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 2024

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, 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		
	2024	2023	
	RMB million	RMB million	Change
Revenue	**65,013**	69,031	-5.8%
Gross profit	**8,808**	9,402	-6.3%
Profit for the year	**1,160**	1,766	-34.3%
Profit for the year attributable to owners of the Company	**568**	1,069	-46.9%
Full year dividend per share (HK cents)			
— **Paid interim dividend per share**	**-**	3	N/A
— **Proposed final dividend per share**	**-**	5	N/A

The Board does not recommend the distribution of a final dividend for the year ended 31 December 2024.

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 2024 (the "Reporting Year") together with the comparative figures for the year ended 31 December 2023 (the "Previous Year").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

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

	NOTES	2024	2023
Revenue			
Sales of goods		64,388	68,376
Leases		513	516
Interest under effective interest method		112	139
Total revenue	3	65,013	69,031
Cost of sales		(56,205)	(59,629)
Gross profit		8,808	9,402
Other income		1,235	1,009
Other gains and losses	5	(160)	(64)
Selling and distribution expenses		(3,749)	(3,452)
General and administrative expenses		(1,807)	(1,921)
Research and development expenses		(2,086)	(2,127)
Finance costs		(480)	(522)
Share of results of associates and joint ventures		(23)	(2)
Profit before taxation		1,738	2,323
Income tax expense	6	(578)	(557)
Profit for the year	7	1,160	1,766
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		(4)	6
Fair value gain on trade receivables at fair value through other comprehensive income (“FVTOCI”)		-	6
Cumulative loss reclassified to profit or loss upon disposal of trade receivables at FVTOCI		-	(3)
		(4)	9
Items that will not be reclassified to profit or loss:			
Fair value gain (loss) on investments in equity instruments at FVTOCI		183	(81)
Income tax relating to item that will not be reclassified subsequently		(44)	(11)
		139	(92)
Other comprehensive income (expense) for the year		135	(83)
Total comprehensive income for the year		1,295	1,683

	NOTE	2024	2023
Profit for the year attributable to:			
Owners of the Company		568	1,069
Non-controlling interests		592	697
		1,160	1,766
Total comprehensive income for the year attributable to:			
Owners of the Company		701	983
Non-controlling interests		594	700
		1,295	1,683
Earnings per share (expressed in Renminbi cents)			
Basic	9	24.59	43.15
Diluted	9	24.59	43.15

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

Amounts expressed in millions of Renminbi

	NOTE	2024	2023
Non-current Assets			
Property, plant and equipment		9,989	9,576
Right-of-use assets		2,836	2,728
Deposits paid for purchase of property, plant and equipment		329	420
Investment properties		1,464	1,517
Goodwill		430	473
Other intangible assets		124	104
Interests in associates and joint ventures		457	466
Other financial assets		2,508	3,616
Trade and other receivables	10	1,094	565
Deferred tax assets		1,055	1,019
		20,286	20,484
Current Assets			
Inventories and other contract costs		12,444	10,205
Stock of properties		5,699	6,033
Other financial assets		1,113	712
Trade and other receivables	10	18,494	17,015
Prepaid tax		187	137
Pledged and restricted bank deposits		3,437	3,461
Cash and cash equivalents		8,348	9,114
		49,722	46,677

	NOTE	2024	2023
Current Liabilities			
Trade and other payables	11	27,237	26,566
Other financial liabilities		286	214
Lease liabilities		41	74
Deferred income		132	91
Tax liabilities		251	265
Bank borrowings		9,387	8,218
		37,334	35,428
Net Current Assets		12,388	11,249
Total Assets less Current Liabilities		32,674	31,733
Non-current Liabilities			
Trade and other payables	11	1,727	1,019
Other financial liabilities		67	57
Lease liabilities		58	70
Deferred income		534	395
Bank borrowings		6,918	7,097
Deferred tax liabilities		232	338
		9,536	8,976
NET ASSETS		23,138	22,757
Capital and Reserves			
Share capital		235	250
Reserves		18,003	17,889
Equity attributable to owners of the Company		18,238	18,139
Non-controlling interests		4,900	4,618
		23,138	22,757

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024
Amounts expressed in millions of Renminbi

	2024	2023
OPERATING ACTIVITIES		
Profit before taxation	1,738	2,323
Adjustments for:		
Depreciation of right-of-use assets	62	62
Depreciation of property, plant and equipment	513	472
Depreciation of investment properties	57	69
Finance costs	480	522
Government grants related to assets recognised	(65)	(62)
Impairment loss recognised in respect of financial assets	74	48
Interest income	(58)	(10)
Dividend from equity instruments	(249)	(70)
(Gain) loss from changes in fair value of financial assets at fair value through profit or loss (“FVTPL”)	(58)	76
Provision	174	186
Share-based payment expenses	71	98
Share of results of associates and joint ventures	23	2
Write-down of inventories	635	75
Others	52	(87)
Operating cash flows before movements in working capital	3,449	3,704
Increase in inventories and other contract costs	(2,192)	(849)
(Increase) decrease in stock of properties	(119)	866
Increase in trade and bills receivables	(2,311)	(1,619)
(Increase) decrease in trade receivables at FVTOCI	(495)	241
Increase in other receivables, deposits and prepayments	(332)	(699)
Increase in trade and bills payables	858	4,468
Increase in other payables	70	161
Increase (decrease) in contract liabilities	305	(3,390)
Increase in deferred income	128	66
Decrease (increase) in pledged and restricted bank deposits	732	(115)
Cash generated from operations	93	2,834
Interest received	186	260
Hong Kong income tax paid	(7)	(11)
Overseas income tax paid	(38)	(31)
PRC income tax paid	(681)	(564)
Land appreciation tax paid	(59)	(12)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(506)	2,476

