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# SKYWORTH

## SKYWORTH GROUP LIMITED

### 創維集團有限公司

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00751)**

## OVERSEAS REGULATORY ANNOUNCEMENT 2019 FIRST QUARTER RESULTS OF SKYWORTH DIGITAL CO., LTD.

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

Skyworth Digital Co., Ltd. (“**Skyworth Digital**”, Shenzhen Stock Code: 000810), an A-share listed company on the Shenzhen Stock Exchange and a non-wholly owned subsidiary of the Company, has issued an announcement relating to its unaudited first quarter results for the three months ended 31 March 2020 (the “**Announcement**”). Set out in the Appendix hereto is an extract of certain information in the Announcement.

Shareholders of the Company and potential investors should take note that the financial information of the first quarter results of Skyworth Digital in the Announcement has not been audited and the full version of the 2020 first quarter report of Skyworth Digital in Chinese has been published on the information website of the Shenzhen Stock Exchange (<http://www.cninfo.com.cn>).

By order of the Board  
**Skyworth Group Limited**  
**Lai Weide**  
*Chairman of the Board*

Hong Kong, 26 April 2020

*As at the date of this announcement, the Board of the Company comprises Mr. Lai Weide as the Chairman of the Board; Mr. Liu Tangzhi as executive director and the chief executive officer; Ms. Lin Wei Ping, Mr. Shi Chi, Mr. Lin Jin and Mr. Lam Shing Choi, Eric as executive directors; and Mr. Li Weibin, Mr. Cheong Ying Chew, Henry and Mr. Hung Ka Hai, Clement as independent non-executive directors.*

*\* For identification purpose only*

Stock Code: 000810

Stock Name: Skyworth Digital

Announcement Number: 2020-028

**Extract of 2020 first quarter results announcement of  
Skyworth Digital Co., Ltd.**

## **Section I Important Notes**

**The board of directors, the board of supervisors and the directors, supervisors and senior executives of the Company guarantee that the contents of the quarterly results announcement are true, accurate and complete, and there are no false records, misleading statements or material omissions and bear individual and joint legal liability.**

**All directors attended the board meeting to resolve this quarterly results announcement.**

**Lai Weide, the legal representative, Wang Yin, the person in charge of accounting, and Yun Chunyu, the responsible person of the accounting institution (head of the Accounting Department) of the Company declare that the financial statements contained in this quarterly results announcement are true, accurate and complete.**

## Section II Basic Corporate Information

### (1) Major accounting figures and financial indicators

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

Yes  No

	Current reporting period	Corresponding period last year	Increase or decrease of the reporting period compared to the previous reporting period
Turnover (RMB)	1,709,529,147.46	2,051,101,815.37	-16.65%
Net profit attributable to shareholders of the Company (RMB)	78,286,291.64	117,531,078.95	-33.39%
Net profit attributable to shareholders of the Company after non-recurring gain or loss (RMB)	39,521,732.81	99,003,933.64	-60.08%
Net cash from operating activities (RMB)	734,411,685.73	-461,812,707.89	259.03%
Basic earnings per share (RMB/share)	0.0748	0.1125	-33.51%
Diluted earnings per share (RMB/share)	0.0733	0.1087	-32.57%
Weighted average return on net assets	2.04%	3.75%	-1.71%
	End of current reporting period	End of last year	Increase or decrease at the end of the reporting period compared to the end of the previous year
Total assets (RMB)	9,828,242,072.02	10,541,262,868.03	-6.76%
Net assets attributable to shareholders of the Company (RMB)	3,893,824,783.14	3,763,156,124.26	3.47%

Items and amounts of non-recurring gains or losses.

Applicable  Not Applicable

Unit: RMB

Item	Beginning of year to end of reporting period	Remark
Profit or loss on disposal of non-current assets (including the offset part of asset impairment provisions)	297,389.32	Disposal of fixed assets
Government subsidies included in profit or loss for the current period (except for those closely related to corporate operations, which are granted at fixed quotas or amounts according to the government's unified standards)	21,645,434.18	Government subsidies
Other than effective hedging activities associated with the Company's normal operations, gains and losses from changes in fair value of financial assets held for trading, derivative financial assets, trading financial liabilities and derivative financial liabilities, as well as investment gains from disposal of trading financial assets, derivative financial assets, trading financial liabilities, derivative financial liabilities and other debt investment	23,664,755.68	Gains and losses on changes in fair value of forward foreign exchange and gains and losses on investments
Non-operating income and expenses other than the above	143,658.57	Other items of non-recurring gains or losses
Less: income tax effects	6,499,444.45	Income tax effects
Effects of minority interests (after tax)	487,234.47	Effects of minority interests
Total	38,764,558.83	--

