SKYWORTH

SKYWORTH GROUP LIMITED
創 維 集 團 有 限 公 司
(Incorporated in Bermuda with limited liability)
(Stock Code: 00751)

DISCLOSEABLE TRANSACTION
FORMATION OF INVESTMENT FUND

FORMATION OF THE FUND

The Board is pleased to announce that on 19 November 2024, Skyworth Technology Consultancy (as limited partner) and Shenzhen Chuangxin Nanhua (as general partner) have entered into the Limited Partnership Agreement with other limited partners in relation to the formation of the Fund. Pursuant to the Limited Partnership Agreement, Skyworth Technology Consultancy and Shenzhen Chuangxin Nanhua have agreed to make an aggregate capital contribution of RMB 350 million, representing 35% of the current capital commitment to the Fund. The investment direction of the Fund is to focus on digital creative technologies and equipment, digital cultural equipment, etc., including but not limited to new generation ultra-high-definition professional display equipment, broadcasting and film and television equipment (including professional digital cameras, live video broadcast vehicles for large-scale events, etc.), advanced imaging systems, etc. Upon establishment, the results of the Fund will be consolidated into the accounts of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules is more than 5% but are less than 25%, the formation of the Fund and the transactions contemplated under the Limited Partnership Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to announcement and reporting requirements under the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 19 November 2024, Skyworth Technology Consultancy (as limited partner) and Shenzhen Chuangxin Nanhua (as general partner) have entered into the Limited Partnership Agreement with other limited partners in relation to the formation of the Fund. A summary of the principal terms of the Limited Partnership Agreement is set out in this announcement.

THE LIMITED PARTNERSHIP AGREEMENT

The principal terms of the Limited Partnership Agreement are set out below:

Date:	19 November 2024
Name of the Fund:	Shenzhen Linghang Xingchan Digital Creative Equipment Industry Private Equity Investment Fund Partnership (Limited Partnership)* (深圳市領航興產數字創意裝備產業私募股權投資基金合夥企業（有限合夥）)
Parties:	As general partner: Shenzhen Chuangxin Nanhua As limited partners: (1) Skyworth Technology Consultancy (2) Shenzhen Guidance Fund (3) Shenzhen Huitong (4) Shenzhen Longgang Guidance Fund (5) Shenzhen Luohu Guidance Fund (6) Shenzhen Bao'an Industrial Investment Guidance Fund To the best knowledge, information and belief of the Directors, and save as disclosed in this announcement, having made all reasonable enquiries, all limited partners to the Fund listed above (other than Skyworth Technology Consultancy) and their respective ultimate beneficial owners are Independent Third Parties.
Investment direction of the Fund:	To focus on digital creative technologies and equipment, digital cultural equipment, etc., including but not limited to new generation ultra-high-definition professional display equipment, broadcasting and film and television equipment (including professional digital cameras, live video broadcast vehicles for large-scale events, etc.), advanced imaging systems, etc.
Term of the Fund:	The operating term limit of the Fund will be ten years from the registration filing date of the Fund. The duration of the Fund shall be eight years from the registration filing date of the Fund ("**Duration**"), of which the first four years (or as and when the total capital contribution of the Fund has actually been paid and used in full in accordance with the terms of the Limited Partnership Agreement, or under the circumstances specified in the Limited Partnership Agreement resulting in the liquidation of the Fund and early termination of the Duration) is designated as the investment period ("**Investment Period**") of the Fund, and the four years following the Investment Period is designated as the payback period ("**Payback Period**") of the Fund during which the Fund shall not make any further investments except for the remaining capital contribution under the implementation of legally binding investment commitments or agreements which have been entered into during the Investment Period or making payments of committed funds thereunder.

Capital commitment: The current total capital commitment to the Fund is RMB 1 billion which shall be contributed by cash by each partner as follows:

Partner	Contribution Amount (RMB million)	Proportion of Total Commitment (%)
Skyworth Technology Consultancy	340	34
Shenzhen Chuangxin Nanhua	10	1
Shenzhen Guidance Fund	490	49
Shenzhen Huitong	100	10
Shenzhen Longgang Guidance Fund	20	2
Shenzhen Luohu Guidance Fund	20	2
Shenzhen Bao'an Industrial Investment Guidance Fund	20	2
Total	**1,000**	**100**

The capital contribution of each partner of the Fund shall be paid in three instalments in accordance with the written notice from the general partner or the manager of the Fund, at the respective payment ratio of 30%:40%:30%. Other than the payment of the first instalment, the general partner or manager of the Fund has the right to issue such written notice to the partners only when the Fund has utilised, reserved for legally binding capital commitments and/or payment of the Fund's fees and expenses not less than 80% of the capital contribution received from the previous round. Each partner shall make the relevant contribution in not less than 20 working days upon receiving such written notice.

