THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Yuxing InfoTech Investment Holdings Limited** (the "**Company**"), you should at once hand this circular and the accompanying proxy form to the purchaser(s), the transferee(s) or to the bank, licensed securities dealer or registered institution in securities, or other agent through whom the sale or transfer was effected for onward transmission to the purchaser(s) or the transferee(s).

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)

(1) VERY SUBSTANTIAL DISPOSAL RELATING TO DISPOSAL OF THE SALE EQUITY INTEREST AND (2) NOTICE OF SPECIAL GENERAL MEETING

Unless the context otherwise requires, all capitalised terms used in this circular have the meanings set out in the section headed "Definitions" of this circular.

A letter from the Board is set out on pages 4 to 18 of this circular.

The notice convening the SGM to be held at Unit 5-6, 9/F, Enterprise Square Three, No. 39 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong on Thursday, 10 June 2021 at 11:00 a.m. is set out on pages SGM-1 to SGM-2 to this circular. Whether or not you are able to attend the SGM in person, please complete the accompanying proxy form and return the same at the office of the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the SGM or any adjourned meeting. Completion and delivery of the proxy form will not preclude you from attending and voting at the SGM or any adjourned meeting if you so wish.

PRECAUTIONARY MEASURES FOR THE SGM

To safeguard the health and safety of the Shareholders and to prevent the spreading of the COVID-19 pandemic, the following precautionary measures will be implemented at the SGM:

(1) Compulsory temperature checks

(2) Wearing of surgical face mask

(3) No distribution of refreshment

Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the meeting venue. For the health and safety of the Shareholders, the Company would like to encourage Shareholders to exercise their right to vote at the SGM by appointing the Chairman of the SGM as their proxy and to return their form of proxy by the time specified above, instead of attending the SGM in person.

The circular will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the date of its publication and on the website of the Company at www.yuxing.com.cn.

* *For identification purpose only*

26 May 2021

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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.

CONTENTS

In this circular, the following words and expressions shall have the following meanings unless the context indicates otherwise:

"Agreement"	the conditional equity transfer agreement dated 28 April 2021 entered into amongst the Vendor, the Purchaser and the Company in relation to the Disposal
"Announcement"	the announcement of the Company dated 28 April 2021 in relation to, among others, the Disposal
"Board"	board of Directors
"Business Day"	a day (other than a Saturday, a Sunday or a public holiday in the PRC, Hong Kong and Singapore) on which licensed banks in the PRC, Hong Kong and Singapore are open for general banking business in the PRC, Hong Kong and Singapore throughout their normal business hours
"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)
"Completion"	completion of the Agreement
"Consideration"	the total consideration for the Disposal payable by the Purchaser to the Vendor pursuant to the Agreement
"Data Centre"	the internet data centre being operated by Shanghai Minyun on the Land and Property
"Director(s)"	the director(s) of the Company
"Disposal"	the proposed disposal of the Sale Equity Interest by the Vendor pursuant to the Agreement
"GEM"	GEM of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Group"	the Company and its subsidiaries
"HK$" or "HKD"	Hong Kong dollar(s), the lawful currency of Hong Kong

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IC Registration"	industrial and commercial registration in respect of the Disposal at the relevant governmental authorities in 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 the Company and its connected persons (as defined in the GEM Listing Rules)
"Independent Valuer"	Vigers Appraisal and Consulting Limited, a qualified independent valuer in Hong Kong
"Land and Property"	the property, consist of: (a) the land situated at 中國上海市閔行區新源路1188號 (No. 1188, Xin Yuan Road, Minhang District, Shanghai City, the PRC) and with an area of approximately 62,634 square metres; and (b) the factory building with an area of approximately 54,930.56 square metres erected on the land
"Latest Practicable Date"	24 May 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information included in this circular
"Material Adverse Effect"	in respect of any facts, events, changes, matters, circumstances, progress or results, means (i) any material adverse effect on the business, financial conditions, operations results or prospects of the Target Company; or (ii) anything which may impede, severely delay or severely impede the performance of obligations under the Agreement or in relation to the Completion by any party to the Agreement
"PRC" or "China"	the People's Republic of China, which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Purchaser"	Empress Investments Pte. Ltd., a company incorporated in Singapore with limited liability
"Remaining Group"	the Company and its subsidiaries after completion of the Disposal

"RMB"	Renminbi, the lawful currency of the PRC
"Sale Equity Interest"	100% of the equity interest of the Target Company
"SFO"	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"SGM"	the special general meeting of the Company to be convened at Unit 5-6, 9/F, Enterprise Square Three, No. 39 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong on Thursday, 10 June 2021 at 11:00 a.m. to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder
"Shanghai Minyun"	Shanghai Minyun Technology Company Limited* (上海閔雲科技有限公司), a company established in the PRC with limited liability and an Independent Third Party
"Shanghai Minyun Agreement"	the equity transfer agreement in respect of the transfer of 100% equity interest of Shanghai Minyun by its shareholders to a company which will be established by the Purchaser in the PRC
"Share(s)"	ordinary share(s) of the Company
"Shareholder(s)"	shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Shanghai Indeed Technology Co., Ltd. (上海一鼎電子科技有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company immediately before the Disposal
"US$" or "USD"	United States dollar(s), the lawful currency of the United States of America
"Vendor"	Indeed Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
"%"	per cent.

* *For identification purpose only*

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)

Executive Directors:
Mr. Li Qiang *(Chairman)*
Mr. Cong Yu *(Chief Executive Officer)*
Mr. Gao Fei
Mr. Shi Guangrong
Mr. Zhu Jiang
Mr. Chen Biao

Independent non-executive Directors:
Ms. Shen Yan
Ms. Dong Hairong
Ms. Huo Qiwei

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business in Hong Kong:
Unit 5-6, 9/F
Enterprise Square Three
No. 39 Wang Chiu Road
Kowloon Bay
Kowloon

26 May 2021

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL RELATING TO DISPOSAL OF THE SALE EQUITY INTEREST

INTRODUCTION

Reference is made to the Announcement.

The purpose of this circular is to provide you with, among other things, (i) further details of the Disposal; (ii) the financial information of the Group and the Target Company; (iii) the unaudited pro forma information of the Remaining Group; and (iv) the notice convening the SGM.

* *For identification purpose only*

THE AGREEMENT

On 28 April 2021 (before trading hours), the Vendor (an indirect wholly-owned subsidiary of the Company), the Purchaser and the Company (as the Vendor's guarantor) entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Equity Interest at the initial consideration of US$68,000,000 (subject to adjustments). The Company has agreed to guarantee the obligations of the Vendor in favour of the Purchaser under the Agreement.

The principal terms of the Agreement are as follows:

1. Date

28 April 2021 (before trading hours)

2. Parties

The Vendor:	Indeed Holdings Limited
The Purchaser:	Empress Investments Pte. Ltd.
The Vendor's Guarantor:	the Company

3. Equity interest to be disposed of

100% of the equity interest of the Target Company

4. Land and Property to be disposed

The principal asset of the Target Company is the Land and Property in the PRC. The Land and Property consists of:

(a) the land situated at 中國上海市閔行區新源路1188號 (No. 1188, Xin Yuan Road, Minhang District, Shanghai City, the PRC) and with an area of approximately 62,634 square metres (the "**Land**"); and

(b) the factory building with an area of approximately 54,930.56 square metres erected on the Land.