	2024	2023
INVESTING ACTIVITIES		
Interest received	143	9
Acquisition of right-of-use assets	(137)	(45)
Payment for property, plant and equipment	(1,230)	(1,771)
Proceeds on disposal of property, plant and equipment	122	38
Investment in associates and a joint venture	(32)	(192)
Investments in financial assets at FVTPL	(1,189)	(593)
Proceeds on disposal of financial assets and dividend income	2,473	476
Investments in financial assets at FVTOCI	(110)	(30)
Loan advanced	(158)	(119)
Repayments of loan receivables	47	10
Withdrawal of other deposits	-	1,516
Placement of bank deposits with original maturity of three months or more	(1,027)	(278)
Withdrawal of bank deposits with original maturity of three months or more	483	770
Proceeds on disposal of a subsidiary	347	-
Other investing cash flows	285	(143)
NET CASH FROM (USED IN) INVESTING ACTIVITIES	17	(352)
FINANCING ACTIVITIES		
Dividends paid	(431)	(296)
Interest paid	(473)	(527)
Repurchase of own shares by the Company	(467)	(699)
Purchase of shares for unvested shares under the share award scheme of the Company	(19)	-
New bank borrowings raised	15,998	14,501
Repayments of bank borrowings	(14,284)	(14,609)
Payments of lease liabilities	(45)	(45)
Placement of pledged bank deposits	(1,297)	(665)
Withdrawal of pledged bank deposits	588	227
Other financing cash flows	167	(100)
NET CASH USED IN FINANCING ACTIVITIES	(263)	(2,213)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(752)	(89)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	9,114	9,054
Effect of foreign exchange rate changes	(14)	149
TOTAL CASH AND CASH EQUIVALENTS AT END OF THE YEAR, represented by bank balances and cash	8,348	9,114

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, 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 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

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 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[3]
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 Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11[3]
Amendments to HKAS 21	Lack of Exchangeability[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]

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 2025.
3 Effective for annual periods beginning on or after 1 January 2026.
4 Effective for annual periods beginning on or after 1 January 2027.

Except for the new 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.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 Presentation and Disclosure in Financial Statements ("HKFRS 18"), which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements ("HKAS 1"). This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and HKFRS 7 Financial Instruments: Disclosures are also applicable.

Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

3. REVENUE

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

For the year ended 31 December 2024

	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					
Contracts with customers (Note (i))	33,469	8,484	20,334	2,263	64,550
Leases	-	27	-	486	513
Interest under effective interest method (Note (ii))	-	-	-	112	112
Subtotal	33,469	8,511	20,334	2,861	65,175
Less: other business tax	(62)	(16)	(64)	(20)	(162)
Segment revenue	33,407	8,495	20,270	2,841	65,013
Timing of revenue recognition for contract with customers					
A point in time	32,299	8,140	19,821	1,482	61,742
Over time	1,170	344	513	781	2,808
Total	33,469	8,484	20,334	2,263	64,550

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					
Contracts with customers (Note (i))	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

Notes:

(i) Manufacture and sales of goods mainly include manufacture and sales of smart TV, 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 and provision and sales of internet value-added services of Coocaa system.

(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.

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, 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 2024

	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	33,407	8,495	20,270	62,172	2,841	-	65,013
Inter-segment revenue	259	154	4	417	672	(1,089)	-
Total segment revenue	33,666	8,649	20,274	62,589	3,513	(1,089)	65,013
Results							
Segment results	995	170	1,113	2,278	305	-	2,583
Interest income							187
Other gains and losses							(160)
Unallocated corporate income/expenses							(369)
Finance costs							(480)
Share of results of associates and joint ventures							(23)
Consolidated profit before taxation of the Group							1,738

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

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))	
	2024	2023	2024	2023
	RMB million	RMB million	RMB million	RMB million
Mainland China	49,251	53,677	15,403	15,070
Asia (other than the Mainland China) (Note (ii))	8,058	8,770	175	183
Europe	3,320	2,657	39	23
Americas	2,365	2,073	1	1
Africa	1,754	1,691	37	41
Other regions	265	163	-	-
	65,013	69,031	15,655	15,318

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 2024, one (2023: one) customer has accounted for over 10% of the Group's total revenue amounting to RMB9,627 million (2023: RMB20,796 million).

5. OTHER GAINS AND LOSSES

	2024 RMB million	2023 RMB million
Included in (loss) gains are:		
Gain (loss) from changes in fair value of financial assets at FVTPL	58	(76)
Gain (loss) from changes in fair value of other derivative financial instruments	8	(127)
Impairment loss (recognised) reversed, net, in respect of		
– trade receivables	(25)	(53)
– loan receivables	(38)	2
– other financial assets	(11)	3

6. INCOME TAX EXPENSE

	2024 RMB million	2023 RMB million
Tax charge (credit):		
PRC Enterprise Income Tax (“EIT”)	654	568
PRC Land Appreciation Tax (“LAT”)	70	97
PRC withholding tax	15	31
Hong Kong Profits Tax	2	3
Taxation arising in other jurisdictions	24	28
Deferred taxation	(187)	(170)
	578	557

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% (2023: 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.

The governments of certain jurisdictions where the group entities are incorporated enacted the Pillar Two income taxes legislation effective from 1 January 2024. However, as the Group's estimated effective tax rates of all the jurisdictions in which the Group operates are higher than 15%, after taking into account the adjustments under the Pillar Two Rules based on management's best estimate, the management of the Group considered the Group is not liable to top-up tax under the Pillar Two Rules.

7. PROFIT FOR THE YEAR

	2024 RMB million	2023 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 RMB202 million (2023: RMB61 million)	54,921	57,257
Cost of stock of properties recognised as an expense including write-down of stock of properties of RMB433 million (2023: RMB14 million)	1,105	2,196
Depreciation of right-of-use assets	138	136
Less: capitalised as cost of inventories	(26)	(22)
capitalised as cost of construction in progress	(50)	(52)
	62	62
Depreciation of investment properties	57	69
Depreciation of property, plant and equipment	783	768
Less: capitalised as cost of inventories	(270)	(296)
	513	472

7. PROFIT FOR THE YEAR - continued

	2024 RMB million	2023 RMB million
Amortisation of intangible assets	2	-
Staff costs:		
- Directors' and chief executive's emoluments	75	131
- Related staff costs for research and development activities	1,237	1,253
- Other staffs salaries, bonus, retirement benefits and others	4,102	3,912
	5,414	5,296
Less: capitalised as		
- Cost of inventories	(1,397)	(1,356)
- Stock of properties	(16)	(16)
- Property, plant and equipment	(21)	(20)
	3,980	3,904

8. DIVIDEND

	2024 RMB million	2023 RMB million
Dividend recognised as distribution during the year:		
2024 interim dividend — nil (2023: 3 HK cents) per share	-	65
2023 final dividend — 5 HK cents (2023: 2022 final dividend — nil) per share	111	-
	111	65

The Board has determined not to declare final dividend for the year ended 31 December 2024 (2023: final dividend of 5 HK cents, totalling approximately RMB111 million).

