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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)

CONTINUING CONNECTED TRANSACTION FINANCIAL ASSISTANCE UNDER LEASEBACK AGREEMENT

THE LEASEBACK AGREEMENT

The Board announces that on 15 March 2024, Shenzhen Chuangwei Financial Leasing, an indirect wholly-owned subsidiary of the Company, entered into the Leaseback Agreement with the Lessee, pursuant to which Shenzhen Chuangwei Financial Leasing has agreed to provide sale and leaseback services in favour of the Lessee at an initial sale price of RMB120,000,000 (equivalent to approximately HK\$132,000,000).

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Wong is a controlling shareholder of the Company as he is interested in approximately 52.53% of all the issued Shares in the Company. The Lessee is indirectly controlled by Mr. Wong and is therefore an associate of Mr. Wong and a connected person of the Company under the Listing Rules. Accordingly, the Leaseback Agreement and the transactions contemplated thereunder, being financial assistance provided by Shenzhen Chuangwei Financial Leasing in favour of the Lessee, constitute continuing connected transactions of the Company.

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

INTRODUCTION

The Board announces that on 15 March 2024, Shenzhen Chuangwei Financial Leasing, an indirect wholly-owned subsidiary of the Company, entered into the Leaseback Agreement with the Lessee, pursuant to which Shenzhen Chuangwei Financial Leasing has agreed to provide sale and leaseback services in favour of the Lessee at an initial sale price of RMB120,000,000 (equivalent to approximately HK\$132,000,000).

Set out below is a summary of certain key terms of the Leaseback Agreement:-

Date:	15 March 2024
Lessor:	Shenzhen Chuangwei Financial Leasing
Lessee:	Nanjing Golden Dragon Bus Co., Ltd.* (南京金龍客車製造有限公司)
Financing Term:	The financing term commences on the date of payment of the initial sale price and ends on the date which is 3 years from the date of the Leaseback Agreement.
Subject Matter:	<p>Subject to the terms and conditions of the Leaseback Agreement, the Lessee will sell to and leaseback from Shenzhen Chuangwei Financial Leasing a number of production and electricity equipment at an initial sale price (or the leasing principal amount) of RMB120 million (equivalent to approximately HK\$132 million) over a lease term which is the same as the financing term stated above. The total asset value of the equipment subject to the lease is approximately RMB146.2 million. The original acquisition cost to the Lessee of the subject assets under the Leaseback Agreement was approximately RMB223.7 million.</p> <p>Upon expiry of the lease term and subject to the Lessee having paid all sums due under the Leaseback Agreement, Shenzhen Chuangwei Financial Leasing shall transfer title of the leased assets to the Lessee on an “as-is” basis at a total consideration of RMB1.00.</p>
Lease Payments and Interest Rate:	Lease payments under the Leaseback Agreement are to be made by the Lessee quarterly on the 20 th day of the relevant month (save that the interest period between first and second lease payments and the last and second last lease payments may be shorter or longer than 3 calendar months) at a fixed interest rate of 6% per annum, which is determined as 205 basis points above the five-years loan prime rate (LPR) as announced by the National Interbank Funding Center (全國銀行間同業拆借中心) of the PRC on 20 February 2024. The said interest is accrued daily (on the basis of a 360-day year) over the lease principal amount in accordance with a repayment schedule as set out in the Leaseback Agreement.
Guarantee:	Each of Mr. Wong and Sky-well New Energy Automobile Group Co. Ltd.* (開沃新能源汽車集團股份有限公司) (“Sky-well”), a company established in the PRC, entered into the respective guarantees in favour of Shenzhen Chuangwei Financial Leasing in respect of all sums payable by the Lessee to Shenzhen Chuangwei Financial Leasing under the Leaseback Agreement.

INFORMATION ON THE GROUP AND SHENZHEN CHUANGWEI FINANCIAL LEASING

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.

Shenzhen Chuangwei Financial Leasing is a company established in the PRC and an indirect wholly-owned subsidiary of the Company. It is principally engaged in finance leasing and factoring business.

INFORMATION ON THE LESSEE

The Lessee is a company established in the PRC and is principally engaged in the business of production and sales of new energy vehicles, including buses, logistic cars and passenger vehicles. It is owned as to 88% by Sky-well. Sky-well is owned as to approximately 35.36%, 29.46% and 4.9% by the Skyblue Family Trust, Mr. Lin Jin (an executive Director) and Mr. Wong, respectively. There are 16 other shareholders (which are controlled by persons independent of the Company and its connected persons) in Sky-well, and none of them owns more than 10% equity interest in Sky-well.

The remaining 12% equity interest in the Lessee is owned respectively (i) as to approximately 8.4% by Nanjing Dongyu Automotive Group Co., Ltd.* (南京東宇汽車集團有限公司) (which in turn is ultimately controlled by State-owned Assets Supervision and Administration Commission of the Nanjing Municipal Government* (南京市人民政府國有資產監督管理委員會)) and (ii) as to approximately 3.6% by Xiamen King Long United Automotive Industry Co., Ltd.*(廈門金龍聯合汽車工業有限公司) (which in turn is ultimately controlled by State-owned Assets Supervision and Administration Commission of the People's Government of Fujian Province* (福建省人民政府國有資產監督管理委員會)), all being third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The Leaseback Agreement was entered into as part of the ordinary course of the finance leasing businesses of Shenzhen Chuangwei Financial Leasing which has a focused clientele in the new energy vehicles and consumption sectors, and which the Company believes to have growth potentials. The terms and conditions of the Leaseback Agreement, including the initial sale price and the lease payments, are on normal commercial terms (with reference to the rates offered by Shenzhen Chuangwei Financial Leasing to third party customers), and have been agreed between Shenzhen Chuangwei Financial Leasing and the Lessee after arm's length negotiations.

