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## YUXING INFOTECH INVESTMENT HOLDINGS LIMITED

裕興科技投資控股有限公司\*

(Incorporated in Bermuda with limited liability)

(Stock Code: 8005)

### DISCLOSEABLE TRANSACTION SALE AND LEASEBACK ARRANGEMENT OF DATA CENTRE ASSETS

#### SALE AND LEASEBACK ARRANGEMENT

The Board is pleased to announce that, on 29th April 2020, the Lessor entered into the Sale and Leaseback Agreement with the Lessee, pursuant to which the Lessee agreed to (i) sell the Lease Assets to the Lessor at a consideration of HK\$60,000,000 and (ii) leaseback the Lease Assets from the Lessor for a term of 5 years.

#### IMPLICATIONS UNDER THE GEM LISTING RULES

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) for the transactions contemplated under the Sale and Leaseback Arrangement exceed 5% but are less than 25%, the transactions contemplated under the Sale and Leaseback Arrangement constitute a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and are subject to the notification and announcement requirements under the GEM Listing Rules.

#### SALE AND LEASEBACK ARRANGEMENT

The principal terms and conditions of the Sale and Leaseback Agreement are summarised as follows:

<b>Date:</b>	29th April 2020
<b>Parties:</b>	The Lessor (as purchaser) The Lessee (as seller)
<b>Assets involved:</b>	Data centre assets comprising machines, equipment, fixtures, furniture, supplies, tools and other tangible assets.
<b>Purchase price:</b>	The purchase price payable for the Lease Assets under the Sale and Leaseback Agreement is HK\$60,000,000.

**Basis of determining the purchase price:** The purchase price was determined after arm-length negotiations between the Lessor and the Lessee with reference to, among others, the original purchase price of the Lease Assets, the general condition and the valuation of the Lease Assets conducted by an independent third-party valuer.

**Payment of the purchase price:** Subject to fulfillment of certain conditions precedent including, among others, the receipt of the following documents:

- (i) The Lessee has delivered to the Lessor a copy of the shareholders' resolutions approving the execution of the Sale and Leaseback Agreement and the transactions contemplated thereunder; and
- (ii) The Lessor has delivered to the Lessee a copy of its board resolutions approving the execution of the Sale and Leaseback Agreement and the transactions contemplated thereunder,

the Lessor shall make a payment of HK\$24,000,000, representing 40% of the purchase price, within 5 working days from the date of execution of the Sale and Leaseback Agreement to an account designated by the Lessee; and HK\$36,000,000, representing 60% of the purchase price within 10 working days from the date of execution of the Sale and Leaseback Agreement.

The entire sum of the purchase price payable by the Lessor under the Sale and Leaseback Agreement will be satisfied by the Lessor through its internal resources.

**Ownership of the Lease Assets:** The title and rights of the Lease Assets shall be transferred to the Lessor upon payment in full of the purchase price made by the Lessor pursuant to the Sale and Leaseback Agreement.

**Lease payment:** The lease payment under the Sale and Leaseback Agreement shall be paid by the Lessee on a quarterly basis over the 5-year term in a total of 20 installments in the following manner:

- (a) installments 1-8: HK\$3,000,000/installment;
- (b) installments 9-12: HK\$4,000,000/installment; and
- (c) installments 13-20: HK\$5,000,000/installment.

Such arrangement in relation to the quarterly lease payment under the Sale and Leaseback Arrangement shall expire on 31st March 2025 and the Lessor and the Lessee will further negotiate the subsequent arrangement.

The lease payment has been agreed after arm's length negotiations between the Lessor and the Lessee with reference to the valuation of the Lease Assets by the Company.

The lease of the Lease Assets will be accounted for by the Company as an operating lease in its financial statements under applicable accounting standards.

## **REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

The principal activities of the Group are the engagement in internet data centre, information home appliances, investing and leasing.

The Lessee is currently cooperating with China Telecom Global Limited in respect of the operation of the data centre using the Lease Assets. Given that the Sale and Leaseback Agreement is being entered into on the normal commercial terms, it is beneficial for the Group to support the growth of its internet data centre business and enhance the Group's income base in the long term, and is consistent with the Group's business development strategy. The Directors are of the view that the terms of the Sale and Leaseback Agreement are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

## **INFORMATION ON THE PARTIES**

### **The Group**

The Group is a conglomerate which combines commercial enterprises with investments and is currently mainly engaged in internet data centre, information home appliances, investing and leasing.

### **The Lessee**

The Lessee is a company incorporated in Hong Kong with limited liability, engaged in the provision of internet infrastructure solutions, offering a range of services including consultancy, planning, design, operations, maintenance services, project investment, outsourced design and construction services, and business collaborative operations to carriers and internet companies. To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Lessee and its ultimate beneficial owners are third parties independent of the Company and its Connected Persons except that Mr. Li Qiang, an executive Director, indirectly holds approximately 14.56% in the issued shares of its holding company, Daily-Tech Beijing Co., Ltd.\* (北京德利迅達科技有限公司).

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

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## DEFINITIONS

“Board”	board of Directors
“Company”	Yuxing InfoTech Investment Holdings Limited, a company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on GEM (Stock Code: 8005)
“Connected Person”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	director(s) of the Company
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“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 People’s Republic of China
“Lease Assets”	data centre assets comprising machines, equipment, fixtures, furniture, supplies, tools and other tangible assets in the Shatin data centre in Hong Kong
“Lessee”	Daily-Tech HongKong Co., Limited, a company incorporated in Hong Kong with limited liability and the lessee under the Sale and Leaseback Agreement
“Lessor”	Cloud Digital Co., Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company and the lessor under the Sale and Leaseback Agreement
“Sale and Leaseback Agreement”	an agreement dated 29th April 2020 entered into between the Lessor and the Lessee in respect of the Sale and Leaseback Arrangement
“Sale and Leaseback Arrangement”	an arrangement involving the sale of the Lease Assets by the Lessee to the Lessor and lease back of the Lease Assets by the Lessee from the Lessor under the Sale and Leaseback Agreement

“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the Board  
**Yuxing InfoTech Investment Holdings Limited**  
**Li Qiang**  
Chairman

Hong Kong, 29th April 2020

\* *For identification purposes only*

*As at the date hereof, the executive Directors are Mr. Li Qiang, Mr. Gao Fei, Mr. Shi Guangrong and Mr. Zhu Jiang; the independent non-executive Directors are Ms. Shen Yan, Ms. Dong Hairong and Ms. Huo Qiwei.*

*This announcement, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least seven days from the date of its publication and on the Company’s website at [www.yuxing.com.cn](http://www.yuxing.com.cn).*