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# SKYWORTH

## SKYWORTH GROUP LIMITED

### 創維集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00751)

## ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

	Six months ended 30 June		
	<u>2025</u>	<u>2024</u>	
	RMB million	RMB million	Change
Revenue	36,264	30,153	20.3%
Gross profit	4,468	4,151	7.6%
Profit for the period	365	714	-48.9%
Profit for the period attributable to owners of the Company	125	384	-67.4%
Proposed interim dividend per share (HK cents)	-	-	N/A

Taking into account the Company’s profitability and capital required for future development, the Board does not recommend the payment of interim dividend for the Current Period.

The board (the “Board”) of directors (the “Directors”) of the Company is pleased to announce the unaudited interim results of the Group for the six months ended 30 June 2025 (the “Current Period”), together with the comparative figures for the corresponding period in 2024 (the “six months ended 30 June 2024” or “Same Period of Previous Year”). The interim results have been reviewed by the audit committee of the Company (the “Audit Committee”). The Company’s auditor, Messrs. Deloitte Touche Tohmatsu, has reviewed the condensed consolidated statement of financial position as of 30 June 2025 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and notes to condensed consolidated financial statements in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 30 JUNE 2025

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

	NOTES	Six months ended 30 June 2025 (unaudited)	2024 (unaudited)
Revenue			
Sales of goods		35,969	29,834
Leases		243	265
Interest under effective interest method		52	54
Total revenue	3	36,264	30,153
Cost of sales		(31,796)	(26,002)
Gross profit		4,468	4,151
Other income		502	685
Other gains and losses		(145)	(119)
Selling and distribution expenses		(2,030)	(1,647)
General and administrative expenses		(900)	(838)
Research and development expenses		(1,000)	(981)
Finance costs		(227)	(253)
Share of results of associates and joint ventures		(10)	(29)
Profit before taxation		658	969
Income tax expense	5	(293)	(255)
Profit for the period	6	365	714
<b>Other comprehensive income (expense)</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		5	(2)
Fair value change on trade receivables at fair value through other comprehensive income ("FVTOCI")		-	(4)
		5	(6)
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value loss on investments in equity instruments at FVTOCI		(55)	(331)
Income tax relating to item that will not be reclassified subsequently		2	31
		(53)	(300)
Other comprehensive expense for the period		(48)	(306)
Total comprehensive income for the period		317	408

	<u>NOTE</u>	Six months ended 30 June <u>2025</u> (unaudited)	<u>2024</u> (unaudited)
Profit for the period attributable to:			
Owners of the Company		125	384
Non-controlling interests		<u>240</u>	<u>330</u>
		<u>365</u>	<u>714</u>
Total comprehensive income for the period attributable to:			
Owners of the Company		71	80
Non-controlling interests		<u>246</u>	<u>328</u>
		<u>317</u>	<u>408</u>
<b>Earnings per share (expressed in Renminbi cents)</b>			
Basic	8	<u>5.66</u>	<u>16.31</u>
Diluted	8	<u>5.66</u>	<u>16.31</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2025

Amounts expressed in millions of Renminbi

	<u>NOTE</u>	As at 30 June <u>2025</u> (unaudited)	As at 31 December <u>2024</u> (audited)
<b>Non-current Assets</b>			
Property, plant and equipment		10,319	9,989
Right-of-use assets		2,988	2,836
Deposits paid for purchase of property, plant and equipment		182	329
Investment properties		1,436	1,464
Goodwill		443	430
Other intangible assets		325	124
Interests in associates and joint ventures		497	457
Other financial assets		2,574	2,508
Trade and other receivables	9	1,306	1,094
Deferred tax assets		1,135	1,055
		<u>21,205</u>	<u>20,286</u>
<b>Current Assets</b>			
Inventories and other contract costs		14,771	12,444
Stock of properties		5,048	5,699
Other financial assets		1,515	1,113
Trade and other receivables	9	18,762	18,494
Prepaid tax		243	187
Pledged and restricted bank deposits		2,860	3,437
Cash and cash equivalents		10,627	8,348
		<u>53,826</u>	<u>49,722</u>

	<u>NOTE</u>	As at 30 June <u>2025</u> (unaudited)	As at 31 December <u>2024</u> (audited)
<b>Current Liabilities</b>			
Trade and other payables	10	29,226	27,237
Other financial liabilities		283	286
Lease liabilities		70	41
Deferred income		133	132
Tax liabilities		242	251
Bank borrowings		12,967	9,387
		<u>42,921</u>	<u>37,334</u>
<b>Net Current Assets</b>		<u>10,905</u>	<u>12,388</u>
<b>Total Assets less Current Liabilities</b>		<u>32,110</u>	<u>32,674</u>
<b>Non-current Liabilities</b>			
Trade and other payables	10	2,299	1,727
Other financial liabilities		64	67
Lease liabilities		54	58
Deferred income		550	534
Bank borrowings		6,208	6,918
Deferred tax liabilities		217	232
		<u>9,392</u>	<u>9,536</u>
<b>NET ASSETS</b>		<u><u>22,718</u></u>	<u><u>23,138</u></u>
<b>Capital and Reserves</b>			
Share capital		203	235
Reserves		<u>17,176</u>	<u>18,003</u>
Equity attributable to owners of the Company		17,379	18,238
Non-controlling interests		<u>5,339</u>	<u>4,900</u>
		<u><u>22,718</u></u>	<u><u>23,138</u></u>

## NOTES:

### 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “*Interim Financial Reporting*” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The preparation of the condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and, disclosure of contingent liabilities at the end of the reporting period and the reported amount of revenue and expenses during the reporting period.

The Group’s operations are seasonal. The revenue from September to January (the peak season for sales of consumer electronic products in the mainland China) is relatively higher than the revenue from the rest of the year. Results for interim periods are not necessarily indicative of the results for the entire financial year. This interim report should be read, where relevant, in conjunction with the annual report of the Group for the year ended 31 December 2024.

### 2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values, as appropriate.

Other than additional accounting policies resulting from application of amendments to HKFRS Accounting Standards, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2024.

#### Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to a HKFRS Accounting Standard issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on 1 January 2025 for the preparation of the Group’s condensed consolidated financial statements:

#### Amendments to HKAS 21

#### Lack of Exchangeability

The application of the amendments to a HKFRS Accounting Standard in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

#### Comparative Figures

Selling and distribution expenses of RMB138 million for the six months ended 30 June 2024 has been reclassified to cost of sales to conform to 2025 interim report’s presentation. The directors of the Company consider that such presentation would better reflect the financial performance and position of the Group.