The Target Company and Shanghai Minyun entered into a lease agreement (the "**Lease Agreement**") on 16 January 2017, pursuant to which the Land and Property has been leased by the Target Company to Shanghai Minyun for a term of 10 years commencing from 1 March 2017 to 1 March 2027 for the operation of the Data Centre with a monthly rental income of RMB2,100,000 from 1 March 2017 to 28 February 2022, and approximately RMB2,333,000 from 1 March 2022 to 28 February 2027. As at the Latest Practicable Date, all facilities and equipment of the Data Centre are owned by Shanghai Minyun.

5. Consideration

The initial consideration (the "**Initial Consideration**") as agreed among the Vendor, the Purchaser and the Company under the Agreement is US$68,000,000 (equivalent to approximately HK$530,400,000).

The Initial Consideration will be subject to the following adjustments:

(a) if the Target Company has remaining cash balance or liabilities as at Completion, the Consideration will be adjusted using the formulae below:

Adjusted Consideration = the Initial Consideration + cash balance of the Target Company as at Completion – liabilities of the Target Company as at Completion (the "**Cash/Liability Adjustment**")

(b) if the circumstances as set out in paragraph (e) of the section headed "6. Payment mechanism" below occur, the Consideration will be adjusted using the formulae below:

Adjusted Consideration = the Initial Consideration x 72.8049% + Cash/Liability Adjustment

Pursuant to paragraph (b) above, if the Reconstruction Registration (as defined below) is not completed within the prescribed period as contemplated under the Agreement, the parties to the Agreement agreed that the Initial Consideration will be reduced by 27.1951%. This is determined by the parties after taking into account that, if the Reconstruction Registration fails to complete, the total building area of the Land and Property will not increase from approximately 54,930.56 square metres to not less than 74,513.22 square metres (representing a reduction of approximately 26.3%).

Within five (5) Business Days after the amount of Cash/Liability Adjustment is ascertained, the Purchaser (or the Vendor) will pay such amount to the Vendor (or the Purchaser), as the case may be.

The Initial Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser after taking into account, among other things, (i) the fair value of the Land and Property as at 31 December 2020 of RMB334,300,000 (equivalent to approximately HK$397,219,000) according to the valuation report prepared by the Independent Valuer (which was engaged by the Company) on the market value basis of capitalisation of net rental income derived from the existing tenancy with allowance for the reversionary income potential (the "**Valuation**"); (ii) that the Agreement is inter-conditional with the Shanghai Minyun Agreement and the Purchaser will therefore be able to acquire and operate the entire business of the Data Centre, which justifies the Initial Consideration to be set at a premium to the net asset value of the Target Company from commercial perspective.

The Initial Consideration represents a premium of approximately 25.71% to the unaudited net asset value of the Target Company as at 31 December 2020 of approximately HK$421,909,000; and a premium of approximately 33.53% to the Valuation of RMB334,300,000 (equivalent to approximately HK$397,219,000).

The Valuation which was prepared as at 31 December 2020 has not taken into account the expected completion of the Reconstruction Registration. As advised by the Independent Valuer, the completion of the Reconstruction Registration will not affect the valuation of the fair value of the Land and Property until the increased floor area and new infrastructure under the Reconstruction Project are leased out and rental income is earned.

As at the Latest Practicable Date, the Independent Valuer, being a qualified valuer in Hong Kong, did not have:

(a) any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; nor

(b) directly or indirectly, any interest in any assets which had since 31 December 2020 (being the date to which the latest published audited consolidated accounts of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any members of the Group.

To the best knowledge, information and belief of the Directors, after having made all reasonable enquiries, the Independent Valuer is independent from the Group.

An updated valuation report of the Land and Property as at 30 April 2021 has been prepared by the Independent Valuer, the text of which is set out in Appendix IV to this circular.

Based on the updated valuation report of the Land and Property as set out in Appendix IV to this circular, the fair value of the Land and Property as at 30 April 2021 was RMB335,500,000 (equivalent to approximately HK$402,732,000) and the capital value of the Reconstruction Project upon completion is RMB32,100,000 (the "**Updated Valuation**").

The Updated Valuation has been prepared by the Independent Valuer in accordance with "HKIS Valuation Standards 2020" published by "The Hong Kong Institute of Surveyors", "RICS Valuation – Global Standards" published by the "Royal Institution of Chartered Surveyors", relevant provisions in the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) and the GEM Listing Rules.

In determining the Updated Valuation, the Independent Valuer has adopted the following approach:

(a) the Land and Property is tenanted and the Independent Valuer has valued the Land and Property on the basis of capitalisation of net rental income derived from the existing tenancy with allowance onto the reversionary interest of the Land and Property and made reference to comparable market transactions; and

(b) the Independent Valuer also adopted cost approach which "provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence". The Updated Valuation is assessed based on "depreciated replacement cost" ("**DRC**") which is "the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation". In the Updated Valuation, no consideration has been taken into account of alternative use(s) or development option(s); nor have the Independent Valuer considered any redevelopment potential of the Land and Property.

We are advised by the Independent Valuer that the above approach of valuation is the most appropriate approach because in the absence of sufficient direct market evidence, income capitalisation approach and DRC are regarded as acceptable methods of arriving at the value of specialised assets, which must incorporate market observations by the Independent Valuer with regard to market rent, current costs and depreciation rates.

The Updated Valuation has been prepared by the Independent Valuer based on the following assumptions:

(a) the Land and Property could be sold in the prevailing market in existing state subject to the existing tenancy and without the effect of any deferred term contract, leaseback, joint venture or any other similar arrangement which may serve to affect the value of the Land and Property unless otherwise noted or specified;

(b) no account has been taken into of any option or right of pre-emption concerning or affecting the sale of the Land and Property;

(c) the owner of the Land and Property have free and uninterrupted rights to use and assign the Land and Property during the unexpired land-use rights' term(s) granted subject to payment of usual land-use fee(s);

(d) the valuation is carried out on the basis of a cash purchase, and no allowance has been made for interest(s) and/or funding cost(s) in relation to the sale or purchase of the Land and Property;

(e) the Independent Valuer had carried out on-site inspection to the Land and Property but no soil investigation has been carried out to determine the suitability of ground condition or building services for any property development erected on the Land and Property. The valuation has been carried out on the assumption that these aspects are satisfactory;

(f) the value assessment of the Land and Property is the value estimated without regard to cost(s) of sale or purchase or transaction and without offset for any associated tax(es) or potential tax(es);

(g) any transaction cost(s) or encumbrances such as mortgage, debenture or other charges against the Land and Property has been disregarded; and

(h) the Land and Property is free from encumbrances, restriction(s) and outgoing(s) of an onerous nature which may serve to affect the value of the Land and Property.

For further details, please refer to Appendix IV to this circular.

Based on the above and having considered (i) the independence, qualification and experience of the Independent Valuer; (ii) the application of the valuation methods; and (iii) to the best knowledge, information and belief of the Directors, the assumptions above are based on the latest status of the Land and Property and nothing has come to the attention of the Directors that would lead to the assumptions being incorrect as at the Latest Practicable Date, the Company is of the view that the key assumptions adopted in the Updated Valuation are fair and reasonable, and the methodology adopted by the Independent Valuer is suitable and appropriate and the Updated Valuation is a fair reference for the Shareholders to assess the fair value of the Land and Property.

