SKYWORTH

SKYWORTH GROUP LIMITED
創 維 集 團 有 限 公 司

(Incorporated in Bermuda with limited liability)

(Stock Code: 00751)

OVERSEAS REGULATORY ANNOUNCEMENT 2021 INTERIM 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 announced its unaudited interim results for the six months ended 30 June 2021 (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 interim results of Skyworth Digital in the Announcement has not been audited and the full version of the 2021 interim 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, 24 August 2021

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.

Appendix

Stock Code: 000810 Stock Name: Skyworth Digital Announcement Number: 2021-048

Extract of 2021 Interim Results Announcement of Skyworth Digital Co., Ltd.

I. Important Notes

This extract is compiled based on the full text of the interim report. Investors should read the full text of the interim report carefully on the media designated by the China Securities Regulatory Commission to gain a comprehensive view of the business performance, financial position and future development plan of the Company.

Auditor’s note on non-compliance with accounting standards

□ Applicable √ N/A

Plans on profit distribution of ordinary shares or transfer from capital reserve to share capital during the reporting period reviewed by the board

□ Applicable √ N/A

The Company has no plan to distribute cash dividend. No bonus share will be given. No transfer will be made from capital reserve to share capital.

Plans on profit distribution of preferred shares during the reporting period approved by the board by way of resolution

□ Applicable √ N/A

II. Basic Information of the Company

1. Profile of the Company

Stock name	Skyworth Digital	Stock code	000810
Listing stock exchange	Shenzhen Stock Exchange		
Contact person and information	Secretary of the board	Securities representative	
Name	Zhang Zhi	Liang Jing	
Office address	Unit A 16/F, Skyworth Mansion., Gaoxin Ave. 1.S., Hi-tech Park, Nanshan District, Shenzhen	Unit A 16/F, Skyworth Mansion., Gaoxin Ave. 1.S., High-tech Park, Nanshan District, Shenzhen	
Telephone	0755-26010018	0755-26010680	
Email	skydtbo@skyworth.com	skydtbo@skyworth.com	

2. Major financial information and financial indicators

Whether the Company needs to make retrospective adjustments or restate the accounting information of prior years

√ Yes □ No

Reasons for retrospective adjustments or restatements

Merger of enterprises under control of the same parent company

	The reporting period	Same period of the prior year		Increase or decrease between the reporting period and the same period prior year
		Before adjustment	After adjustment	After adjustment
Turnover (RMB)	4,575,367,608.28	3,705,052,508.70	3,708,596,527.26	23.37%
Net profit attributable to shareholders of the Company (RMB)	284,227,358.20	181,555,795.81	178,655,898.44	59.09%
Net profit attributable to shareholders of the Company after non-recurring gain or loss (RMB)	151,178,130.95	128,249,585.67	128,249,585.67	17.88%
Net cash from operating activities (RMB)	-134,820,049.55	1,344,588,424.25	1,343,063,860.13	-110.04%
Basic earnings per share (RMB/share)	0.2673	0.1733	0.1706	56.68%
Diluted earnings per share (RMB/share)	0.2673	0.1699	0.1672	59.87%
Weighted average return on net assets	6.57%	4.68%	4.60%	1.97%
	At the end of the reporting period	At the end of prior year		Increase or decrease at the end of the reporting period from the end of prior year
		Before adjustment	After adjustment	After adjustment
Total assets (RMB)	10,387,487,054.43	10,250,139,368.19	10,250,139,368.19	1.34%
Net assets attributable to listing company shareholders (RMB)	4,385,373,858.55	4,202,130,475.86	4,202,130,475.86	4.36%

3. Number of shareholders and the shareholdings in the Company

Unit: share

Total number of ordinary shareholders at the end of the reporting period		50,347	Total number of the preferred shareholders whose voting rights restored (if any) at the end of the reporting period		0	
Shareholding of the top 10 shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage	Number of shares held	Number of restricted shares held	Pledged, earmarked or frozen	
					Status of the shares	Number
Shenzhen Chuangwei-RGB	Domestic non-state-owned	54.98%	584,548,508		Pledged	20,000,000