Manager and management fees: Shenzhen Chuangxin Nanhua has been appointed as the executive partner of the Fund and Skyworth Investment Management has been engaged as the manager of the Fund.

As manager, Skyworth Investment Management is entitled to management fees of the Fund. The management fees accrued by the Fund on a day shall be calculated as follows:

(1) during the Investment Period, the accrued management fees as of a day = (the total actual capital contribution amount of all partners of the Fund – the investment principal of exited projects (including write-offs of projects due to impairment) as of that day) x 2% ÷ 365; and
(2) during the Payback Period, the accrued management fees as of a day = (the total actual capital contribution amount of all partners of the Fund – the investment principal of exited projects (including write-offs of projects due to impairment) as of that day) x 1% ÷ 365.

If the Duration of the Fund is extended with the approval of the partners' meeting, the manager shall not be entitled to management fees for such extended period.

Investment decision committee:	The Fund shall set up an investment decision committee ("**Committee**") to consider and approve, among other things, whether to invest into a particular project, whether to exit from a particular project, and other important matters involving the Fund's interests in any particular project. The Committee shall comprise 5 members and Skyworth Investment Management as the manager of the Fund is entitled to nominate 5 members to the Committee. The limited partners (except for Skyworth Technology Consultancy) and a competent governmental authority in Shenzhen are each entitled to nominate an observer to the Committee who shall enjoy the same information right as a member of the Committee and is entitled to attend meetings of the Committee as an observer.
Distribution:	The distributable proceeds of the Fund shall be distributed among all partners in accordance with the following principles and order: (1) distributions shall be made to limited partners in proportion to their respective capital contribution amount until the distributed amount under this item is equal to the cumulative capital contribution amount paid by such limited partners to the Fund; (2) distributions shall be made to the general partner until the distributed amount under this item is equal to the cumulative capital contribution amount paid by the general partner to the Fund; (3) distributions shall be made to the limited partners in proportion to their respective capital contribution amount up to the amount they contributed with an average annualised return of 8% as of the date of distribution; (4) distributions shall be made to the general partner up to the amount it contributed with an average annualised return of 8% as of the date of distribution; (5) amounts in excess shall be distributed to the general partner as performance rewards until the distributed amount under this item is equal to 25% of the sum of items (3) and (4); (6) any further excess shall be distributed 80% to all partners in proportion to their capital contribution and 20% to the general partner.
Operational expenses:	The Fund will bear all expenses directly related to the operations and services of the Fund such as its establishment, operation, dissolution and winding-up. The general partner and/or manager shall be responsible for all other expenses incurred in completing their work and performing their obligations as stipulated in the Limited Partnership Agreement.
Transfer of interests in the Fund:	Transfer of interests in the Fund is subject to approval by the partners' meeting of the Fund. Each of the existing partners enjoys the right of first refusal, and where more than one partners exercise such right, the partners exercising such rights shall acquire the interests being transferred in proportion to their contribution to the Fund. Shenzhen Chuangxin Nanhua, as the general partner, is not entitled to transfer its interests in the Fund.

Dissolution and winding-up of the Fund:	The Fund will be dissolved and wound up upon occurrence of any of the following events: (1) the Duration of the Fund expires, and the partners of the Fund determine not to continue with the operations of the Fund; (2) all partners decide to dissolve the Fund; (3) the Fund does not have a quorum for thirty (30) days; (4) the purpose of the Fund pursuant to the Limited Partnership Agreement has been achieved or cannot be achieved; (5) the business licence of the Fund be cancelled or revoked, or the Fund is otherwise required by law to terminate; (6) the general partner as a partner of the Fund being struck off pursuant to the Limited Partnership Agreement and the partners cannot agree unanimously on the replacement of general partner; (7) dissolution pursuant to other terms of the Limited Partnership Agreement; or (8) other situations prescribed by laws, etc.

INFORMATION OF THE GROUP AND THE PARTIES

The Group, comprising the Company and its subsidiaries, is principally engaged in manufacture and sales of smart TV systems, home access systems, photovoltaic products, smart white appliances, intelligent manufacturing, internet value-added services, property development, property holding, modern services and trading of other products.

Upon establishment, the results of the Fund will be consolidated into the accounts of the Group.

Skyworth Technology Consultancy is a company incorporated under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company.