6. Payment mechanism

An escrow account (the "**Escrow Account**") has been setting up by the Vendor and the Purchaser at an offshore bank (the "**Bank**") as at the Latest Practicable Date.

The Consideration will be satisfied in cash by the Purchaser to the Vendor in the following manners:

(a) US$34,000,000 (equivalent to approximately HK$265,200,000), which represents 50% of the Initial Consideration (the "**First Payment**"), shall be transferred by the Purchaser to the Escrow Account within two (2) months of the signing of the Agreement. For the avoidance of doubt, the First Payment shall not be made later than the date of Completion;

(b) US$15,507,332 (equivalent to approximately HK$120,957,000), which represents 22.8049% of the Initial Consideration (the "**Second Payment**"), shall be transferred by the Purchaser to the Escrow Account within five (5) Business Days after the fulfilment of the conditions precedent as set out in paragraphs (a) to (j) under the section headed "7. Conditions precedent" below. If such conditions are fulfilled within two (2) months of the signing of the Agreement, the aggregate amount of the First Payment and the Second Payment shall be transferred by the Purchaser to the Escrow Account within five (5) Business Days after the date of fulfilment of such conditions. For the avoidance of doubt, the Second Payment shall not be made later than the date of Completion;

(c) the Vendor and the Purchaser shall instruct the Bank to transfer the aggregate amount of the First Payment and the Second Payment (after deducting an amount withheld for tax payment purpose), being US$46,403,752 (equivalent to approximately HK$361,949,000), in the Escrow Account to the designated bank account of the Vendor (the "**Vendor's Account**") on the date of Completion;

(d) subject to paragraph (e) below, US$18,492,668 (equivalent to approximately HK$144,243,000), which represents 27.1951% of the Initial Consideration (the "**Third Payment**") shall be transferred (after deducting an amount withheld for tax payment purpose) by the Purchaser to the Vendor's Account within five (5) Business Days after the Reconstruction Registration, the receipt of written notice that the Reconstruction Registration is completed and the receipt of the relevant property certificates.

"**Reconstruction Registration**" refers to the registration of and obtaining the relevant certificates for the reconstruction project (the "**Reconstruction Project**") of the Land and Property relating to the increase of floor area and reconstruction of factory into infrastructure for the operation of the Data Centre, and the obtaining of the renewed real property certificate ("**Renewed Certificate**") from the relevant land authority in the PRC which sets out that the total building area of the Land and Property is not less than 74,513.22 square metres (representing 2% below 76,033.9 square metres).

The Reconstruction Project involves the addition of mezzanine floor on the first floor of Factories 1 to 4, construction of new substation, water pump room (including fire fighting equipment), oil pump room and ancillary structure with a total gross floor area of 22,282 square metres.

The parties agreed that the Reconstruction Registration shall be completed within six (6) months after the date of the Agreement. If the Reconstruction Registration cannot be completed within six (6) months after the date of the Agreement, the time requirement will automatically be extended to eighteen (18) months after the date of the Agreement, unless the failure to complete the Reconstruction Registration within six (6) months is due to the deliberate delay, omission or gross negligence of the Vendor (the "**Registration Deadline**").

The Reconstruction Registration is the responsibility of the Vendor, and all costs relating to the Reconstruction Registration shall be borne by the Vendor.

If the Reconstruction Registration is completed before the date of Completion, the Purchaser has received written notice from the Vendor five (5) Business Days before the date of Completion stating that the Reconstruction Registration has been completed, and the relevant property certificates have been received by the Purchaser on the date of Completion, the Third Payment shall be transferred by the Purchaser to the Vendor's Account on the date of Completion.

(e) if the Reconstruction Registration cannot be obtained before the Registration Deadline (i.e. six (6) months or eighteen (18) months after the date of the Agreement, as the case may be), or the Vendor confirms that it cannot complete the Reconstruction Registration, the Purchaser will no longer be required to make the Third Payment; and the amount of consideration shall be adjusted pursuant to paragraph (b) of the section headed "5. Consideration" above.

Based on the latest status of the Reconstruction Project and the relevant laws and regulations in the PRC, the Group expects that the construction of the Reconstruction Project will substantially complete in June 2021 and the Renewed Certificate will be obtained in or around August 2021. The Company therefore considers that it is reasonable to set a time frame of six-month after the date of Agreement for the obtaining of the Reconstruction Registration. As disclosed above, even if the Reconstruction Registration cannot be completed within the six-month period, the Vendor and the Purchaser have agreed to extend for a further twelve-month period to the Registration Deadline.

As at the Latest Practicable Date, all relevant filings, submissions and applications in respect of the Reconstruction Project have been made with the relevant authorities and are in progress. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Company does not foresee any major obstacles in completion of the Reconstruction Project and obtaining the Reconstruction Registration. The estimated cost for the Reconstruction Project and obtaining the Reconstruction Registration is not more than approximately US$5,000,000 (equivalent to approximately HK$39,000,000) and the estimated time required for obtaining the Reconstruction Registration is approximately four (4) months after the date of the Agreement.

7. Conditions precedent

Completion is conditional upon the following conditions being satisfied (and/or waived by the Purchaser):

(a) the approval by the Shareholders at the SGM of the Agreement and the transactions contemplated thereunder, including but not limited to the guarantee to be provided by the Company, and compliance by the Company of all applicable requirements under the GEM Listing Rules in relation to the Agreement and the transaction contemplated thereunder;

(b) the approval by the sole shareholder and/or the sole director of the Vendor of the Agreement and the transactions contemplated thereunder, including but not limited to the appointment of the personnel designated by the Purchaser as the legal representative, directors, supervisor and general manager of the Target Company;

(c) the supplemental due diligence of the Reconstruction Registration of the Target Company having been completed by the Purchaser;

(d) the Sale Equity Interest and the Land and Property are free from any encumbrances;

(e) the loan of RMB105,600,000 (with reference to financial statements of the Target Company as at 31 March 2021) by the Target Company to its related parties (the "**Loan**") having been repaid in full, and the balance of cash of the Target Company as at the date of Completion being not lower than RMB91,000,000;

(f) the auditors nominated by the Vendor and the Purchaser and engaged by the Target Company having issued the audit reports of the Target Company for the financial year 2020;

(g) no events having arisen which may have Material Adverse Effect against the Target Company, the Land and Property, the Disposal and/or the Data Centre since the date of the Agreement;

(h) the representations made by and the warranties given by the Vendor remain true and accurate in all material respects as at Completion;

(i) the Vendor having performed and complied with all agreements, obligations and undertakings relating to the Agreement and the Disposal in all material respects;

(j) the Shanghai Minyun Agreement having been signed and become effective, and all conditions precedent under the Shanghai Minyun Agreement (save for relevant industrial and commercial registration for the equity transfer under the Shanghai Minyun Agreement) having been fulfilled.

    The parties to the Agreement have agreed and confirmed that the transactions contemplated under the Shanghai Minyun Agreement and the Disposal constitute a whole transaction which is indivisible. Pursuant to the Shanghai Minyun Agreement, the shareholders of Shanghai Minyun will dispose of the 100% equity interest of Shanghai Minyun to a company which will be established by the Purchaser in the PRC;

(k) the Target Company having completed the IC Registration and obtained the new business license and filed notices in respect of the IC Registration, which should state that: (i) the Sale Equity Interest has been registered under the name of the Purchaser; and (ii) the legal representative, directors, supervisor and manager of the Target Company have been changed to the personnel designated by the Purchaser (the content of the notice shall be in the form issued by the relevant governmental authorities in the PRC); and

(l) relevant changes as a result of the Disposal having been reported to the relevant commerce authorities through the enterprise registration system.

