ordinary shares, number of holders of preference shares with voting rights restored, and shareholdings of the top 10 shareholders

Unit: Share(s)

Total number of holders of ordinary shares as at the end of the reporting period	69,765	Total number of the shareholders of restored voting right preference shares as at the end of the reporting period (if any)	0			
Status of top 10 shareholders						
Name of shareholders	Shareholder capacity	Shareholding %	Number of shares	Number of conditional shares	Pledged, earmarked or frozen	
					Shares status	Number of shares
Shenzhen Chuangwei-RGB Electronics Co., Ltd.	Domestic non-state-owned legal person	50.83%	584,631,166			
Shi Chi	Overseas natural person	3.20%	36,770,524	27,577,893		
Suining Xing Ye Asset Management Co., Ltd.	State-owned legal entity	1.91%	21,916,008			
Xie Xiongqing	Domestic natural person	1.86%	21,387,633			
Skyworth LCD Technology Limited	Overseas legal person	1.73%	19,864,751			
Lin Weijian	Domestic natural person	1.33%	15,260,861			
Lv Qiang	Domestic natural person	0.85%	9,809,300			
Hong Kong Securities Clearing Company Limited	Overseas legal person	0.73%	8,412,626			
Industrial Bank Co., Ltd. - AIFMC New View Flexible Allocation and Regular Open Hybrid Securities Investment Seed Fund	Other	0.73%	8,349,749			
China Everbright Bank Co., Ltd. - AIFMC Industrial Business Model Select Investment Equity Hybrid Securities Investment Fund (LOF)	Other	0.66%	7,621,978			

Shareholdings of top 10 holders of shares not subject to trading moratorium			
Name of shareholders	Number of shares not subject to trading moratorium held	Type and number of shares	
		Type of shares	Number of shares
Shenzhen Chuangwei-RGB Electronics Co., Ltd.	584,631,166	RMB ordinary shares	584,631,166
Suining Xing Ye Asset Management Co., Ltd.	21,916,008	RMB ordinary shares	21,916,008
Xie Xiongqing	21,387,633	RMB ordinary shares	21,387,633
Skyworth LCD Technology Limited	19,864,751	RMB ordinary shares	19,864,751
Lin Weijian	15,260,861	RMB ordinary shares	15,260,861
Lv Qiang	9,809,300	RMB ordinary shares	9,809,300
Shi Chi	9,192,631	RMB ordinary shares	9,192,631
Hong Kong Securities Clearing Company Limited	8,412,626	RMB ordinary shares	8,412,626
Industrial Bank Co., Ltd. - AIFMC New View Flexible Allocation and Regular Open Hybrid Securities Investment Seed Fund	8,349,749	RMB ordinary shares	8,349,749
China Everbright Bank Co., Ltd. - AIFMC Industrial Business Model Select Investment Equity Hybrid Securities Investment Fund (LOF)	7,621,978	RMB ordinary shares	7,621,978
Description of the connected relationship or acting in concert of the above shareholders:	<p>① Shenzhen Chuangwei-RGB Electronics Co., Ltd. and Skyworth LCD Technology Limited are subsidiaries of Skyworth Digital Holdings Limited, and are persons acting in concert legally; ② Lin Weijian was the supervisor of Yingtan City Pengsheng Investment Co., Ltd.* (鷹潭市鵬盛投資有限公司), Lin Weijing was the executive director and general manager of Yingtan City Pengsheng Investment Co., Ltd.*, Xie Xiongqing was the executive director and general manager of Yingtan City Pengsheng Investment Co., Ltd.*, Lin Weijian, Lin Weijing and Xie Xiongqing are relatives. Yingtan City Pengsheng Investment Co., Ltd.*, Lin Weijian, Xie Xiongqing, Lin Weijing are persons acting in concert legally; ③ Apart from the aforesaid, the Company is not aware of any connected relationship that may exist among the other shareholders, nor does it know whether they are persons acting in concert according to the “Measures for the Administration of the Takeover of Listed Companies”.</p>		
Status of engagement in securities financing business of the top 10 holders of ordinary shares (If any)	<p>As at 30 September 2023, Suining Xing Ye Asset Management Co., Ltd. held an aggregate of 21,916,008 shares of the Company, of which 19,272,787 shares were held through the “investor credit securities account”; Xie Xiongqing held an aggregate of 21,387,633 shares of the Company, of which 18,515,870 shares were held through the “investor credit securities account”.</p>		
<p>Note: The repurchase special securities account of Skyworth Digital Co., Ltd. held 8,620,493 shares at the end of the reporting period, with a shareholding ratio of 0.75%.</p>			

