



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)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31ST MARCH 2021

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This announcement, for which the directors (the “Director(s)”) of Yuxing InfoTech Investment Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (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.



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HIGHLIGHTS FOR THE THREE-MONTH PERIOD

- For the three months ended 31st March 2021, overall revenue of the Group was approximately HK\$40.1 million, representing an increase of 7.5% in comparison to the same period of 2020.
- For the three months ended 31st March 2021, the Group recorded an overall gross profit of approximately HK\$9.3 million (three months ended 31st March 2020: approximately HK\$9.4 million).
- Loss attributable to owners of the Company for the three months ended 31st March 2021 amounted to approximately HK\$3.2 million (three months ended 31st March 2020: approximately HK\$76.1 million).
- Basic loss per share for the three months ended 31st March 2021 was HK0.13 cent (three months ended 31st March 2020: HK3.67 cents).
- Total equity attributable to owners of the Company as at 31st March 2021 was approximately HK\$2,251.4 million (31st December 2020: approximately HK\$2,173.7 million) or net asset value per share of approximately HK\$0.91 (31st December 2020: approximately HK\$1.05).
- The Board does not recommend the payment of interim dividend for the three months ended 31st March 2021 (three months ended 31st March 2020: Nil).

THREE-MONTH RESULTS (UNAUDITED)

The board of Directors of the Company (the “Board”) is pleased to announce the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively the “Group”) for the three months ended 31st March 2021, together with the comparative unaudited figures for the same period in 2020, prepared in accordance with generally accepted accounting principles in Hong Kong, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the three months ended 31st March 2021

		For the three months ended 31st March	
	Notes	2021 HK\$'000	2020 HK\$'000
Revenue	2	40,129	37,316
Cost of sales		<u>(30,812)</u>	<u>(27,931)</u>
Gross profit		9,317	9,385
Other revenue and net income/(loss)	3	15,354	(65,969)
Distribution and selling expenses		(1,689)	(1,393)
General and administrative expenses		(23,187)	(16,368)
Other operating expenses		<u>(449)</u>	<u>(349)</u>
Loss from operations		(654)	(74,694)
Finance costs		<u>(698)</u>	<u>(955)</u>
Loss before tax		(1,352)	(75,649)
Income tax expenses	4	<u>(1,898)</u>	<u>(549)</u>
Loss for the period		<u><u>(3,250)</u></u>	<u><u>(76,198)</u></u>
Loss attributable to:			
Owners of the Company		(3,173)	(76,071)
Non-controlling interests		<u>(77)</u>	<u>(127)</u>
		<u><u>(3,250)</u></u>	<u><u>(76,198)</u></u>
Loss per share	5		
– Basic		(0.13) cent	(3.67) cents
– Diluted		<u><u>(0.13) cent</u></u>	<u><u>(3.67) cents</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)**

For the three months ended 31st March 2021

	For the three months ended 31st March	
	2021	2020
	HK\$'000	HK\$'000
Loss for the period	(3,250)	(76,198)
Other comprehensive loss:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation of the PRC subsidiaries	<u>(2,025)</u>	<u>(13,476)</u>
Total other comprehensive loss for the period	<u>(2,025)</u>	<u>(13,476)</u>
Total comprehensive loss for the period	<u>(5,275)</u>	<u>(89,674)</u>
Total comprehensive loss attributable to:		
Owners of the Company	(5,198)	(89,547)
Non-controlling interests	<u>(77)</u>	<u>(127)</u>
	<u>(5,275)</u>	<u>(89,674)</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the three months ended 31st March 2021

	Attributable to owners of the Company											
	Share capital	Share premium	Statutory reserves	Contributed surplus	Share option reserves	Property revaluation reserves	Translation reserves	Other reserves	Retained profits	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1st January 2021	51,827	207,499	8,668	234,621	10,423	26,113	46,022	25	1,588,481	2,173,679	(1,315)	2,172,364
Loss for the period	-	-	-	-	-	-	-	-	(3,173)	(3,173)	(77)	(3,250)
Other comprehensive loss:												
Exchange differences arising on translation of the PRC subsidiaries	-	-	-	-	-	-	(2,025)	-	-	(2,025)	-	(2,025)
Total other comprehensive loss	-	-	-	-	-	-	(2,025)	-	-	(2,025)	-	(2,025)
Total comprehensive loss for the period	-	-	-	-	-	-	(2,025)	-	(3,173)	(5,198)	(77)	(5,275)
Transactions with owners:												
<i>Contributions and distributions</i>												
Issue of new shares	10,366	72,558	-	-	-	-	-	-	-	82,924	-	82,924
Total transactions with owners	10,366	72,558	-	-	-	-	-	-	-	82,924	-	82,924
As at 31st March 2021	62,193	280,057	8,668	234,621	10,423	26,113	43,997	25	1,585,308	2,251,405	(1,392)	2,250,013