It is expected that the Loan will be settled by the related parties in cash. Upon settlement, the repayment amount will become assets (cash) of the Target Company and therefore form part of the cash balance under the Cash/Liability Adjustment as set out in the section headed "5. Consideration" above.

As set out in paragraph (j) above, the Agreement is conditional upon the signing and fulfilment of conditions precedent of the Shanghai Minyun Agreement. This has been agreed between the parties as the reason for the Purchaser to enter into the Agreement is to acquire the entire (but not part of) business of the Data Centre. In order to achieve such purpose, the Purchaser has to acquire both the Target Company which owns the Land and Property (as contemplated under the Agreement) and Shanghai Minyun which owns all facilities and equipment of the Data Centre and operates the business of the Data Centre (as contemplated under the Shanghai Minyun Agreement).

As at the Latest Practicable Date, only the condition precedent as set out in paragraph (f) above has been fulfilled.

The Purchaser has the right to waive any conditions precedent above (other than those set out in paragraphs (a), (b) and (e)) at any time after the date of the Agreement by notice in writing to the Vendor. As advised by the Purchaser, the Purchaser has no intention to waive any of the conditions precedent abovementioned as at the Latest Practicable Date.

If the conditions precedent of the Agreement are not fulfilled (or waived by the Purchaser) within three (3) months after the date of the Agreement, the Vendor and the Purchaser shall cooperate on a best effort basis and proceed to Completion no later than six (6) months after the date of the Agreement (the "**Long Stop Date**"). If the Completion does not take place on or before the Long Stop Date, the Vendor and the Purchaser can negotiate and agree on an extension of the Long Stop Date within ten (10) Business Days. However, if the Vendor and the Purchaser cannot agree on the extension within ten (10) Business Days after the Long Stop Date, each of the Vendor and the Purchaser has the right to terminate the Agreement (except that the failure to fulfil the relevant condition precedent(s) is due to its failure or delay to take action with its reasonable efforts).

8. Guarantee

The Company, as primary obligor and not merely as surety, unconditionally and irrevocably:

(a) guarantees by way of continuing obligation to the Purchaser the due and punctual performance by the Vendor of all its other obligations contained in the Agreement; and

(b) undertakes to the Purchaser to procure the due and punctual payment of all amounts payable by the Vendor under the Agreement.

9. Completion

Subject to the Long Stop Date or another date as agreed by the Vendor and the Purchaser (see the section headed "7. Conditions precedent" above), Completion shall take place at the registered address of the Target Company (or other location as agreed between the Vendor and the Purchaser in writing) within three (3) Business Days (or such other date as agreed between the Vendor and the Purchaser in writing) after (i) the Purchaser is satisfied that all conditions precedent under the Agreement are fulfilled (or waived by the Purchaser); and (ii) all conditions precedent under the Shanghai Minyun Agreement are fulfilled.

INFORMATION ON THE TARGET COMPANY

The Target Company is established in the PRC and is an indirect wholly-owned subsidiary of the Company. The Target Company is principally engaged in the leasing out of the Land and Property.

A summary of the unaudited financial information of the Target Company for the two years ended 31 December 2020 is set out below:

	For the year ended 31 December	
	2019	**2020**
	(unaudited)	**(unaudited)**
	HK$'000	*HK$'000*
Revenue	27,257	26,988
Profit before tax	28,384	24,954
Profit after tax	13,166	20,251

As at 31 December 2020, the major assets of the Target Company were (i) the Land and Property; (ii) the amount due from the related party under the Loan of approximately HK$155,181,000; and (iii) cash and bank balances of approximately HK$2,087,000.

As at 31 December 2020, the major liabilities of the Target Company were (i) other payables of approximately HK$16,177,000; and (ii) deferred tax liabilities (representing the recognition of taxable temporary difference arising from the fair value changes of investment properties) of approximately HK$116,272,000.

The unaudited net asset value of the Target Company as at 31 December 2020 was approximately HK$421,909,000.

The valuation of the Land and Property as appraised by the Independent Valuer as at 31 December 2020 was RMB334,300,000 (equivalent to approximately HK$397,219,000).

According to the valuation report prepared by the Independent Valuer, the market value of the Land and Property was RMB335,500,000 (equivalent to approximately HK$402,732,000) as at 30 April 2021. Details of the valuation report are disclosed in Appendix IV to this circular.

INFORMATION ON THE VENDOR AND THE GROUP

The Vendor is a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of the Company. The Vendor is principally engaged in investment holding.

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.

INFORMATION ON THE PURCHASER

The Purchaser is incorporated in Singapore with limited liability and is principally engaged in investment in data centre. The ultimate beneficial owner of the Purchaser is CapitaLand Limited, which is a public company with its shares listed on the Singapore Exchange (SGX: C31).

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

INFORMATION ON SHANGHAI MINYUN

Shanghai Minyun is a company established in the PRC and is principally engaged in the investment in data centre.

As advised by the Purchaser and based on public information, as at the Latest Practicable Date, the ultimate beneficial owners of Shanghai Minyun are AVIC Capital Co., Ltd.* (中航資本控股股份有限公司), China Life Insurance Company Limited* (中國人壽保險股份有限公司), Guotong Sia (Suzhou) Industrial Investment Fund Partnership (Limited Partnership)* (國同新航(蘇州)產業投資基金合夥企業(有限合夥)), Shanghai International Group Corporation Limited* (上海國際集團有限公司), Shanghai State-owned Enterprise Reform and Development Equity Investment Fund Partnership (Limited Partnership)* (上海國企改革發展股權投資基金合夥企業(有限合夥)), Shanghai Shangguo Investment Management Co., Ltd.* (上海上國投資產管理有限公司), Oversea-Chinese Banking Corporation Limited (華僑銀行有限公司), Zhenjiang Zhongzhi Investment Management Co., Ltd.* (鎮江中智投資管理有限公司), AVIC Trust Co., Ltd.* (中航信託股份有限公司) and Kong Deqing (孔德卿).

As advised by the Purchaser and based on public information, as at the Latest Practicable Date, (i) AVIC Capital Co., Ltd.* (中航資本控股股份有限公司), being a public company with its shares listed on the Shanghai Stock Exchange (Shanghai stock code: 600705), indirectly owned more than 59% of the entire equity interest of Shanghai Minyun; (ii) China Life Insurance Company Limited* (中國人壽保險股份有限公司), being a public company with its shares listed on the Shanghai Stock Exchange (Shanghai stock code: 601628), indirectly owned more than 13% of the entire equity interest of Shanghai Minyun; (iii) Oversea-Chinese Banking Corporation Limited (華僑銀行有限公司), being a public company with its shares listed on the Singapore Exchange (SGX: O39), indirectly owned more than 17% of the entire equity interest of Shanghai Minyun; and (iv) each of the other ultimate beneficial owners of Shanghai Minyun, being private company or individual, indirectly owned less than 5% of the entire equity interest of Shanghai Minyun.

As advised by the Purchaser, there is no relationship (business or otherwise) between Shanghai Minyun and the Purchaser as at the Latest Practicable Date.

