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## **SKYWORTH DIGITAL HOLDINGS LIMITED**

**(創維數碼控股有限公司)\***

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 00751)**

### **CONTINUING CONNECTED TRANSACTION: FACTORING AGREEMENT AND LEASEBACK AGREEMENT**

The Board is pleased to announce that on 19 October 2017 (after trading hours), Shenzhen Chuangwei Financial Leasing, an indirect 100% wholly-owned subsidiary of the Company entered into the Factoring Agreement and the Leaseback Agreement with Nanjing Golden Dragon Bus, pursuant to which Shenzhen Chuangwei Financial Leasing has agreed to provide, respectively, (i) factoring services to Nanjing Golden Dragon Bus for a term of one year with a facility in the factoring principal amount of RMB499,500,000 (equivalent to approximately HK\$591.6 million); and (ii) sale and leaseback services in relation to a motor vehicle at an initial sale price of RMB500,000 (equivalent to approximately HK\$592,000).

#### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Mr. Wong is a controlling shareholder of the Company as he indirectly holds approximately 38.89% of the total issued share capital of the Company. The equity interests of Nanjing Golden Dragon Bus are indirectly held as to approximately 77.43% by Mr. Wong and Nanjing Golden Dragon Bus is therefore an associate of Mr. Wong and a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Agreements (on an aggregated basis pursuant to Rule 14A.81 of the Listing Rules) exceeds 0.1% but is less than 5%, the Agreements constitute continuing connected transactions which are only subject to the announcement, reporting and annual review requirements and are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## INTRODUCTION

The Board is pleased to announce that on 19 October 2017 (after trading hours), Shenzhen Chuangwei Financial Leasing, an indirect 100% wholly-owned subsidiary of the Company entered into the Factoring Agreement and the Leaseback Agreement with Nanjing Golden Dragon Bus, pursuant to which agreement Shenzhen Chuangwei Financial Leasing has agreed to provide, respectively, (i) factoring services to Nanjing Golden Dragon Bus for a term of one year with a facility in the factoring principal amount of RMB499,500,000 (equivalent to approximately HK\$591.6 million) ); and (ii) sale and leaseback services in relation to a motor vehicle at an initial sale price of RMB500,000 (equivalent to approximately HK\$592,000).

## THE FACTORING AGREEMENT

Set out below is a summary of certain key terms of the Factoring Agreement.

Date	19 October 2017
Parties	Shenzhen Chuangwei Financial Leasing (factor) Nanjing Golden Dragon Bus (seller)
Financing Term	1 year commencing from the date of the Factoring Agreement
Transfer of accounts receivable	Subject to the terms and conditions of the Factoring Agreement, the accounts receivable of Nanjing Golden Dragon Bus as referred to in the Factoring Agreement shall be transferred to Shenzhen Chuangwei Financial Leasing.
Factoring principal amount	RMB499,500,000 (equivalent to approximately HK\$591.6million)
Factoring interest	8.0% per annum on the sum being the factoring principal amount minus any accounts receivables recovered, payable on a quarterly basis
Repayment of the factoring principal amount	Nanjing Golden Dragon Bus shall repay to Shenzhen Chuangwei Financial Leasing at the end of the financing term a sum equal to the factoring principal amount minus any accounts receivables recovered.
Repurchase	Shenzhen Chuangwei Financial Leasing shall be entitled to demand Nanjing Golden Dragon Bus to immediately repurchase the outstanding amount of accounts receivable being transferred to Shenzhen Chuangwei Financial Leasing and repay the outstanding factoring principal amount in the event that any of the triggering events (including but not limited to the following) occurs:  (i) the portion of the accounts receivable not yet transferred to Shenzhen Chuangwei Financial Leasing is pledged or transferred to any third party or any rights over the accounts receivable are created in favour of any third party;