(2) Total number of holders of preference shares of the Company and shareholdings of the top 10 holders of preference shares

Applicable Not applicable

III. Other Important Matters

Applicable Not applicable

Skyworth Group Limited (hereinafter referred to as “Skyworth Group”, 00751.HK), a company listed on The Hong Kong Stock Exchange, bought-back and cancelled 100,000,000 shares of Skyworth Group at a price of HK\$5 per share by way of offer, representing approximately 3.87% of the issued shares of Skyworth Group (00751.HK). The cancellation of the 100,000,000 bought-back shares of Skyworth Group (00751.HK) took place on 31 May 2023. The shareholding of Wong Wang Sang, Stephen, Lin Wei Ping, Lin Jin (hereinafter referred to as “Mr. Wong’s Family”) and their concert parties in Skyworth Group was passively increased to 50.35% due to the buyback offer made by Skyworth Group (00751.HK), thus they are actually controlling Skyworth Group. Shenzhen Chuangwei-RGB Electronics Co., Ltd. (hereinafter referred to as “Skyworth RGB”) and Skyworth LCD Technology Limited* (創維液晶科技有限公司) (hereinafter referred to as “Skyworth LCD”) are the entities indirectly controlled by Skyworth Group. Skyworth Group holds 50.82% of the shares of Skyworth Digital through Skyworth RGB; holds 1.73% of the shares of Skyworth Digital through Skyworth LCD, and indirectly holds in aggregate 52.55% of the shares of Skyworth Digital. Due to the bought-back and cancellation of shares by Skyworth Group, Mr. Wong’s Family and their concert

parties can have actual control of Skyworth Group, which in turn makes Wong Wang Sang, Stephen, Lin Wei Ping, Lin Jin to be the actual controllers of Skyworth Digital.

As such, the listed company, Skyworth Digital (000810.SZ), has changed from having no actual controller to having actual controllers. Based on legal requirements, the controlling shareholder Skyworth RGB, as the acquirer, announced the relevant documents of the “Report of the Offer of Skyworth Digital Co., Ltd.”* (《創維數字股份有限公司要約收購報告書》) and launched the mandatory general offer. Such offer refers to Skyworth RGB to acquire all unrestricted circulating A-shares held by all shareholders of Skyworth Digital (000810.SZ) except Skyworth RGB and Skyworth LCD (except for the treasury shares held by the listed company’s repurchase special securities account). The price for the mandatory general offer was RMB14.82/share. During the offer period (from 2 June 2023 to 3 July 2023), 72 accounts with a total of 82,658 shares accepted the offer made by the acquirer. After all procedures for the offer completed on 8 July 2023, the acquirer, Skyworth RGB, directly holds 584,631,166 shares of the company (accounting for 50.83% of the total share capital of the listed company). Skyworth RGB and its concerted party, LCD Technology, directly hold in aggregate 604,495,917 shares of the company (accounting for 52.55% of the total share capital of the listed company).

IV. Quarterly Financial Statements

(1) Financial statements

1. Consolidated balance sheet

Prepared by: Skyworth Digital Co., Ltd.