Electronics Co., Ltd.	legal person					
Shi Chi	Foreign natural person	3.46%	36,770,524	27,577,893		
Suining Xing Ye Asset Management Co., Ltd.	State-owned legal person	2.06%	21,916,008		Pledged	10,950,000
Xie Xiongqing	Domestic natural person	1.91%	20,350,000			
Skyworth LCD Technology Limited	Overseas legal person	1.87%	19,864,751			
Lin Weijian	Domestic natural person	1.72%	18,238,000			
Li Pu	Domestic natural person	1.29%	13,683,310			
Guangzhou office of Huaxia Securities	Other	0.88%	9,400,000			
Tang Yan	Foreign natural person	0.61%	6,507,500			
Wu Shezhen	Domestic natural person	0.54%	5,739,000			
Description of the connected relationship or acting in concert of the above shareholders		①Shenzhen Chuangwei-RGB Electronics Co., Ltd. and Skyworth LCD Technology Limited are subsidiaries of Skyworth Group Limited, and are persons acting in concert legally. ②Lin Weijian was the supervisor of Yingtan City Pengsheng Investment Co., Ltd.* (鷹潭市鵬盛投資有限公司), Lin Weijing was the executive director and general manager of Yingtan City Pengsheng Investment Co., Ltd.* Xie Xiongqing was the executive director and general manager of Yingtan City Pengsheng Investment Co., Ltd.* Lin Weijian, Lin Weijing and Xie Xiongqing are relatives. Yingtan City Pengsheng Investment Co., Ltd.*, Lin Weijian, Xie Xiongqing, Lin Weijing are persons acting in concert legally. ③Shi 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 by shareholders (if any)		As at 30 June 2021, Xie Xiongqing held an aggregate of 20,350,000 shares of the Company, of which 20,350,000 shares were held through the "investor credit securities account".				

4. Changes of controlling shareholders or actual controllers

Changes of controlling shareholders during the reporting period

□ Applicable √ N/A

There was no change of controlling shareholders of the Company during the reporting period.

Changes of actual controllers during the reporting period

□ Applicable √ N/A

There was no change of actual controllers of the Company during the reporting period.

5. Total number of holders of preference shares and shareholding of top 10 holders of preference shares

□ Applicable √ N/A

There was no shareholding by holders of preference shares of the Company during the reporting period.

6. Bonds that are existed as at the date approving the issue of the interim report

√ Applicable □ N/A

(1) Basic information of bonds

Name of bonds	Abbreviation of bonds	Code of bonds	Date of issuance	Maturity date	Balance of bonds (RMB thousand)	Interest rate
Public convertible bonds of Skyworth Digital Co., Ltd.	Skyworth convertible bond	127013	15 April 2019	15 April 2025	977,930.2	The interest rates from the first year to the sixth year are 0.40%, 0.60%, 1.00%, 1.50%, 1.80% and 2.00%, respectively

(2) Financial indexes as of the end of the reporting period

Unit: RMB thousand

Items	At of the end of the reporting period	At of the end of last year
Gearing ratio	57.36%	57.97%
Items	During the reporting period	During the same period of last year
EBITDA interest coverage ratio	129.2	62.1

III. Significant events

The Company is committed to providing a comprehensive yet systematic portfolio of broadband network connectivity, UHD device development and industrial application integrated solutions to users across the globe. The Company has been focusing on research, production and distribution of digital smart devices, broadband access devices and integrated terminals, as well as research and development (R&D) and design of software, systems and platforms, primarily targeting telecom and communication operators and digital television operators. It also serves telecom and integrated operators in overseas markets across the globe, including Europe, Africa, the Middle East, India, Southeast Asia, Latin America and other regions. The Company provides related devices and solutions based on the customised needs of domestic and foreign operators.

In the first half of 2021, the situation of COVID-19 outbreak remained volatile. In addition, in response to the shortage and increase in prices of raw materials such as chips, the Company committed to steadily operation and consolidated macro supply chain system management, ensuring that R&D, production and sales activities are carried out in an orderly manner with operations empowered by stable delivery capacity. During the reporting period, the Company's revenue increased by 23.37% year-on-year to RMB4,575 million. The Company's net profit attributable to parent company increased by 59.09% year-on-year to RMB284 million. The Company's net profit after non-recurring gain or loss increased by 17.88% year-on-year to RMB151 million, with gross profit margin in the first half amounted to 16.45%.

