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 2023

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, photovoltaic products, smart white appliances, intelligent manufacturing, internet value-added services, property development, property holding, modern services and trading of other products.

Highlights of Results

	For the year ended 31 December		
	2023	2022	
	RMB million	RMB million	Change
Revenue	**69,031**	53,491	29.1%
Gross profit	**9,645**	8,207	17.5%
Profit for the year	**1,766**	1,407	25.5%
Profit for the year attributable to owners of the Company	**1,069**	827	29.3%
Full year dividend per share (HK cents)			
— Paid interim dividend per share	**3**	3	-
— Proposed final dividend per share	**5**	-	N/A

A final cash dividend in respect of the year ended 31 December 2023 of 5 HK cents (2022: nil) per share, in an aggregate amount of RMB108 million, has been proposed by the board of directors of the Company.

The Company may utilise cash to conduct share buy-back, subject to the then prevailing market conditions.

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 2023 (the "Reporting Year") together with the comparative figures for the year ended 31 December 2022 (the "Previous Year").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

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

	NOTES	2023	2022
Revenue			
Sales of goods		68,376	52,889
Leases		516	539
Interest under effective interest method		139	63
Total revenue	3	69,031	53,491
Cost of sales		(59,386)	(45,284)
Gross profit		9,645	8,207
Other income		1,009	1,201
Other gains and losses	5	(64)	44
Selling and distribution expenses		(3,695)	(3,439)
General and administrative expenses		(1,921)	(1,654)
Research and development expenses		(2,127)	(2,116)
Finance costs		(522)	(432)
Share of results of associates and joint ventures		(2)	8
Profit before taxation		2,323	1,819
Income tax expense	6	(557)	(412)
Profit for the year	7	1,766	1,407
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		6	5
Fair value gain (loss) on trade receivables at fair value through other comprehensive income (“FVTOCI”)		6	(3)
Cumulative loss reclassified to profit or loss upon disposal of trade receivables at FVTOCI		(3)	(1)
		9	1
Items that will not be reclassified to profit or loss:			
Fair value loss on investments in equity instruments at FVTOCI		(81)	(576)
Income tax relating to item that will not be reclassified subsequently		(11)	76
		(92)	(500)
Other comprehensive expense for the year		(83)	(499)
Total comprehensive income for the year		1,683	908

	NOTE	2023	2022
Profit for the year attributable to:			
Owners of the Company		1,069	827
Non-controlling interests		697	580
		1,766	1,407
Total comprehensive income for the year attributable to:			
Owners of the Company		983	326
Non-controlling interests		700	582
		1,683	908
Earnings per share (expressed in Renminbi cents)			
Basic	9	43.15	31.97
Diluted	9	43.15	31.95

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

Amounts expressed in millions of Renminbi

	NOTE	2023	2022
Non-current Assets			
Property, plant and equipment		9,576	7,888
Right-of-use assets		2,728	2,541
Deposits paid for purchase of property, plant and equipment		420	424
Investment properties		1,517	1,410
Goodwill		473	467
Other intangible assets		104	101
Interests in associates and joint ventures		466	287
Other financial assets		3,616	3,397
Trade and other receivables	10	565	592
Deferred tax assets		1,019	877
		20,484	17,984
Current Assets			
Inventories and other contract costs		10,205	8,947
Stock of properties		6,033	7,349
Other financial assets		712	1,042
Trade and other receivables	10	17,015	16,429
Prepaid tax		137	252
Pledged and restricted bank deposits		3,461	3,353
Cash and cash equivalents		9,114	9,054
		46,677	46,426

	NOTE	2023	2022
Current Liabilities			
Trade and other payables	11	26,566	25,283
Other financial liabilities		214	342
Lease liabilities		74	46
Deferred income		91	171
Tax liabilities		265	281
Bank borrowings		8,218	9,404
		35,428	35,527
Net Current Assets		11,249	10,899
Total Assets less Current Liabilities		31,733	28,883
Non-current Liabilities			
Trade and other payables	11	1,019	354
Other financial liabilities		57	97
Lease liabilities		70	54
Deferred income		395	278
Bank borrowings		7,097	5,853
Deferred tax liabilities		338	353
		8,976	6,989
NET ASSETS		22,757	21,894
Capital and Reserves			
Share capital		250	266
Reserves		17,889	17,601
Equity attributable to owners of the Company		18,139	17,867
Non-controlling interests		4,618	4,027
		22,757	21,894

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

Amounts expressed in millions of Renminbi

	2023	2022
OPERATING ACTIVITIES		
Profit before taxation	2,323	1,819
Adjustments for:		
Amortisation of intangible assets	-	2
Depreciation of right-of-use assets	62	47
Depreciation of property, plant and equipment	472	619
Depreciation of investment properties	69	87
Finance costs	522	432
Government grants related to assets recognised	(62)	(76)
Impairment loss recognised in respect of financial assets	48	1
Interest income	(10)	(260)
Dividend from equity instruments	(70)	-
Loss on derivative component of convertible bonds	-	96
Loss (gain) from changes in fair value of financial assets at fair value through profit or loss (“FVTPL”)	76	(202)
Provision	186	369
Share-based payment expenses	98	65
Share of results of associates and joint ventures	2	(8)
Write-down of inventories	75	33
Others	(87)	31
Operating cash flows before movements in working capital	3,704	3,055
Settlement of derivative financial instruments	-	(71)
Increase in inventories and other contract costs	(849)	(954)
Decrease (increase) in stock of properties	866	(1,737)
(Increase) decrease in trade and bills receivables	(1,619)	1,950
Decrease in trade receivables at FVTOCI	241	91
Increase in other receivables, deposits and prepayments	(699)	(196)
Increase in trade and bills payables	4,468	586
Increase in other payables	161	1,461
(Decrease) increase in contract liabilities	(3,390)	1,637
Increase (decrease) in deferred income	66	(26)
Increase in pledged and restricted bank deposits	(115)	-
Cash generated from operations	2,834	5,796
Interest received	260	7
Hong Kong income tax paid	(11)	(18)
Overseas income tax paid	(31)	(19)
PRC income tax paid	(564)	(613)
Land appreciation tax paid	(12)	(5)
NET CASH FROM OPERATING ACTIVITIES	2,476	5,148

	2023	2022
INVESTING ACTIVITIES		
Interest received	9	252
Acquisition of right-of-use assets	(45)	(142)
Payment for property, plant and equipment	(1,771)	(2,320)
Proceeds on disposal of property, plant and equipment	38	95
Investment in associates and a joint venture	(192)	(23)
Investments in financial assets at FVTPL	(593)	(1,180)
Proceeds on disposal of financial assets and dividend income	476	1,194
Investments in financial assets at FVTOCI	(30)	(345)
Loan advanced	(119)	(1,192)
Repayments of loan receivables	10	1,480
Placement of other deposits	-	(1,516)
Withdrawal of other deposits	1,516	-
Placement of bank deposits with original maturity of three months or more	(278)	(2,704)
Withdrawal of bank deposits with original maturity of three months or more	770	1,479
Other investing cash flows	(143)	(129)
NET CASH USED IN INVESTING ACTIVITIES	(352)	(5,051)
FINANCING ACTIVITIES		
Dividends paid	(296)	(683)
Interest paid	(527)	(409)
Repurchase of own shares by a subsidiary of the Company	-	(126)
Repurchase of own shares by the Company	(699)	(400)
Exercise of share options	-	43
Purchase of shares for unvested shares under the share award scheme of the Company	-	(33)
New bank borrowings raised	14,501	12,672
Repayments of bank borrowings	(14,609)	(11,718)
Payments of lease liabilities	(45)	(65)
Redemption of corporate bonds	-	(876)
Placement of pledged bank deposits	(665)	-
Withdrawal of pledged bank deposits	227	-
Other financing cash flows	(100)	(62)
NET CASH USED IN FINANCING ACTIVITIES	(2,213)	(1,657)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(89)	(1,560)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	9,054	10,611
Effect of foreign exchange rate changes	149	3
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	9,114	9,054

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, photovoltaic products, smart white appliances, intelligent manufacturing, internet value-added services, property development, property holding, modern services and trading of other products.