### 3. REVENUE

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

##### **For the six months ended 30 June 2025 (unaudited)**

	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
<b>Type of goods/services</b>					
Contracts with customers (Note (i))	17,074	4,081	13,836	1,057	36,048
Leases	-	13	-	230	243
Interest under effective interest method (Note (ii))	-	-	-	52	52
Subtotal	17,074	4,094	13,836	1,339	36,343
Less: other business tax	(30)	(7)	(35)	(7)	(79)
Segment revenue	<u>17,044</u>	<u>4,087</u>	<u>13,801</u>	<u>1,332</u>	<u>36,264</u>

##### **For the six months ended 30 June 2024 (unaudited)**

	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
<b>Type of goods/services</b>					
Contracts with customers (Note (i))	15,600	4,322	9,015	970	29,907
Leases	-	13	-	252	265
Interest under effective interest method (Note (ii))	-	-	-	54	54
Subtotal	15,600	4,335	9,015	1,276	30,226
Less: other business tax	(25)	(8)	(31)	(9)	(73)
Segment revenue	<u>15,575</u>	<u>4,327</u>	<u>8,984</u>	<u>1,267</u>	<u>30,153</u>

#### 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 interim period 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 and overseas markets 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 and 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. Accordingly, these operating segments are grouped as “Modern Services Business and Others”.

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.



#### 4. SEGMENT INFORMATION – continued

The following is an analysis of the Group's revenue and results by reportable segments:

##### For the six months ended 30 June 2025 (unaudited)

	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
<b>Revenue</b>							
Segment revenue from external customers	17,044	4,087	13,801	34,932	1,332	-	36,264
Inter-segment revenue	59	53	8	120	313	(433)	-
Total segment revenue	<u>17,103</u>	<u>4,140</u>	<u>13,809</u>	<u>35,052</u>	<u>1,645</u>	<u>(433)</u>	<u>36,264</u>
<b>Results</b>							
Segment results	<u>426</u>	<u>13</u>	<u>808</u>	<u>1,247</u>	<u>(95)</u>	<u>-</u>	<u>1,152</u>
Interest income							88
Other gains and losses							(145)
Finance costs							(227)
Share of results of associates and joint ventures							(10)
Unallocated corporate income/expenses							<u>(200)</u>
Consolidated profit before taxation of the Group							<u>658</u>

##### For the six months ended 30 June 2024 (unaudited)

	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
<b>Revenue</b>							
Segment revenue from external customers	15,575	4,327	8,984	28,886	1,267	-	30,153
Inter-segment revenue	153	68	-	221	331	(552)	-
Total segment revenue	<u>15,728</u>	<u>4,395</u>	<u>8,984</u>	<u>29,107</u>	<u>1,598</u>	<u>(552)</u>	<u>30,153</u>
<b>Results</b>							
Segment results	<u>468</u>	<u>101</u>	<u>520</u>	<u>1,089</u>	<u>350</u>	<u>-</u>	<u>1,439</u>
Interest income							99
Other gains and losses							(119)
Finance costs							(253)
Share of results of associates and joint ventures							(29)
Unallocated corporate income/expenses							<u>(168)</u>
Consolidated profit before taxation of the Group							<u>969</u>

## 5. INCOME TAX EXPENSE

	Six months ended 30 June 2025	2024
	RMB million (unaudited)	RMB million (unaudited)
Tax charge (credit):		
PRC Enterprise Income Tax (“EIT”)	356	337
PRC land appreciation tax (“LAT”)	4	30
PRC withholding tax	4	-
Hong Kong Profits Tax	2	2
Taxation arising in other jurisdictions	19	15
Deferred taxation	(92)	(129)
	<u>293</u>	<u>255</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the six months ended 30 June 2025 and 2024.

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 both periods. 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% (for the six months ended 30 June 2024: 100%) tax deduction on eligible research costs incurred by them.

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

The Group’s estimated effective tax rates of the majority of the jurisdictions in which the Group operates are higher than 15%, after taking into account the adjustments under the Global Anti-base Erosion Rules (“Pillar Two Rules”). Based on its best estimate, the management of the Group considered the top-up tax under the Pillar Two Rules for the six months ended 30 June 2025 borne by Group is insignificant.

## 6. PROFIT FOR THE PERIOD

	Six months ended 30 June 2025 RMB million (unaudited)	2024 RMB million (unaudited)
Profit for the period has been arrived at after charging (crediting):		
Cost of inventories recognised as an expense including write-down of inventories of RMB15 million (for the six months ended 30 June 2024: RMB68 million)	30,775	25,627
Cost of stock of properties recognised as an expense including write-down of stock of properties of RMB201 million (for the six months ended 30 June 2024: RMB139 million)	935	304
Depreciation of right-of-use assets	68	69
Less: capitalised as cost of inventories	(12)	(13)
capitalised as cost of construction in progress	(26)	(26)
	<u>30</u>	<u>30</u>
Depreciation of investment properties	29	28
Depreciation of property, plant and equipment	433	386
Less: capitalised as cost of inventories	(135)	(134)
	<u>298</u>	<u>252</u>
Staff costs, including directors' emoluments	2,674	2,503
Less: capitalised as		
- Cost of inventories	(666)	(672)
- Stock of properties	(3)	(9)
- Property, plant and equipment	(10)	(9)
	<u>1,995</u>	<u>1,813</u>
Rental income from leases less related outgoings of RMB86 million (for the six months ended 30 June 2024: RMB71 million)	(158)	(194)
Loss from changes in fair value of financial assets at FVTPL (included in other gains and losses)	28	94
Loss (gain) from changes in fair value of derivative financial instruments (included in other gains and losses)	<u>11</u>	<u>(15)</u>

## 7. DIVIDENDS

During the current interim period, no final dividend in respect of the year ended 31 December 2024 (2024: a final dividend of 5 HK cents per share in respect of the year ended 31 December 2023) was declared and paid to owners of the Company. The aggregate amount of the final dividend declared and paid during the six months ended 30 June 2024 amounted to RMB111 million.