For the three months ended 31st March 2020

	Attributable to owners of the Company											
	Share capital	Share premium	Statutory reserves	Contributed surplus	Share option reserves	Property revaluation reserves	Translation reserves	Other reserves	Retained profits	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1st January 2020	51,827	207,499	8,668	234,621	60,582	26,113	885	25	1,516,408	2,106,628	(823)	2,105,805
Loss for the period	-	-	-	-	-	-	-	-	(76,071)	(76,071)	(127)	(76,198)
Other comprehensive loss:												
Exchange differences arising on translation of the PRC subsidiaries	-	-	-	-	-	-	(13,476)	-	-	(13,476)	-	(13,476)
Total other comprehensive loss	-	-	-	-	-	-	(13,476)	-	-	(13,476)	-	(13,476)
Total comprehensive loss for the period	-	-	-	-	-	-	(13,476)	-	(76,071)	(89,547)	(127)	(89,674)
Transactions with owners:												
<i>Contributions and distributions</i>												
Share options lapsed	-	-	-	-	(50,159)	-	-	-	50,159	-	-	-
Total transactions with owners	-	-	-	-	(50,159)	-	-	-	50,159	-	-	-
As at 31st March 2020	<u>51,827</u>	<u>207,499</u>	<u>8,668</u>	<u>234,621</u>	<u>10,423</u>	<u>26,113</u>	<u>(12,591)</u>	<u>25</u>	<u>1,490,496</u>	<u>2,017,081</u>	<u>(950)</u>	<u>2,016,131</u>

NOTES:

1. Basis of preparation

The Group's unaudited condensed consolidated financial statements for the three months ended 31st March 2021 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure provisions of the GEM Listing Rules. These condensed consolidated financial statements are unaudited but have been reviewed by the Company's audit committee.

These unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31st December 2020. They have been prepared on the historical cost basis, except for investment properties and financial assets at fair value through profit or loss, which are measured at fair value.

The accounting policies used in preparing these unaudited condensed consolidated financial statements are consistent with those used in the Group's audited consolidated financial statements for the year ended 31st December 2020, except for the adoption of the new/revised Hong Kong Financial Reporting Standards ("HKFRSs") and HKASs which are relevant to the Group's operation and are effective for the Group's financial year beginning on 1st January 2021 as described below.

Amendments to HKAS 39,
HKFRSs 4, 7, 9 and 16

Interest Rate Benchmark Reform – Phase 2

The adoption of these amendments to HKASs and HKFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current and prior periods.

2. Revenue

For management purposes, the current major operating businesses of the Group are information home appliances (“IHA”), internet data centre (“IDC”), investing and leasing.

Disaggregation of revenue

	For the three months ended 31st March	
	2021 HK\$'000	2020 HK\$'000
IHA:		
Sale of goods	29,951	30,634
IDC:		
Rental income from IDC properties and facilities	10,178	6,682
	<u>40,129</u>	<u>37,316</u>

3. Other revenue and net income/(loss)

	For the three months ended 31st March	
	2021 HK\$'000	2020 HK\$'000
Other revenue		
Rental income from investment properties	2,215	1,785
Interest income calculated using the effective interest method:		
Interest income from bank deposits	107	600
Interest income from loans receivable	3,892	3,882
	<u>6,214</u>	<u>6,267</u>
Other net income/(loss)		
Foreign exchange losses, net	(966)	(190)
Net fair value gains/(losses) on financial assets at fair value through profit or loss	9,736	(72,434)
Sundry income	370	388
	<u>9,140</u>	<u>(72,236)</u>
	<u>15,354</u>	<u>(65,969)</u>

4. Income tax expenses

The taxation charged to profit or loss represents:

	For the three months ended 31st March	
	2021	2020
	HK\$'000	HK\$'000
Current tax		
PRC corporate income tax	1,257	–
Overseas withholding tax	641	549
	<u>1,898</u>	<u>549</u>

No Hong Kong Profits Tax has been provided for the three months ended 31st March 2021 and 2020 as the Group did not have any assessable profit from Hong Kong for both periods.