* *for identification purposes only*

FINANCIAL EFFECTS OF THE DISPOSAL

Earnings

The Company expects to record a gain on the Disposal of approximately HK$77,044,000, which is calculated with reference to the Initial Consideration (taking into account the likelihood of obtaining the Reconstruction Registration within six (6) months after the completion of the Disposal or before the Registration Deadline of 80% as estimated by the management of the Group with reference to the up-to-date progress of the reconstruction of the Land and Property as of 30 April 2021), as adjusted by, amongst other things, (i) intercompany balances, bank balances and other payables (excluding deferred tax liabilities and other items) of the Target Company as at 31 December 2020 of approximately HK$146,435,000; (ii) legal and professional expenses, stamp duties and PRC-related tax for transfer of ownership relating to the Disposal of approximately HK$45,357,000; (iii) estimated cost of Reconstruction Project of approximately HK$39,000,000; and (iv) adjustment on fair value of investment properties on acquisition by the Group of the Vendor in September 2017 of approximately HK$70,970,000, minus the unaudited net asset value of the Target Company (being approximately HK$421,909,000 as reflected in the unaudited financial information of the Target Company prepared in accordance with Hong Kong Financial Reporting Standards as at 31 December 2020) and release of translation reserves of the Target Company upon the Disposal.

For further details of the calculation of the estimated gain on the Disposal, please refer to Appendix III to this circular.

However, the actual amount of net gain from the Disposal can only be determined at Completion and the completion of Reconstruction Registration.

Assets and liabilities

The audited consolidated total assets and total liabilities of the Group as at 31 December 2020 were approximately HK$2,494,242,000 and HK$321,878,000, respectively as disclosed in the annual report of the Company for the year ended 31 December 2020. Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to this circular, assuming completion of the Disposal had taken place on 31 December 2020, the unaudited pro forma consolidated total assets and total liabilities of the Remaining Group as at 31 December 2020 would be approximately HK$2,581,665,000 and HK$338,551,000, respectively.

Upon Completion, the Target Company will cease to be a subsidiary of the Company and the financial results and the assets and liabilities of the Target Company will cease to be consolidated into the consolidated financial statements of the Group.

Shareholders should note that the financial impact set out above is for illustrative purpose only, which will have to be ascertained at the time of preparation of the Company's consolidated financial statements with reference to, among other things, the actual costs and expenses associated with the Disposal, and is subject to audit.

Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to this circular, assuming completion of the Disposal had taken place on 1 January 2020, the unaudited pro forma consolidated profit of the Remaining Group for the year ended 31 December 2020 would be approximately HK$67,777,000.

USE OF PROCEEDS

Based on the total estimated amount of the Initial Consideration of US$68,000,000 (equivalent to approximately HK$530,400,000) (subject to adjustments), the net cash proceeds from the Disposal after taking into consideration of PRC-related tax for transfer of ownership are estimated to be approximately HK$406,617,000.

The net cash proceeds from the Disposal of approximately HK$406,617,000 is calculated from the aggregation of (i) the immediate cash proceeds from the Disposal of US$49,507,000 (equivalent to approximately HK$386,157,000); (ii) cash to be received (taking into account of the likelihood of obtaining the Reconstruction Registration) upon the completion of the Reconstruction Registration and the receipt of the relevant property certificates of approximately US$14,794,000 (equivalent to approximately HK$115,394,000); and (iii) the Cash/Liability Adjustment of intercompany balances, bank balances and other payables (excluding deferred tax liabilities and other items) of the Target Company as at 31 December 2020 of approximately HK$146,435,000, minus (i) the cost of construction of approximately US$5,000,000 (equivalent to approximately HK$39,000,000); (ii) various transaction-related costs including professional fees of approximately HK$1,400,000; (iii) the PRC-related tax for transfer of ownership of the Target Company of approximately HK$43,618,000; and (iv) other expenses of approximately HK$339,000 incurred for this transaction, and excluded (i) the net amounts due from the Remaining Group of approximately HK$154,925,000 as it will be settled before the Purchaser settles the Second Payment of the Initial Consideration and added to the bank balances and cash of the Target Company; and (ii) the bank balances and cash of the Target Company of approximately HK$2,087,000 as if the Disposal had been completed on 31 December 2020.

In view of the current financial position of the Group, it is presently expected that:

(a) approximately 80% of the net proceeds from the Disposal will be used for the internet data centre project construction and relevant investment in internet data centre of the Group; and

(b) approximately 20% of the net proceeds from the Disposal will be used for the general working capital of the Group and/or further investments of the Group (including but not limited to the procurement of hashrate capacity of machines for cryptocurrency mining under the procurement agreement dated 14 May 2021 as announced by the Company on 14 May 2021) as and when the opportunities arise.

REASONS FOR AND BENEFITS OF THE DISPOSALS

As disclosed in the announcement of the Company dated 26 June 2017, the Company entered into the sale and purchase agreement to acquire the entire equity interest in the Vendor through its wholly-owned subsidiary on 26 June 2017. The Directors at the relevant time considered that (a) such acquisition will enlarge the Group's leasing portfolio and strengthen its leasing business; (b) the Group's source of income will potentially increase the Group's revenue and enhance the Group's profitability and value to the Shareholders; and (c) it is expected that the value of the Land and Property will appreciate in the long run.

Since the acquisition of the Vendor on 7 September 2017, the Land and Property has provided stable rental income to the Group. The fair value of the Land and Property has also increased from RMB319,800,000 as at 7 September 2017 to RMB334,300,000 as at 31 December 2020 (as appraised by the Independent Valuer).

In light of the uncertainties in the global economy in face of lock-down measures to combat Coronavirus Disease 2019 ("**COVID-19**"), the Directors consider that the Disposal represents a valuable opportunity for the Group to accelerate the return of this investment in the Land and Property at a considerable profit and also to generate substantial cash inflow upon Completion.

After Completion, the Group will continue with the following internet data centre businesses:

(a) the internet data centre established by the Group in San Jose, the United States which is expected to commence operation by the end of 2021; and

(b) a sale and leaseback arrangement of data centre assets (comprising machines, equipment, fixtures, furniture, supplies, tools and other tangible assets in the Shatin data centre in Hong Kong) entered into between the Group and a lessee in 2020 (for details, please refer to the announcements of the Company dated 29 April 2020 and 5 May 2020).

The Group will also continue with its other businesses after Completion, which include information home appliances, investing and leasing.

The Company has no plan or intention, nor has entered into any agreement, arrangement, understanding or negotiation (whether formal or informal, express or implied) to acquire or commence any new businesses, or down-size, cease or dispose of any of its existing businesses in the 12 months after the Latest Practicable Date.

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

SGM

A notice convening the SGM is set out on pages SGM-1 to SGM-2 of this circular for the purpose of considering and, if thought fit, passing the ordinary resolution in relation to the Agreement and the transactions contemplated thereunder.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has a material interest in the Disposal and therefore no Shareholder will be required to abstain from voting on the resolution(s) to be proposed at the SGM to approve, among other things, the Disposal.