Shenzhen Chuangxin Nanhua is a company incorporated under the laws of the PRC with limited liability and an indirect non wholly-owned subsidiary of the Company. The equity interest in Shenzhen Chuangxin Nanhua is held as to 99.9% by Skyworth Investment Management and as to 0.1% by Zhuhai Hengqin Jingrong Information Consulting Partnership (Limited Partnership)* (珠海横琴旌榮信息諮詢合夥企業（有限合夥）), which in turn is ultimately held by certain individuals who are Independent Third Parties with each of them holding not more than 20% interest in such limited partnership. Skyworth Investment Management is a partnership organised under the laws of the PRC and a registered fund manager in the PRC whose assets and liabilities are consolidated within the Group's balance sheet. Skyworth Venture Capital, a company incorporated under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, owns 55% equity interests as limited partner in Skyworth Investment Management. Jundao Chuangzhi is the general partner of Skyworth Investment Management and holds 40% equity interests in it. The shareholders of Jundao Chuangzhi comprise employees and former employees of the Group and Jundao Chuangxin No.2:

- Dr. Wang Junsheng owns 37.5% equity interests in Jundao Chuangzhi. Dr. Wang, aged 47, joined the Group for more than 19 years. He is the general manager of Skyworth Venture Capital, and is also a director, supervisor, and has other managerial roles in other subsidiaries of the Group. Dr. Wang has extensive experience in equity investment and fund management and he holds a doctorate degree in engineering from South China University of Technology.

- Mr. Zhao Quanyong owns 12.5% equity interests in Jundao Chuangzhi. Mr. Zhao, aged 47, is a deputy general manager of Skyworth Venture Capital. He is also a director, supervisor, and has other managerial role in other subsidiaries of the Group. Mr. Zhao has more than 20 years' experience in finance, asset and investment management. Mr. Zhao holds a master's degree in economics from Xiamen University.

- Jundao Chuangxin No.2 owns 15% equity interests in Jundao Chuangzhi. Jundao Chuangxin No.2 is ultimately owned by employees of the Group. Each of Mr. Yang Heng, Ms. Chen Wenting, Mr. Zhang Zhao, Ms. Cao Tianchen and Mr. Du Haisheng holds 16.67% equity interests in Jundao Chuangxin No.2, Mr. Chen Zhanwei holds 16.57% equity interests in Jundao Chuangxin No.2, and Ms. Ma Ting holds 0.08% equity interests in Jundao Chuangxin No.2.

- The remaining 35% equity interests in Jundao Chuangzhi are owned by six employees or former employees of the Group, each of whom holds less than 10% equity interests in Jundao Chuangzhi.

Jundao Chuangxin No.1 owns 5% equity interests as limited partner in Skyworth Investment Management and is ultimately controlled by Mr. Ma Youjie.

Shenzhen Guidance Fund is a company incorporated under the laws of the PRC with limited liability and is ultimately owned by Finance Bureau of Shenzhen Municipality* (深圳市財政局). It is principally engaged in investment holding.

Shenzhen Huitong is a company incorporated under the laws of the PRC with limited liability and is ultimately owned by Nanshan District State-owned Assets Supervision and Management Bureau* (深圳市南山區國有資產監督管理局). It is principally engaged in investment holding.

Shenzhen Longgang Guidance Fund is a company incorporated under the laws of the PRC with limited liability and is ultimately owned by Shenzhen Longgang Finance Bureau* (深圳市龍崗區財政局). It is principally engaged in investment holding.

Shenzhen Luohu Guidance Fund is a company incorporated under the laws of the PRC with limited liability and is ultimately owned by Shenzhen Luohu District Finance Bureau*(深圳市羅湖區財政局). It is principally engaged in investment holding.

Shenzhen Bao'an Industrial Investment Guidance Fund is a company incorporated under the laws of the PRC with limited liability and is ultimately owned by Shenzhen Bao'an Finance Bureau* (深圳市寶安區財政局). It is principally engaged in investment holding.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LIMITED PARTNERSHIP AGREEMENT AND FORMATION OF THE FUND

Skyworth Venture Capital and Skyworth Investment Management, the investment arm of the Group, have accumulated rich experience in equity investment and investment fund management and achieved good investment performance in recent years, creating healthy financial return to the Group and to the fund investors. The investment in digital creative industry can further deepen the advantage of sharing of resource and cross-enterprise cooperation, enrich the Group's participation in the cultivation of enterprises and teams in the fields of digital creativity and high-end equipment in Shenzhen, and strengthen the reserve and layout of innovative technologies and products. It is of great significance to extend the upstream and downstream industrial chains involved in the Group's business and deepen and broaden the business scope. Subject to the terms of the Limited Partnership Agreement, the Listing Rules and all applicable laws and regulations, the Group may adjust its percentage of equity interests in the Fund as and when appropriate.