The Company shall provide reasons for items defined as non-recurring gains or losses in accordance with “Explanatory Announcement No.1 on Information Disclosure for Companies Publicly Issuing Securities - Non-recurring Gains or Losses”, and for defining items of non-recurring gains or losses set out in “Explanatory Announcement No.1 on Information Disclosure for Companies Publicly Issuing Securities - Non-recurring Gains or Losses” as items of recurring gains or losses.

Applicable  Not applicable

During the reporting period, the Company did not define any item defined and classified as non-recurring gains or losses according to “Explanatory Announcement No.1 on Information Disclosure for Companies Publicly Issuing Securities - Non-recurring Gains or Losses” as an item of recurring gains or losses.

**(2) Total number of shareholders and shareholdings of the top 10 shareholders as at the end of the reporting period**

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

Unit: Share(s)

Total number of holders of ordinary shares as at end of reporting period		58,482	Total number of holders of preference shares with voting rights restored as at end of reporting period (if any)		0	
Shareholdings of top 10 shareholders						
Name of shareholders	Shareholder capacity	Shareholding %	Number of shares held	Number of shares subject to trading moratorium	Pledged or locked-up	
					Shares status	Number of shares
Shenzhen Chuangwei-RGB Electronics Co., Ltd.	Domestic non-state-owned legal person	54.96%	584,548,508		Pledged	404,548,508
Shi Chi	Domestic natural person	3.46%	36,770,524	27,577,893		
Skyworth LCD Technology Limited	Overseas legal person	2.08%	22,083,862	22,083,862		
Suining Xing Ye Asset Management Co., Ltd.	State-owned legal person	2.06%	21,916,008			
Xie Xiongqing	Domestic natural person	1.91%	20,354,453			
Lin Weijian	Domestic natural person	1.79%	19,021,531			
Li Pu	Domestic natural person	1.29%	13,683,310			
Guangzhou office of Huaxia Securities	Domestic non-state-owned legal person	0.88%	9,400,000			
Tang Yan	Overseas natural person	0.61%	6,507,500			
Wu Shezhen	Domestic natural person	0.54%	5,739,000			
Shareholdings of top 10 holders of shares not subject to trading moratorium						
Name of shareholders		Number of shares not subject to trading moratorium held	Type of shares			
			Type of shares	Number of shares		
Shenzhen Chuangwei-RGB Electronics Co., Ltd.		584,548,508	RMB ordinary shares	584,548,508		
Suining Xing Ye Asset Management Co., Ltd.		21,916,008	RMB ordinary shares	21,916,008		
Xie Xiongqing		20,354,453	RMB ordinary shares	20,354,453		
Lin Weijian		19,021,531	RMB ordinary shares	19,021,531		
Li Pu		13,683,310	RMB ordinary shares	13,683,310		

Guangzhou office of Huaxia Securities	9,400,000	RMB ordinary shares	9,400,000
Shi Chi	9,192,631	RMB ordinary shares	9,192,631
Tang Yan	6,507,500	RMB ordinary shares	6,507,500
Wu Shezhen	5,739,000	RMB ordinary shares	5,739,000
Hong Kong Securities Clearing Company Limited	3,731,593	RMB ordinary shares	3,731,593
Description of the connected relationship or acting in concert of the above shareholders:	(1) Shenzhen Chuangwei-RGB Electronics Co., Ltd. and Skyworth LCD Technology Limited are subsidiaries of Skyworth Digital Holdings Limited, and are persons acting in concert legally. (2) Lin Weijian was the supervisor of Yingtian City Pengsheng Investment Co., Ltd.* (鹰潭市鹏盛投资有限公司), Lin Weijing was the executive director and general manager of Yingtian City Pengsheng Investment Co., Ltd.* Xie Xiongqing was the executive director and general manager of Yingtian City Pengsheng Investment Co., Ltd.* Lin Weijian, Lin Weijing and Xie Xiongqing are relatives. Yingtian City Pengsheng Investment Co., Ltd.*, Lin Weijian, Xie Xiongqing, Lin Weijing are persons acting in concert legally. (3) Shi Chi is a director and general manager of the Company, while Tang Yan is his spouse and they are therefore persons acting in concert legally. (4) Apart from the aforesaid, the Company is not aware of any connected relationship that may exist among the other shareholders, nor does it know whether they are persons acting in concert according to the Measures for the Administration of the Takeover of Listed Companies.		
Status of engagement in securities financing business of the top 10 holders of ordinary shares (If any)	As at 31 March 2020, Xie Xiongqing held an aggregate of 20,354,453 shares of the Company, of which 20,354,453 shares were held through the “investor credit securities account”.		