The board of directors has resolved not to recommend an interim dividend in respect of the six months ended 30 June 2025 to the shareholders of the Company (for the six months ended 30 June 2024: nil).

## 8. 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:

	Six months ended 30 June <u>2025</u> RMB million (unaudited)	<u>2024</u> RMB million (unaudited)
<b>Earnings:</b>		
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	<u>125</u>	<u>384</u>
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,207,759,337	2,354,599,893
Effect of dilutive potential ordinary shares in respect of outstanding share options of the Company	<u>-</u>	<u>78,751</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>2,207,759,337</u>	<u>2,354,678,644</u>

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 six months ended 30 June 2025 and 2024.

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

## 9. TRADE AND OTHER RECEIVABLES

	As at 30 June <u>2025</u> RMB million (unaudited)	As at 31 December <u>2024</u> RMB million (audited)
Trade and bills receivables (Note (i))	13,476	13,334
Loan receivables (Note (ii))	881	933
Purchase deposits paid for materials	1,170	1,603
VAT and other tax recoverables	2,097	1,805
Other deposits paid and prepayments	1,175	892
Other receivables	1,269	1,021
	<u>20,068</u>	<u>19,588</u>

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:

	As at 30 June <u>2025</u> RMB million (unaudited)	As at 31 December <u>2024</u> RMB million (audited)
Trade receivables at amortised cost		
- goods and services	11,786	10,821
- lease receivables	154	162
	<u>11,940</u>	<u>10,983</u>
Less: allowance for credit losses	(800)	(702)
	<u>11,140</u>	<u>10,281</u>
Trade receivables at FVTOCI	526	710
	<u>11,666</u>	<u>10,991</u>
Bills receivables	1,810	2,343
	<u>13,476</u>	<u>13,334</u>

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

	As at 30 June <u>2025</u> RMB million (unaudited)	As at 31 December <u>2024</u> RMB million (audited)
Within 30 days	4,831	5,411
31 to 60 days	2,468	2,246
61 to 90 days	1,718	1,135
91 to 180 days	1,375	1,066
181 to 270 days	537	201
271 to 365 days	137	279
Over 365 days	1,400	1,355
	<u>12,466</u>	<u>11,693</u>

As at 30 June 2025, included in the trade receivables are amounts due from an associate and related parties (as at 31 December 2024: an associate and related parties) of RMB58 million (as at 31 December 2024: RMB416 million) and RMB25 million (as at 31 December 2024: RMB6 million) respectively with aggregative amounts of RMB70 million aged within 30 days, RMB7 million aged from 31 to 60 days, RMB5 million aged from 61 to 90 days and RMB1 million aged from 91 to 180 days (as at 31 December 2024: RMB163 million aged within 30 days and RMB253 million aged from 31 to 60 days and RMB6 million from 61 to 90 days). The credit period is 45 days. No allowance for credit losses is made for the six months ended 30 June 2025 and 2024.

## 9. TRADE AND OTHER RECEIVABLES – continued

Notes: - continued

### i. Trade and bills receivables - continued

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

	As at 30 June 2025 RMB million (unaudited)	As at 31 December 2024 RMB million (audited)
Within 30 days	220	268
31 to 60 days	222	239
61 to 90 days	599	754
91 days or over	769	1,082
	<u>1,810</u>	<u>2,343</u>

### ii. Loan receivables

The following set out the details of the Group's loan receivables:

	As at 30 June 2025 RMB million (unaudited)	As at 31 December 2024 RMB million (audited)
Fixed-rate loan receivables		
Secured	712	800
Unsecured	169	133
	<u>881</u>	<u>933</u>
Analysed for reporting purpose as		
Current assets	597	594
Non-current assets	284	339
	<u>881</u>	<u>933</u>

Included in the carrying amount of loan receivables as at 30 June 2025 is allowance for credit losses of RMB98 million (as at 31 December 2024: RMB98 million).

The secured portion of the Group's loan receivables are secured by borrowers' charges over equity instruments, trade receivables, motor vehicles, properties, land use rights and plant and machineries.

Included in the carrying amount of loan receivables as at 30 June 2025 is an amount of approximately RMB247 million (as at 31 December 2024: RMB247 million) due from related parties controlled by a substantial shareholder of the Company which is secured by equipment and motor vehicles of the said related parties and guaranteed by the said substantial shareholder of the Company, interest bearing at 6% (as at 31 December 2024: 6%) per annum and repayable by instalments up to 2027 (as at 31 December 2024: up to 2027).

Included in the carrying amount of loan receivables as at 30 June 2025 of approximately RMB102 million (as at 31 December 2024: RMB24 million) due from third parties and are secured by motor vehicles of these third parties and guaranteed by related parties controlled by a substantial shareholder of the Company in respect of amounts owed to the Group, interest bearing at 5% to 9% (as at 31 December 2024: 7% to 9%) per annum and repayable by instalments up to final maturity dates ranging from 2025 to 2028 (as at 31 December 2024: ranging from 2025 to 2026).

## 9. TRADE AND OTHER RECEIVABLES – continued

Notes: - continued

### ii. Loan receivables - continued

The exposure of the Group's fixed-rate loan receivables to interest rate risks and their contractual maturity dates are as follows:

	As at 30 June 2025 RMB million (unaudited)	As at 31 December 2024 RMB million (audited)
Fixed-rate loan receivables:		
Within one year	597	594
In more than one year but not exceeding two years	193	146
In more than two years but not exceeding five years	91	193
	<u>881</u>	<u>933</u>

The ranges of effective interest rates (which are equal to contractual interest rates) on the Group's loan receivables are as follows:

	As at 30 June 2025	As at 31 December 2024
Effective interest rate:		
Fixed-rate loan receivables	0.01% - 12.00%	3.85% - 8.54%

## 10. TRADE AND OTHER PAYABLES

	As at 30 June 2025 RMB million (unaudited)	As at 31 December 2024 RMB million (audited)
Trade payables (Note (i))	14,861	12,883
Bills payables (Note (ii))	4,503	4,472
Provision for warranty	572	540
Provision for rebates (Note (iii))	648	761
Contract liabilities	2,046	1,852
Accrued staff costs	958	1,335
Accrued selling and distribution expenses	366	397
Deposits received from sub-contractors	2,903	2,639
Payables for purchase of property, plant and equipment	698	606
Rental deposits received	171	172
VAT and other tax payables	736	638
Other deposits received	101	92
Accruals and other payables	<u>2,962</u>	<u>2,577</u>
	<u>31,525</u>	<u>28,964</u>
Analysed for reporting propose as		
Current liabilities	29,226	27,237
Non-current liabilities	<u>2,299</u>	<u>1,727</u>
	<u>31,525</u>	<u>28,964</u>