30 September 2023

Unit: RMB

Item	30 September 2023	1 January 2023
Current Assets:		
Bank balances and cash	3,158,964,028.07	3,997,388,309.68
Deposit reservation for balance	0.00	0.00
Funds lent	0.00	0.00
Financial assets held for trading	0.00	0.00
Derivative financial assets	0.00	1,416,008.18
Bills receivables	170,322,082.26	208,265,291.01
Trade receivables	2,967,130,934.27	2,991,459,551.29
Financing balance receivables	0.00	0.00
Prepayments	279,183,290.96	106,971,781.53
Premiums receivables	0.00	0.00
Reinsurance premium receivables	0.00	0.00
Reserves for reinsurance contract receivables	0.00	0.00
Other receivables	131,156,566.22	147,050,419.76
Including: Interest receivables	0.00	0.00
Dividend receivables	0.00	0.00
Redemptory monetary capital for sale	0.00	0.00
Inventories	1,647,118,447.66	1,738,066,410.15
Contract assets	0.00	0.00
Held-for-sale assets	0.00	0.00
Non-current assets maturing within one year	0.00	0.00

Other current assets	85,280,930.02	77,956,450.35
Total Current Assets	8,439,156,279.46	9,268,574,221.95
Non-current Assets:		
Payment of loans and advances	0.00	0.00
Debt investments	0.00	0.00
Other debt investment	0.00	0.00
Long-term receivables	0.00	0.00
Long-term equity investments	175,414,644.23	117,423,629.41
Other equity instrument investments	0.00	0.00
Other non-current financial assets	54,702,617.88	50,000,000.00
Investment properties	0.00	0.00
Fixed assets	627,648,330.47	681,113,627.59
Construction-in-progress	299,356,174.13	63,842,184.96
Productive biological assets	0.00	0.00
Oil and gas assets	0.00	0.00
Right-of-use assets	14,598,248.74	28,665,468.74
Intangible assets	318,613,262.91	283,230,317.05
Development costs	0.00	0.00
Goodwill	91,648,800.54	91,648,800.54
Long-term deferred expenses	23,921,239.54	36,365,456.04
Deferred income tax assets	196,974,064.73	171,580,420.06
Other non-current assets	20,755,001.86	23,981,800.66
Total Non-current Assets	1,823,632,385.03	1,547,851,705.05
Total Assets	10,262,788,664.49	10,816,425,927.00
Current Liabilities:		
Short-term loan	337,128,552.59	680,816,123.24
Borrowings from central bank	0.00	0.00
Borrowings to banks and other financial institutions	0.00	0.00
Financial liabilities held for trading	0.00	0.00
Derivative financial liabilities	598,755.79	9,908,608.33
Bills payables	555,234,363.47	778,315,471.32
Trade payables	2,242,202,339.85	2,314,466,400.89
Receipts in advance	509,222.48	538,646.69
Contract liabilities	135,464,480.05	93,218,632.76
Financial assets sold for repurchase	0.00	0.00
Deposits from customers and interbank	0.00	0.00
Receiving from vicariously traded securities	0.00	0.00
Receiving from vicariously sold securities	0.00	0.00
Wages and salaries payables	223,432,847.69	250,325,584.44
Taxes and surcharges payables	61,589,467.91	33,783,162.95
Other payables	262,720,394.60	385,135,946.73
Including: Interest payables	0.00	0.00
Dividend payables	0.00	0.00
Service charges and commission payables	0.00	0.00