The income tax provision in respect of operations in the People's Republic of China (the "PRC") is calculated at the corporate income tax ("CIT") rate of 25% on the estimated assessable profits for the three months ended 31st March 2021 and 2020 based on existing legislation, interpretations and practices in respect thereof. Certain subsidiaries of the Company have been designated as "Small-Scale and Low-Profit Enterprises" which are charged at the effective preferential CIT rates of 5% or 10% respectively on condition that the taxable income was no more than RMB1.0 million or between RMB1.0 million to RMB3.0 million for the three months ended 31st March 2021 and 2020.

The operation of the Group in the United States of America (the "United States") is subject to the United States Federal and State Income Tax. For the three months ended 31st March 2021 and 2020, the United States Federal and State Income Tax has not been provided as the Group did not generate any assessable profit in the United States.

Under the United States domestic tax laws, a foreign person is subject to 30% income tax on the gross amount of certain United States-source (non-business) income. As such, withholding tax is provided at 30% for the interest income derived from the loans to a wholly-owned subsidiary in the United States by the Company for the three months ended 31st March 2021 and 2020.

5. Loss per share

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	For the three months ended 31st March	
	2021	2020
	HK\$'000	HK\$'000
Loss attributable to owners of the Company	<u>(3,173)</u>	<u>(76,071)</u>

	For the three months ended	
	31st March	
	2021	2020
	'000	'000
Issued ordinary shares at 1st January	2,073,089	2,073,089
Issue of new shares	363,941	–
Weighted average number of ordinary shares for basic loss per share	2,437,030	2,073,089
Weighted average number of ordinary shares for diluted loss per share	2,437,030	2,073,089
Loss per share:		
– Basic	(0.13) cent	(3.67) cents
– Diluted (<i>Note</i>)	(0.13) cent	(3.67) cents

Note:

Diluted loss per share is the same as the basic loss per share for the three months ended 31st March 2021 and 2020 because the potential new ordinary shares to be issued on exercise of the outstanding share options under the Company's share option scheme have an anti-dilutive effect on the basic loss per share during the respective periods.

6. Event after the reporting period

A potential very substantial disposal of a subsidiary

On 28th April 2021, Indeed Holdings Limited, an indirect wholly-owned subsidiary of the Company (the "Vendor"), and the Company, as the Vendor's guarantor, entered into a sale and purchase agreement with Empress Investments Pte. Ltd. (the "Purchaser"), in respect of the disposal of the entire equity interest of Shanghai Indeed Technology Co., Ltd., an indirect wholly-owned subsidiary of the Company (the "Target Company") to the Purchaser at a consideration of US\$68,000,000 (equivalent to approximately HK\$530,400,000) subject to adjustments (the "Proposed Disposal").

The Target Company is principally engaged in the leasing out of the land and the factory building situated at Shanghai City, the PRC.

As at the date of this announcement, the Proposed Disposal has not been completed because certain terms and conditions are yet to be fulfilled. The details of the Proposed Disposal have been disclosed in the Company's announcement dated 28th April 2021.

The MOU in respect of the purchase of the machines

On 7th May 2021, Sheng Bang Qiang Dian Electronics (Shenzhen) Company Limited* (盛邦強點電子(深圳)有限公司), an indirect wholly-owned subsidiary of the Company (the "Purchaser") and Wuhan Quanyaotech Technology Co., Ltd.* (武漢全耀成科技有限公司) (the "Vendor") entered into a memorandum of understanding (the "MOU") in respect of the purchase of 3,000 sets of A10 pro supercomputing machines (the "Machines") by the Purchaser from the Vendor (the "Proposed Acquisition"). 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 details of the Proposed Acquisition have been disclosed in the Company's announcement dated 7th May 2021.

RESERVES

Movements in the reserves of the Group during the three months ended 31st March 2021 (the “Period”) are set out in the unaudited condensed consolidated statement of changes in equity of the financial statements.