Whether or not you are able to attend the SGM in person, please complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time fixed for the SGM or any adjourned meeting. Completion and delivery of the proxy form will not preclude you from attending and voting in person at the SGM or any adjourned meeting if you so wish.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 7 June 2021 to Thursday, 10 June 2021 (both dates inclusive) for determining the identity of the Shareholders who are entitled to attend and vote at the SGM. No transfer of Shares will be registered during this period. In order to be eligible to attend and vote at the SGM, unregistered holders of the Shares should ensure that all Share transfer documents accompanied by the relevant Share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Friday, 4 June 2021.

RECOMMENDATION

Having considered the reasons set out herein, the Directors are of the view that the Agreement and the transactions contemplated thereunder are on normal commercial terms, and the terms of the Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

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

1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for the three years ended 31 December 2018, 2019 and 2020 are disclosed in the following annual reports of the Company for the years ended 31 December 2018, 2019 and 2020, respectively, which have been published and are available on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.yuxing.com.cn):

(i) the annual report 2018 of the Company for the year ended 31 December 2018 which is published on 28 March 2019, please refer to pages 57 to 143 in particular;

(https://www1.hkexnews.hk/listedco/listconews/gem/2019/0328/gln20190328059.pdf)

(ii) the annual report 2019 of the Company for the year ended 31 December 2019 which is published on 30 March 2020, please refer to pages 58 to 149 in particular;

(https://www1.hkexnews.hk/listedco/listconews/gem/2020/0330/2020033000467.pdf)

(iii) the annual report 2020 of the Company for the year ended 31 December 2020 which is published on 30 March 2021, please refer to pages 58 to 147 in particular.

(https://www1.hkexnews.hk/listedco/listconews/gem/2021/0330/2021033001463.pdf)

The said financial statements are hereby incorporated by reference in, and form an integral part of, this circular.

2. INDEBTEDNESS

Borrowings

As at 31 March 2021, the Group had total outstanding borrowings of approximately HK$142,114,000, comprising secured bank borrowings of approximately HK$142,114,000 in aggregate. As at 31 March 2021, all bank borrowings of the Group and other unutilised facilities were secured by the Group's certain investment properties, leasehold improvements, right-of-use assets, financial assets at fair value through profit or loss and bank deposits with an aggregate carrying amount of approximately HK$489,831,000.

Lease liabilities

As at 31 March 2021, the Group had outstanding lease liabilities of approximately HK$8,578,000 in respect of the Group's operating leases with fixed lease payment terms.

Commitments

As at 31 March 2021, the Group had capital commitment in respect of the design and service agreements and construction contracts at contract sum of approximately HK$5,425,000 in aggregate for the expansion of the properties of the Target Company.

Contingent liabilities

As at 31 March 2021, the Group had no contingent liabilities.

Disclaimer

As at 31 March 2021, save as disclosed above and apart from intra-group liabilities and normal trade and other payables in the ordinary course of business, the Group did not have any other debt securities issued and outstanding or authorised but unissued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other material contingent liabilities.

3. MATERIAL ADVERSE CHANGE

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, the Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Group were made up.

4. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that the Group has sufficient working capital for its present requirements and for at least 12 months from the date of this circular in the absence of any unforeseeable circumstances after taking into account its present internal resources and available banking facilities together with the estimated net proceeds of the Disposal.

5. FINANCIAL AND TRADING PROSPECTS

As disclosed in the annual report for the year ended 31 December 2020 of the Company, although the global economy has experienced severe recession, the international trade has recorded sharp decline, and the external environment was turbulent in the year 2020, during which COVID-19 suddenly broke out, the Group has managed to steadily promote its business development, reflecting the effectiveness of its strategies.

In respect of the internet data centre ("**IDC**") business of the Group, the Group achieved a steady growth of revenue in 2020. In May 2020, the Group completed a sale and leaseback arrangement with a lessee, which contributed to increased revenue from the IDC business. Due to the adverse impact of COVID-19, the construction progress of the IDC project of the Group in San Jose, the United States fell behind the original schedule. The 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.

After the Disposal, 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 the information home appliances ("**IHA**") business of the Group, the Group strived to become a well-known terminal technology solution provider in respect of broadband audio-visual multimedia. Leveraging on its technology know-how and independent research and development ("**R&D**") capabilities accumulated over the years, the Group realised customisation of multifunctional product forms based on customers' needs. Despite 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 its IHA business. The Directors look forward to the continued growth and success for the IHA business of the Group.

On 14 May 2021, the Group entered into a procurement agreement in respect of the procurement of hashrate capacity of 2,416 sets of A10 pro 6G and 7G version machines for a term of three (3) years at the total consideration of RMB290,000,000. Details of the procurement agreement and transactions contemplated thereunder are set out in the announcement of the Company dated 14 May 2021. The Company is considering various means of satisfaction of the consideration under the procurement agreement including utilisation of internal resources and if necessary, obtaining external financing by way of debt, equity or otherwise and will comply with the applicable requirements under the GEM Listing Rules if and when necessary.

6. MANAGEMENT DISCUSSION AND ANALYSIS ON THE REMAINING GROUP

Set out below is the management discussion and analysis on the Remaining Group for the three years ended 31 December 2018, 2019 and 2020:

Business review

Information Home Appliances

The Remaining Group's core business is the IHA sector, mainly in Internet Protocol Television ("**IPTV**") set-top box ("**STB**") and STB equipped with an Android system. The Remaining Group's IHA business is principally engaged in R&D, sales and distribution of IHA and complementary products (including STB and raw materials).

For the year ended 31 December 2018, the total revenue of the Remaining Group's IHA business decreased by 33.5% to approximately HK$400,843,000 as compared to 2017. This decrease in revenue was mainly attributable to the fact that the IPTV market has entered into a year of market maturity. The Group had outsourced the production line since the second half of 2018 to reduce production and operating costs. At the same time, the Group dismissed part of the production line staffs and related management personnel with severance payment of approximately HK$22,812,000 paid during 2018. Therefore, this business recorded a loss of approximately HK$53,838,000 for the year ended 31 December 2018.

For the year ended 31 December 2019, the total revenue of the Remaining Group's IHA business decreased by 18.8% to approximately HK$325,312,000 as compared to 2018. The sharp decrease in the number of employees since the second half of 2018, staff costs had dropped significantly during 2019. Consequently, this business recorded a profit of approximately HK$4,954,000 for the year ended 31 December 2019.

For the year ended 31 December 2020, due to COVID-19 suddenly broke out during 2020, the global economy experienced a severe recession. The IHA business was severely affected. The total revenue of the Remaining Group's IHA business decreased by 16.6% to approximately HK$271,390,000 as compared to 2019. Consequently, this business recorded a loss of approximately HK$9,642,000 for the year ended 31 December 2020.

Although the Remaining Group's IHA business has declined in recent years, the Remaining Group is still optimistic about the IPTV business. The Remaining 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. The Remaining 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.

Internet Data Centre

The Remaining Group's IDC business comprises the development, construction, operation, mergers, acquisitions and leasing out of properties used as IDC and facilities used in IDC. With respect to this business, the Remaining Group concentrates its efforts on providing renowned domestic and foreign enterprises with reliable data centre facilities services.

For the year ended 31 December 2018, the Remaining Group's IDC business recorded a profit of approximately HK$1,067,000. During 2018, the Group and two United States private companies entered into design and consultancy agreements, pursuant to which consultancy services will be provided on the design and construction of the Group's first IDC in the United States.