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

New and amendments to HKFRSs that are mandatorily effective for the current year

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 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and 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 12 Income Taxes International Tax Reform — Pillar Two Model Rules

The Group has applied the amendments for the first time in the current year, HKAS 12 is amended to add the exception to recognising and disclosing information about deferred tax assets and liabilities that are related to tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Cooperation and Development (the "Pillar Two Legislation"). The amendments require that entities shall apply the amendments immediately upon issuance and retrospectively. The amendments also require that entities shall disclose separately its current tax expense/income related to Pillar Two income taxes, and the qualitative and quantitative information about its exposure to Pillar Two income taxes in periods in which the Pillar Two Legislation is enacted or substantially enacted but not yet in effect in annual reporting periods beginning on or after 1 January 2023.

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

New and amendments to HKFRSs that are mandatorily effective for the current year - continued

Impacts on application of Amendments to HKAS 12 Income Taxes International Tax Reform — Pillar Two Model Rules - continued

The Group has applied the temporary exception immediately upon issue of these amendments and retrospectively, i.e. applying the exception from the date Pillar Two legislation is enacted or substantially enacted.

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

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

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

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

The application of the amendments has had no material impact on the Group's financial positions and performance but has affected the disclosure of the Group's accounting policies.

Amendments to HKFRSs in issue but not yet effective

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

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2024.
3 Effective for annual periods beginning on or after 1 January 2025.

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

Amendments to HKFRSs in issue but not yet effective - continued

Except for the amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other 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.

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 2023, the application of the 2020 and 2022 Amendments will not result in reclassification of the Group's liabilities.

3. REVENUE

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

For the year ended 31 December 2023

	Smart household appliances business RMB million	Smart systems technology business RMB million	New energy business RMB million	Modern services business and others RMB million	Total RMB million
Type of goods/services					
Sales of goods and services (Note (i))	29,315	10,383	23,396	4,109	67,203
Internet value-added services of Coocaa system	1,322	-	-	-	1,322
Contracts with customers	30,637	10,383	23,396	4,109	68,525
Leases	-	30	-	486	516
Interest under effective interest method (Note (ii))	-	-	-	139	139
Subtotal	30,637	10,413	23,396	4,734	69,180
Less: other business tax	(45)	(22)	(56)	(26)	(149)
Segment revenue	30,592	10,391	23,340	4,708	69,031
Timing of revenue recognition for contract with customers					
A point in time	29,795	10,039	22,921	3,617	66,372
Over time	842	344	475	492	2,153
Total	30,637	10,383	23,396	4,109	68,525

For the year ended 31 December 2022 (restated, see note 4)

	Smart household appliances business RMB million	Smart systems technology business RMB million	New energy business RMB million	Modern services business and others RMB million	Total RMB million
Type of goods/services					
Sales of goods and services (Note (i))	26,227	11,904	11,944	1,548	51,623
Internet value-added services of Coocaa system	1,365	-	-	-	1,365
Contracts with customers	27,592	11,904	11,944	1,548	52,988
Leases	-	51	-	488	539
Interest under effective interest method (Note (ii))	-	-	-	63	63
Subtotal	27,592	11,955	11,944	2,099	53,590
Less: other business tax	(48)	(22)	(10)	(19)	(99)
Segment revenue	27,544	11,933	11,934	2,080	53,491
Timing of revenue recognition for contract with customers					
A point in time	26,725	11,904	11,797	1,211	51,637
Over time	867	-	147	337	1,351
Total	27,592	11,904	11,944	1,548	52,988

Notes:

(i) Manufacture and sales of goods mainly include manufacture and sales of smart TV systems, home access systems (mainly digital set-top boxes), smart white appliances, intelligent manufacturing (mainly LCD modules), lighting products, automotive electronic systems, security system and other electronic products, sales of properties, photovoltaic products and other products.

(ii) Amount represents interest income from loan 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.

In the current year, the Group reorganised its internal reporting structure, which resulted in changes to the composition of its reportable segments. The "Multimedia Business" segment and the "Smart Appliances Business" segment in the previous reporting structure are combined and presented as the "Smart Household Appliances Business" segment to better reflect the relevant businesses of the Group, assessments of performance across different operating units and allocations of resources thereto. Prior year segment disclosures are restated to conform with the current year presentation.

Specifically, the Group's reportable segments under HKFRS 8 Operating Segments in the current year are as follows:

1.	Smart Household Appliances Business	- manufacture and sale of smart TV systems, smart white appliances and other smart appliances such as smart air conditioners, smart refrigerators, smart washing machines, smart kitchen appliances in the People's Republic of China (the "PRC") and overseas markets, intelligent manufacturing, provision and sales of internet value-added services of Coocaa system in the PRC, 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 and commercial uses

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

In addition to the above operating reportable segments, the Group has other operating segments which mainly include sales of properties, loan financing, leasing of properties and trading of other products, among others. These operating segments individually do not meet any of the quantitative thresholds for determining reportable segments in both current and prior year. Accordingly, these operating segments are grouped as "Modern Services 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 2023

	Smart household appliances business RMB million	Smart systems technology business RMB million	New energy 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	30,592	10,391	23,340	64,323	4,708	-	69,031
Inter-segment revenue	790	267	14	1,071	772	(1,843)	-
Total segment revenue	31,382	10,658	23,354	65,394	5,480	(1,843)	69,031
Results							
Segment results	478	511	1,181	2,170	873	-	3,043
Interest income							259
Other gains and losses							(64)
Unallocated corporate income/expenses							(391)
Finance costs							(522)
Share of results of associates and joint ventures							(2)
Consolidated profit before taxation of the Group							2,323

For the year ended 31 December 2022 (restated)

	Smart household appliances business RMB million	Smart systems technology business RMB million	New energy 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	27,544	11,933	11,934	51,411	2,080	-	53,491
Inter-segment revenue	502	94	25	621	1,085	(1,706)	-
Total segment revenue	28,046	12,027	11,959	52,032	3,165	(1,706)	53,491
Results							
Segment results	423	773	461	1,657	586	-	2,243
Interest income							260
Other gains and losses							44
Unallocated corporate income/expenses							(304)
Finance costs							(432)
Share of results of associates and joint ventures							8
Consolidated profit before taxation of the Group							1,819

Inter-segment sales are charged at prevailing market rates.