No interim dividend was paid or proposed during the year ended 31 December 2024.

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:

	2024 RMB million	2023 RMB million
Earnings		
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	568	1,069
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,309,586,352	2,477,189,606
Effect of dilutive potential ordinary shares in respect of outstanding share options of the Company	-	343,922
Weighted average number of ordinary shares for the purpose of diluted earnings per share	2,309,586,352	2,477,533,528

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 2024 and 2023.

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

10. TRADE AND OTHER RECEIVABLES

	2024 RMB million	2023 RMB million
Trade and bills receivables (Note (i))	13,334	11,467
Loan receivables	933	895
Purchase deposits paid for materials	1,603	1,686
VAT and other tax recoverables	1,805	1,576
Consideration receivables for disposal of a subsidiary	-	366
Other deposits paid and prepayments	892	761
Other receivables	1,021	829
	19,588	17,580

Note:

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:

	2024 RMB million	2023 RMB million
Trade receivables at amortised cost		
- goods and services	10,821	10,073
- lease receivables	162	163
	10,983	10,236
Less: allowance for credit losses	(702)	(753)
	10,281	9,483
Trade receivables at FVTOCI	710	215
	10,991	9,698
Bills receivables	2,343	1,769
	13,334	11,467

As at 1 January 2023, trade receivables from contracts with customers amounted to RMB7,616 million.

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

	2024 RMB million	2023 RMB million
Within 30 days	5,411	4,608
31 to 60 days	2,246	1,841
61 to 90 days	1,135	1,079
91 to 180 days	1,066	1,105
181 to 270 days	201	338
271 to 365 days	279	185
Over 365 days	1,355	1,295
	11,693	10,451

10. TRADE AND OTHER RECEIVABLES - continued

Note: - continued

i. Trade and bills receivables - continued

As at 31 December 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB1,944 million (2023: RMB2,006 million) which are past due as at the reporting date. Out of the past due balances, RMB968 million (2023: RMB880 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 (2023: two land parcels) pledged for security of certain trade receivables, the Group does not hold any collateral over these balances.

As at 31 December 2024, included in the Group's trade receivables are amounts due from an associate and related parties (as at 31 December 2023: an associate and related parties) of RMB416 million (2023: RMB202 million) and RMB6 million (2023: RMB10 million) respectively. The credit period is 45 days. No allowance for credit losses is made for the years ended 31 December 2024 and 2023. The following is an aged analysis presented based on the invoice date at the end of the reporting period:

	2024 RMB million	2023 RMB million
Within 30 days	163	113
31 to 60 days	253	89
61 to 90 days	6	10
	422	212

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:

	2024 RMB million	2023 RMB million
Within 30 days	268	254
31 to 60 days	239	225
61 to 90 days	754	364
91 days or over	1,082	926
	2,343	1,769

11. TRADE AND OTHER PAYABLES

	2024 RMB million	2023 RMB million
Trade payables (Note (i))	12,883	11,531
Bills payables (Note (ii))	4,472	5,423
Provision for warranty	540	474
Provision for rebates	761	858
Contract liabilities	1,852	1,544
Accrued staff costs	1,335	1,251
Accrued selling and distribution expenses	397	391
Deposits received from sub-contractors	2,639	2,634
Payables for purchase of property, plant and equipment	606	707
Rental deposits received	172	178
VAT and other tax payables	638	572
Other deposits received	92	62
Accruals and other payables	2,577	1,960
	28,964	27,585

Notes:

i. Trade payables

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

	2024 RMB million	2023 RMB million
Within 30 days	7,014	5,012
31 to 60 days	2,128	2,146
61 to 90 days	1,230	1,247
91 days or over	2,511	3,126
	12,883	11,531

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:

	2024 RMB million	2023 RMB million
Within 30 days	995	726
31 to 60 days	960	1,041
61 to 90 days	499	1,076
91 days or over	2,018	2,580
	4,472	5,423

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

12. PLEDGE OF AND RESTRICTION ON ASSETS

At 31 December 2024, the Group's borrowings were pledged and secured by the following:

	2024 RMB million	2023 RMB million
Right-of-use assets, leasehold land and buildings and construction in progress	3,883	4,805
Investment properties	1,291	1,082
Stock of properties	1,342	1,673
Trade and bills receivables	149	213
	6,665	7,773

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, there is no such event as at 31 December 2024.

BUSINESS PERFORMANCE REVIEW
Revenue

For the year ended 31 December 2024 (the "Reporting Year"), the Group's overall revenue amounted to RMB65,013 million, compared with an overall revenue of RMB69,031 million for the year ended 31 December 2023 (the "Previous Year").

The global economic recovery is progressing steadily, albeit unevenly. Persistent geopolitical conflicts, escalating tensions, international trade frictions and other risk factors have impacted global trade and investment decisions, increasing overall uncertainty in the business environment. However, with the Federal Reserve initiating interest rate cuts in the second half of 2024 and the European Central Bank further reducing rates, monetary policy is expected to shift toward easing, bolstering hopes for a global economic recovery. Amid an unclear global political and macro-economic landscape, the Group remained committed to driving industrial transformation and innovative development strategies. We closely monitored the latest market trends and leveraged opportunities brought by digitisation, intelligence, and low-carbon transformation to strengthen the research and development of our proprietary technology, as well as the commercialisation of innovations based on our solid technical foundation. This continues to inject new momentum into the high-quality development of our industry. The Group has accurately anticipated forward-looking trends and actively responded to the goal of achieving carbon peak and carbon neutrality (the "Double Carbon") targets. The Group has expanded from the television sector into smart household appliances and smart devices, and successfully ventured into the new energy sector. This has allowed us to carve out a distinctive path "From Smart Appliances to Double Carbon Ecology".

During the Reporting Year, constrained by slower-than-expected economic recovery and challenges such as weak consumer confidence, the Group faced significant operational pressures. The Group's total revenue amounted to RMB65,013 million, representing a year-on-year decrease of 5.8% compared to the Previous Year. Additionally, the construction and development business under the Group's modern services business sector was impacted by the prolonged downturn in China's real estate market, leading to impairment provisions, and the decline in value of the inventories in the Group's other business segments also compressed the Group's profit margins and diluted its gross profit. As a result, the Group's profit for the year amounted to RMB1,160 million, a year-on-year decline of 34.3%, while the overall gross profit margin decreased by 0.1 percentage points year-on-year to 13.5%. Despite these challenges, the Group proactively adapted its operational strategies in response to market conditions. This included optimising resource allocation and accelerating inventory structure adjustments to navigate the highly competitive environment, as well as building a robust brand competitiveness with high-quality product quality, to improve the Group's operational efficiency and financial performance.