For the year ended 31 December 2019, the Remaining Group's IDC business recorded a loss of approximately HK$6,188,000. During 2019, after completion of the tender for the first phase contractor of the IDC in the United States, the Group entered into a construction contract for phase one with a United States private company at a contract sum of approximately US$62,495,000 (equivalent to approximately HK$487,459,000). Phase one of the IDC has entered into the construction stage.

During 2020, the Group completed a sale and leaseback arrangement with a lessee in Hong Kong, which resulted in increased revenue from the IDC business. Therefore, the Remaining Group recorded revenue of HK$9,000,000 for the year ended 31 December 2020.

However, due to the increasing general and administrative expenses during 2020, this business recorded a loss of approximately HK$10,940,000 for the year ended 31 December 2020. In respect of the IDC in the United States, due to the adverse impact of COVID-19, the construction progress of our IDC project was behind our original schedule. Notwithstanding the delay, 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 Remaining Group will continue to deploy resources in this business.

Investing

The Remaining Group's investing business comprises trading of securities and investing in financial instruments.

For the year ended 31 December 2018, the Remaining Group's investing business recorded a significant loss of approximately HK$311,576,000, including net losses on financial assets/liabilities at fair value through profit or loss of approximately HK$325,308,000 due to adverse capital market conditions and the first adoption of HKFRS 9.

For the year ended 31 December 2019, the Remaining Group's investing business recorded a profit of approximately HK$70,821,000, including net gains on financial assets/liabilities at fair value through profit or loss of approximately HK$70,253,000 in spite of fluctuation of the stock markets.

For the year ended 31 December 2020, the Remaining Group's investing business recorded a profit of approximately HK$25,641,000, including net gains on financial assets at fair value through profit or loss of approximately HK$31,967,000 and an increase in allocating resources to this business during 2020.

Leasing

The Remaining Group's leasing business comprises leasing out of properties.

For the year ended 31 December 2018, the Remaining Group's leasing business recorded a profit of approximately HK$21,303,000, including net revaluation gains of approximately HK$17,615,000 on its investment properties of this business.

For the year ended 31 December 2019, the Remaining Group's leasing business recorded a loss of approximately HK$1,632,000, including net revaluation losses of approximately HK$3,551,000 on its investment properties of this business.

For the year ended 31 December 2020, the Remaining Group's leasing business recorded a loss of approximately HK$500,000, including net revaluation losses of approximately HK$3,846,000 on its investment properties of this business.

Other business

The Remaining Group's other business mainly comprises trading of miscellaneous materials.

The Remaining Group's other business recorded a loss of approximately HK$431,000 for the year ended 31 December 2018, a profit of approximately HK$121,000 for the year ended 31 December 2019, and a profit of approximately HK$1,050,000 for the year ended 31 December 2020.

Liquidity and financial resources

The total amount of cash and bank balances and pledged bank deposits of the Remaining Group were approximately HK$761,681,000 as at 31 December 2018, approximately HK$690,022,000 as at 31 December 2019 and approximately HK$515,656,000 as at 31 December 2020. The cash and bank balances and pledged bank deposits of the Remaining Group were denominated in HKD, RMB and USD.

The bank borrowings of the Remaining Group were approximately HK$245,251,000 as at 31 December 2018, approximately HK$123,025,000 as at 31 December 2019 and approximately HK$139,907,000 as at 31 December 2020. The bank borrowings were denominated in HKD, RMB and USD and were secured by the investment properties, buildings, a leasehold property, leasehold improvements, prepaid lease payments, right-of-use assets, financial assets at fair value through profit or loss and bank deposits of the Remaining Group. The bank borrowings of the Remaining Group carried interest at the prevailing market interest rate, with effective interest rate for the bank borrowings ranging from 2.58%-6.09%, 2.45%-3.42% and 1.30%-4.90% for the three years ended 31 December 2020 respectively.

As at 31 December 2018, 2019 and 2020, the gearing ratio of the Remaining Group, expressed as a percentage of total liabilities divided by total equity was 23.7%, 19.5% and 15.1% respectively (as if the Disposal had taken place at the relevant times during the three years ended 31 December 2018, 2019 and 2020).

Capital structure

The issued ordinary share capital of the Company as at 31 December 2018, 2019 and 2020 was approximately HK$45,077,000, HK$51,827,000 and HK$51,827,000 respectively, divided into 1,803,088,800 Shares, 2,073,088,800 Shares and 2,073,088,800 Shares of HK$0.025 each.

Foreign currency exposure

Most of the trading transactions of the Remaining Group were denominated in USD and in RMB. The assets of the Remaining Group were mainly denominated in USD and the remaining portions were denominated in RMB and HKD. The Remaining Group currently does not have significant exposure under foreign exchange contracts, interest or currency swaps or other financial derivatives. However, the management will monitor foreign exchange exposure closely and consider the use of hedging instruments when the need arises.

Charge on assets

As at 31 December 2018, 2019 and 2020, the Remaining Group had pledged the following assets to secure the loan facilities:

		As at 31 December		
		2018	**2019**	**2020**
		HK$'000	*HK$'000*	*HK$'000*
(a)	Investment properties	89,058	70,373	71,780
(b)	Buildings	5,336	–	–
(c)	Leasehold property	73,913	–	–
(d)	Leasehold improvements	153	104	93
(e)	Prepaid lease payments	7,762	–	–
(f)	Right-of-use assets	–	76,595	73,746
(g)	Financial assets at fair value through profit or loss	121,326	276,300	294,909
(h)	Bank deposits	254,660	81,637	57,974

Capital and other commitments

(a) The Remaining Group as lessee

As at 31 December 2018, 2019 and 2020, the Remaining Group had commitments for the future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 31 December		
	2018	**2019**	**2020**
	HK'000	*HK'000*	*HK'000*
Within one year	3,514	176	120
In the second to fifth year inclusive	625	–	–
	4,139	176	120

Leases are negotiated for a term ranging from one to three years with fixed rentals.

(b) The Remaining Group as lessor

The properties are expected to generate rental yields of 4.7%, 8.0% and 8.3% per annum for the three years ended 31 December 2020 respectively on an ongoing basis.

As at 31 December 2018, 2019 and 2020, the Remaining Group had contracted with tenants for the following future minimum lease payments:

	As at 31 December		
	2018	**2019**	**2020**
	HK'000	*HK'000*	*HK'000*
Within one year	6,094	4,746	16,836
In the second to fifth year inclusive	8,171	7,078	66,698
Later than fifth year	554	758	261
	14,819	12,582	83,795

Material investments and acquisitions

On 9 February 2018, the Remaining Group further invested HK$20,000,000 in a private investment fund, namely iSun Global Restructuring-led Partnership Fund I LP ("**iSun Fund**"), as part of the Remaining Group's commitment of investment in iSun Fund of HK$200,000,000. Details of the iSun Fund and the Remaining Group's commitment are set out in the announcements of the Company dated 25 July 2017 and 9 February 2018 respectively.

On 29 April 2020, the Remaining Group entered into a sale and leaseback agreement with a lessee, pursuant to which the lessee agreed to (i) sell the leased assets to the Remaining Group at a consideration of HK$60,000,000; and (ii) leaseback the leased assets from the Remaining Group for a term of 5 years. Details of the sale and leaseback arrangement are set out in the announcements of the Company dated 29 April 2020 and 5 May 2020 respectively.

Saved as disclosed above, the Remaining Group had no significant investment and no material acquisition or disposal during the year 2018, 2019 and 2020.