4. SEGMENT INFORMATION - continued

Geographical information

The Group's operations are located in the Mainland China, Asia (other than the Mainland China), 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 (i))	
	2023	2022	2023	2022
	RMB million	RMB million	RMB million	RMB million
Mainland China	53,677	36,564	15,070	12,620
Asia (other than the Mainland China) (Note (ii))	8,770	9,868	183	529
Europe	2,657	2,048	23	29
Americas	2,073	1,885	1	2
Africa	1,691	1,585	41	-
Other regions	163	1,541	-	52
	69,031	53,491	15,318	13,232

Notes:

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

(ii) Asia (other than the Mainland China) mainly includes Hong Kong, Vietnam, Indonesia and India, each of which individually contributed less than 10% of total revenue.

Information about major customers

For the year ended 31 December 2023, one (2022: one) customer has accounted for over 10% of the Group's total revenue amounting to RMB20,796 million (2022: RMB11,926 million).

5. OTHER GAINS AND LOSSES

	2023 RMB million	2022 RMB million
Included in (loss) gains are:		
(Loss) gain from changes in fair value of financial assets at FVTPL	(76)	202
Changes in fair value of derivative financial instruments		
– loss on derivative component of convertible bonds	-	(96)
– loss from changes in fair value of other derivative financial instruments	(127)	(47)
Impairment loss (recognised) reversed, net, in respect of		
– trade receivables	(53)	(21)
– bills receivables	-	2
– loan receivables	2	20
– other financial assets	3	(2)

6. INCOME TAX EXPENSE

	2023 RMB million	2022 RMB million
Tax charge (credit):		
PRC Enterprise Income Tax (“EIT”)	568	498
PRC Land Appreciation Tax (“LAT”)	97	5
PRC withholding tax	31	89
Hong Kong Profits Tax	3	6
Taxation arising in other jurisdictions	28	6
Deferred taxation	(170)	(192)
	557	412

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 to foreign investors 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. In March 2023, a new notice with the name of Cai Shui [2023] No. 7 “Notice on Further Improvements to Policies for Weighted Pre-tax Deduction of Research and Development Expenses” was released, certain PRC subsidiaries are entitled to an additional 100% (2022: 100%) tax deduction on eligible research costs incurred by them for both years.

6. INCOME TAX EXPENSE - continued

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

The Group has applied the temporary exception issued by the HKICPA in July 2023 from the accounting requirements for deferred taxes in HKAS 12. Accordingly, the Group neither recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

For the year ended 31 December 2023, the governments of certain jurisdictions where the group entities are incorporated enacted the Pillar Two income taxes legislation effective from 1 January 2024. Under the legislation, the Group will be required to pay, in certain jurisdictions, top-up tax on profits of the relevant subsidiaries that are taxed at an effective tax rate of less than 15%.

As at 31 December 2023, the Group's annual profits arising from these jurisdictions mentioned above that are currently taxed lower than 15% and might be subject to Pillar Two income taxes is insignificant. However, this information is based on the profits and tax expense determined as part of the preparation of the Group's consolidated financial statements without considering adjustments that would have been required applying the legislation. Because of the specific adjustments envisaged in the Pillar Two legislation which may give rise to different effective tax rates compared to those calculated based on accounting profit, the actual impact that the Pillar Two income taxes legislation would have had on the Group's results if it had been in effect for the year ended 31 December 2023 may have been significantly different.

The Group is continuing to assess the impact of the Pillar Two income taxes legislation on its future financial performance.

7. PROFIT FOR THE YEAR

	2023 RMB million	2022 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 RMB61 million (2022: RMB33 million)	57,014	44,957
Cost of stock of properties recognised as an expense including write-down of stock of properties of RMB14 million (2022: nil)	2,196	112
Depreciation of right-of-use assets	136	133
Less: capitalised as cost of inventories	(22)	(1)
capitalised as cost of construction in progress	(52)	(85)
	62	47
Depreciation of investment properties	69	87
Depreciation of property, plant and equipment	768	860
Less: capitalised as cost of inventories	(296)	(241)
	472	619

7. PROFIT FOR THE YEAR - continued

	2023 RMB million	2022 RMB million
Amortisation of intangible assets	-	2
Staff costs:		
- Directors' and chief executive's emoluments	131	96
- Related staff costs for research and development activities	1,253	1,196
- Other staffs salaries, bonus, retirement benefits and others	3,912	3,577
	5,296	4,869
Less: capitalised as		
- Cost of inventories	(1,356)	(1,137)
- Stock of properties	(16)	(12)
- Property, plant and equipment	(20)	(5)
	3,904	3,715
Auditors' remunerations	10	9
Provision for warranty	283	272
Rental income from leases less related outgoings of RMB176 million (2022: RMB215 million)	(340)	(328)

8. DIVIDEND

	2023 RMB million	2022 RMB million
Dividend recognised as distribution during the year:		
2023 interim dividend — 3 HK cents (2022: 3 HK cents) per share	65	69
2022 final dividend — nil (2022: 2021 final dividend — 23 HK cents) per share	-	497
	65	566

Subsequent to the end of the reporting period, a final cash dividend in respect of the year ended 31 December 2023 of 5 HK cents per ordinary share, in an aggregate amount of RMB108 million, has been proposed by the board of directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

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:

	2023 RMB million	2022 RMB million
Earnings		
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	1,069	827
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,477,189,606	2,586,593,994
Effect of dilutive potential ordinary shares in respect of outstanding share options of the Company	343,922	2,056,943
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,477,533,528	2,588,650,937

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 years ended 31 December 2023 and 2022. The computation of diluted earnings per share for the year ended 31 December 2022 does not assume the conversion of convertible bonds of Skyworth Digital Co., Ltd., an indirect non wholly-owned subsidiary of the Company established in the PRC whose shares are listed on the Shenzhen Stock Exchange, 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.

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

10. TRADE AND OTHER RECEIVABLES

	2023 RMB million	2022 RMB million
Trade and bills receivables (Note (i))	11,467	10,056
Loan receivables	895	778
Purchase deposits paid for materials	1,686	1,302
Deposit placed with a financial institution for potential acquisition of additional interest in a subsidiary	-	1,516
VAT and other tax recoverables	1,576	1,485
Consideration receivables for disposal of a subsidiary	366	366
Other deposits paid and prepayments	761	789
Other receivables	829	729
	17,580	17,021

Notes:

i. Trade and bills receivables

The following set out the details of the Group's trade and bills receivables at amortised cost and at FVTOCI:

	2023 RMB million	2022 RMB million
Trade receivables at amortised cost		
- goods and services	10,073	8,197
- lease receivables	163	143
	10,236	8,340
Less: allowance for credit losses	(753)	(724)
	9,483	7,616
Trade receivables at FVTOCI	215	450
	9,698	7,616
Bills receivables	1,769	1,990
	11,467	10,056

As at 1 January 2022, trade receivables from contracts with customers amounted to RMB8,589 million.

The following is an aged analysis of trade receivables at amortised cost and at FVTOCI before allowance for doubtful debt:

	2023 RMB million	2022 RMB million
Within 30 days	4,608	3,830
31 to 60 days	1,841	1,575
61 to 90 days	1,079	666
91 to 180 days	1,105	1,101
181 to 270 days	338	367
271 to 365 days	185	173
Over 365 days	1,295	1,078
	10,451	8,790

10. TRADE AND OTHER RECEIVABLES - continued

Notes: - continued

i. Trade and bills receivables - continued

As at 31 December 2023, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB2,006 million (2022: RMB2,368 million) which are past due as at the reporting date. Out of the past due balances, RMB880 million (2022: RMB276 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 (2022: two land parcels) pledged for security of certain trade receivables, the Group does not hold any collateral over these balances.

