



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 Report
2021

* for identification purposes only

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Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, 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 report 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 report misleading.

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

	Notes	For the three months ended	
		2021	2020
		HK\$'000	HK\$'000
Revenue	2	40,129	37,316
Cost of sales		(30,812)	(27,931)
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		(449)	(349)
Loss from operations		(654)	(74,694)
Finance costs		(698)	(955)
Loss before tax		(1,352)	(75,649)
Income tax expenses	4	(1,898)	(549)
Loss for the period		(3,250)	(76,198)
Loss attributable to:			
Owners of the Company		(3,173)	(76,071)
Non-controlling interests		(77)	(127)
		(3,250)	(76,198)
Loss per share	5		
– Basic		(0.13) cent	(3.67) cents
– Diluted		(0.13) cent	(3.67) cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the three months ended 31st March 2021

	For the three months ended 31st March	
	2021 HK\$'000	2020 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										Non-controlling interests	Total equity
	Share capital	Share premium	Statutory reserves	Contributed surplus	Share option reserves	Property revaluation reserves	Translation reserves	Other reserves	Retained profits	Total		
	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	<u>62,193</u>	<u>280,057</u>	<u>8,668</u>	<u>234,621</u>	<u>10,423</u>	<u>26,113</u>	<u>43,997</u>	<u>25</u>	<u>1,585,308</u>	<u>2,251,405</u>	<u>(1,392)</u>	<u>2,250,013</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) (Continued)

For the three months ended 31st March 2020

	Attributable to owners of the Company										Non-controlling interests	Total equity
	Share capital	Share premium	Statutory reserves	Contributed surplus	Share option reserves	Property revaluation reserves	Translation reserves	Other reserves	Retained profits	Total		
	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	51,827	207,499	8,668	234,621	10,423	26,113	(12,591)	25	1,490,496	2,017,081	(950)	2,016,131

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
	40,129	37,316

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
	6,214	6,267
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
	9,140	(72,236)
	15,354	(65,969)

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
	1,898	549

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 HK\$'000	2020 HK\$'000
Loss attributable to owners of the Company	(3,173)	(76,071)

	For the three months ended 31st March	
	2021 '000	2020 '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 report, 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 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.

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.

FINANCIAL AND BUSINESS REVIEW *(Continued)*

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.

FINANCIAL AND BUSINESS REVIEW *(Continued)*

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.

FINANCIAL AND BUSINESS REVIEW (Continued)

Issue of Listed Securities of the Company and Use of Proceeds (Continued)

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
	82,700	32,140

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 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.

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

FINANCIAL AND BUSINESS REVIEW *(Continued)*

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.

BUSINESS PROSPECT *(Continued)*

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.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31st March 2021, the interests or short positions of the Directors and chief executive of the Company in the shares (the "Shares"), underlying shares and/or debentures of the Company and/or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

(1) Long positions in the shares of the Company

Name of Directors	Nature of interests	Number of ordinary Shares	Capacity	Approximate percentage of the total issued share capital of the Company
Mr. Li Qiang	Personal	4,604,000	Beneficial owner	0.19%
Mr. Cong Yu	Personal	741,379,800	Interest of a controlled corporation	29.80%
Mr. Gao Fei	Personal	2,190,000	Beneficial owner	0.09%
Mr. Shi Guangrong	Personal	22,660,000	Beneficial owner	0.91%
Mr. Zhu Jiang	Personal	7,926,756	Beneficial owner	0.32%
Ms. Shen Yan	Personal	324,000	Beneficial owner	0.01%

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

(2) Long positions in the underlying shares of the Company

Pursuant to the share option scheme of the Company approved by the shareholders of the Company (the "Shareholders") on 14th January 2015, the Directors and chief executive of the Company in the capacity as beneficial owners were granted unlisted and physically settled share options to subscribe for the Shares, details of which as at 31st March 2021 were as follows:

Name of grantees	Date of grant	Exercise price per Share HK\$	Exercisable period	Number of Shares issuable under the share options				
				Outstanding as at 1st January 2021	Granted during the Period	Exercised during the Period	Lapsed during the Period	Outstanding as at 31st March 2021
Directors								
Mr. Li Qiang	30.08.2019	0.33	30.08.2019 – 29.08.2022	2,000,000	–	–	–	2,000,000
Mr. Gao Fei	30.08.2019	0.33	30.08.2019 – 29.08.2022	2,000,000	–	–	–	2,000,000
Mr. Shi Guangrong	30.08.2019	0.33	30.08.2019 – 29.08.2022	13,000,000	–	–	–	13,000,000
Mr. Zhu Jiang	30.08.2019	0.33	30.08.2019 – 29.08.2022	13,000,000	–	–	–	13,000,000
Ms. Shen Yan	30.08.2019	0.33	30.08.2019 – 29.08.2022	1,000,000	–	–	–	1,000,000
Ms. Dong Hairong	30.08.2019	0.33	30.08.2019 – 29.08.2022	2,000,000	–	–	–	2,000,000
				<u>33,000,000</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>33,000,000</u>