Did the Company’s top 10 holders of ordinary shares and the top 10 holders of ordinary shares not subject to trading moratorium make the agreed repurchase transactions during the reporting period?

Yes  No

The Company’s top 10 holders of ordinary shares and the top 10 holders of ordinary shares not subject to trading moratorium did not make the agreed repurchase transactions during the reporting period

## 2. Total number of holders of preference shares of the Company and shareholdings of the top 10 holders of preference shares

Applicable  Not applicable

## Section III Important Matters

### (1) Details and reasons for changes in major accounting figures and financial indicators during the reporting period

√ Applicable □ Not applicable

Unit: RMB

Item	As at 31 March 2020	As at 31 March 2019	Change (%)	Reason for change
Trading financial assets	18,442,490.00	-	-	Fair value of forward foreign exchange not delivered at the end of the period
Development expenditure	1,792,786.75	-	-	Due to research and development expenses for incomplete projects
Trading financial liabilities	-	3,651,350.00	-100%	Fair value of forward foreign exchange not delivered at the beginning of the period
Advance payment	99,033.24	259,480.48	-61.83%	Decrease in lease advance payment
Item	Current amount	Amount in the previous period	Change (%)	Reason for change
Tax and surcharges	5,779,436.22	10,876,634.99	-46.86%	Decrease in additional tax
Finance cost	39,226,022.67	9,048,108.94	333.53%	Increase in exchange losses due to the fluctuations of exchange rate
Gain on investments (loss shall be stated as “-”)	557,091.56	1,269,657.81	-56.12%	Mainly due to the decrease in settlement of forward foreign exchange contracts
Gain on changes in fair value (loss shall be stated as “-”)	23,262,812.82	3,356,655.26	593.04%	Due to gain on changes in fair value of undelivered forward foreign exchange
Credit impairment loss (loss shall be stated as “-”)	-2,131,595.83	-21,427,295.44	-90.05%	Mainly due to the reduction of expected credit impairment losses
Asset impairment losses (loss shall be stated as “-”)	-6,264,583.44	-1,267,629.95	394.20%	Increase in inventory price loss accrued in the current period
Gain on disposal of assets (loss shall be stated as “-”)	319,805.01	-12,336.00	2692.45%	Increase in fixed asset disposal income in the current period
Non-operating income	781,362.37	1,846,576.37	-57.69%	Decrease in non-operating income
Non-operating expenses	660,119.49	976,109.33	-32.37%	Decrease in non-operating expenses
Income tax expense	4,596,824.51	7,899,638.84	-41.81%	Decrease in total profit due to decrease in tax expenses
Net cash flows generated from operating activities	734,411,685.73	-461,812,707.89	259.03%	Increase in sales rebates
Net cash flows generated from financing activities	-707,427,123.46	358,217,422.19	-297.49%	Increase in cash due to repayment of bank loans

**(2) Progress of significant events and analysis of their implications and solutions**

Applicable  Not applicable

Progress in the repurchase of shares

Applicable  Not applicable

Progress in reducing repurchased shares through centralised bidding

Applicable  Not applicable

**(3) Undertakings of the Company's actual controller, shareholders, related parties, acquirers and the Company (being the promised parties) that had not been fulfilled during the reporting period**

Applicable  Not applicable

The Company did not have any undertaking of its actual controller, shareholders, related parties, acquirers and the Company (being the promised parties) that had not been fulfilled during the reporting period.

**(4) Situation of investment in securities**

Applicable  Not applicable

The Company had no investment in securities during the reporting period.