As at 31 December 2023, included in the Group's trade receivables are amounts due from an associate and related parties (as at 31 December 2022: a related party) of RMB202 million (2022: RMB223 million) and RMB10 million (2022: RMB10 million) respectively. The credit period is 45 days. No allowance for credit losses is made for the years ended 31 December 2023 and 2022. The following is an aged analysis presented based on the invoice date at the end of the reporting period:

	2023 RMB million	2022 RMB million
Within 30 days	113	168
31 to 60 days	89	65
61 to 90 days	10	-
	212	233

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:

	2023 RMB million	2022 RMB million
Within 30 days	254	172
31 to 60 days	225	273
61 to 90 days	364	669
91 days or over	926	864
Bills endorsed to suppliers with recourse	-	12
	1,769	1,990

11. TRADE AND OTHER PAYABLES

	2023 RMB million	2022 RMB million
Trade payables (Note (i))	11,531	8,650
Bills payables (Note (ii))	5,423	3,820
Provision for warranty	474	510
Provision for rebates	858	1,269
Contract liabilities	1,544	4,928
Accrued staff costs	1,251	1,102
Accrued selling and distribution expenses	391	291
Deposits received from sub-contractors	2,634	1,513
Payables for purchase of property, plant and equipment	707	362
Rental deposits received	178	161
VAT and other tax payables	572	764
Other deposits received	62	290
Accruals and other payables	1,960	1,977
	27,585	25,637

Notes:

i. Trade payables

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

	2023 RMB million	2022 RMB million
Within 30 days	5,012	4,611
31 to 60 days	2,146	1,437
61 to 90 days	1,247	948
91 days or over	3,126	1,654
	11,531	8,650

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

ii. Bills payables

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

	2023 RMB million	2022 RMB million
Within 30 days	726	661
31 to 60 days	1,041	695
61 to 90 days	1,076	561
91 days or over	2,580	1,903
	5,423	3,820

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

12. PLEDGE OF AND RESTRICTION ON ASSETS

At 31 December 2023, the Group's borrowings were pledged and secured by the following:

	2023 RMB million	2022 RMB million
Right-of-use assets, leasehold land and buildings and construction in progress	4,805	3,129
Investment properties	1,082	1,135
Stock of properties	1,673	328
Trade and bills receivables	213	61
	7,773	4,653

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.

In addition to the above, the shareholding of a subsidiary as at 31 December 2023 was also pledged to a bank for a bank facility provided to the Group.

BUSINESS PERFORMANCE REVIEW
Revenue

For the year ended 31 December 2023 (the "Reporting Year"), the Group's overall revenue amounted to RMB69,031 million, compared with an overall revenue of RMB53,491 million for the year ended 31 December 2022 (the "Previous Year").

China's economy is gradually recovering following the post-epidemic reopening. Nevertheless, with the energy crisis caused by the ongoing Russia-Ukraine War and the interest rate hike cycle sustained throughout the year due to the fluctuating economic data from the Federal Reserve, all of which have brought more uncertainties to the global economy and corporate operations. Also, the global asset prices continued to fluctuate, to a certain extent, restrained the economic rebound in terms of strength and speed. In the face of the ever-changing market, the Group will continue to drive industrial transformation and innovative development in its business strategies while paying close attention to the latest market development. Besides actively optimising organisational structure, enhancing production efficiency and reducing corporate costs, the Group is committed to promoting digital innovation of smart home appliances and using the new energy industry as an engine of green development to achieve the carbon peak and carbon neutrality ("Double Carbon") goal. The Group also attaches great importance to the innovation of self-developed technology and the high-quality development of the industry. Through forward-looking layout, the Group has been led to expand its business horizontally and vertically, making a step-by-step progress and achievement of the global development strategy and digital innovation by adopting diversified and multi-channel strategies.

During the year, Skyworth further expedited the green development of the Double Carbon strategy and facilitated the innovative, healthy and sustainable development of the global ultra-high-definition video industry, as well as created synergy and a win-win situation in various aspects such as technological innovation, quality requirements and users-first philosophy. The Group strived to develop new channels with full speed. The increasing number of the scale of new energy business and installed capacities of additional photovoltaic power stations drove a double-digit growth of the overall revenue of the Group. The Group's overall revenue recorded RMB69,031 million, representing an increase of 29.1% compared to the Previous Year, further optimising the market profile and market share. However, geopolitical tensions, rising capitalisation costs due to increased bank borrowing costs following the interest rate at relatively high level, rising raw material prices in general for home appliances as a result of supply chain disruptions, also, the continuous rapid growth of the photovoltaic business with lower gross profit margin during the year, all of these factors have been squeezing corporate profit margins and diluting gross profit margin. The overall gross profit margin of the Group for the Reporting Year was 14.0%, representing a decrease of 1.3 percentage points as compared to the Previous Year.

For the below analysis, other business tax for the Reporting Year was RMB149 million (the Previous Year: RMB99 million) was not deducted from the revenue by geographical segment and revenue by business sectors.

(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 2023, revenue from the mainland China market amounted to RMB53,826 million, representing an increase of RMB17,163 million or 46.8% compared with RMB36,663 million for the Previous Year.

During the Reporting Year, the Group's smart household appliances business, smart systems technology business and new energy business, each accounted for 37.1% (the Previous Year: 44.0%), 11.2% (the Previous Year: 18.3%) and 43.4% (the Previous Year: 32.6%) of its revenue from the mainland China market, while the modern services business and others attributed the remaining 8.3% (the Previous Year: 5.1%).

Overseas Markets

For the year ended 31 December 2023, revenue from overseas markets amounted to RMB15,354 million, equivalent to 22.2% of the Group's overall revenue, representing a decrease of RMB1,573 million or 9.3% compared with RMB16,927 million recorded in the Previous Year. This was mainly due to the cumulative and lagged effects of interest rate hikes putting pressure on foreign economy, intensified inflationary pressure resulting from escalating geopolitical conflicts, as well as dampened global consumer sentiment, which led to sluggish consumer demand. The Group continued to optimise its sales channels in overseas markets, diversify its distribution and explore new retail channels, mitigating the negative impact of slowing consumer demand amid the headwinds.

Geographical Distribution of Revenue in Overseas Markets

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

	Year ended 31 December	
	2023	2022
	(%)	(%)
Asia	**57**	67
Europe	**17**	12
Americas	**14**	11
Africa	**11**	9
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

In response to the needs of corporate development and the enhancement of management efficiency, the Group announced its four major business sectors following integration and optimisation including: 1. Smart Household Appliances Business, 2. Smart Systems Technology Business, 3. New Energy Business and 4. Modern Services Business, mainly for the merge of the original "Multimedia Business" and "Smart Appliances Business" segment into the "Smart Household Appliances Business" segment, enabling various business units in the smart household appliances industry to integrate resources and exert synergies.

1. Smart Household Appliances Business

The Group's smart household appliances business primarily covers, among others, smart TV systems, smart white appliances, other smart appliances and provision of internet connection services of Coocaa System.

For the year ended 31 December 2023, the Group's smart household appliances business recorded revenue of RMB30,637 million, representing an increase of RMB3,045 million or 11.0% as compared to RMB27,592 million recorded in the Previous Year.