The lease payment rate under the Leaseback Agreement was determined principally by reference to interest rates and tenor underlying the Previous Agreements and similar historical transactions entered into between Shenzhen Chuangwei Financial Leasing and independent third parties, and taking into account the credit assessment of the Lessee by reference to its bank borrowing rates, as well as the credit assessment of Mr. Wong and Sky-well and repayment track record of the Lessee in respect of its previous leasing transactions with the Group (which had been repaid in full or in accordance with the repayment schedule as set out in the relevant leaseback agreements as of the date of this announcement). The initial sale price under the Leaseback Agreement is determined with reference to the lending capacity of Shenzhen Chuangwei Financial Leasing and the funding need and the repayment capability of the Lessee, as well as the personal and corporate guarantees provided by Mr. Wong and Sky-well. Taking into account the scale of leasing business to be conducted between Shenzhen Chuangwei Financial Leasing and the Lessee as aforesaid, the annual cap of the transactions under the Leaseback Agreement is RMB137,100,000 (equivalent to approximately HK\$150,810,000) for the purpose of the Listing Rules, being the aggregate leasing principal amount and the aggregate of the total interest payable throughout the financing term under the Leaseback Agreement.

The Directors (including the independent non-executive Directors) consider that the transactions contemplated under the Leaseback Agreement are in the ordinary and usual course of business of the Group and will generate revenue and cash flow stream from the leasing interest, that the terms of the Leaseback Agreement are fair and reasonable, and that the Leaseback Agreement is on normal commercial terms and in the interests of the Company and its shareholders as a whole.

Ms. Lin Wei Ping and Mr. Lin Jin are the spouse and son of Mr. Wong, respectively. According to bye-law 100 of the Company's amended and restated bye-laws, Ms. Lin Wei Ping and Mr. Lin Jin, who are executive Directors, are deemed to be materially interested in the Leaseback Agreement as they are associates of Mr. Wong. Accordingly, Ms. Lin Wei Ping and Mr. Lin Jin have abstained from voting on the resolutions passed by the Board to approve the Leaseback Agreement. Save as disclosed, none of the Directors is required to abstain from voting on the relevant board resolutions to approve the Leaseback Agreement under the amended and restated bye-laws of the Company or the Listing Rules.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Wong is a controlling shareholder of the Company as he is interested in approximately 52.53% of all the issued Shares in the Company. The Lessee is indirectly controlled by Mr. Wong and is therefore an associate of Mr. Wong and a connected person of the Company under the Listing Rules. Accordingly, the Leaseback Agreement and the transactions contemplated thereunder, being financial assistance provided by Shenzhen Chuangwei Financial Leasing in favour of the Lessee, constitute continuing connected transactions of the Company.

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

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Company”	Skyworth Group Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange (Stock Code: 00751);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;

“Leaseback Agreement”	the sale and leaseback agreement dated 15 March 2024 entered into between Shenzhen Chuangwei Financial Leasing (as lessor) and the Lessee (as lessee) in respect of the initial sale of production and electricity equipment by the lessee to the lessor, and the subsequent leaseback and buyback of the same by the lessee;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Lessee”	Nanjing Golden Dragon Bus Co., Ltd.* (南京金龍客車製造有限公司), a company established with limited liability in the PRC;
“Mr. Wong”	Mr. Wong Wang Sang, Stephen who is a controlling shareholder of the Company, and the spouse of Ms. Lin Wei Ping and the father of Mr. Lin Jin, who are executive Directors;
“PRC”	the People’s Republic of China;
“Previous Leaseback Agreements”	three sale and leaseback agreements, all dated 24 February 2022, entered into between Shenzhen Chuangwei Financial Leasing as lessor, and (a) the Lessee; (b) Nanjing Chuangyuan Tiandi Energy Technology Co., Ltd.* (南京創源天地動力科技有限公司); and (c) Nanjing Skywell Heavy Industries Co., Ltd.* (南京開沃重工有限公司) as the respective lessees (all being associates of Mr. Wong) in respect of certain equipment for an aggregate initial sale price of RMB135,000,000 (equivalent to approximately HK\$148,500,000), details of which are set out in the Company’s announcements dated 24 February 2022 and 25 February 2022;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company;
“Shenzhen Chuangwei Financial Leasing”	Shenzhen Chuangwei Financial Leasing Company Limited* (深圳創維融資租賃有限公司), an indirect wholly-owned subsidiary of the Company established in the PRC;
“Skyblue Family Trusty”	a discretionary family trust established by Mr. Wong as settlor, of which the current trustee is Noah Trust (Asia) Limited, a public company incorporated in Hong Kong limited by shares that is ultimately controlled by Ms. Ip Wing Kiu Wendy, an independent third party to the Company and the discretionary beneficiaries are family members of Mr. Wong;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

For the purpose of illustration only and unless otherwise stated, the conversion of RMB into HK\$ in this announcement is based on the exchange rate of RMB1 to HK\$1.1. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate.

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

Hong Kong, 15 March 2024

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*