Reinsured accounts payables	0.00	0.00
Held-for-sale liabilities	0.00	0.00
Non-current liabilities maturing within one year	11,384,562.87	18,017,650.44
Other current liabilities	60,386,595.17	76,956,826.55
Total Current Liabilities	3,890,651,582.47	4,641,483,054.34
Non-current Liabilities:		
Reserves for insurance contract		0.00
Long-term borrowings	30,464,046.15	30,632,030.72
Bonds payables	0.00	0.00
Including: Preferred shares	0.00	0.00
Perpetual bond	0.00	0.00
Lease liabilities	6,231,428.72	14,232,790.80
Long-term payables	0.00	0.00
Long-term wages and salaries payables	0.00	0.00
Provisions liabilities	31,821,352.96	29,616,102.61
Deferred income	79,401,814.79	66,557,458.62
Deferred income tax liabilities	5,123,409.15	8,174,675.65
Other non-current liabilities	13,637,363.33	11,841,247.32
Total Non-current Liabilities	166,679,415.10	161,054,305.72
Total Liabilities	4,057,330,997.57	4,802,537,360.06
Owners' Equity:		
Share capital	1,150,216,072.00	1,150,216,072.00
Other equity instruments	0.00	0.00
Including: Preferred shares	0.00	0.00
Perpetual bond	0.00	0.00
Capital reserves	1,500,060,898.00	1,481,036,845.28
Less: Treasury stock	125,230,622.21	125,230,622.21
Other comprehensive income	-40,352,533.37	-40,459,249.59
Special reserves	0.00	0.00
Surplus reserves	323,504,115.54	323,504,115.54
Provision for general risk	0.00	0.00
Undistributed profit	3,430,267,217.91	3,210,565,086.06
Total Owner's Equity Attributable to Owners of the Parent Company	6,238,465,147.87	5,999,632,247.08
Minority interests	-33,007,480.95	14,256,319.86
Total Owners' Equity	6,205,457,666.92	6,013,888,566.94
Total Liabilities and Owners' Equity	10,262,788,664.49	10,816,425,927.00

Legal representative: Zhang Enli

Person in charge of accounting: Wang Yin

Responsible person of the accounting institution: Yun Chunyu

2. Consolidated income statement from the beginning of the year to the end of the reporting period

Unit: RMB

Item	Current amount	Amount in the previous period
1. Total operating income	7,628,120,826.98	9,029,416,383.69
Including: Operating income	7,628,120,826.98	9,029,416,383.69

Interest income	0.00	0.00
Earned premium	0.00	0.00
Service charges and commission income	0.00	0.00
2. Total cost of sales	7,205,008,488.75	8,434,528,404.55
Including: Cost of sales	6,351,015,338.82	7,390,584,445.38
Interest expenses	0.00	0.00
Service charges and commission expenses	0.00	0.00
Load value	0.00	0.00
Net claims paid	0.00	0.00
Net change in appropriation of deposit for duty	0.00	0.00
Policy dividend payout	0.00	0.00
Reinsurance expenses	0.00	0.00
Taxes and surcharges	24,808,631.79	19,283,767.42
Selling expenses	363,954,394.16	476,937,022.92
General and administrative expenses	127,130,319.42	164,201,425.36
Research and development costs	440,795,473.80	458,451,224.31
Finance costs	-102,695,669.24	-74,929,480.84
Including: Interest expenses	11,265,734.23	35,687,198.51
Interest income	97,131,901.79	97,098,125.44
Add: Other income	101,207,007.46	145,621,572.60
Investment income (loss shall be stated as “-”)	-33,087,355.59	-3,559,890.33
Including: Share of profits of associates and joint ventures	-825,230.04	2,144,296.20
Income from derecognition of financial assets at amortised cost	-8,820,476.63	-8,762,128.11
Exchange gains (loss shall be stated as “-”)	0.00	0.00
Net exposure hedging gains (loss shall be stated as “-”)	0.00	0.00
Gain on fair values changes (loss shall be stated as “-”)	-5,253,444.08	10,821,766.46
Loss on credit impairment (loss shall be stated as “-”)	-12,206,283.52	45,763,854.94
Loss on impairment of assets (loss shall be stated as “-”)	-22,961,758.45	-16,182,116.69
Gain on disposal of assets (loss shall be stated as “-”)	6,371,569.88	-178,111.20
3. Operating profit (loss shall be stated as “-”)	457,182,073.93	777,175,054.92
Add: Non-operating income	4,770,508.16	1,776,889.96
Less: Non-operating expense	536,678.24	1,386,350.39
4. Profit before tax (loss shall be stated as “-”)	461,415,903.85	777,565,594.49
Less: Income tax expenses	31,348,675.31	81,173,391.49
5. Profit for the period (net loss shall be stated as “-”)	430,067,228.54	696,392,203.00
(1) Classified by business continuity		
1. Net profit from continuing operations (net loss shall be stated as “-”)	430,067,228.54	696,392,203.00
2. Net profit from discontinued operation (net loss shall be stated as “-”)		
(2) Classified by ownership		
1. Profit attributable to shareholders of the parent company (net loss shall be stated as “-”)	447,814,332.13	706,886,133.41
2. Loss attributable to non-controlling interests (net loss shall be stated as “-”)	-17,747,103.59	-10,493,930.41