1.1 Smart TV Systems Products (Mainland China Market)

For the year ended 31 December 2023, the Group's smart TV systems products recorded revenue of RMB11,059 million in the Mainland China market, representing an increase of RMB1,136 million or 11.4% as compared to RMB9,923 million recorded in the Previous Year.

In 2023, based on the core concept of “enhancing product value and improving user experience”, the Group consistently upheld three values of “health care, home entertainment and ultimate aesthetics”. Focusing on user’s experience and market demands, the Group strived to make breakthroughs in image quality, sound quality, modules, ultra-thinness, aesthetics, software, sensors and other core technologies and continuous innovation applications. The Group placed emphasis on the development and application of new technologies, including ultra-thin wallpaper design, Smart Mini LED backlight system, ultra-large screen display solutions, multi-channel audio systems, high refresh rate with high colour accuracy and millimetre wave sensing. During the Reporting Year, the Group launched a range of products, including the all-in-one Mini LED TV Series G7D/A5D, the 100-inch Giant Screen TV Series 100Q7D/L100D/100Q53, the voice-controlled TV A3D that supports auto low latency mode (ALLM) with low latency, low blue light and flicker-free technologies, the Musician TV G5D featuring all-in-one soundbar design and Skyworth’s latest acoustic system, the comprehensive ultra-thin Artistic Frame TV W55D, the technology industry-leading OLED gaming monitor G80Q, and the Mini LED professional design monitor D80U Lite.

During the year, the Group launched the ultra-thin Wallpaper TV Series A7D Pro/A7D/Q7D featuring wallpaper form of “ultra-thin flush wall mounting and dynamic artistic screen”. Through module reconstruction design, it achieved a “zero distance” between the body and the wall, seamlessly blending into diverse and changing home scenes with single click and providing the most comfortable and stylish living experience. Teaming up with the legendary audio brand harman/kardon and supporting high refresh rates and Artificial Intelligence Generated Content (AIGC) voice interaction, it delivers excellent audio and visual quality and interactive experiences, winning the favour and widespread praise from consumers. On the other hand, leveraging its keen market insight, the Group took the lead in seizing the opportunity in the ultra-large screen market and launched the 100-inch Giant Screen TV series 100Q7D/L100D/100Q53 in 2023. With a focus on the three series, namely 100-inch Wallpaper, 100-inch Ultra-thin and 100-inch Worldview, across all channels, the Group has successfully established Skyworth’s leadership in the ultra-large screen market.

In addition, during the year, the Group introduced smart hotel and smart office commercial solutions with smart TVs as the control entrance and centre, which may integrate smart display commercial solutions, including TV, LCD splicing, LED direct display and other display devices, facilitating the accelerated application of display and commercial display products. Throughout the process of launching new technologies and products, the core concept was fully embodied.

In respect of channel distribution, the Group has continuously deepened resource integration, implemented integrated management across the entire chain, comprehensively built a multi-category channel matrix and enhanced channel retail capabilities, facilitating the synergistic and rapid development of emerging channels. The e-commerce channel has successfully overcome the challenges of high-end and high-priced products through differentiated product layout and structural transformation in product sales. By further expanding into interest-based e-commerce and content platform e-commerce, Skyworth products have effectively reached consumers, enabling the Group to gain multi-dimensional insights into consumer behaviour while improving resource efficiency and driving sales growth.

1.2 Smart TV Systems Products (Overseas Markets)

For the year ended 31 December 2023, the Group’s smart TV systems products recorded revenue of RMB7,949 million in overseas markets, representing a decrease of RMB205 million or 2.5% as compared to RMB8,154 million recorded in the Previous Year.

In 2023, the global consumer sentiment was subdued due to the turbulent world situation. In the North American region, the Group focused on niche areas and achieved market breakthroughs with feature-rich outdoor TV products. In Europe, coinciding with the 85th anniversary of METZ, the legendary German household appliance brand under the Group, METZ collaborated with Roku to launch minimalist and superior TV products and showcased the full range of TV products at various major exhibitions. In Southeast Asia, the Group promoted the Coocaa brand products through offline and online channels, and facilitated synergistic cooperation between SKYWORTH and Coocaa brands. Additionally, the Group improved the workflow of 2C distribution, payment and after-sales services, successfully achieving channel diversification in sales.

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

For the year ended 31 December 2023, the Group recorded a revenue of RMB7,088 million from the smart appliances business; representing an increase of RMB2,687 million or 61.1% as compared to RMB4,401 million recorded in the Previous Year. Among which, revenue recorded in the mainland China market amounted to RMB5,145 million, representing an increase of RMB2,017 million or 64.5% as compared to RMB3,128 million recorded in the Previous Year. Revenue in overseas markets amounted to RMB1,943 million, representing an increase of RMB670 million or 52.6% as compared to RMB1,273 million recorded in the Previous Year.

During the Reporting Year, the Group continued to put more effort in the research and development of smart products and enhanced its product competitiveness to drive sales growth of the smart appliances business in the domestic market, Europe, the Middle East and Asia Pacific markets. Benefiting from the decline in raw material supply prices and the implementation of differentiation competitive strategies to expand the "proprietary brand + OEM customisation" market, there has been a substantial increase in both the demand for orders and sales a of air conditioners and washing machines for the year as compared to the Previous Year. Furthermore, in recent years, given that the Group strove to expand its online e-commerce business, as well as actively expanding its online sales platform customers, strengthening its channel operations and optimising its traditional offline distributor sales channels, the Group managed to develop stably and record a considerable growth in revenue during the year even when the home appliances market was in difficult conditions in the Previous Year.

1.4 Internet Connection Services of Coocaa System
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 2023, the accumulated smart devices of Coocaa System in the PRC market reached 200 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, smart set-top boxes and solutions, broadband network access systems, intelligent manufacturing, automotive electronic systems and other electronic products.

For the year ended 31 December 2023, revenue recorded for the Group's smart systems technology business amounted to RMB10,413 million, representing a decrease of RMB1,542 million or 12.9% from RMB11,955 million recorded in the Previous Year. In particular, revenue recorded in the mainland China market amounted to RMB6,003 million, representing a decrease of RMB724 million or 10.8% from RMB6,727 million recorded in the Previous Year. Revenue recorded in overseas markets amounted to RMB4,410 million, representing a decrease of RMB818 million or 15.6% from RMB5,228 million recorded in the Previous Year.

In 2023, under the influence of various unfavourable factors in the domestic and international political situation and economic environment, the sales of smart devices in this business segment faced a year-on-year decrease in sales unit prices and insufficient consumer demand. In the face of the obstacles and challenges of insufficient effective demand and deflation, while increasing its market shares, the Group continued to stablise its mature system structure planning and research and development capabilities. Leveraging advantages of the supply chain and industrial competitiveness, the Group implemented industry chain integration, strengthened the management of product sales organisation, enhanced intelligent manufacturing capabilities and implemented systematic control of operational risks, so as to actively explore innovation and proactively respond to market changes.

During the Reporting Year, set-top boxes and network connection equipment won various valued bids from the top three domestic telecommunication operators, resulting in an increase in market shares. The orders from key overseas strategic customers and emerging markets such as Europe, Australia and Latin America were also actively increasing. There has been an upgrade in research and development, technology and product reserves for VR/MR/AR, and the automobile display systems has been adopted by core customers for multiple key projects. In the era of digitisation and intelligence, with the future extensive applications of artificial intelligence (AI) and AIGC large-scale models, the Group will continue to innovate and develop, and is committed to continuously exploring new scenarios and applications for smart homes, smart lives and smart offices and other aspects.