Save as disclosed above, as at 31st March 2021, none of the Directors or chief executive of the Company had any interests or short positions in any Shares, underlying shares and/or debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to rules 5.46 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

Based on the information provided to the Company in notices filed, as at 31st March 2021, the entities and/or persons or corporations who had any interests or short positions in the Shares and/or underlying shares of the Company which fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or had otherwise notified to the Company were as follows:

Long positions in the shares and underlying shares of the Company

Name of Shareholders	Nature of interests	Number of ordinary Shares	Capacity	Approximate percentage of the total issued share capital of the Company
Unicorn Resources Inc. ("Unicorn") (Note 1)	Corporate	741,379,800	Beneficial owner	29.80%
Cedar Surplus Investments Limited ("Cedar Surplus") (Note 1)	Corporate	741,379,800	Interest of a controlled corporation	29.80%
Mr. Cong Yu (Note 1)	Personal	741,379,800	Interest of a controlled corporation	29.80%
Mr. Zhu Weisha (Note 2)	Personal	741,379,800	Interest of a controlled corporation	29.80%
		19,000,000	Beneficial owner	0.76%
Honbridge Holdings Limited (Stock Code: 8137) ("Honbridge") (Note 3)	Corporate	351,867,200	Beneficial owner	14.14%
Hong Bridge Capital Limited ("Hong Bridge") (Note 3)	Corporate	351,867,200	Interest of a controlled corporation	14.14%
Mr. He Xuechu (Note 4)	Personal	351,867,200	Interest of a controlled corporation	14.14%
		300,000	Interest of spouse	0.01%
Ms. Foo Yatyan (Note 4)	Personal	351,867,200	Interest of spouse	14.14%
		300,000	Beneficial owner	0.01%

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES *(Continued)*

Long positions in the shares and underlying shares of the Company *(Continued)*

Notes:

1. Unicorn is the beneficial owner of 741,379,800 Shares. Cedar Surplus holds 55% interest in Unicorn and it is deemed to be interested in the 741,379,800 Shares held by Unicorn. Mr. Cong Yu holds 100% interest in Cedar Surplus (which holds 55% interest in Unicorn) and he is therefore deemed to be interested in the 741,379,800 Shares held by Unicorn.
2. Mr. Zhu Weisha holds 45% interest in Unicorn and he is deemed to be interested in the 741,379,800 Shares held by Unicorn. The remaining interest in 19,000,000 Shares is beneficially owned by Mr. Zhu Weishu, representing 19,000,000 underlying shares in respect of the share options granted by the Company on 30 August 2019.
3. Honbridge is the beneficial owner of 351,867,200 Shares. Hong Bridge holds 41.25% interest in Honbridge and it is deemed to be interested in the 351,867,200 Shares held by Honbridge.
4. Mr. He Xuechu holds 51% interest in Hong Bridge (which holds 41.25% interest in Honbridge) and he is therefore deemed to be interested in the 351,867,200 Shares held by Honbridge. Ms. Foo Yatyan is the beneficial owner of 300,000 Shares. As Ms. Foo Yatyan is the spouse of Mr. He Xuechu, Ms. Foo Yatyan is deemed to be interested in all the Shares in which Mr. He Xuechu is interested and Mr. He Xuechu is deemed to be interested in all the Shares in which Ms. Foo Yatyan is interested.
5. Based on a total of 2,487,704,800 Shares as at 31st March 2021.

Save as disclosed above, as at 31st March 2021, the Directors are not aware of any persons or corporations who had any interests or short positions in the Shares and/or underlying shares of the Company which would be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the Period.

COMPETING INTERESTS

None of the Directors or the controlling Shareholders and their respective associates (as defined in the GEM Listing Rules) has an interest in a business which competed or might compete with the business of the Group or has any other conflict of interest with the Group during the Period.

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.

AUDIT COMMITTEE *(Continued)*

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

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.