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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

THE MOU

On 7 May 2021 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company) and the Vendor entered into the MOU in respect of the purchase of the Machines by the Purchaser from the Vendor.

THE GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Earnest Money exceed 5% but are less than 25%, the payment of the Earnest Money under the MOU constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements under the GEM Listing Rules.

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A summary of some of the principal terms of the MOU are set out below:

Date

7 May 2021 (after trading hours)

Parties

1. the Purchaser, namely 盛邦強點電子(深圳)有限公司 (Sheng Bang Qiang Dian Electronics (Shenzhen) Company Limited*)
2. the Vendor, namely 武漢全耀成科技有限公司 (Wuhan Quanyaocheng Technology Co., Ltd.*)

Subject matter to be acquired

The Machines for cryptocurrency mining, being 3,000 sets of A10 pro supercomputing machines beneficially owned by the Vendor.

Consideration

The consideration for the Proposed Acquisition and the manner of payment shall be further negotiated between the Purchaser and the Vendor and be determined in the Formal Agreement.

Earnest money

The Purchaser is required to pay the Earnest Money, being RMB70,000,000, in cash to the Vendor on the date of the MOU as earnest money for the Proposed Acquisition.

The amount of the Earnest Money was determined after arm's length negotiation between the Purchaser and the Vendor with reference to the number of Machines and the prevailing market price of each Machine.

Formal Agreement

The Purchaser and the Vendor shall use their best endeavours to procure signing of the Formal Agreement (i.e. a legally binding formal agreement in relation to the Proposed Acquisition) within 30 days after the date of the MOU.

If the parties fail to enter into a Formal Agreement within 30 days after the date of the MOU, the Vendor is required to refund the Earnest Money to the Purchaser within five (5) days. Any delay in refund of the Earnest Money will be subject to a late fine of 0.05% per day of the total amount to be refunded.

Binding effect

Save for the provisions relating to the payment and refund of the Earnest Money, the MOU does not constitute a legally binding agreement on the parties to the MOU.

INFORMATION ON THE MACHINES

The Machines include 3,000 sets of A10 pro supercomputing machines beneficially owned by the Vendor.

Based on public information, the A10 pro supercomputing machines was only announced by the manufacturer in August 2020 and therefore no information in respect of the net profit attributable to the Machines is available as at the date of this announcement.

INFORMATION ON THE VENDOR

The Vendor is a company established in the PRC with limited liability and is principally engaged in the businesses including wholesale and retail of electronic products, computers, software and auxiliary equipment, computer system services and blockchain equipment technology development.

As at the date of this announcement, the issued share capital of the Vendor was held by two individual shareholders, including Le Lingyu* (樂凌宇) (holding 80% of the issued share capital of the Vendor) and Zheng Guangxue* (鄭廣學) (holding 20% of the issued share capital of the Vendor).

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are Independent Third Parties.

INFORMATION ON THE PURCHASER AND THE GROUP

The Purchaser is a company established in the PRC with limited liability and is an indirect wholly-owned subsidiary of the Company. The Purchaser is principally engaged in the businesses of manufacturing computers, communications and other electronic equipment.

The Company is an investment holding company and the Group is principally engaged in the businesses of information home appliances, internet data centre, investing and leasing.

REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION

Through the Proposed Acquisition, the Group aims to seek for better investment return of its financial resources. Having considered the optimistic future on prospects of blockchain technology and cryptocurrencies, the Board is of the view that the Proposed Acquisition provides the Group with a good investment opportunity to expand its investment portfolio with quality assets in long run.

Based on the above, the Directors are of the view that the terms of the MOU are on normal commercial terms and the terms of the Proposed Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

THE GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Earnest Money exceed 5% but are less than 25%, the payment of the Earnest Money under the MOU constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements under the GEM Listing Rules.

GENERAL

Save for the provisions relating to the payment and refund of the Earnest Money, the MOU does not constitute a legally binding agreement on the parties to the MOU. The obligations of the Purchaser to proceed with the Proposed Acquisition will only be effective upon the signing of the Formal Agreement and in accordance with the terms of the Formal Agreement.

The Board wishes to emphasise that no binding agreement (save for the payment and refund of the Earnest Money) in relation to the Proposed Acquisition has been entered into by the Purchaser and the Vendor as at the date of this announcement. As such, the Proposed Acquisition may or may not proceed. Shareholders and investors are urged to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“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)
“Director(s)”	the director(s) of the Company
“Earnest Money”	the earnest money of RMB70,000,000 to be paid by the Purchaser to the Vendor under the MOU
“Formal Agreement”	the legally binding formal agreement to be entered into between the Purchaser and the Vendor in respect of the Proposed Acquisition
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	person(s) who, to the best knowledge and belief of the Directors having made all reasonable enquiries, is/are third parties independent of and not connected with the Company and its connected persons (as defined in the GEM Listing Rules)
“Machine(s)”	3,000 sets of A10 pro supercomputing machines beneficially owned by the Vendor
“MOU”	the memorandum of understanding dated 7 May 2021 entered into between the Purchaser and the Vendor in relation to the Proposed Acquisition
“PRC” or “China”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Proposed Acquisition”	the proposed acquisition of the Machines by the Purchaser from the Vendor as contemplated under the MOU
“Purchaser”	盛邦強點電子(深圳)有限公司 (Sheng Bang Qiang Dian Electronics (Shenzhen) Company Limited*), a company established in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	武漢全耀成科技有限公司 (Wuhan Quanyaocheng Technology Co., Ltd.*), a company established in the PRC with limited liability
“%”	per cent.

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

Hong Kong, 7 May 2021

* *For identification purposes only*

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

This announcement, for which the Directors 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 for at least seven days from the date of its publication and on the Company’s website at www.yuxing.com.cn.