For the below analysis, other business tax for the Reporting Year was RMB162 million (the Previous Year: RMB149 million) was not deducted from the revenue by geographical segment and revenue by business sectors. Selling and distribution expenses of RMB243 million for the year ended 31 December 2023 has been reclassified to cost of sales to conform to the current year's presentation. The directors of the Company consider that such presentation would better reflect the financial performance and position of the Group.

(a) Business Review by Geographical Segment

The Group's operations have been expanded worldwide, including the mainland China and other regions in Asia, Europe and Americas, and Africa, with the mainland China market being the primary market.

Mainland China Market

For the year ended 31 December 2024, revenue from the mainland China market amounted to RMB49,413 million, representing a decrease of RMB4,413 million or 8.2% compared with RMB53,826 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 43.7% (the Previous Year: 37.1%), 10.0% (the

Previous Year: 11.2%) and 41.1% (the Previous Year: 43.4%) of its revenue from the mainland China market, while the modern services business and others attributed the remaining 5.2% (the Previous Year: 8.3%).

Overseas Markets

For the year ended 31 December 2024, revenue from overseas markets amounted to RMB15,762 million, equivalent to 24.2% of the Group's overall revenue, representing an increase of RMB408 million or 2.7% compared with RMB15,354 million recorded in the Previous Year. This was mainly due to the controlled inflation in major global economies and the favourable impact of interest rate cuts, which stimulated a rebound in consumer demand and boosted export market growth. The Group introduced high-end differentiated products, collaborated with various brands, and continued to optimise its multi-channel sales strategy in overseas markets while exploring new retail channels in a bid to enhance the Group's market share and strengthen its brand premium capabilities.

Geographical Distribution of Revenue in Overseas Markets

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

	Year ended 31 December	
	2024	2023
	(%)	(%)
Asia	**51**	57
Europe	**21**	17
Americas	**15**	14
Africa	**11**	11
Oceania	**2**	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, enabling various business units to integrate resources and exert synergies.

1. Smart Household Appliances Business

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

For the year ended 31 December 2024, the Group's smart household appliances business recorded revenue of RMB33,469 million, representing an increase of RMB2,832 million or 9.2% as compared to RMB30,637 million recorded in the Previous Year.

1.1 Smart TV Products (Mainland China Market)

For the year ended 31 December 2024, the Group's smart TV products recorded revenue of RMB12,729 million in the Mainland China market, representing an increase of RMB1,670 million or 15.1% as compared to RMB11,059 million recorded in the Previous Year.

In 2024, the Group remained steadfast in its core concept of “enhancing product value and improving user experience”, adhering to the three key value pillars of “health care, home entertainment and ultimate aesthetics”. Centered on delivering tangible user experiences and addressing market demands, the Group focused on advancing core technologies such as picture quality, sound quality, modules, ultra-thin design, aesthetics, software and sensors. These innovations were successfully integrated into a range of cutting-edge products, effectively meeting the diverse needs of various consumer segments.

In 2024, the Group continued to invest in research and development, focusing on the development and application of technologies such as wallpaper design solutions, Mini LED backlight control systems, soundbar acoustic systems, 3D sound field enhancement algorithms, scene-aware computational picture quality algorithms, artificial intelligence (AI) picture quality chips, audio-visual tracking algorithms, red-light eye protection, and AI-related technologies. In the high-end TV sector, the Wallpaper TV Series achieved groundbreaking progress, securing leading sales positions across both online and offline channels. The launch of the Q9E and Q8E models not only set new trends in exterior design but also delivered comprehensive upgrades in key areas such as picture quality, sound performance and eye protection function, further solidifying Skyworth’s leading position in the art TV category. The Q9E, as the flagship modular Wallpaper TV of the year, drew design inspiration from the guqin, a representative instrument of traditional Chinese musical culture. Its elegant “string” design, combined with the powerful Harman Kardon 4.2.2 ultra-high-power cinema sound system and AI smart features, offers users a top-tier audio-visual experience infused with Eastern charm. The Q8E, on the other hand, features the seamless wall-mounted design of Skyworth’s Wallpaper TV Series, resulting in an ultra-slim screen. With its youthful, modern minimalist design and a cinema-grade 4.2-channel high-power sound system, it exemplifies the perfect fusion of fashion and technology. Additionally, during the year, the Group introduced the industry’s first elderly-friendly TV N6E, the Red-light Eye Protection TV Series A7E and A7E Pro, and the A5D Pro Series, a benchmark product integrating a soundbar with premium picture quality. The Group also expanded its display and commercial display product lines, including the “Monkey Legend” Gaming Monitor Series, high-end OLED monitors and ultra-high refresh rate gaming displays, all of which have been well-received by the market.

Supported by national subsidy policies, Skyworth TVs have demonstrated exceptional performance in the large-screen segment, achieving breakthrough growth in overall sales. The 100-inch Wallpaper, 100-inch Ultra-Thin, and 100-inch Worldview Series were heavily promoted across all channels, delivering strong retail market performance. Notably, Skyworth’s 100-inch LCD TVs secured the top position in full-channel sales in the Chinese TV market in 2024.

On the other hand, during the year, the Group actively utilised digital tools to enhance operational efficiency and improve customer service levels. Data analytics were applied to market decision-making, refining product strategies and marketing campaigns. In terms of channel strategy, the Group aggressively expanded both online and offline sales channels. Online channels leveraged unique live-streaming scenarios to drive traffic growth, while offline channels strengthened omnichannel operations and expanded new sales networks. The marketing strategy focused on communicating product features and user experiences and utilising online platforms for brand promotion.

The Group achieved breakthroughs in product innovation, marketing, channel expansion and digital transformation, demonstrating its leading position and innovative capabilities in the digitalisation areas. Continued investment in technological research and development, along with strategic market adjustments, will ensure the Group maintains its competitive edge in the future, delivering more high-quality products and services to consumers.