6. Net other comprehensive income after tax	9,958.78	-29,598,047.09
Net other comprehensive income after tax attributable to owners of the parent company	106,716.22	-29,538,288.88
(1) Other comprehensive income not to be reclassified to profit or loss	0.00	0.00
1. Re-measurement of changes in defined benefit plans	0.00	0.00
2. Other comprehensive income not to be transferred to profit or loss under the equity method	0.00	0.00
3. Changes in the fair value of other equity instrument investments	0.00	0.00
4. Changes in fair value of corporate credit risk	0.00	0.00
5. Others	0.00	0.00
(2) Other comprehensive income to be reclassified to profit or loss	106,716.22	-29,538,288.88
1. Other comprehensive income to be transferred to profit or loss under the equity method	0.00	0.00
2. Changes in the fair value of other debt investments	0.00	0.00
3. Amount of financial assets reclassified and included in other comprehensive income	0.00	0.00
4. Other debt investment credit impairment reserves	0.00	0.00
5. Cash flow hedge reserves	0.00	0.00
6. Exchange differences arising on translation of financial statements denominated in foreign currencies	106,716.22	-29,538,288.88
7. Others	0.00	0.00
Net other comprehensive income after tax attributable to non-controlling shareholders	-96,757.44	-59,758.21
7. Total comprehensive income	430,077,187.32	666,794,155.91
(1) Total comprehensive income attributable to owners of the parent company	447,921,048.35	677,347,844.53
(2) Total comprehensive income attributable to non-controlling shareholders	-17,843,861.03	-10,553,688.62
8. Earnings per share:		
(1) Basic earnings per share	0.3923	0.6490
(2) Diluted earnings per share	0.3923	0.6490

Business combinations under common control occurred in the reporting period, the net profit realised by the merged party before the merger was RMB0.00, and the net profit realised by the merged party in the previous period was RMB0.00.

Legal representative: Zhang Enli Person in charge of accounting: Wang Yin Responsible person of the accounting institution: Yun Chunyu

3. Consolidated statement of cash flows from the beginning of the year to the end of the reporting period

Unit: RMB

Item	Current amount	Amount in the previous period
1. Cash flows from operating activities:		
Cash received from sales of commodities and rendering of services	8,939,445,172.25	10,002,273,866.81
Net increase in customer deposits and interbank deposits	0.00	0.00
Net increase in borrowings from central bank	0.00	0.00
Net increase in loan from other financial institutions	0.00	0.00
Cash received from the original insurance contract premium	0.00	0.00
Net cash received from reinsurance business	0.00	0.00
Net increase in insurance deposits and investment funds	0.00	0.00
Interests, service charges and commission received	0.00	0.00