3. New Energy Business

For the year ended 31 December 2023, the Group recorded a revenue of RMB23,396 million from the new energy business, representing an increase of RMB11,452 million or 95.9% as compared with RMB11,944 million recorded in the Previous Year. During the year, more than 233,000 new residential photovoltaic power stations were put into operation and connected to the power grid, with accumulate more than 442,000 residential photovoltaic power stations have been built and under grid-connected operation, showing the high-quality development of new energy business by seizing opportunities and riding on the momentum. Despite the entry of cross-sector competitors, the advantageous leadership was still able to be maintained.

The Chinese government's policy direction on environmental protection and new energy is clear. Under the dual benefits of the Double Carbon goal and the "County-wide promotion" policy, the scale of photovoltaic industry in the PRC continues to expand. Since the fourth quarter of 2022, the prices of major raw materials such as silicon materials, silicon wafers and battery cells have begun to fall due to sufficient production capacity. Along with the improvement of photovoltaic power generation efficiency, the economic feasibility of distributed photovoltaics is also revealed, which is conducive to the rapid growth of the residential distributed photovoltaic market. According to the National Energy Administration, newly installed photovoltaic capacity in the PRC in 2023 hit a record high and reached approximately 216.88 GW, representing a year-on-year increase of approximately 148.1%, of which the newly installed distributed photovoltaic capacity also reached a new high and was over 96 GW. With the rapid development of the solar energy industry and the explosive growth of residential photovoltaics, the Group followed the general trend of the integrated development of modern energy, smart manufacturing and digital technology, and took residential photovoltaics as the starting point to offer a complete solution for a series of aspects such as power station development, design, construction, operation, management and consulting services, so as to achieve a service system of efficient service and quality control. In recent years, as one of the outstanding players in the cross-industry pursuit of excellence in the home appliance field, relying on the brand advantages of having been deeply engaged in the home appliances business for more than 30 years, Skyworth has successfully entered into the new energy field with immense market potential and opened a "second growth curve". In addition to building a development, construction, operation and management platform for full process asset of distributed photovoltaic power stations, the Group upgraded its products according to market orientation and user needs. During the year, the Group has conducted multiple research efforts and continuous exploration. Building upon the foundation of traditional profitable power stations, the Group has specifically developed the high-quality residential building integrated photovoltaic (BIPV) power station product and launched the flagship product, "Xiao Yang Lou" (小陽樓), which combines photovoltaic panels with roof buildings, successfully transforming the photovoltaic power station from a traditional profit-driven model to a function-driven model and ensuring that each component of the photovoltaic power generation system generates value. Furthermore, based on market orientation and user demands, the Group has actively launched a range of residential photovoltaic products, including "Golden House Pro" (金裝房 Pro), " Xiang Yang Yuan" (向陽院), "Zero Carbon Garden" (零碳園), "Yue Yang Ting" (悅陽亭) and "Rainbow House Pro" (彩虹屋 Pro). These products not only cater to the diverse needs of users in different regions and housing types but also increase rooftop utilisation rates, ensuring continuous benefits for users in terms of electricity generation. In order to maintain the quality above industry standards, the Group focused on technological innovation and research and development, and the self-developed "Photovoltaic Power Station Automation Design System" continued to customise and design products with higher degree of accuracy and safety based on users' roof structure. The Group's self-developed smart operation and maintenance system also effectively integrates photovoltaic information with advanced internet technology and digital information technology, which fully realised the real-time digital management of home photovoltaic power stations.

Skyworth Photovoltaics is committed to the layout of comprehensive new energy development, and actively develops into a one-stop solution provider from finance, installation to after-sales. As a pioneer in the industry, it has established an innovative business model of "Photovoltaics + Inclusive development + Digital technology" and created a satisfying photovoltaics products and brands for customers, with an aim to contribute to rural revitalisation and high-quality economic development. In order to seize the opportunities arising from the booming market development, the Group will leverage on its own strength of product technology, continue to develop the residential photovoltaic business, expand the application scenarios of new energy business, and gradually develop businesses such as industrial and commercial photovoltaics and integrated smart energy management on the consumption side. During the Reporting Year, the Group has gradually expanded into research and development and manufacturing of photovoltaic brackets, modules, inverters and energy storage businesses, enhancing the overall strength of Skyworth Photovoltaics.

4. Modern Services Business and Others

Modern services business covers, among others, maintenance and repair for home appliances, macro-logistics services, international trades, construction development, financial lease and property operation for industrial parks.

For the year ended 31 December 2023, the Group recorded a revenue of RMB4,734 million from the modern services business; representing an increase of RMB2,635 million or 125.5% as compared to RMB2,099 million recorded in the Previous Year. Among which, revenue recorded in the Mainland China market amounted to RMB4,471 million, representing an increase of RMB2,595 million or 138.3% as compared to RMB1,876 million recorded in the Previous Year. Revenue from overseas markets during the year amounted to RMB263 million, representing an increase of RMB40 million or 17.9% from RMB223 million recorded in the Previous Year. Despite the obstacles faced by the China's economic recovery during the year, with China's policies shift towards stimulating economic growth and the gradual release of domestic demand such as rigid shopping and experience services, the Group has recorded steady revenue performance in its home appliance maintenance and repair, logistics, and property operation for industrial parks business units as compared to the Previous Year. The completion and delivery of property development projects in Ningbo and Inner Mongolia regions during the Reporting Year have made a significant contribution to the revenue growth of the modern services business during the year.

During the year, the modern services business continued to focus on supply chain management and promote strategic cooperation with major suppliers to provide diversified services to customers. Under this philosophy, the professional teams of various business units under modern services business, including financial services, macro-logistics services, supply chain operation, foreign trades, park-based property management, park construction and development, have made significant contributions to the Group's external business and the supply chain and operation ecology among various business units within the Group. Among them, the home appliance maintenance and repair business bought good after-sales service experience to consumers, and also provided feedback and improvement suggestions from users on the Group's products to various business units. In addition to offering high-quality services and integrating resources in warehouses in various domestic regions, the logistics company also provide support to the rapid growth of the new energy business through its comprehensive supply chain logistics, factory logistics, sales and after-sales logistics.

In terms of capital operation, the Group continued to focus on the financial business platform with the finance company as the main body, supplemented by venture capital funds and small loans, and expanded the financing channels of the Group by leveraging on 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. The venture capital business managed the investment portfolio held by the Group and continued to seek high-quality investment opportunities in projects from upstream and downstream or emerging industries such as semiconductors, new materials, new equipment, supply chain transactions and service platforms.

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, as well as offering a variety of content services, the Group managed to address the trend of decreasing demand from offline physical merchants in recent years, particularly after the pandemic.

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 and promote business transformation and upgrading, with an aim to promote the in-depth integration of hardware, software, systems, content and services, while strengthening the integration of key supporting resources of upstream and downstream along the industry chain and establishing a smart home appliances industry ecosystem, 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

For the year ended 31 December 2023, the overall gross profit margin of the Group was 14.0%, representing a decrease of 1.3 percentage points in comparison to 15.3% recorded in the Previous Year.