## 10. TRADE AND OTHER PAYABLES – continued

Notes:

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

	As at 30 June 2025 RMB million (unaudited)	As at 31 December 2024 RMB million (audited)
Within 30 days	7,307	7,014
31 to 60 days	2,809	2,128
61 to 90 days	1,560	1,230
91 days or over	3,185	2,511
	<u>14,861</u>	<u>12,883</u>

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

	As at 30 June 2025 RMB million (unaudited)	As at 31 December 2024 RMB million (audited)
Within 30 days	888	995
31 to 60 days	713	960
61 to 90 days	899	499
91 days or over	2,003	2,018
	<u>4,503</u>	<u>4,472</u>

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

- iii. The amounts represent outstanding rebates in relation to the goods sold to certain customers.

## 11. PLEDGE OF AND RESTRICTION ON ASSETS

At the end of reporting period, the Group's borrowings were pledged and secured by the following:

	As at 30 June 2025 RMB million (unaudited)	As at 31 December 2024 RMB million (audited)
Right-of-use assets, leasehold land and buildings and construction in progress	3,586	3,883
Investment properties	1,265	1,291
Stock of properties	582	1,342
Trade and bills receivables	64	149
	<u>5,497</u>	<u>6,665</u>

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



## **BUSINESS PERFORMANCE REVIEW**

### **Revenue**

For the six months ended 30 June 2025 (the “Current Period”), the Group’s overall revenue amounted to RMB36,264 million, representing an increase of RMB6,111 million or 20.3% compared with an overall revenue of RMB30,153 million for the Same Period of Previous Year.

During the Current Period, the global economic environment remained volatile, with ongoing policy uncertainty and geopolitical turmoil further weighing on the market. Under the gloom of the global tariff war, the shift in global supply chains and price transmission had varying degrees of impact on manufacturing companies and various business sectors of the Group. The ongoing real estate crisis also further dampened overall market sentiment and consumer confidence. Amid an unclear 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. It has expanded from the television sector into smart household appliances and smart devices, and successfully ventured into the new energy sector, embarking on a distinctive path “From Smart Appliances to Double Carbon Ecology”.

During the Current Period, constrained by slower-than-expected economic recovery and challenges such as weak consumer confidence, the Group faced certain operational pressures. The net profit for the Current Period amounted to RMB365 million, representing a decrease of RMB349 million or 48.9% compared to RMB714 million for the Same Period of Previous Year. Additionally, the construction 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 provision and resulted in poor business performance of this business sector. Although the complex and volatile business environment continued to test the Group’s resilience, the Group has adopted a prudent and flexible operating strategy. 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 and maintaining stable operating conditions and financial performance, to advance all aspects of its work in an orderly manner.

For the below analysis, other business tax for the Current Period of RMB79 million (the Same Period of Previous Year: RMB73 million) was not deducted from the revenue by geographical segment and revenue by business sectors. Selling and distribution expenses of RMB138 million for the six months ended 30 June 2024 has been reclassified to cost of sales to conform to the Current Period'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 mainland China and other regions in Asia, Europe and Americas, and Africa, with mainland China being the primary market.

***Mainland China Market***

For the six months ended 30 June 2025, revenue from the mainland China market amounted to approximately RMB28,290 million, representing an increase of RMB5,584 million or 24.6% as compared to RMB22,706 million for the Same Period of Previous Year. This was mainly due to the strong performance of the new energy business with significant increase in revenue of 53.5% as compared to the Same Period of Previous Year.

During the Current Period, the Group's smart household appliances business, smart systems technology business and new energy business, each accounted for 37.8% (the Same Period of Previous Year: 43.8%), 9.3% (the Same Period of Previous Year: 11.5%) and 48.7% (the Same Period of Previous Year: 39.7%) of its revenue from the mainland China market, while the modern services business and others attributed the remaining 4.2% (the Same Period of Previous Year: 5.0%).

***Overseas Markets***

For the six months ended 30 June 2025, revenue from overseas markets amounted to RMB8,053 million, accounting for 22.2% of the Group's overall revenue and representing an increase of RMB533 million or 7.1% from RMB7,520 million for the Same Period of Previous Year.

***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:

	Six months ended 30 June	
	2025 (%)	2024 (%)
Asia	45	51
Europe	23	22
Americas	22	14
Africa	9	11
Oceania	1	2
	<b>100</b>	<b>100</b>

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 six months ended 30 June 2025, the Group's smart household appliances business recorded revenue of RMB17,074 million, representing an increase of RMB1,474 million or 9.4% as compared to RMB15,600 million recorded in the Same Period of Previous Year.

### **1.1 Smart TV Products (Mainland China Market)**

For the six months ended 30 June 2025, the Group's smart TV products recorded revenue of RMB5,536 million in the mainland China market, representing a slight decrease of RMB12 million or 0.2% as compared to RMB5,548 million recorded in the Same Period of Previous Year.

In the face of frequent price wars and intense industry competition, in 2025, based on its core philosophy of "Specialisation and Excellence, Breakthrough and Reach the Summit", the Group adhered to the three key value pillars of "health care, home entertainment and ultimate aesthetics". Through sustained investment in research and development, the Group achieved breakthrough progress in core technologies such as picture quality, sound quality, modules, ultra-thin design, aesthetics, software and sensors. The Group has focused on developing and applying new technologies such as the Smart Mini LED systems, artificial intelligence (AI) visual display algorithms, ultra-high-channel power acoustic systems and soundbars, "Coocaa Super AI Agents" (酷開超級智能體) and environment-aware picture quality tuning. The application of these technologies are integrated into multiple product series and have been successfully launched in the market. According to Omdia Data, Skyworth TV's global sales revenue share in the first quarter of 2025 successfully ranked among the top five global TV brands, reflecting the significant enhancement of the Skyworth brand value and its growing popularity in the high-end market.