1.2 Smart TV Products (Overseas Markets)

For the year ended 31 December 2024, the Group’s smart TV products recorded revenue of RMB8,115 million in overseas markets, representing an increase of RMB166 million or 2.1% as compared to RMB7,949 million recorded in the Previous Year.

In 2024, significant downward pressure on the global economy, geopolitical conflicts and weak consumer demand continued to impact global markets. The Group successfully optimised its product portfolio and increased the proportion of high-end products by adhering to its strategy of "premiumisation, differentiation, and globalisation", as well as the synergistic multi-category strategy and the application of new retail models. The sales revenue remained stable amid volume pressures and the brand influence was further enhanced.

In overseas markets, the Group launched the Lifestyle series products P2E and P6E, as well as the Magic Sound series products G7E Pro and G6E Pro. The Portable TV P2E, designed for easy transport, is ideal for outdoor scenarios such as camping and hiking. The Art TV P6E features an aesthetic mural design, adding an artistic touch to home spaces. The Musician TVs G7E Pro and G6E Pro, equipped with built-in soundbar technology, deliver immersive surround sound and concert hall-level audio quality, offering users a revolutionary viewing experience.

In the North American market, the Group has deepened its focus on outdoor TVs and the home decoration sector, launching high-end differentiated products that have increased the proportion of premium offerings. In the European market, the Group continued to strengthen its partnership with Roku while expanding collaboration with supermarket channels through the Coocaa brand to enhance market share. In Southeast Asia, the Group has successfully established a multi-tiered strategy in Malaysia, covering the full range of TVs, refrigerators, washing machines and air conditioners. In Indonesia, leveraging Coocaa's strengths in both traditional and emerging e-commerce platforms, the Group has boosted brand premium and user loyalty. In Vietnam, through the synergistic collaboration of the SKYWORTH and Coocaa brands, the Group has actively expanded both offline and online new retail channels, further refining the customer service experience on the Coocaa official website.

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, personal care appliances and tablet computers.

For the year ended 31 December 2024, the Group recorded a revenue of RMB8,886 million from the smart appliances business; representing an increase of RMB1,798 million or 25.4% as compared to RMB7,088 million recorded in the Previous Year. Among which, revenue recorded in the mainland China market amounted to RMB6,138 million, representing an increase of RMB993 million or 19.3% as compared to RMB5,145 million recorded in the Previous Year. Revenue in overseas markets amounted to RMB2,748 million, representing an increase of RMB805 million or 41.4% as compared to RMB1,943 million recorded in the Previous Year. The increase in revenue was primarily attributable to the growth in domestic and overseas order demand for air conditioners and washing machines during the year.

During the year, the Group continued to intensify its research and development efforts in smart products and enhance product competitiveness. It successively launched a range of new products, including ultra-thin zero-embedded refrigerators, dual-drive split cabin washing machines, mini washing machines, large-capacity pulsator washing machines, and portable mobile air conditioners, which have been well-received by consumers. The sales performance of core products such as drum washing machines and air conditioners in the Reporting Year was robust, particularly the research and development and design of drum washing machines, which are at the forefront of the industry, driving simultaneous growth in the sales of smart appliance business in both domestic and international markets. Additionally, as a representative of the Group's newly expanded premium personal care category, Skyworth shavers have achieved remarkable sales performance due to their exceptional product strength and favourable price-to-quality ratio. They have reached a larger scale of young users and enhanced more consumers' trust and recognition of the Skyworth brand.

In addition to providing customers with more high-quality and cost-effective products, the Group is committed to expanding its online e-commerce business. It actively developed online sales platform clients, enhanced product quality, and strengthened its own brand image, thereby achieving sustained growth in the revenue of its smart appliance business.

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) has steadily developed in the internet value-added services market by leveraging the reliable and secure connectivity services, and mature and stable technology of the Coocaa system. Building on advanced AI recommendation algorithms and artificial intelligence generated content (AIGC) technology, as well as a robust automated intelligent operation platform, Coocaa Technology has been dedicated to deepening the research and development and application of AI technologies during the Reporting Year. Through the application of smart poster generation and smart short video edit technologies, Coocaa Technology has significantly enhanced users’ audio-visual viewing experience. Based on the large model AI technology, Coocaa Technology has also improved the functional experience of TVs in areas such as voice dialogue, child’s education and content retrieval. The Group’s industrial deployment strategyof “hardware + content internet services” has garnered favour from internet-based enterprises: Beijing iQIYI Science & Technology Co., Ltd.* (北京愛奇藝科技有限公司), an affiliate of Tencent Holdings Limited and an affiliate of Baidu Holdings Limited* (百度控股有限公司) 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 equipment, XR/AI glasses, integration systems for automotive display, industrial control display module and Internet of Things businesses, and other electronic products.

For the year ended 31 December 2024, revenue recorded for the Group’s smart systems technology business amounted to RMB8,511 million, representing a decrease of RMB1,902 million or 18.3% from RMB10,413 million recorded in the Previous Year. In particular, revenue recorded in the mainland China market amounted to RMB4,918 million, representing a decrease of RMB1,085 million or 18.1% from RMB6,003 million recorded in the Previous Year. Revenue recorded in overseas markets amounted to RMB3,593 million, representing a decrease of RMB817 million or 18.5% from RMB4,410 million recorded in the Previous Year.

In 2024, the global political situation and economic environment is complex and ever-changing, together with the generally insufficient consumer demand and continued vicious price competition. Despite the challenging external environment, the Company continued to invest in research and development, technology and product innovation to enhance the corporate supply and service strength, and at the same time provided comprehensive intelligent technologies and solutions, and smart device products to better meet the all-round needs of domestic and overseas operator customers and consumers, while consolidating a leading position in the competition. During the year, the Group’s smart set-top boxes and broadband connection equipment won various valued bids from the three major domestic telecommunication operators with increasing market share of high-end products; orders from emerging overseas markets such as Latin America, Australia, Southeast Asia and the Middle East were increasing. Empowering on the accumulated differentiated AI application technologies, the Group focused on developing multi-modal AI technology for the application of smart devices. In addition to investing in the development of the US AI game box market, XR research and development, AI technology and product reserves have also been upgraded. In respect of the automotive display business, the integration systems for automotive human-computer interaction display and automotive smart display systems and other products have been adopted by many domestic first-tier automobile manufacturers and obtained a number of key designated projects from core customers. In display module business, in order to cope with the fierce competition in the small and medium-sized mobile phone display module market, the Company’s mobile phone display module business has been significantly reduced and shifted to the expansion of industrial control display module fields such as drones, point-of-sale (POS), personal digital assistant (PDA) and charging stations, and actively developed the Internet of Things business.