During the Reporting Year, with the evident control of the pandemic in the first half of the year, economic activities in various regions steadily returned to normal and the pressure on the global supply chain alleviated. Under the expected recovery in consumption, the demand for inventories from various electronics industries has driven up the cost of raw materials. During the year, given the decrease in the overall shipment volume of upstream suppliers and the increase in demand for large-sized screens in the TV market, the price of TV panels continued its upward trend from the end of 2022 to the end of this year, and rising costs narrowed the gross profit margin. In addition, the new energy business is in a period of rapid growth and its gross profit margin is still lower than that of other business segments of the Group. Its significant year-on-year growth in sales also led to a slight decrease in the overall gross profit margin of the Group. The Group will continue to promote the refined management of operations, adopt various comprehensive measures to improve the gross profit margin of products, reduce the operating costs of enterprises, and ensure the sound operation of its enterprises.

Expenses

For the year ended 31 December 2023, the Group's selling and distribution expenses amounted to RMB3,695 million, representing an increase of RMB256 million or 7.4% as compared to RMB3,439 million for the Previous Year. The selling and distribution expenses to revenue ratio for the year ended 31 December 2023 was 5.4%, which decreased by 1.0 percentage point from 6.4% recorded in the Previous Year.

For the year ended 31 December 2023, the Group's general and administrative expenses amounted to RMB1,921 million, representing an increase of RMB267 million or 16.1% compared with RMB1,654 million for the Previous Year. The general and administrative expenses to revenue ratio for the year ended 31 December 2023 was 2.8%, which decreased by 0.3 percentage points from 3.1% recorded in the Previous Year.

The Group continued to devote appropriate resources during the current year to the research and development of premium smart products, to improve its corporate competitiveness. For the year ended 31 December 2023, the Group's research and development expenses amounted to RMB2,127 million, representing an increase of RMB11 million or 0.5% as compared to RMB2,116 million for the Previous Year. The research and development expenses to revenue ratio for the year ended 31 December 2023 was 3.1%, which dropped by 0.9 percentage points from 4.0% 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 2023, net current assets amounted to RMB11,249 million, representing an increase of RMB350 million or 3.2% as compared to RMB10,899 million as at 31 December 2022. As at 31 December 2023, bank balances and cash amounted to RMB9,114 million, representing an increase of RMB60 million or 0.7% as compared to RMB9,054 million as at 31 December 2022. As at 31 December 2023, pledged and restricted bank deposits amounted to RMB3,461 million, representing an increase of RMB108 million or 3.2% as compared to RMB3,353 million as at 31 December 2022.

The Group secured certain assets against its certain trade facilities and loans granted from various banks. As at 31 December 2023, such secured and restricted assets included bank deposits of RMB3,461 million (as at 31 December 2022: RMB3,353 million), bills receivables of RMB213 million (as at 31 December 2022: trade receivables of RMB3 million and bills receivables of RMB58 million), investment properties of RMB1,082 million (as at 31 December 2022: RMB1,135 million), stock of properties of RMB1,673 million (as at 31 December 2022: RMB328 million) as well as certain prepaid lease payments on land use rights, lands and properties and construction in progress in mainland China and Hong Kong, with an aggregate net book value of RMB4,805 million (as at 31 December 2022: RMB3,129 million).

As at 31 December 2023, total bank loans and overall total interest-bearing liabilities of the Group amounted to RMB15,315 million (as at 31 December 2022: RMB15,257 million). The equity attributable to owners of the Company amounted to RMB18,139 million (as at 31 December 2022: RMB17,867 million). The debt to equity ratio revealed as 67.3% (as at 31 December 2022: 69.7%).

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. Since the U.S. Federal Reserve raised interest rates, the trend of exchange rates of various foreign currencies, especially the US dollars, are still fluctuated and unpredictable. During the Reporting Year, the management of the Group continued to focus on changes in foreign exchange rates and onshore and offshore interest rate, in order to determine the need for foreign exchange hedging. For the year ended 31 December 2023, the Group recorded a net exchange gain generated from general operations of RMB97 million (for the year ended 31 December 2022: RMB13 million).

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

(a) Unlisted equity securities

As at 31 December 2023, the Group held investments in 64 unlisted companies. The total value (at fair value) of these investments (reflecting the changes in fair value and costs) was RMB3,299 million, of which RMB1,031 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 2023, the Group held investments in ten (as at 31 December 2022: eight) listed equity securities, details of which are as follows:

Listed company	Shareholding percentage as of 31 December 2023	Value of investment as of 31 December 2023 (RMB million)	Value of investment as of 31 December 2022 (RMB million)	Exchange on which the securities are listed	Principal business of the listed company
Bank of Gansu Co., Ltd.	0.66%	31.7	93.8	The Stock Exchange of Hong Kong Limited	Financial services
Amlogic (Shanghai) Co., Ltd.	0.08%	20.9	23.5	Shanghai Stock Exchange	Research, design, development and manufacture of chips
Linklogis Inc.	0.36%	11.9	30.4	The Stock Exchange of Hong Kong Limited	Provide supply chain fintech solutions services
Anhui Coreach Technology Co., Ltd.	1.00%	57.4	38.4	Shenzhen Stock Exchange	Research and development, design, production and sales of optoelectronic systems and technical services
Puya Semiconductor (Shanghai) Co., Ltd.	1.81%	133.7	228.1	Shanghai Stock Exchange	Research, design, development and manufacture of chips
Guizhou Zhenhua E-chem Inc	0.33%	29.5	64.7	Shanghai Stock Exchange	Research and development, design, production and sales of lithium-ion battery cathode materials
Shanghai Anlogic Infotech Co., Ltd.	1.86%	274.0	561.0	Shanghai Stock Exchange	Research, design, development and manufacture of chips
United Nova Technology Co., Ltd. (formerly known as Semiconductor Manufacturing Electronics (Shaoxin) Corporation)	0.10%	38.1	-	Shanghai Stock Exchange (listed on 10 May 2023)	Research, design, development and manufacture of chips
Grand Kangxi Communication Technologies (Shanghai) Co., Ltd.	0.42%	31.7	-	Shanghai Stock Exchange (listed on 17 November 2023)	Research, design, development and manufacture of wireless network equipment related chips
Huitongda Network Co., Ltd.	1.61%	249.5	326.8	The Stock Exchange of Hong Kong Limited	Provide a one-stop supply chain trading and service platform

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.

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 RMB1,443 million in construction projects, including the expansion of its production plants in Ningbo, Wuhan, Shenzhen, Guangzhou and Qianhai, and RMB1,097 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 consolidated financial statements of the Group.

HUMAN RESOURCES CAPITAL

As at 31 December 2023, the Group had around 31,200 employees (as at 31 December 2022: 31,400) in the PRC (Hong Kong and Macau inclusive) and overseas, among which more than 90% of Skyworth employees are located in business and production locations in various provinces and cities in China, and the rest are stationed in the Hong Kong head office or overseas branches, including Southeast Asian countries, such as the Philippines, Indonesia, Thailand, Vietnam, Malaysia, as well as European and American markets such as Germany, the Netherlands, France, Italy, the United Kingdom and the United States. 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, provides guidance on position titles, salary norms, 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

Looking back to 2023, despite the gloom of the COVID-19 gradually dissipated, the main industries that have been driving domestic economic development in recent years are showing signs of fatigue. In 2024, the Group looks forward to become a new driving force in China's economy by leveraging its strength in manufacturing and technology, driven by the huge demand for intelligent manufacturing, digital economy and green environmental protection industries in China's economic and social development and the strong support policies of the Chinese government.