During the Current Period, the Group has launched the new generation Smart Mini LED TV G7F Pro, which uses the world's first ultra-black wide-angle paper-like screen Pro and incorporates a number of industry-first cutting-edge technologies, such as the independently developed super AI agent, AI visual display algorithm and full-link Mini LED fine control lighting system to further enhance image contrast and overall energy conversion efficiency, achieving a comprehensive upgrade in image quality, interaction and content ecology. As the industry's first built-in AI TV, G6F also features Smart Mini LED and "Coocaa Super AI Agents". It redefines the standards for built-in TVs with its seamless flush-mounted design, built-in acoustic and cooling systems, and custom-designed retractable mounting bracket. A5F Pro is the new benchmark for audio-visual TVs, featuring the industry's first built-in 4.2-channel soundbar, professional tuning and surround sound design from the professional audio brand Harman Kardon, and the world's first ultra-wide viewing angle TV with ultra-black wide-angle paper-like screen, delivering a cinema-level ultra-high-definition viewing experience. Additionally, the Group launched several monitor products in the first half of the year, including the "Ultra-thin + High-brightness + High-colour gamut" Mini LED Gaming Monitor Series F32G70U Pro, the QLED AL23 Series featuring KSF high colour gamut LED + quantum dot backlighting technology, and the high-performance QLED E5AQ Series.

Starting from the users' needs, the research and development team has developed non-reflective 100-inch TVs and a variety of Wallpaper TV Series to meet the demand for comfortable viewing in large living rooms. Taking advantage of the national subsidy policy, the Company achieved double growth in sales of 100-inch TVs and Wallpaper TVs, and the market share of related products also increased. In the second half of the year, the Group will continue to upgrade its promotional strategies, combining brand marketing with product technology innovation and iteration to enhance user experience and increase brand influence.

## **1.2 Smart TV Products (Overseas Markets)**

For the six months ended 30 June 2025, the Group's smart TV products recorded revenue of RMB4,100 million in overseas markets, representing an increase of RMB150 million or 3.8% as compared to RMB3,950 million recorded in the Same Period of Previous Year.

During the Current Period, the international situation became increasingly turbulent, posing challenges for overseas marketing. Despite a year-on-year decline in TV product sales volume, the Group successfully increased the gross margin and average selling price of TV products through flexible market strategies and a robust supply chain system, resulting in a year-on-year increase in sales revenue.

The Group has implemented regional strategies that precisely align market demand with resource allocation to meet the needs of different regional markets. The high-end METZ flagship product, METZ Classic Primus, features the latest generation of UHD Meta-OLED monitor and supports all modern HDR standards; the mid-range product P8E uses a black crystal wallpaper screen, while the G7EU is a Mini LED product with 144Hz 1000-level local dimming zones and built-in soundbar; the entry-level products G4F and G3F focus on cost-effectiveness to meet the needs of the mass market.

In the North American market, the Group has adopted a multi-brand strategy to quickly establish differentiated competitiveness, successfully enhancing product acceptance and premium potential. In the European market, the Group focused on a dual strategy of high-end and differentiation, continuously expanding and optimising its channel layout, deploying products according to the characteristics of different channels to meet users' diverse lifestyle scenarios and strengthen its competitiveness in the high-end market. In the Asian market, the Group is committed to channel upgrades. For example, in the Thai market, the Group is promoting the strategic transformation of its channels, shifting from offline-oriented to online-focused, as well as leveraging the growth trend of e-commerce and relying on online traffic and big data advantages to reach users, to reduce operating costs and inject momentum for sustained growth.

## **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 six months ended 30 June 2025, revenue recorded for smart appliance products in the mainland China market amounted to RMB3,936 million, representing an increase of RMB1,001 million or 34.1% as compared to RMB2,935 million recorded in the Same Period of Previous Year. The Group continued to apply its diversification strategy to expand into overseas markets. Revenue in overseas markets amounted to RMB1,694 million, representing an increase of RMB444 million or 35.5% as compared to RMB1,250 million recorded in the Same Period of Previous Year. The increase in revenue was mainly due to the continuous increase in order demand for air conditioners and washing machines.

During the Current Period, the Group focused on a full-category and multi-channel marketing strategy, continuously leveraging its research and development and technological innovation strengths to enhance product competitiveness. The sales performance of core products such as drum washing machines and air conditioners in the Current Period remained robust, 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 become a hot-selling product in the market due to their exceptional product strength and favourable price-to-quality ratio, successfully breaking through the cumulative sales mark of ten million units. They enhanced more consumers' trust and recognition of the Skyworth brand and further improved the Group's full-category industrial structure.

In addition to providing customers with more high-performance, high-quality and cost-effective, and environmentally friendly products, the Group is committed to expanding its online e-commerce business. It actively developed online sales platform clients, thereby laying a solid foundation for the continued growth 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. Coocaa Technology has been dedicated to deepening the research and development and application of AI technologies. During the Current Period, it launched China’s first intelligent system, “Coocaa Super AI Agents”, which was evaluated by the China Telecommunication Technology Laboratory of the China Academy of Information and Communications Technology to reach the “excellent” level in full-chain technical capabilities. The system covers six major scenarios, including audio and video, education, health, creation, lifestyle and devices, providing consumers with a fast, accurate and direct intelligent user experience. The Group’s industrial deployment strategy of “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 six months ended 30 June 2025, revenue recorded for the Group’s smart systems technology business in the mainland China market amounted to RMB2,642 million, representing an increase of RMB24 million or 0.9% from RMB2,618 million recorded in the Same Period of Previous Year. Revenue recorded in overseas markets amounted to RMB1,452 million, representing a decrease of RMB265 million or 15.4% from RMB1,717 million recorded in the Same Period of Previous Year.

In the first half of 2025, the domestic demand in China was subdued alongside a slower pace of global and regional recovery. Against this challenging domestic and international environment, the Group overcame various obstacles and challenges and actively expanded its market. While increasing its market share, the Group continued to strengthen its system architecture planning and research and development capabilities, explore innovation and actively respond to market changes. During the Current Period, the domestic operator market of the Group has seen a flurry of highlights, including AI-enabled mid-screen speakers, speaker-camera all-in-one devices and cloud personal digital assistants (PDAs). These products have achieved breakthroughs and secured multiple bids in centralised procurement projects of China Mobile Group. For the overseas markets, the Company was actively developing its European online retail business and expanding its North American retail business. AI-enabled motion-sensing gaming boxes with cameras and Neural Processing Unit (NPU) edge computing capabilities delivered significant growth. In addition, the new AI-enabled set-top box operating model with cameras was successfully commercialised in Thailand, creating new directions and opportunities for overseas business development. In April 2025, the Group’s first full-scenario AI Smart Glasses were officially launched, exploring a cross-terminal ecosystem where “glasses as the gateway.” The automotive professional display business achieved leapfrog development in the first half of 2025, with significant year-on-year growth in production and sales, and the core projects also continued to grow steadily.