DIVIDENDS

The Board has not declared an interim dividend for the Period (three months ended 31st March 2020: Nil).

FINANCIAL AND BUSINESS REVIEW

The Group is principally engaged in the businesses of information home appliances (“IHA”), internet data centre (“IDC”), investing and leasing.

The Group’s IHA business is principally engaged in the sales and distribution of IHA and complementary products. Products launched by the Group in the markets include high digital set-top boxes (“STB”), hybrid dual-mode STB, Over-the-top (“OTT”)/Internet Protocol Television (“IPTV”) STB, STB equipped with an Android system, etc.. The Group has extensive experience in designing and manufacturing networked audio and video products, from hardware to software and from operating systems to business integration, covering a wide range of vertical applications. During the Period, the Group’s revenue from the IHA business amounted to approximately HK\$29.9 million, representing a slight decrease of 2.2% as compared with the same period of last year. For the IDC business, the Group concentrates its efforts on providing renowned domestic and foreign enterprises with reliable data centre facilities services. The Group recorded revenue from leasing of properties used as IDC and facilities used in IDC of approximately HK\$10.2 million for the Period (three months ended 31st March 2020: approximately HK\$6.7 million). All in all, the Group’s overall revenue increased by 7.5% to approximately HK\$40.1 million for the Period as compared with the same period of last year.

Despite a slight decrease in the Group’s revenue from IHA business, the Group’s distribution and selling expenses for the Period increased by 21.2% to approximately HK\$1.7 million as compared with the same period of last year. At the same time, the Group’s general and administrative expenses also increased by 41.7% to approximately HK\$23.2 million for the Period. Moreover, the finance costs of the Group decreased by 26.9% to approximately HK\$0.7 million for the Period. The decrease was mainly due to the decrease in loan interest rate as compared with the same period of last year.

The Group recorded other revenue and net income of approximately HK\$15.4 million for the Period, while the Group recorded other revenue and net loss of approximately HK\$66.0 million for the three months ended 31st March 2020. This was due to the improvement of the performance of investments portfolio of the Group in the first quarter of 2021, which caused the Group to record the net gains on financial assets at fair value through profit or loss of approximately HK\$9.7 million for the Period (three months ended 31st March 2020: net losses of approximately HK\$72.4 million). This was the major reason for the significant decrease in the loss attributable to owners of the Company for the Period as compared with the same period of last year.

Other operating expenses of the Group increased to approximately HK\$450,000 for the Period (three months ended 31st March 2020: approximately HK\$350,000). This increase was mainly due to the increase in miscellaneous costs.

In respect of the Group's project on construction of its first IDC in the United States, the project is currently entering into the construction stage. Due to the adverse impact of Coronavirus Disease 2019 ("COVID-19"), the construction progress of our IDC project was behind our original schedule. Notwithstanding that, phase one of the IDC is expected to be ready for operation in the first half of 2021. As the IDC business is still at the investing stage, the Group will continue to deploy resources in this business.

With respect to the investment business, the Group made some investments in the initial public offering, secondary market and private investment funds during the Period. Based on value investing strategy, the Group only selected investment products in the secondary market by taking risk control and maintaining reasonable earning expectation as the investment goals. Maintenance and appreciation of asset value are the long-term investment commitments of the Group. Meanwhile, the Group also constantly reviews and manages its investment portfolios. During the Period, the Group recorded net gains on financial assets at fair value through profit or loss of approximately HK\$9.7 million (three months ended 31st March 2020: net losses of approximately HK\$72.4 million).

As a result of the foregoing, the Group recorded a loss attributable to owners of the Company of approximately HK\$3.2 million for the Period, representing a significant decrease in loss of 95.8% as compared with the same period of last year.

Issue of Listed Securities of the Company and Use of Proceeds

A summary of the issue of listed securities by the Company during the Period and the relevant use of proceeds is set out below:

Date of announcement	30th December 2020
Date of completion	13th January 2021
Name of subscriber(s)	Cedar Surplus Investments Limited and Mr. Zhu Weisha
Number of shares issued	414,616,000
Class of shares issued	Ordinary shares
Issue price per share	HK\$0.20
Net price per share	HK\$0.199
Aggregate nominal value of share issued	HK\$10,365,400
Closing price per share on which the terms of the issue were fixed	HK\$0.199 (as at 30th December 2020)
Gross proceeds	Approximately HK\$82.9 million
Net proceeds	Approximately HK\$82.7 million
Reason for the issue	The Board considered that the issue of shares would provide a good opportunity to raise additional funds to be used for (i) the development of the major operating businesses of IDC; (ii) the development of the major operating businesses of IHA; and (iii) general working capital purposes.