We believe that achieving important corporate indicators of improved per capita output by reducing inefficiency and optimising resource allocation, and focusing on the development of new generation products with high gross profit margin and high output value enable the Group to maintain its market leadership and seize more market share of new products, as well as ensure the stable growth of the smart household appliances business as the fundamentals of the Group. The Group will continue to develop products with the technological development concept of "5G + AI + Device", promote the research and development and application of new technologies, new materials and new processes, consistently focus on enhancing core competitiveness of the brand, and accurately understand demand of users. With the research and development of products such as 5G home access system and control system and new generation of smart appliances, it will consolidate its advantages as a smart home system developer and operator. On the other hand, leveraging on its leading position in the smart home appliances industry and digital technology industry in the PRC, the Group will continue to firmly grasp the opportunities arising from the digitisation, smartisation and low-carbonisation of the global economy, and collaborate with hardware and software to meet the needs of multiple scenarios. Based on the three major elements of "connectivity, intelligence and ecology", the Group is committed to building smart home appliances and Double Carbon ecological brands, deploying multi-modal AI products and technologies, vigorously developing smart device carriers for AI and AIGC-related application functions and scenarios, and expanding a full range of smart home content services, achieving the one-stop smart control for home, office and vehicle, providing users with borderless and interactive sharing experience.

In March 2024, the State Council of the PRC issued the "Action Plan for Promoting Large-scale Equipment Upgrade and Trade-in of Consumer Goods"* (《推動大規模設備更新和消費品以舊換新行動方案》). It emphasised that promoting large-scale equipment upgrade and trade-in of consumer goods is an important measure to accelerate the construction of a new development paradigm and promote high-quality development, which will effectively stimulate investment and consumption, benefiting both the present and the future. To facilitate comprehensive green transformation and fully implement the Double Carbon strategy for economic and social development, ten departments including the National Development and Reform Commission of the PRC issued the "Guidance Catalogue for Green and Low-Carbon Transformation Industries (2024 Edition)"* (《綠色低碳轉型產業指導目錄（2024 年版）》), which took into account the new situation, new tasks and new requirements of green development, and specified the sub-categories and specific content of key industries for energy saving and carbon reduction, environmental protection and other green and low-carbon transformation. It provided support for nurturing and strengthening new growth drivers for green development and accelerating the development of green transformation. Boosting domestic consumption and promoting green and low-carbon concepts have become key directions for domestic and mature economies around the world. The substitution of low-carbon industries for high-carbon industries has become an irresistible trend in the era, while the trend of green and healthy consumption upgrading of residents has become more prominent. By adhering to the "eco-smart" ecological intelligence concept and building a brand image of "Green intelligence, low-carbon intelligence and environmental intelligence", Skyworth will create ultimate and differentiated products and user experiences for global consumers.

As a photovoltaic enterprise that actively responds to the Double Carbon goal, the development momentum of Skyworth's new energy business is becoming stronger. In the future, the Group will continue to adhere to technological innovation and long-term sustainability, build a strong brand image with flexible product solutions, high-quality products, excellent quality control system, efficient operation and maintenance services, and implement effective scientific and technological management to build a complete and industry-leading digital management platform, maximising the benefits of photovoltaic power stations and implementing its commitment to the "Photovoltaics + Inclusive development + Digital technology" business model and philosophy. Facing tremendous market opportunities in the global photovoltaic and energy storage sector, the Group is actively advancing the overseas development of the new energy business. The Group will continuously deploy and extend the photovoltaic industry chain and promote diversified green and low-carbon development.

Based in China and facing the world, the Group will give full play to its own advantages and enhance the mutual empowerment among the Group's business units to promote the diversified development of various industries. By generating value for users and markets in different regions through continuous technological and product innovation, the Group will drive a high-quality and sustainable development of the economy and the environment as well as comprehensively enhance brand value and brand competitiveness, paving the way for a better future of higher-quality development.

EVENTS AFTER THE REPORTING PERIOD

Up to the end of the current year and up to the date of this announcement, 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 C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

During the Reporting year and up to the date of this announcement, the Company has complied with the code provisions as set out in the CG Code, save and except for the code provision C.1.6 of the CG Code.

Pursuant to code provision C.1.6 of the CG Code, the independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of the shareholders of the Company. Mr. Li Weibin, an Independent Non-executive Director, was unable to attend the special general meeting and annual general meeting of the Company held on 5 May 2023 and 24 May 2023, respectively, due to other prior business engagements.

AUDIT COMMITTEE

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

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

AUDIT COMMITTEE REVIEW

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

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, consolidated statement of cash flows and the related notes thereto for the year ended 31 December 2023 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 26 March 2024. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

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

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

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

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 182,398,000 Shares of the Company on the Stock Exchange at an aggregate consideration of approximately HK$752.42 million (excluding expenses). 179,548,000 Shares were cancelled as of 29 December 2023 and 2,850,000 Shares were cancelled as of 12 January 2024. As at 31 December 2023, the total number of Shares in issue was 2,405,653,420.

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

CONDITIONAL CASH OFFER TO BUY-BACK UP TO 100,000,000 SHARES AT HK$5 PER SHARE

On 23 December 2022, the Company published an announcement in relation to (i) an offer made by CLSA Limited on behalf of the Company to buyback for cancellation, subject to the conditions, up to a maximum of 100,000,000 Shares, representing approximately 3.87% of the issued Shares as at the date of such announcement, at the price of HK$3.8 per Share (the "Offer"); and (ii) a conditional very substantial acquisition for the Company (the "PRC MGO"). On 28 March 2023, the Company published an announcement regarding the increase of offer price of the Offer, of which the offer price increased from HK$3.8 to HK$5.0 per Share. The Offer was made in full compliance with the Share Buybacks Code. The consideration for the Offer, being a total of HK$500 million, was paid in cash and will be funded by internal resources of the Group. The Offer, the application of whitewash waiver and the PRC MGO were approved by the Shareholders at the special general meeting of the Company held on 5 May 2023. The completion of the Offer and cancellation of the 100,000,000 Shares bought-back by the Company took place on Wednesday, 31 May 2023. For more information, please refer to the announcements of the Company dated 23 December 2022, 12 January 2023, 12 February 2023, 12 March 2023, 28 March 2023, 14 April 2023, 5 May 2023, 10 May 2023, 19 May 2023 and 31 May 2023 and the circular of the Company dated 14 April 2023.

FINAL DIVIDEND

The Board has proposed a final dividend for the Reporting Year of 5 HK cents (in cash) per share of the Company (2022: Nil), totalling approximately RMB108 million (2022: Nil), as at the date of this announcement to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on Monday, 3 June 2024, and the retention of the remaining profit for the Reporting Year in reserves.

CLOSURE OF THE REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The register of members of the Company will be closed from Tuesday, 21 May 2024 to Friday, 24 May 2024 (both days inclusive), during which no transfer of shares will be registered. In order to qualify for attendance at the 2023 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 Monday, 20 May 2024.

CLOSURE OF THE REGISTER OF MEMBERS FOR FINAL DIVIDEND

The register of members of the Company will be closed from Thursday, 30 May 2024 to Monday, 3 June 2024 (both days inclusive), during which no transfer of shares will be registered. In order to qualify for the final dividend payable on or around Thursday, 13 June 2024, 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 no later than 4:30 p.m. on Wednesday, 29 May 2024.

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 2023 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, 26 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*