Based on its solid foundation in smart systems technology and the strategic deployments, the Group will continue to deepen innovation and value enhancement in its core businesses. The Group will focus on the key track of intelligent connectivity and interaction, further strengthening the integrated applications of AI, edge computing and new forms of interaction, keep product in line with technological iterations, and accelerate the large-scale development of emerging growth engines. Meanwhile, the Group emphasises the in-depth advancement of its globalisation strategy through diversified market expansion. By addressing the unique needs of different regional markets with customised product portfolios and solutions, the Group seeks to avoid vicious price competition and, through technological innovation and service improvement, establish differentiated advantages. The Group will continuously enhance its core competitiveness, and consolidate and expand its leading position in the global smart systems technology sector.

### **3. New Energy Business**

For the six months ended 30 June 2025, the Group recorded a revenue of RMB13,836 million from the new energy business, representing an increase of RMB4,821 million or 53.5% as compared with RMB9,015 million recorded in the Same Period of Previous Year, the cumulative installed capacity of photovoltaic power stations that have been built and under grid-connected operation exceeded 25.6 GW.

2025 marks the concluding year of the 14th Five-Year Plan and the inaugural year of the 15th Five-Year Plan. The Chinese government attaches paramount importance to environmental protection and the development of new energy, steering the industry towards new frontiers while ensuring its sustained and sound growth. The Group embraces industrial transformation and advances in green technology, while continuously extending into new business domains. These efforts are dedicated to comprehensively promoting the high-quality development of the Group's new energy business.

The Group's new energy business has pioneered the industry with the innovative business model of "Photovoltaics + Inclusive development + Digital technology". It offers 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, while propelling the residential distributed photovoltaic business to the forefront of the industry. 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, 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. The Group also actively expanded its industrial and commercial photovoltaic business to fully capture market demand. By offering customised products that comprehensively cover the needs of the industrial and commercial market and construction scenarios, the Group empowered industrial park owners to advance towards zero-carbon transformation. In addition, Skyworth Photovoltaics deployed "integration of source, grid, load and storage" project, combining photovoltaic power generation with energy storage and charging technologies. Representative integrated projects such as the "Green Energy E-Station" (綠能E站), "Green Station" (綠能驛站) and "Sunshine Stadium" (陽光球場) exemplified the delivery of integrated and innovative operating solutions.

Meanwhile, the Group has been actively expanding along the photovoltaic upstream and downstream industry chain, successfully extending into the research and development and manufacturing of photovoltaic brackets, modules, inverters and energy storage businesses. By delivering reliable, high-quality products and constructing power stations of the highest standards, supplemented with the self-developed smart operation and maintenance system and real-time digital management, the Group has comprehensively enhanced power generation efficiency and system stability, thereby creating sustained value for users through higher generation yields. In April 2025, the Group entered into an investment agreement with Zhejiang Aixu Solar Technology Co., Ltd.\* (浙江愛旭太陽能科技有限公司) and the People's Government of Baise\* (百色市人民政府) for the implement of photovoltaic project. Through

investing in the photovoltaic projects, the Group will be able to quickly deploy high-efficiency solar cell and module production and manufacturing capabilities, enhance product technical barriers and product premium capabilities in the market, and create differentiated products for the high-end market.

For overseas markets, the Group is designing, developing and manufacturing high-efficiency modules, inverters, brackets and other core equipment for photovoltaic power stations starting from Europe and further in a global deployment. Skyworth's energy storage business focuses on four major business segments, namely industrial and commercial, residential, portable and base station backup power, to provide comprehensive energy storage solutions to global customers. The Group's new energy business has already entered countries such as Germany, Italy and Thailand. In the future, the Group will leverage its global brand recognition and expand its new energy business into overseas markets partnered with its mature businesses.

#### **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 six months ended 30 June 2025, revenue recorded for modern services business and other businesses in the mainland China market amounted to RMB1,194 million, representing an increase of RMB57 million or 5.0% as compared to RMB1,137 million recorded in the Same Period of Previous Year. Revenue in overseas markets during the Current Period amounted to RMB145 million, representing an increase of RMB6 million or 4.3% from RMB139 million recorded in the Same Period of Previous Year. Impacted by the prolonged downturn and weak sales in Mainland China's property market, the construction development business continued to face significant challenges, notwithstanding a series of policy measures introduced by the central government in the first half of 2025 to stimulate housing demand. During the Current Period, the Group closely monitored the pace of market development and recovery in the domestic property sector and adjusted its sales strategy accordingly, launching selected regional projects in a timely manner to reduce inventory levels. Although revenue for the Current Period recorded an increase, the construction development business reported a loss due to pricing pressures on certain projects. In accordance with accounting standards, the Group increased impairment provision for the related property inventories during the Current Period, which primarily reflected the Group's response to the prevailing economic environment, while demonstrating its determination to remain agile and resilient in navigating market fluctuations.

During the Current Period, 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. 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 such as semiconductors, new materials, new equipment, supply chain transactions and service platforms, as well as emerging industries such as AI and innovative content.

The Group actively implements organisational optimisation and leverages the organisational strength of the enterprise to enhance mutual empowerment among business units, promote the accelerated integration and expansion of new businesses and new development models, create a sound foundation for the future reform and development of Skyworth Group, and provide supports and empower synergies for the Group's scientific research, investment, production, procurement and construction.

### **Gross Profit Margin**

For the six months ended 30 June 2025, the overall gross profit margin of the Group was 12.3%, representing a decrease of 1.5 percentage points in comparison to 13.8% recorded in the Same Period of Previous Year.