- (ii) the statements and guarantees of Nanjing Golden Dragon Bus are untrue or contrary to its commitments under the Factoring Agreement;
- (iii) Shenzhen Chuangwei Financial Leasing does not receive payment in settlement of the accounts receivable from the relevant debtor within 3 days after such accounts receivable becoming due;
- (iv) the total amount of accounts receivable being transferred to Shenzhen Chuangwei Financial Leasing is lower than the principal factoring amount of RMB499,500,000 (equivalent to approximately HK\$591.6 million);
- (v) without the prior consent of Shenzhen Chuangwei Financial Leasing, Nanjing Golden Dragon Bus merges, changes its management or otherwise restructures; leases, sells, contracts, transfers, mortgages or otherwise disposes its assets; reduces or reorganizes its registered capital; changes its shareholders; provides security in favour of third parties or assumes responsibility for third party debts;
- (vi) Nanjing Golden Dragon Bus dissolves, is bankrupt, cannot fulfill its debt obligations or commits a major breach under the Factoring Agreement; all or part of its properties are damaged, seized, withheld, confiscated or auctioned or legally or illegally possessed; is prosecuted, sanctioned, involved in claims or its payment obligation is accelerated;
- (vii) the business operation Nanjing Golden Dragon Bus seriously deteriorates; the assets of Nanjing Golden Dragon Bus are transferred or the funds of Nanjing Golden Dragon Bus are misappropriated in order to avoid fulfilling its debt obligations; the loss of business reputation of Nanjing Golden Dragon Bus; or any circumstances which affects or potentially affects its ability to repay under the Factoring Agreement; and
- (viii) Nanjing Golden Dragon Bus breaches other obligations under the Factoring Agreement.

#### Guarantee

Mr. Wong entered into a guarantee in favour of Shenzhen Chuangwei Financial Leasing in respect of all debt payable by Nanjing Golden Dragon Bus to Shenzhen Chuangwei Financial Leasing under the Factoring Agreement.

## **THE LEASEBACK AGREEMENT**

Set out below is a summary of certain key terms of the Leaseback Agreement:-

Date	19 October 2017
Parties	Shenzhen Chuangwei Financial Leasing (lessor) Nanjing Golden Dragon Bus (lessee)
Financing Term	1 year commencing from the date of the Leaseback Agreement
Subject matter	<p>Subject to the terms and conditions of the Leaseback Agreement, Nanjing Golden Dragon Bus will sell a motor vehicle to Shenzhen Chuangwei Financial Leasing at an initial sale price of RMB500,000 (equivalent to approximately HK\$592,000) and the motor vehicle will be leased back to Nanjing Golden Dragon Bus over a lease term of one year. The total lease payment in respect of the leasing of the vehicle is RMB540,555.56 (equivalent to approximately HK\$640,241), which is payable by Nanjing Golden Dragon Bus in quarterly interval as follows:-</p> <p>(i) first quarterly lease payment: RMB10,222.22 (equivalent to approximately HK\$12,107)</p> <p>(ii) second quarterly lease payment: RMB10,000.00 (equivalent to approximately HK\$11,844)</p> <p>(iii) third quarterly lease payment: RMB10,111.11 (equivalent to approximately HK\$11,976)</p> <p>(iv) last quarterly lease payment: RMB510,222.22 (equivalent to approximately HK\$604,314)</p> <p>Upon expiry of the lease term, Nanjing Golden Dragon Bus is required to repurchase the vehicle from Shenzhen Chuangwei Financial Leasing at a purchase price of RMB1.00 (equivalent to approximately HK\$1.18).</p>
Guarantee	Mr. Wong entered into a guarantee in favour of Shenzhen Chuangwei Financial Leasing in respect of all sums payable by Nanjing Golden Dragon Bus to Shenzhen Chuangwei Financial Leasing under the Leaseback Agreement.

## **INFORMATION OF THE GROUP AND SHENZHEN CHUANGWEI FINANCIAL LEASING**

The Group is principally engaged in the manufacture and sales of consumer electronic products and upstream accessories, property development and property holding.

Shenzhen Chuangwei Financial Leasing is a company incorporated in the PRC and an indirect 100% wholly-owned subsidiary of the Company. It is principally engaged in finance leasing and factoring business.

### **INFORMATION OF NANJING GOLDEN DRAGON BUS**

Nanjing Golden Dragon Bus is a company incorporated in the PRC and principally engaged in the production and sales of new energy light vehicles, medium-sized buses, large-sized buses, public transport buses and a range of vehicle products and accessories.