The Directors are of the view that the formation of the Fund is in the interest of the Company and its shareholders as a whole, and that the Limited Partnership Agreement is also on normal commercial terms and its terms are fair and reasonable.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules is more than 5% but are less than 25%, the formation of the Fund and the transactions contemplated under the Limited Partnership Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to announcement and reporting requirements under the Listing Rules.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

"Board"	the board of Directors;
"Company"	Skyworth Group Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange with stock code: 00751;
"Director(s)"	the director(s) of the Company;
"Fund"	Shenzhen Linghang Xingchan Digital Creative Equipment Industry Private Equity Investment Fund Partnership (Limited Partnership)* (深圳市領航興產數字創意裝備產業私募股權投資基金合夥企業（有限合夥）), a limited liability partnership organised under the laws of the PRC and the name of which is subject to approval of the relevant administration for industry and commerce in the PRC;
"Group"	the Company and its subsidiaries;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC;
"Independent Third Party(ies)"	person(s) who are independent of the Group and independent of connected persons of the Company;
"Jundao Chuangxin No.1"	Zhuhai Hengqing Jundao Chuangxin No.1 Management Consultancy Partnership Enterprise (Limited Partnership)* (珠海橫琴君道創欣一號管理咨詢合夥企業(有限合夥)), a partnership organised under the laws of the PRC;
"Jundao Chuangxin No.2"	Zhuhai Hengqing Jundao Chuangxin No.2 Management Consultancy Partnership Enterprise (Limited Partnership)* (珠海橫琴君道創欣二號管理咨詢合夥企業(有限合夥)), a partnership organised under the laws of the PRC;

"Jundao Chuangzhi"	Zhuhai Hengqin Jundao Chuangzhi Technology Co., Ltd.* (珠海橫琴君道創智科技有限公司), a company incorporated under the laws of the PRC with limited liability;
"Limited Partnership Agreement"	the limited liability partnership agreement dated 19 November 2024 entered into between Shenzhen Chuangxin Nanhua (as general partner) and limited partners to the Fund in respect of, among other things, the establishment and management of the Fund;
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange;
"PRC"	the People's Republic of China;
"RMB"	Renminbi, the lawful currency of the PRC;
"Shenzhen Bao'an Industrial Investment Guidance Fund"	Shenzhen Bao'an Industrial Investment Guidance Fund Co., Ltd.* (深圳市寶安區產業投資引導基金有限公司), a company incorporated under the laws of the PRC with limited liability;
"Shenzhen Chuangxin Nanhua"	Shenzhen Chuangxin Nanhua Enterprise Management Co., Ltd.* (深圳市創欣南鏵企業管理有限責任公司), a company incorporated under the laws of the PRC with limited liability and an indirect non wholly-owned subsidiary of the Company;
"Shenzhen Guidance Fund"	Shenzhen Guidance Fund Investment Co., Ltd.* (深圳市引導基金投資有限公司), a company incorporated under the laws of the PRC with limited liability;
"Shenzhen Huitong"	Shenzhen Huitong Financial Holdings Fund Investment Co., Ltd.* (深圳市匯通金控基金投資有限公司), a company incorporated under the laws of the PRC with limited liability;
"Shenzhen Longgang Guidance Fund"	Shenzhen Longgang District Guidance Fund Investment Co., Ltd.* (深圳市龍崗區引導基金投資有限公司), a company incorporated under the laws of the PRC with limited liability;
"Shenzhen Luohu Guidance Fund"	Shenzhen Luohu Guidance Fund Investment Co., Ltd.* (深圳市羅湖引導基金投資有限公司), a company incorporated under the laws of the PRC with limited liability;
"Skyworth Investment Management"	Shenzhen Chuangwei Investment Management Enterprise (Limited Partnership)* (深圳創維投資管理企業（有限合夥）), a partnership organised under the laws of the PRC whose assets and liabilities are consolidated within the Group's balance sheet;
"Skyworth Technology Consultancy"	Shenzhen Chuangwei Technology Consultancy Co., Ltd.* (深圳創維科技咨詢有限公司), a company incorporated under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company;

"Skyworth Venture Capital"	Shenzhen Chuangwei Venture Capital Investments Co., Ltd.* (深圳創維創業投資有限公司), a company incorporated under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Company;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited; and
"%"	per cent.

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

Hong Kong, 19 November 2024

As at the date of this announcement, the Board of the Company comprises five executive Directors, namely Mr. Lin Jin (Chairman), Mr. Liu Tangzhi (Vice Chairman), Mr. Shi Chi (Chief Executive Officer), Ms. Lin Wei Ping and Mr. Lam Shing Choi, Eric; and three independent non-executive Directors, namely Mr. Li Weibin, Mr. Cheong Ying Chew, Henry and Mr. Hung Ka Hai, Clement.

** For identification purposes only*