Up to 31st March 2021, approximately HK\$32.1 million out of approximately HK\$82.7 million had been applied as follows:

	Intended use of proceeds HK\$'000	Actual use of proceeds HK\$'000
IDC business	66,160	15,600
IHA business	8,270	8,270
General working capital	8,270	8,270
	<u>82,700</u>	<u>32,140</u>

The remaining approximately HK\$50.6 million which had not yet been utilised during the Period is expected to be utilised by the end of this year.

All the unutilised balances have been placed in licensed banks in Hong Kong.

Save as disclosed above, there was no other issue of listed securities of the Company during the Period.

Significant Investments/Material Acquisitions and Disposals

On 28th April 2021, Indeed Holdings Limited, an indirect wholly-owned subsidiary of the Company (the “Vendor”), and the Company, as the Vendor’s guarantor, entered into a sale and purchase agreement with Empress Investments Pte. Ltd. (the “Purchaser”), in respect of the disposal of the entire equity interest of Shanghai Indeed Technology Co., Ltd., an indirect wholly-owned subsidiary of the Company to the Purchaser at a consideration of US\$68,000,000 (equivalent to approximately HK\$530,400,000) subject to adjustments (the “Proposed Disposal”). The details of the Proposed Disposal have been disclosed in the Company’s announcement dated 28th April 2021.

On 7th May 2021, Sheng Bang Qiang Dian Electronics (Shenzhen) Company Limited* (盛邦強點電子(深圳)有限公司), an indirect wholly-owned subsidiary of the Company (the “Purchaser”) and Wuhan Quanyaocheng Technology Co., Ltd.* (武漢全耀成科技有限公司) (the “Vendor”) entered into a memorandum of understanding (the “MOU”) in respect of the purchase of 3,000 sets of A10 pro supercomputing machines (the “Machines”) by the Purchaser from the Vendor (the “Proposed Acquisition”). 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 details of the Proposed Acquisition have been disclosed in the Company’s announcement dated 7th May 2021.

Save as disclosed in this announcement, the Group had no significant investment and no material acquisition or disposal of subsidiaries, associates and joint ventures during the Period.

Key Risks and Uncertainties

During the Period, the Group endeavoured to improve the risk management system on different aspects of company strategies, businesses operation and finance. A number of risks and uncertainties may affect the financial results and business operations of the Group. For the IHA business, factors such as fierce market competition in the Mainland and overseas markets, rapid iteration of technological products, Renminbi exchange rate fluctuation, drop in selling price of products and increase in production cost may bring uncertainties to the development of the IHA business of the Group. For the IDC business, factors such as whether the construction and layout of the project can be completed as scheduled, and whether the service contracts signed with customers and service income can meet the expectation may affect the progress of the IDC business of the Group. For the investing business, the frequent changes of market policies and regulations relating to the Mainland stock market and the unclear global economic environment would be two key risk factors. In future business operations, the Group will be highly aware of the aforesaid risks and uncertainties and will proactively adopt effective measures to tackle such risks and uncertainties.

Environmental Policies and Performance

The Group is committed to building an environmentally-friendly corporation and always takes the environmental protection issues into consideration during daily operation. The Group does not produce material waste nor emit material quantities of air pollutants. The Group also strives to minimise the adverse environmental impacts by encouraging employees to recycle office supplies and other materials and to save electricity.

Compliance with Laws and Regulations

The Company has been listed on GEM of the Stock Exchange since 2000. The operations of the Group are mainly carried out by the Company's subsidiaries in the PRC, Hong Kong and the United States. As such, the Group's operations shall comply with relevant laws and regulations in the PRC, Hong Kong and the United States accordingly. During the Period, the Group has complied with all applicable laws and regulations in the PRC, Hong Kong and the United States in all material respects. The Group shall continue to keep itself updated with the requirements of the relevant laws and regulations in the PRC, Hong Kong and the United States and adhere to them to ensure compliance.