Embracing the AI development, the Group will leverage on its advantages of supply chain and industrial competitiveness to enhance intelligent manufacturing capabilities and systematically control business risks through its mature and continuously consolidated system structure planning, and increasing investment in research and development capabilities. The Group will establish close and long-term cooperative relationships with domestic and foreign manufacturers and strive to continuously improve its product strength, with an aim to explore and promote the implementation of more products for new application scenarios.

3. New Energy Business

For the year ended 31 December 2024, the Group recorded a revenue of RMB20,334 million from the new energy business, representing a decrease of RMB3,062 million or 13.1% as compared with RMB23,396 million recorded in the Previous Year, the cumulative installed capacity of photovoltaic power stations that have been built and under grid-connected operation exceeded 19.5GW.

The Chinese government has established clear policy directions for environmental protection and new energy, with the double-carbon target strategy leading the green transformation and continuously driving the optimisation and upgrading of China's new energy industry structure. Leveraging the Skyworth brand advantages accumulated over 30 years in the household appliance business, the Group's new energy business has pioneered an innovative business model of "Photovoltaics + Inclusive development+ Digital technology", setting an industry precedent. This model provides comprehensive solutions for a series of processes, including power station development, design, construction, operation, management and consulting services, establishing a service system that ensures both high efficiency and quality control. As the first photovoltaic brand in the industry to customise products based on different housing types and user needs, the Group has introduced the industry's first building integrated photovoltaic (BIPV) product for residential use, "Xiao Yang Lou" (小陽樓), which perfectly aligns user demands with product functionality. This innovation has transformed the traditional power station installation approach, offering users a product that combines profitability, practicality and aesthetic appeal. After 4 years of development, the new energy business has now become the "second growth curve" of Skyworth Group.

In the residential photovoltaic business sector, the Group introduced two new models during the year, namely "Cooperative Construction" and "Operating Lease", while continuing to upgrade its product. The "six series", including "Xiao Yang Lou" (小陽樓), "Golden House Pro" (金裝房 Pro), "Xiang Yang Yuan" (向陽院), "Zero Carbon Park" (零碳園), "Yue Yang Ting" (悅陽亭), and "Rainbow House Pro" (彩虹屋 Pro), are designed to meet the needs of users in different regions and with different housing types, enhancing area utilisation rates and consistently ensuring user power generation income. The Group is fully aware that grid constraints and intensifying market competition have become two major challenges for the development of the domestic residential photovoltaic industry. As a result, the Group has actively expanded into the industrial and commercial photovoltaic business. In the field of industrial and commercial distributed photovoltaic applications, the Group has closely followed market demand trends and launched "four models and four products". The four new business models namely "E-Enterprise Development" (E 企發), "E-Enterprise Saving" (E 企省), "E-Enterprise Sharing" (E 企享) and "E-Enterprise Success" (E 企贏), are designed to help users maximise their returns. The four products include "Zero Carbon Zone" (零碳吧), "Zero Carbon Park" (零碳園), "Golden Dragon Scale" (金龍鱗) and "Green Stations" (綠行驛站), all of which are in the form of customised products to fully meet the needs of industrial and commercial markets in terms of their construction environment, and empower the zero-carbon transformation of park-level property owners. Additionally, the Group has expanded the application scenarios of photovoltaic products by extending BIPV solutions to rural public buildings. Products such as "Rainbow Corridor" and "Sunshine Sports Court" have been introduced to support rural development, making full use of idle public spaces in rural areas. These multifunctional and practical photovoltaic products broaden income-generating channels for farmers and bring a green and promising future to rural communities.

Skyworth Photovoltaics has consistently dedicated itself to the research and development and innovation of its products, with continuous optimisation of product functionality and value. In addition to establishing a development, construction, operation and management platform for full-process asset of distributed photovoltaic power stations, the Group has independently developed a smart operation and maintenance system that effectively integrates photovoltaic information with advanced internet technology and digital information technology, achieving comprehensive real-time digital management of photovoltaic power stations. To further enhance technological innovation capabilities and market competitiveness, and to cultivate a larger talent pool, Skyworth Photovoltaics jointly established the "Photovoltaic Storage+ Joint Research Centre" with Tianjin University within the year. This initiative has created a collaborative communication platform for information exchange and cooperation, forming a unique "Industry + Academia + Research" innovation model. This move not only transformed the advanced experiences of both parties into practical knowledge that empowered frontline operations but also strengthened the Group's research and development capabilities for residential and commercial photovoltaic projects. It aims to break through more critical technical bottlenecks in the industry and continuously enhance the innovative capabilities of Skyworth Photovoltaics products and solutions.

The Group has expanded into the research and development, and manufacture of photovoltaic brackets, modules, inverters, and energy storage businesses. During the year, leveraging the latest generation of fully automated production lines and intelligent manufacturing, the Group launched three new self-developed and self-produced module series: "Smart Clean" (智淨), "Colour Splash" (炫彩) and "Pioneer" (先鋒). These products not only achieving comprehensive improvements in power generation efficiency and stability but also offer customised module colours to meet user requirements, making them suitable for a wider range of development models and practical applications. The Group was also actively deploying in overseas markets, starting from Europe and expanding globally to design, develop and manufacture high-efficiency modules, inverters, brackets, and other core equipment for photovoltaic power stations. Skyworth's energy storage business focused on four major segments: industrial and commercial, residential, portable and base station backup power, providing comprehensive energy storage solutions to global customers. The Group's new energy business has entered markets in Germany, Italy, Thailand and other countries, positioning itself as a pioneer in sustainable development within the industry in our country.

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 2024, the Group recorded a revenue of RMB2,861 million from the modern services business; representing a decrease of RMB1,873 million or 39.6% as compared to RMB4,734 million recorded in the Previous Year. Among which, revenue recorded in the mainland China market amounted to RMB2,553 million, representing a decrease of RMB1,918 million or 42.9% as compared to RMB4,471 million recorded in the Previous Year, primarily due to the continued downturn in the Chinese real estate market, the Group increased the impairment provision for the properties in certain regions of the construction and development business to reflect the current changing market condition. Revenue from overseas markets during the year amounted to RMB308 million, representing an increase of RMB45 million or 17.1% from RMB263 million recorded in the Previous 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. During the Reporting Year, the Group's business units such as park-based property management, home appliance maintenance and repair business and logistics operations achieved stable revenue performance. Among these, the Group's property development projects in regions such as Ningbo and Inner Mongolia have been completed and delivered. The household appliance maintenance and repair business brought 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.