In the first half of 2025, the narrowing of gross profit margins in the modern services business dragged down the Group's overall gross profit. Raw material costs in the household appliances industry also increased due to global supply chain tensions and United States' tariff policies; cost increases for certain raw materials, such as steel and electronic components, also put pressure on the Group's overall gross profit. On the other hand, the new energy business continued to introduce more financing partners and optimise cooperation models during the Current Period, which had a positive impact on improving gross profit margins. The Group will continue to advance refined management practices of operations and adopt various comprehensive measures such as appropriately reducing OEM operations, focusing on sales of its own brand products and the high-end product market, to enhance product gross margins, reduce operating costs and ensure the healthy operation of the enterprise.

### **Expenses**

For the six months ended 30 June 2025, the Group's selling and distribution expenses amounted to RMB2,030 million, representing an increase of RMB383 million or 23.3% as compared to RMB1,647 million for the Same Period of Previous Year. The selling and distribution expenses to revenue ratio for the six months ended 30 June 2025 was 5.6%, which slightly increased by 0.1 percentage points from 5.5% recorded in the Same Period of Previous Year.

For the six months ended 30 June 2025, the Group's general and administrative expenses amounted to RMB900 million, representing an increase of RMB62 million or 7.4% compared with RMB838 million for the Same Period of Previous Year. The general and administrative expenses to revenue ratio for the six months ended 30 June 2025 was 2.5%, which slightly decreased by 0.3 percentage points from 2.8% recorded in the Same Period of Previous Year.

The Group continued to devote resources during the Current Period to the research and development of premium smart products, to improve its corporate competitiveness and product advantages. For the six months ended 30 June 2025, the Group's research and development expenses amounted to RMB1,000 million, representing an increase of RMB19 million or 1.9% as compared to RMB981 million for the Same Period of Previous Year. The research and development expenses to revenue ratio for the six months ended 30 June 2025 was 2.8%, which decreased by 0.5 percentage points from 3.3% recorded in the Same Period of Previous Year.

### **LIQUIDITY, FINANCIAL RESOURCES AND CASH FLOW MANAGEMENT**

The Group adopts a prudent financial policy to maintain stable financial conditions. As at 30 June 2025, net current assets amounted to RMB10,905 million, representing a decrease of RMB1,483 million or 12.0% as compared to RMB12,388 million as at 31 December 2024. As at 30 June 2025, cash and cash equivalents amounted to RMB10,627 million, representing an increase of RMB2,279 million or 27.3% as compared to RMB8,348 million as at 31 December 2024. As at 30 June 2025, pledged and restricted bank deposits



amounted to RMB2,860 million in aggregate, representing a decrease of RMB577 million or 16.8% as compared to RMB3,437 million as at 31 December 2024.

The Group secured certain assets against its certain trade facilities and loans granted from various banks. As at 30 June 2025, such secured or restricted assets included bank deposits of RMB2,860 million (as at 31 December 2024: RMB3,437 million), investment properties of RMB1,265 million (as at 31 December 2024: RMB1,291 million), stock of properties of RMB582 million (as at 31 December 2024: RMB1,342 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 RMB3,586 million (as at 31 December 2024: RMB3,883 million). As at 30 June 2025 and 31 December 2024, secured and restricted bills receivables amounted to RMB64 million and RMB149 million respectively.

As at 30 June 2025, total bank loans and overall interest-bearing liabilities of the Group amounted to RMB19,175 million (as at 31 December 2024: RMB16,305 million). The Equity attributable to owners of the Company amounted to RMB17,379 million (as at 31 December 2024: RMB18,238 million). The debt to equity ratio revealed as 84.4% (as at 31 December 2024: 70.5%).

## **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. In response to the rapid development of the new energy business, the Group actively sought appropriate cooperation models during the Current Period and carefully managed overall financing costs and borrowing risks. During the Current Period, the management of the Group continued to focus on closely monitoring the progress of interest rate cuts in the United States and the impact of tariff negotiations on foreign exchange rates, in order to flexibly adjust its foreign exchange hedging strategy. For the six months ended 30 June 2025, the Group recorded a net exchange gain generated from general operations of RMB33 million (six months ended 30 June 2024: loss of RMB9 million).

In addition, the Group still held the following investments during the Current Period:

(a) Unlisted equity securities

As at 30 June 2025, the Group held investments in 80 unlisted companies. The total value (at fair value) of these investments (reflecting the changes in fair value and costs) was RMB2,761 million.

(b) Listed equity securities

As of 30 June 2025, the Group held investments in nine (as at 31 December 2024: nine) listed equity securities, details of which are as follows:

<b>Listed companies</b>	<b>Shareholding percentage as of 30 June 2025</b>	<b>Value of investment as of 30 June 2025  (RMB million)</b>	<b>Value of investment as of 31 December 2024  (RMB million)</b>	<b>Exchange on which the securities are listed</b>	<b>Principal business of the listed company</b>
Bank of Gansu Co., Ltd.	0.66%	24.2	23.1	The Stock Exchange of Hong Kong Limited	Financial services
Amlogic (Shanghai) Co., Ltd.	0.07%	21.6	22.9	Shanghai Stock Exchange	Research, design, development and manufacture of chips
Linklogis Inc.	0.39%	14.4	13.2	The Stock Exchange of Hong Kong Limited	Provide supply chain fintech solutions services
Anhui Coreach Technology Co., Ltd.	1.00%	47.2	43.8	Shenzhen Stock Exchange	Research and development, design, production and sales of optoelectronic systems and technical services
Guizhou Zhenhua E-chem Inc.	0.28%	19.5	15.8	Shanghai Stock Exchange	Research and development, design, production and sales of lithium-ion battery cathode materials
Shanghai Anlogic Infotech Co., Ltd.	1.78%	201.6	220.3	Shanghai Stock Exchange	Research, design, development and manufacture of chips
United Nova Technology Co., Ltd.	0.11%	37.4	40.2	Shanghai Stock Exchange	Research, design, development and manufacture of chips
Grand Kangxi Communication Technologies (Shanghai) Co., Ltd.	0.48%	22.1	22.9	Shanghai Stock Exchange	Research, design, development and manufacture of wireless network equipment related chips
Huitongda Network Co., Ltd.	1.61%	112.3	159.3	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, new equipment and supply chain transactions and service platforms 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 Current Period, in order to cope with the increased production scale and improved output ratio of smart products, the Group invested a total of RMB313 million in main buildings and construction projects, including the expansion of its production plants in Shenzhen, Guangzhou, Huizhou and Qianhai, and RMB402 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 condensed consolidated financial statements of the Group.