Net increase in borrowings	0.00	0.00
Net increase in repurchase business funds	0.00	0.00
Net increase from securities trading brokerage	0.00	0.00
Taxes and surcharges refunded	349,789,066.21	414,682,963.59
Cash received from other operating activities	161,914,959.03	271,743,934.37
Subtotal of cash generated from operating activities	9,451,149,197.49	10,688,700,764.77
Payments for commodities and services	7,666,419,600.80	7,781,382,149.90
Net increase in loans and advances to customers	0.00	0.00
Net increase in central bank deposits and interbank deposits	0.00	0.00
Cash paid for the original insurance contract compensation payment	0.00	0.00
Net increase in borrowed funds	0.00	0.00
Interests, service charges and commission paid	0.00	0.00
Policy dividend paid	0.00	0.00
Cash paid to and for employees	814,735,389.62	792,849,419.42
Taxes and surcharges paid	204,219,592.28	205,978,158.89
Cash paid for other operating activities	533,877,352.86	609,950,414.52
Subtotal of cash used in operating activities	9,219,251,935.56	9,390,160,142.73
Net cash flows from operating activities	231,897,261.93	1,298,540,622.04
2. Cash flows from investing activities:		
Cash received from realisation of investment	0.00	0.00
Cash received from returns on investments	11,939,751.44	25,050,148.71
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	16,884,986.72	2,600,057.19
Net cash received from disposal of subsidiaries and other operating units	0.00	0.00
Cash received from other investing activities	1,977,457.44	0.00
Subtotal of cash generated from investing activities	30,802,195.60	27,650,205.90
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets	362,648,130.99	153,863,809.36
Cash paid for investments	110,128,010.83	3,445,279.37
Net increase in pledged loan	0.00	0.00
Net cash paid for acquisition of subsidiaries and other operating units	0.00	0.00
Cash used in other investing activities	19,333,781.15	0.00
Subtotal of cash used in investing activities	492,109,922.97	157,309,088.73
Net cash flows from investing activities	-461,307,727.37	-129,658,882.83
3. Cash flows from financing activities:		
Cash received from capital contribution	6,310,000.00	0.00
Including: Cash received by the subsidiary from capital contribution of minority shareholders	6,310,000.00	0.00
Cash received from borrowings	384,067,038.57	1,234,079,873.78
Cash received from other financing activities	48,256,227.16	98,865,916.33
Subtotal of cash generated from financing activities	438,633,265.73	1,332,945,790.11
Cash paid for debt	730,901,542.98	1,486,524,364.11
Cash paid for distribution of dividends, profits or interest expenses	261,204,701.33	128,076,936.58
Including: Dividends or profits paid by subsidiaries to minority	12,357,458.27	1,806,240.00

shareholders		
Cash paid for other financing activities	101,112,472.19	182,270,174.51
Subtotal of cash used in financing activities	1,093,218,716.50	1,796,871,475.20
Net cash flows from financing activities	-654,585,450.77	-463,925,685.09
4. Effect of foreign exchange rate changes	8,014,331.30	26,076,877.56
5. Net increase in cash and cash equivalents	-875,981,584.91	731,032,931.68
Add: Cash and cash equivalents at the beginning of the period	3,887,876,112.89	3,325,258,059.55
6. Cash and cash equivalents at the end of the period	3,011,894,527.98	4,056,290,991.23

(2) The first implementation of the new accounting standards from 2023 and the interpretation and adjustment of relevant items in the financial statements at the beginning of the year of first implementation

Applicable Not applicable

On 13 December 2022, the Ministry of Finance issued the Interpretation No.16 Accounting Standards for Business Enterprises (Cai Kuai [2022] No.31, hereinafter referred to as the “Interpretation No.16”). The requirements under the Interpretation No. 16, among which the accounting treatment of deferred income tax related to the assets and liabilities arising from a single transaction not applicable to the initial recognition exemption shall be effective from 1 January 2023. Interpretation No. 16 also stipulates that for taxable temporary differences and deductible temporary differences arising from the lease liabilities and right-of-use assets recognised due to individual transactions that apply to this interpretation at the beginning of the earliest period in which the interpretation is first implemented, enterprises shall, in accordance with this interpretation and the provisions of “Accounting Standards for Business Enterprises No. 18 - Income Taxes”, adjust the cumulative impact amount to the initial retained earnings and other related financial statement items of the earliest period in the financial statements. Based on the requirements, the Company retrospectively adjusted the balance of deferred income tax assets and deferred income tax liabilities at the end of the previous year.

(3) Audit Report

Has the third quarterly report been audited?

Yes No

The third quarterly report of the Company has not been audited.

The board of directors of Skyworth Digital Co., Ltd.

27 October 2023

* For identification purposes only

Note: If there is any inconsistency between the English and Chinese versions of this Appendix, the Chinese version shall prevail.