(I) Smart devices & broadband connection

In the first half of 2021, the smart devices & broadband connection business accounted for 67.22% of the revenue of the Company. Main products and their functions and applications were as follows:

Categories of main products	**Products**	**Functions and applications**
Digital smart set-top boxes	Including various types of boxes, such as digital 4K, Android TV, IPTV and OTT	Provision of digital TV interactive video and other services through set-top boxes based on operator cable, satellite antenna, fiber-optic network, terrestrial broadcasting and the Internet, etc.
Integrated terminals	Including broadband integration (PON+Wi-Fi+Video), smart home gateway (including intelligent PON	Built-in smart OS system, mobile APP interaction, gigabit gateway supporting 10GEPON/XGPON. Powered by IP-based, communication, network and

	upstream gateway and IoT gateway), smart networking (supporting Wi-Fi Mesh, G.hn), etc. These are integrated smart devices for broadband network communication with multi-function including broadband access/networking /gateway/smart home/video services	multimedia audio and video technologies, these devices provide users with Internet data access, Wi-Fi access, multimedia audio and video and voice services with strong service capabilities of large broadband access; intelligent applications and value-added services are also provided based on an integrated network platform
Broadband network connection devices	Covering fiber-optic access devices (GPON/EPON,10GPON), Wi-Fi5/Wi-Fi6 wireless routers, Cable Modem, 4G/5G CPE, etc.	Provide operators and home users with multiple Internet access, home networking and telephone services, etc., through optical fiber, coaxial cable, network cable and mobile network, and supported by xPON, Docsis, Ethernet and 4G/5G communication technologies

During the reporting period, the Company overcame the impacts of tight raw material supply, overseas COVID-19 epidemic situations and logistics interruption, achieved a revenue of RMB3,076 million from smart devices and broadband connection, representing a year-on-year increase of 22.87%. Among them, revenue from smart devices increased by 18.93% while revenue from broadband connection increased by 42.29%. Benefited from the global coverage of broadband, fiber-optic, digitalisation and IP, connection devises for broadband network increased significantly. 1) Leveraging on its market share in the smart set-top box market, the Group won several tenders of the smart gateway products of next-generation communications technology. The VR business won the tender for the R&D project of China Mobile's 2021 Cloud XR terminal HD video technology software, preparing the system platform for hardware implementation; 2) in the BNO market, the Company continued to deliver shipments of smart set-up boxes, smart gateways, PONs, Cable Modems and routers; 3) sales of Internet OTT audio-visual and camera products continued to grow; 4) in the overseas markets, the sales of set-top boxes and broadband network connection products was growing. The Company maintained a strong position in the Indian and African markets. It achieved mass production and order breakthrough from European mainstream operators, and delivered steady volumes to Southeast Asian and Latin American markets.

(II) Professional display

During the reporting period, the Company recorded a revenue of RMB1,336 million for professional display, representation a year-on-year growth of 26.38%. 1) Automotive electronics: with a focus on touch control systems and digital LCD dashboard, the Company initiated mass production and supply of various models from Chery, Geely and JAC; 2) LCD: display module business and backlight business recorded a steady growth. Among them, the Company supplied Mini-LED products to first-tier TV manufacturers in South Korea and has been developing the application of Mini-LED displays for electronic car devices, commercial and educational products; 3) commercial display: products of this business include monitor, large LCD splicing screens, indoor and outdoor LED devices, advertising devices, smart education tablet and smart conference tablet, etc.

(III) Value-added services and operations

During the reporting period, revenue from operations decreased by 1.45% year-on-year to RMB121 million. 1) Smart city business: completed the development of the core platform of Innovation Valley and the overall research and planning of smart cities and smart education; 2) platform of O2O on-site home services: the Company made continuous efforts on improving its service capabilities and efficiency. Despite being subject to certain impacts of the epidemic, the Company made breakthroughs in overseas markets and continued to increase its market share in India with new brand.

Note: If there is any inconsistency between the English and Chinese versions of this Appendix, the Chinese version shall prevail.