## **HUMAN RESOURCES CAPITAL**

As at 30 June 2025, the Group had around 28,300 employees (as at 31 December 2024: 30,800) 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

The Group's resilience continues to be tested by the increasingly complex geopolitical landscape, escalating trade tensions and the introduction of new tariff measures. Despite the highly volatile business environment, the Group maintains a cautiously optimistic view of the industry outlook. Guided by a prudent management approach, the Group remains committed to addressing uncertainties in the economic landscape and intensifying industry competition with caution, thereby further strengthening its resilience. 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, upholds the brand philosophy and practice of "Sky-high Ambitions, Boldness in Action". With an open mindset and strong innovation capabilities, and guided by user-oriented demand, the Group follows the technological development concept of "5G + AI + Device" in product development, thereby driving technological innovation across its full product range.

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 and expanding comprehensive smart home content services, to achieve seamless intelligent control for homes, offices and vehicles. The wave of intelligence has swept across the globe. With steady progress in network infrastructure and the rapid advancement of AI technologies, cross-industry integration is accelerating at an unprecedented pace. The Group actively embraced AI technological transformation, and launched a series of innovative applications and products in 2025. The product line covers high-end, differentiated or specific-function smart products to meet the needs of different consumers. In addition, as a photovoltaic enterprise actively responding to the Double Carbon goal, the Group adapts industrial and green technology transformations, continuously expanding into new business areas. Despite the challenging market environment with weak demand, the Group has demonstrated a relatively strong 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.

Looking ahead to the second half of the year, Skyworth will remain composed in navigating market headwinds and proactive in responding to market dynamics. Our core focus will continue to be placed on quality, innovation and technological iteration to enhance user experience and sustain the market momentum of products with competitive advantages. Against the backdrop of ongoing global economic uncertainties, we recognise that challenges and opportunities coexist. In addition to continuously exploring more diversified business models and optimising channel strategies, we will, as always, adopt a prudent yet pragmatic approach with an open mindset. Technology driven innovation will remain our key growth engine, enabling us to optimise asset structure, strengthen internal management and enhance synergies across business sectors, thereby improving overall operational efficiency and driving the high-quality development of the overall business. The Group will also continue to closely monitor market trends and remain committed to maintaining a solid and balanced asset and investment portfolio, ensuring that we sustain our leading position amid intensifying market competition.

The Group, rooted in China and facing the world, will give full play to its own advantages while reinforcing synergies across its business segments, thereby driving diversified development across business units. The Group is committed to creating value for users and markets across regions through continuous technological and product innovation. The Group will remain confident and steadfast, adopting flexible and forward-looking strategies to navigate the turbulent market environment and continue to drive the long-term development of its businesses.

## **EVENTS AFTER THE REPORTING PERIOD**

Up to the end of the Current Period and up to the date of this announcement, the Group did not have any material events.

## **CORPORATE GOVERNANCE STANDARDS**

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 "Stock Exchange") .

During the Current Period and up to the date of this announcement, the Company has complied with the code provisions as set out in the CG Code.

For detailed information about the corporate governance practices of the Company, please refer to the "Corporate Governance Report" contained in the Company's 2024 annual report.

## **AUDIT COMMITTEE**

The Audit Committee was established by the Board since the listing of the shares of the Company on the Stock Exchange on 7 April 2000. The Audit Committee is comprised of 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.

During the Current Period and up to the date of this announcement, the Audit Committee held 2 meetings and performed the following duties:

- (a) to review and comment on the Company's annual and interim financial reports;
- (b) to oversee the Group's financial reporting system, risk management and internal control systems on an ongoing basis;
- (c) to review the financial reporting system to ensure the adequacy of resources, qualifications and experience of staff in accounting and financial reporting functions of the Group;
- (d) to discuss on the Group's internal audit plan with the Risk Management Department;
- (e) to review the continuing connected transactions; and
- (f) to meet and communicate with the external auditors for audit works of the Group.

## **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 on terms no less exacting than the required standard set out in the Model Code. Having made specific enquiry of all Directors, all Directors confirmed through a confirmation that they had complied with the required standards set out in the Model Code and the code of conduct regarding securities transactions by Directors adopted by the Company throughout the Current Period.

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

During the Current Period, 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 342,206,688 Shares of the Company on the Stock Exchange at an aggregate consideration of approximately HK\$1,064.25 million (excluding expenses). 944,000 Shares were cancelled as of 13 January 2025 and 341,262,688 Shares were cancelled as of 17 June 2025. As at 30 June 2025, the total number of Shares in issue was 1,892,004,732.

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

## **CONDITIONAL CASH OFFER TO BUY-BACK UP TO 350,000,000 SHARES AT HK\$3.11 PER SHARE**

On 27 March 2025, the Company published an announcement in relation to an offer made by CLSA Limited on behalf of the Company to buy-back for cancellation, subject to the conditions, up to 350,000,000 Shares, representing approximately 15.67% of the issued Shares as at the date of such announcement, at the price of HK\$3.11 per Share (the "Offer"). The Offer was made in full compliance with the Code on Takeovers and Mergers of Hong Kong and the Code on Share Buy-backs of Hong Kong. The Offer was approved by the Shareholders at the special general meeting of the Company held on 23 May 2025. On 6 June 2025, valid acceptances in respect of a total of 341,262,688 Shares were received by Computershare Hong Kong Investor Services Limited from the accepting shareholders under the Offer, representing approximately 15.28% of the total number of issued Shares as at 6 June 2025 and approximately 97.50% of the maximum number of 350,000,000 Shares to be bought-back by the Company under the Offer. The consideration for the Offer, being a total of approximately HK\$1,061.3 million, was paid in cash and was funded by internal resources of the Group. The completion of the Offer and cancellation of the 341,262,688 Shares bought-back by the Company took place on Tuesday, 17 June 2025. For more information, please refer to the announcements of the Company dated 27 March 2025, 16 April 2025, 28 April 2025, 23 May 2025, 6 June 2025, 17 June 2025 and the circular of the Company dated 28 April 2025.

## **INTERIM DIVIDEND**

Taking into account the Company's profitability and capital required for future development, the Board does not recommend the payment of interim dividend for the Current Period (for the six months ended 30 June 2024: Nil).

## **PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This interim 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 2025 interim 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 to the Group throughout the Current Period.

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

Hong Kong, 28 August 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*