BUSINESS PROSPECT

2020 was an extraordinary year, during which COVID-19 suddenly broke out, the global economy experienced severe recession, the international trade recorded sharp decline, and the external environment was turbulent. The future is full of unknowns with potential and challenges coexisting. We managed to steadily promote the business development of the Group during 2020, reflecting the effectiveness of our strategies.

In respect of our IDC business, we achieved a steady growth of revenue in 2020. During 2020, the Group completed a sale and leaseback arrangement with a lessee, which contributed to the increased revenue from the IDC business. Due to the adverse impact of COVID-19, the construction progress of our IDC project in San Jose, the United States was behind our original schedule. Notwithstanding that, phase one of the project is expected to be ready for operation in the first half of 2021 and will contribute to the continuous improvement of revenue from IDC business. The Group will start a feasibility study for a second data centre in the United States thereafter. With the robust development of digital economy and the continuous implementation of 5G commercialisation, due to a concentrated burst of demand for online office, online education and live broadcasting, high-traffic scenarios such as ultra-high-definition videos and virtual reality (VR)/augmented reality (AR) continue to increase. The surge of data traffic brings new challenges to IDC service providers on network transmission rate, rapid deployment and computing capability, but it also provides new opportunities for the development of IDC industry at the same time. To take advantage of its business network and industry creditability in the Greater China region as well as the international market, the Group aims to provide safe and reliable data centre facilities and services for renowned domestic and overseas enterprises. In future, under the trend of large-scale, intensive and green development in the IDC industry, the Group will proactively build the intelligentized IDC with characteristics of high performance, easy maintenance, and flexible expansion in core cities and regions, and will improve the competitiveness of the Group's IDC business through green and refined operation and maintenance, to help our customers achieve digital transformation and commercial success.

As for our IHA business, the Group strived to become the world's leading terminal technology solution provider in respect of broadband audio-visual multimedia. Leveraging on our technology know-how and independent research and development ("R&D") capabilities accumulated over the years, we realised customisation of multifunctional product forms based on customers' needs. Despite the fierce market competition, customer purchase orders of the Group resumed gradually in the second half of 2020. In future, the Group will maintain its strong market competitiveness through consistent investment in technology and R&D innovation and will continue to improve the profitability of our IHA business. We look forward to the continued growth and success for our IHA business.

Looking forward to 2021, uncertainty on market prospect remains. Our management and all our staff will begin with the end in mind and acquire knowledge through practice, continuously provide high-quality services with wisdom, hard work and perseverance, so as to create long-term value for our customers, staff, shareholders, partners and the society.

CORPORATE GOVERNANCE

The Company is committed to achieving high standards of corporate governance. The Directors believe that sound and reasonable corporate governance practices are essential for the continuing growth of the Group and for safeguarding and maximising Shareholders' interests.

The Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") set out in Appendix 15 of the GEM Listing Rules during the Period.

AUDIT COMMITTEE

The Board has established an audit committee (the “Audit Committee”). It currently comprises three independent non-executive Directors, namely Ms. Shen Yan (Chairlady), Ms. Dong Hairong and Ms. Huo Qiwei. None of the members of the Audit Committee is a former partner of the auditor of the Company.

The principal duties of the Audit Committee are to assist the Board in reviewing the financial information, overseeing the Company’s financial reporting system, risk management, internal control systems and relationship with external auditor, and arrangements to enable employees of the Company to raise concerns under the protection of confidentiality about possible improprieties in financial reporting, internal control or other matters of the Company.

The Group’s unaudited condensed consolidated results for the Period have not been audited but have been reviewed by the Audit Committee pursuant to the relevant provisions contained in the CG Code. The Audit Committee was of the opinion that the preparation of such statements complied with applicable accounting standards and that adequate disclosure has been made in respect thereof.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities during the Period.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings as set out in rules 5.48 to 5.67 (the “Required Standard of Dealings”) of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors. Upon specific enquiries of all Directors, each of them confirmed that they have complied with the required standards set out in the Required Standard of Dealings for the Period in relation to their securities dealings, if any.

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

Hong Kong, 10th May 2021

** For identification purposes only*

As at the date hereof, the executive Directors 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 are Ms. Shen Yan, Ms. Dong Hairong and Ms. Huo Qiwei.

This announcement will remain on the “Latest Company Announcements” page of 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.