**(5) Financial management**

Applicable  Not applicable

The Company had no financial management during the reporting period.

**(6) Situation of investment in derivatives**

√ Applicable    □ Not applicable

Unit: RMB10,000

Name of the entity operating derivative investment	Connected relationship	Connected transaction (Yes/No)	Type of derivative investment	Initial investment amount	Commencement date	Termination date	Investment amount at beginning of reporting period	Amount purchased during reporting period	Amount sold during reporting period	Amount of provision for impairment (if any)	Investment amount at end of reporting period	Percentage of investment amount at period end in net assets of the Company at end of reporting period	Actual profit or loss during reporting period
Standard Chartered Bank (China) Limited	No	No	Forward foreign exchange	1,817.66	19 July 2019	10 January 2020	1,817.66		1,817.66			0.00%	20.03
Standard Chartered Bank (China) Limited	No	No	Forward foreign exchange	1,521.4	19 July 2019	10 February 2020	1,521.4		1,521.4			0.00%	85.08

Standard Chartered Bank (China) Limited	No	No	Forward foreign exchange	1,222.22	19 July 2019	10 March 2020	1,222.22			1,222.22		0.00%	127.39
Standard Chartered Bank (China) Limited	No	No	Forward foreign exchange	1,227.11	19 July 2019	14 April 2020	1,227.11				1,227.11	0.30%	261.5
Standard Chartered Bank (China) Limited	No	No	Forward foreign exchange	1,109.59	19 July 2019	10 June 2020	1,109.59				1,109.59	0.28%	234.1
Standard Chartered Bank (China) Limited	No	No	Forward foreign exchange	1,280.98	19 July 2019	10 July 2020	1,280.98				1,280.98	0.32%	268.15
Standard Chartered Bank (China) Limited	No	No	Forward foreign exchange	724.55	24 October 2019	10 July 2020	724.55				724.55	0.18%	155.16

Standard Chartered Bank (China) Limited	No	No	Forward foreign exchange	1,799.47	24 October 2019	14 October 2020	1,799.47				1,799.47	0.45%	375.84
Standard Chartered Bank (China) Limited	No	No	Forward foreign exchange	1,796.52	8 November 2019	10 November 2020	1,796.52				1,796.52	0.45%	374.38
Standard Chartered Bank (China) Limited	No	No	Forward foreign exchange	1,291.51	17 January 2020	10 December 2020		1,291.51			1,291.51	0.32%	232.66
Standard Chartered Bank (China) Limited	No	No	Forward foreign exchange	1,298.28	17 January 2020	10 January 2021		1,298.28			1,298.28	0.32%	232.2
<b>Total</b>				15,089.29	--	--	12,499.5	2,589.79	4,561.28		10,528.01	2.62%	2,366.49
Source of funding for derivative investment				Private capital									
Litigation involved (if applicable)				Nil									
Date of announcement relating to the derivative investment approved at the board meeting (if any)				24 March 2020									

<p>Date of announcement relating to the derivative investment approved at the shareholders' meeting (if any)</p>	
<p>Risk analysis of positions in derivatives and control measures (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.) in the reporting period</p>	<p>Risk analysis of forward foreign exchange business: The Company does not conduct forward foreign exchange transactions solely for profit purposes. All forward foreign exchange transactions are based on ordinary production and operation, and are based on specific business operations to avoid and guard against exchange rate risks. Forward foreign exchange transactions can reduce the impact of exchange rate fluctuations on the Company when the exchange rate fluctuates significantly, so that the Company can focus on its own production and operation. However, there are some possible risks in the forward foreign exchange business:① Exchange Rate Fluctuation Risk: In the case of significant fluctuation of exchange rate, the bank's forward exchange offer rate may be lower than the Company's offer rate to the customer. In that case, the Company would not be able to lock down the rate according to the customer offer rate, which may result in exchange losses. ② Internal Control Risk: A lack of internal control proficiency could create internal control risk due to forward foreign exchange transactions being highly professional and complex. ③ Customer Default Risk: Due to overdue on customer accounts receivable, the loan cannot be recovered within the forecast receivable period, which will result in long-term settlement of the transaction and lead to losses of the Company. ④ Receivable Forecasting Risk: The internal import and export departments forecast receivables according to existing customer orders and future expected orders. Customer may request to adjust the orders during the actual implementation process; such adjustments will affect the accuracy of forecast receivable and lead to long-term settlement delay delivery risk.</p> <p>Risk response to forward foreign exchange transactions: ① The Company has formulated the "Internal Control System for Forward Foreign Exchange Transactions" 《远期外汇交易业务内部控制制度》, which clearly stipulates the principles of business operation, approval authority and scope of duties, internal operation flow, follow-up management, information isolation measures, information disclosure and file management. According to the system, the Company will arrange strictly in accordance with the provisions in terms of professional staff arrangement, establishment of strict authorisation hierarchy and position containment system to strengthen the relevant personnel on professional ethics learnings and business training to improve the overall quality of the relevant personnel. At the same time, the Company is committed to the timely establishment of an abnormality reporting system and the formation of an internal efficient risk management procedure. ② The Company's Finance Department serves as the daily competent authority of the foreign exchange forward trading business, the department has set up corresponding professional positions, which are led by the Financial Controller, who is responsible for the business and compliance with the "Forward Foreign Exchange Business Internal Control System" 《远期外汇交易业务内部控制制度》, while ensuring that the system is carried out with greater efficiency. All staff who participate in the forward foreign</p>