### **REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTION**

The terms and conditions of the Agreements, including the principal factoring amount and factoring interest rate under the Factoring Agreement, and the initial sale price and the lease payments under the Leaseback Agreement, were agreed between Shenzhen Chuangwei Financial Leasing and Nanjing Golden Dragon Bus after arm's length negotiations between the said parties and are on normal commercial terms. The principal factoring amount under the Factoring Agreement and the initial sale price under the Leaseback Agreement were determined with reference to the lending capacity of Shenzhen Chuangwei Financial Leasing and the funding need and the repayment capability of Nanjing Golden Dragon Bus. The Directors (including the independent non-executive Directors) consider that the transactions contemplated under the Agreements to be in the ordinary and usual course of business of the Group and will generate revenue and cash flow stream from the factoring interest and leasing interest. Taking into account the scale of factoring and leasing business to be conducted by the Group in the future, the aggregate annual caps of the transaction amount under the Agreements will be RMB500 million (equivalent to approximately HK\$592 million).

Given that the Agreements were entered into in the ordinary and usual course of business of the Company and on normal commercial terms, the Directors (including the independent non-executive Directors) consider that the terms of the Agreements are fair and reasonable and in the interests of the Company and its shareholders as a whole.

According to bye-law 103(3) of the Company's bye-laws, since Ms. Lin Wei Ping, an executive Director, is an associate of Mr. Wong who is materially interested in the Agreements, Ms. Lin Wei Ping is also deemed to have material interests in, and have abstained from voting on, the resolutions passed by the Board to approve the Agreements. Save as disclosed, none of the Directors are required to abstain from voting on the relevant board resolutions to approve the Agreements under the bye-laws of the Company or the Listing Rules.

### **LISTING RULE IMPLICATIONS**

As at the date of this announcement, Mr. Wong is a controlling shareholder of the Company as he indirectly holds approximately 38.89% of the total issued share capital of the Company. The equity interests of Nanjing Golden Dragon Bus is indirectly held as to approximately 77.43% by Mr. Wong and Nanjing Golden Dragon Bus is therefore an associate of Mr. Wong and a connected person of the Company under the Listing Rules. Accordingly, the transaction contemplated under the Agreements constitute a continuing

As each of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Agreements (on an aggregated basis pursuant to Rule 14A.81 of the Listing Rules) exceeds 0.1% but is less than 5%, the Agreements constitute continuing connected transactions which are only subject to the announcement, reporting and annual review requirements and are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## DEFINITIONS

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

“Agreements”	the Factoring Agreement and the Leaseback Agreement
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Skyworth Digital Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange under stock code: 00751
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Factoring Agreement”	the factoring agreement dated 19 October 2017 entered into between Shenzhen Chuangwei Financial Leasing (as factor) and Nanjing Golden Dragon Bus (as seller) in respect of the factoring services provided by Shenzhen Chuangwei Financial Leasing to Nanjing Golden Dragon Bus in the factoring principal amount of RMB499,500,000 (equivalent to approximately HK\$591.6 million)
“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
“Leaseback Agreement”	the sale and leaseback agreement dated 19 October 2017 entered into between Shenzhen Chuangwei Financial Leasing (as lessor) and Nanjing Golden Dragon Bus (as lessee) in respect of the initial sale of a motor vehicle by the lessee to the lessor, and the subsequent leaseback and buyback of the vehicle by the lessee

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Wong”	Mr. Wong Wang Sang, Stephen who is a controlling shareholder of the Company and spouse of Ms. Lin Wei Ping, an executive Director
“Nanjing Golden Dragon Bus”	南京金龍客車製造有限公司 (Nanjing Golden Dragon Bus Co., Ltd.*), a company incorporated with limited liability in the PRC
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shenzhen Chuangwei Financial Leasing”	深圳創維融資租賃有限公司 (Shenzhen Chuangwei Financial Leasing Company Limited*), an indirect 100% wholly-owned subsidiary of the Company incorporated in the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

*For the purpose of illustration only and unless otherwise stated, the conversion of RMB into HK\$ in this announcement is based on the exchange rate of RMB0.8443 to HK\$1.00. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at this or any other rate.*

By order of the Board  
**Skyworth Digital Holdings Limited**  
**Lai Weide**  
*Chairman of the Board*

Hong Kong, 19 October 2017

*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 and Mr. Shi Chi as executive Directors; Mr. Yang Dongwen as non-executive Director; and Mr. Li Weibin, Mr. Cheong Ying Chew, Henry and Mr. Li Ming as independent non-executive Directors.*

*\* For identification purpose only*