The Group will fully leverage the advantages of its core businesses, actively implement organisational optimisation, and harness the collective strength of the enterprise. This will not only enhance mutual empowerment among business units but also accelerate the integration and expansion of new businesses and new development models. These efforts will create favourable conditions and environment for the future reform and development of Skyworth Group, while also providing support and fostering greater synergy for the Group's research, investment, production, procurement, and construction activities.

Gross profit margin

For the year ended 31 December 2024, the overall gross profit margin of the Group was 13.5%, representing a decrease of 0.1% percentage points in comparison to 13.6% recorded in the Previous Year.

During the Reporting Year, the narrowing profit margins of the modern services business adversely affected the Group's overall gross profit. Despite this, the Group's smart household appliances business improved its gross profit by appropriately reducing OEM operations and focusing on the sales of its own brand and premium product market. Additionally, the new energy business introduced more financing partners, coupled with the continued decline in the cost of key raw materials, which also positively contributed to the improvement in gross profit margin. The Group will continue to advance refined management practices of operations, adopt various comprehensive measures to enhance product gross profit margins, reduce operating costs, and ensure the healthy operation of the enterprise.

Expenses

For the year ended 31 December 2024, the Group's selling and distribution expenses amounted to RMB3,749 million, representing an increase of RMB297 million or 8.6% as compared to RMB3,452 million for the Previous Year. The selling and distribution expenses to revenue ratio for the year ended 31 December 2024 was 5.8%, which increased by 0.8 percentage points from 5.0% recorded in the Previous Year.

For the year ended 31 December 2024, the Group's general and administrative expenses amounted to RMB1,807 million, representing a decrease of RMB114 million or 5.9% compared with RMB1,921 million for the Previous Year. The general and administrative expenses to revenue ratio for the year ended 31 December 2024 was 2.8%, unchanged from 2.8% in the Previous Year.

During the year, the Group continued to allocate appropriate funds to research and develop various high-intelligence, high-quality products to enhance corporate competitiveness. For the year ended 31 December 2024, the Group's research and development expenses amounted to RMB2,086 million, representing a decrease of RMB41 million or 1.9% as compared to RMB2,127 million for the Previous Year. The research and development expenses to revenue ratio for the year ended 31 December 2024 was 3.2%, an increase of 0.1 percentage points from 3.1% 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 2024, net current assets amounted to RMB12,388 million, representing an increase of RMB1,139 million or 10.1% as compared to RMB11,249 million as at 31 December 2023. As at 31 December 2024, bank balances and cash amounted to RMB8,348 million, representing a decrease of RMB766 million or 8.4% as compared to RMB9,114 million as at 31 December 2023. As at 31 December 2024, pledged and restricted bank deposits amounted to RMB3,437 million, representing a decrease of RMB24 million or 0.7% as compared to RMB3,461 million as at 31 December 2023.

The Group secured certain assets against its certain trade facilities and loans granted from various banks. As at 31 December 2024, such secured and restricted assets included bank deposits of RMB3,437 million (as at 31 December 2023: RMB3,461 million), trade receivables and bills receivables of RMB149 million (as at 31 December 2023: RMB213 million), investment properties of RMB1,291 million (as at 31 December 2023: RMB1,082 million), stock of properties of RMB1,342 million (as at 31 December 2023: RMB1,673 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 RMB3,883 million (as at 31 December 2023: RMB4,805 million).

As at 31 December 2024, total bank loans and overall total interest-bearing liabilities of the Group amounted to RMB16,305 million (as at 31 December 2023: RMB15,315 million). The equity attributable to owners of the Company amounted to RMB18,238 million (as at 31 December 2023: RMB18,139 million). The debt to equity ratio revealed as 70.5% (as at 31 December 2023: 67.3%).

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. Given the significant impact of the Federal Reserve's interest rate decisions on foreign exchange rates, particularly the volatile and unpredictable trends of the US Dollar, the management of the Group continued to focus on changes in foreign exchange rates and onshore and offshore interest rate during the Reporting Year, in order to determine the need for foreign exchange hedging. For the year ended 31 December 2024, the Group recorded a net exchange gain generated from general operations of RMB14 million (for the year ended 31 December 2023: RMB97 million).

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

(a) Unlisted equity securities

As at 31 December 2024, the Group held investments in 69 unlisted companies. The total value (at fair value) of these investments (reflecting the changes in fair value and costs) was RMB2,561 million.

(b) Listed equity securities

As of 31 December 2024, the Group held investments in nine (as at 31 December 2023: ten) listed equity securities, details of which are as follows:

Listed company	Shareholding percentage as of 31 December 2024	Value of investment as of 31 December 2024 (RMB million)	Value of investment as of 31 December 2023 (RMB million)	Exchange on which the securities are listed	Principal business of the listed company
Bank of Gansu Co., Ltd.	0.66%	23.1	31.7	The Stock Exchange of Hong Kong Limited	Financial services
Amlogic (Shanghai) Co., Ltd.	0.08%	22.9	20.9	Shanghai Stock Exchange	Research, design, development and manufacture of chips
Linklogis Inc.	0.36%	13.2	11.9	The Stock Exchange of Hong Kong Limited	Provide supply chain fintech solutions services
Anhui Coreach Technology Co., Ltd.	1.00%	43.8	57.4	Shenzhen Stock Exchange	Research and development, design, production and sales of optoelectronic systems and technical services
Puya Semiconductor (Shanghai) Co., Ltd.	Nil	-	133.7	Shanghai Stock Exchange	Research, design, development and manufacture of chips
Guizhou Zhenhua E-chem Inc.	0.28%	15.8	29.5	Shanghai Stock Exchange	Research and development, design, production and sales of lithium-ion battery cathode materials
Shanghai Anlogic Infotech Co., Ltd.	1.86%	220.3	274.0	Shanghai Stock Exchange	Research, design, development and manufacture of chips
United Nova Technology Co., Ltd. (formerly known as Semiconductor Manufacturing Electronics (Shaoxin) Corporation)	0.11%	40.2	38.1	Shanghai Stock Exchange	Research, design, development and manufacture of chips
Grand Kangxi Communication Technologies (Shanghai) Co., Ltd.	0.42%	22.9	31.7	Shanghai Stock Exchange	Research, design, development and manufacture of wireless network equipment related chips
Huitongda Network Co., Ltd.	1.61%	159.3	249.5	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 RMB637 million in construction projects, including the expansion of its production plants in Ningbo, Wuhan, Shenzhen, Guangzhou and Huizhou, and RMB757 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 legal 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 legal disputes will not have a material adverse impact on the consolidated financial statements of the Group.