	<p>exchange business have fully understood the characteristics and risks of the forward foreign exchange business, and strictly implemented the operation and risk management system within the derivatives business. ③ The Company has strict control on the scale of funds in foreign exchange forward transactions. All foreign exchange forward transactions must be entered into in accordance with foreign currency receipt and payment plans developed by relevant operating departments. Such transactions must comply with the Company's "Forward Foreign Exchange Business Internal Control System" 《远期外汇交易业务内部控制制度》, which provides the authority to disseminate operation instructions. The proceeding of operation must be in compliance with internal guidelines after the approval process. Strict prohibition of any amount of one-way transaction, for there is a risk of exposure to forward foreign exchange transactions. ④ The Company's proposed forward foreign exchange trading business is aimed at guarding against and avoiding exchange rate risk. The Company's board of directors has put forward specific risk control requirements, while the internal audit department and the audit committee of the board of directors will verify the actual transaction contract and the implementation process on a regular and irregular basis.</p>
<p>During the reporting period, if the market price or the fair value of the product is changed, the analysis of the fair value of the derivative shall disclose the method and the relevant assumptions with parameters</p>	<p>The Company's auditing for the fair value of derivatives is mainly due to the unexpired contract of forward-to-date foreign exchange settlement transactions signed by the Company and the Bank within the reporting period. The fair value gains and losses are recognised accordingly to the difference between the forward offer and the forward exchange rate agreed upon in the contract, which had not expired as of the transactional financial asset or liability date.</p>
<p>Remarks on whether any significant change has occurred to the accounting policy of the Company's derivatives and the specific principles of accounting during the reporting period in comparison with the previous reporting period</p>	<p>Nil</p>
<p>Special opinions of independent directors on the Company's derivative investment and risk control</p>	<p>The Company and its controlling subsidiaries are able to reduce operating risks by using reasonable financial instruments to lock-in the transaction costs. The long-term foreign exchange transactions carried out by the Company and its controlling subsidiaries are closely related to their daily business needs. A corresponding monitoring mechanism has been established within the Company, which conforms with requirements set out in relevant laws and regulations. The use of derivative investments was agreed after considering domestic and overseas economic development, current financial trends, expected exchange rate fluctuations and the Company's business scale.</p>

**(7) Registration form of reception of research, communication and interview etc. during the reporting period**

Applicable  Not applicable

Reception time	Type of reception	Reception party	The basic situation index of research
3 February 2020	Telephone communication	Organisation	See the website ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ) Investor Relations Activity List
11 February 2020	Telephone communication	Organisation	See the website ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ) Investor Relations Activity List
12 February 2020	Telephone communication	Organisation	See the website ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ) Investor Relations Activity List
20 February 2020	Telephone communication	Organisation	See the website ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ) Investor Relations Activity List

**(8) Situation of illegal external guarantee**

Applicable  Not applicable

The Company had no illegal external guarantee during the reporting period.

**(9) Controlling shareholder(s) and its/their related parties occupy the funds of the Company for non-operating purposes**

Applicable  Not applicable

No controlling shareholders and its/their related parties occupied the funds of the Company for non-operating purposes during the reporting period.