HUMAN RESOURCES CAPITAL

As at 31 December 2024, the Group had around 30,800 employees (as at 31 December 2023: 31,200) 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 at 2024, the global economic environment remained challenging. After experiencing economic turbulence caused by the pandemic, geopolitical conflicts and inflation, the global economy began to stabilise, but relatively high risks persist. Against the backdrop of significant demand for intelligent manufacturing, digital economy, and green environmental protection industries driven by China's economic and social development, as well as strong government support policies, the Group, leveraging its strengths in manufacturing and technology, developed products with the technological development concept of "5G + AI +Device". The Group integrated technological resources and consistently prioritised enhancing its core brand competitiveness while gaining precise insights into user needs.

The Group's product line encompasses high-end, differentiated, and functionally specific smart products designed to meet the diverse needs of consumers. Facing a still complex and volatile external environment, as well as the new wave of technological revolution and industrial transformation, the Group will remain focused on high quality, innovation, and technological iteration to enhance user experience and sustain the market appeal of its competitively advantaged product categories. Looking ahead to 2025, Skyworth will continue to explore more diversified business models, increase investment, and strengthen research and development to achieve further breakthroughs in smart industrialisation and product model transformation, driving the high-quality development of its overall business.

With the steady enhancement of network infrastructure and the rapid development of AI technology, cross-industry integration is accelerating. The Group has clear objectives for each of its industries, aiming to optimise resource allocation to develop a new generation of high-margin, high-value products to maintain market leadership and capture a larger share of emerging product markets. This ensures stable growth in the Group's core smart household appliances business. Leveraging the development of 5G home access systems, control systems and next-generation smart appliances, the Group consolidates its advantages as a developer and operator of smart home systems. Building on its leading position in the domestic smart home appliances and digital technology industries, the Group seizes opportunities presented by the global trends of digitalisation, smartisation, and low-carbonisation, integrating hardware and software to meet diverse scenario needs. Through the three key elements of "connectivity, intelligence and ecology", the Group is committed to building smart household appliances and Double Carbon ecological brands, deploying multi-modal AI products and technologies, and vigorously developing AI and AIGC-related application features and scenario-based smart device platforms. This expands comprehensive smart home content services, achieving seamless intelligent control for homes, offices and vehicles. The brand equity of Skyworth Group also adds significant value to newly expanded products such as shavers, driving their steady growth and inspiring the Group to continue innovating, delivering smarter and more stylish experiences to customers. In response to the rapid development of AI, the Group lauches the LED-AI Super TV in 2025, embedded with the DeepSeek AI model and equipped with intelligent algorithms tailored for different office modes. This product, along with smart hotel and smart office commercial solutions centered on smart TVs as control hubs, will accelerate the application of display and commercial display products.

Against the backdrop of the global economy transitioning towards smartisation, low-carbonisation and diversification, the Group will proactively align with cutting-edge technological theories and achieve technological integration across its full range of products, striving to create leading products and solutions. Leveraging its keen market insight capabilities, the Group will continuously optimise product promotion strategies and deepen the development of new channels, further enhancing the brand presence and market influence of Skyworth.

As a photovoltaic enterprise actively responding to the Double Carbon goal, the Group embraces industrial and green technology transformations, continuously expanding into new business areas. Despite the challenging market environment with weak demand, the Group has demonstrated strong operational resilience and expansion momentum. Moving forward, Skyworth will not only actively strategise and extend the photovoltaic industry chain but also vigorously expand its energy storage business and advance the “going global” strategy for its new energy business, driving diversified green and low-carbon development.

The Group, rooted in China and facing the world, is committed to creating value for users and markets across regions through continuous technological and product innovation. The effectiveness of its overseas market strategy is gradually becoming evident, achieving diversified layout of sales channels and enhancing brand premium capabilities. In the future, the Group will accelerate its “going global” initiatives by optimising global resource allocation, deepening international collaborations, and establishing localised teams tailored to the business development needs of different countries and regions. The Group will continue to focus on high-end markets, refine channel strategies, and place high importance on the innovation of self-developed technologies and the high-quality development of industries. Through forward-looking planning, the Group aims to lead its business towards a globalisation strategy and industrial transformation with diversified and multi-channel approaches.

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.

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 2024 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 27 March 2025. 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 168,832,000 Shares of the Company on the Stock Exchange at an aggregate consideration of approximately HK$511.17 million (excluding expenses). 166,344,000 Shares were cancelled during the Reporting Year and 2,488,000 Shares were cancelled as of 13 January 2025. As at 31 December 2024, the total number of Shares in issue was 2,236,699,420.

Save as disclosed above, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities (including sale of treasury Shares, if any) during the Reporting Year. During the Reporting Year, the Company did not hold any treasury Shares.

FINAL DIVIDEND

The Board has determined not to declare any final dividend for the Reporting Year with a view to preserving cash for the Group's development and corporate planning (2023: 5 HK cents (in cash) per share of the Company). The Company constantly monitors and reviews the Group's operations. It may therefore utilise cash for development and expansion of its operations and businesses. Subject to the then prevailing market conditions, the Company may utilise cash to conduct corporate exercise including share buy-back which the Directors will only conduct in accordance with the applicable laws and regulations and if it is in the interest of the Company and its shareholders as a whole.

CLOSURE OF THE REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The register of members of the Company will be closed from Tuesday, 20 May 2025 to Friday, 23 May 2025 (both days inclusive), during which no transfer of shares will be registered. In order to qualify for attendance at the 2024 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, Computershare Hong Kong Investor Services 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, 19 May 2025.

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 2024 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, 27 March 2025

As at the date of this announcement, the Board of the Company comprises five executive Directors, namely Mr. Lin Jin (Chairman), Mr. Shi Chi (Chief Executive Officer), Ms. Lin Wei Ping, Mr. Wu Qinan 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*