Employee and remuneration policies

As at 31 December 2018, 2019 and 2020, the Remaining Group employed over 180, 160 and 160 full time employees respectively in Hong Kong, the PRC and the United States. The employees of the Remaining Group are employed and promoted based on their suitability for the positions offered. The salary and benefit levels of the Remaining Group's employees are in line with the market rates. Employees are rewarded on a performance-related basis within the general framework of the Remaining Group's remuneration system which is reviewed annually. In addition to basic salaries, staff benefits also include medical scheme, various insurance schemes and share option scheme.

I. FINANCIAL INFORMATION OF THE TARGET COMPANY

Set out below are unaudited income statements, unaudited statements of comprehensive income, unaudited statements of changes in equity and unaudited statements of cash flows of the Target Company for the three years ended 31st December 2018, 2019 and 2020 (the "**Relevant Periods**"), the unaudited statements of financial position of the Target Company as at 31st December 2018, 2019 and 2020 and certain explanatory notes (the "**Unaudited Financial Information**"), which were prepared on the basis set out in note 2 to the Unaudited Financial Information below and prepared in accordance with paragraph 19.68(2)(a)(i) of the GEM Listing Rules.

The reporting accountants of the Target Company, Mazars CPA Limited, were engaged to review the Unaudited Financial Information set out on page II-2 to II-8 of this circular in accordance with the Hong Kong Standard on Review Engagements 2410 "*Review of Interim Financial Information performed by the Independent Auditor of the Entity*" and with reference to Practice Note 750 "*Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal*" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the reporting accountants to obtain assurance that the reporting accountants would become aware of all significant matters that might be identified in an audit. Accordingly, the reporting accountants do not express an audit opinion.

Based on the review on the Unaudited Financial Information, nothing has come to the reporting accountants' attention that causes them to believe that the Unaudited Financial Information is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Unaudited Financial Information.

Unaudited Income Statements

For the three years ended 31 December 2018, 2019 and 2020

	For the year ended 31 December		
	2018	**2019**	**2020**
	HK$'000	*HK$'000*	*HK$'000*
Revenue	28,426	27,257	26,988
Cost of sales	(135)	(1,318)	(1,312)
Gross profit	28,291	25,939	25,676
Other revenue and net income	5	4	4
General and administrative expenses	(1,789)	(168)	(162)
Other operating expenses	(4)	(3)	(2)
Net changes in fair value of investment properties	14,924	2,612	(562)
Profit before tax	41,427	28,384	24,954
Income tax credit/(expenses)	10,091	(15,218)	(4,703)
Profit for the year	51,518	13,166	20,251

Unaudited Statements of Comprehensive Income

For the three years ended 31 December 2018, 2019 and 2020

	For the year ended 31 December		
	2018	**2019**	**2020**
	HK$'000	*HK$'000*	*HK$'000*
Profit for the year	51,518	13,166	20,251
Other comprehensive (loss)/income:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation to presentation currency	(22,279)	(10,576)	31,779
Total other comprehensive (loss)/income for the year	(22,279)	(10,576)	31,779
Total comprehensive income for the year	29,239	2,590	52,030

Unaudited Statements of Financial Position

As at 31 December 2018, 2019 and 2020

	As at 31 December		
	2018	**2019**	**2020**
	HK$'000	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS			
Investment properties	379,480	373,744	397,219
Deferred tax assets	18,782	5,018	–
	398,262	378,762	397,219
CURRENT ASSETS			
Prepayments and other receivables	–	114	127
Amounts due from fellow subsidiaries	97,693	121,232	155,181
Cash and bank balances	2,183	1,112	2,087
	99,876	122,458	157,395
CURRENT LIABILITIES			
Other payables	16,194	15,197	16,177
Amount due to ultimate holding company	42	74	106
Amounts due to fellow subsidiaries	50	100	150
	16,286	15,371	16,433
NET CURRENT ASSETS	83,590	107,087	140,962
TOTAL ASSETS LESS CURRENT LIABILITIES	481,852	485,849	538,181
NON-CURRENT LIABILITY			
Deferred tax liabilities	114,563	115,970	116,272
NET ASSETS	367,289	369,879	421,909
EQUITY			
Share capital	241,800	241,800	241,800
Reserves	125,489	128,079	180,109
TOTAL EQUITY	367,289	369,879	421,909

Unaudited Statements of Changes in Equity
For the three years ended 31 December 2018, 2019 and 2020

	Share capital	Translation reserves	Property revaluation reserves	Other reserves	Accumulated losses	Total
	HK'000	*HK'000*	*HK'000*	*HK'000*	*HK'000*	*HK'000*
As at 1 January 2018	241,800	51,931	171,227	5,476	(132,384)	338,050
Profit for the year	–	–	–	–	51,518	51,518
Other comprehensive loss:						
Exchange differences arising on translation to presentation currency	–	(22,279)	–	–	–	(22,279)
Total other comprehensive loss	–	(22,279)	–	–	–	(22,279)
Total comprehensive income for the year	–	(22,279)	–	–	51,518	29,239
As at 31 December 2018 and as at 1 January 2019	241,800	29,652	171,227	5,476	(80,866)	367,289
Profit for the year	–	–	–	–	13,166	13,166
Other comprehensive loss:						
Exchange differences arising on translation to presentation currency	–	(10,576)	–	–	–	(10,576)
Total other comprehensive loss	–	(10,576)	–	–	–	(10,576)
Total comprehensive income for the year	–	(10,576)	–	–	13,166	2,590
As at 31 December 2019 and as at 1 January 2020	241,800	19,076	171,227	5,476	(67,700)	369,879
Profit for the year	–	–	–	–	20,251	20,251
Other comprehensive income:						
Exchange differences arising on translation to presentation currency	–	31,779	–	–	–	31,779
Total other comprehensive income	–	31,779	–	–	–	31,779
Total comprehensive income for the year	–	31,779	–	–	20,251	52,030
As at 31 December 2020	241,800	50,855	171,227	5,476	(47,449)	421,909

Unaudited Statements of Cash Flows

For the three years ended 31 December 2018, 2019 and 2020

	For the year ended 31 December		
	2018	**2019**	**2020**
	HK$'000	*HK$'000*	*HK$'000*
OPERATING ACTIVITIES			
Profit before tax	41,427	28,384	24,954
Adjustments for:			
Exchange differences	(968)	(445)	1,462
Net changes in fair value of investment properties	(14,924)	(2,612)	562
OPERATING PROFIT BEFORE CHANGES IN WORKING CAPITAL	25,535	25,327	26,978
Increase in prepayments and other receivables	–	(114)	(6)
(Decrease)/Increase in other payables	(20)	(643)	1
NET CASH GENERATED FROM OPERATING ACTIVITIES	25,515	24,570	26,973
INVESTING ACTIVITIES			
Advances to fellow subsidiaries	(25,699)	(25,593)	(26,070)
NET CASH USED IN INVESTING ACTIVITIES	(25,699)	(25,593)	(26,070)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(184)	(1,023)	903
CASH AND CASH EQUIVALENTS AT BEGINNING OF REPORTING PERIOD	2,481	2,183	1,112
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(114)	(48)	72
CASH AND CASH EQUIVALENTS AT END OF REPORTING PERIOD	2,183	1,112	2,087
Analysis of the balances of cash and cash equivalents:			
Cash at bank and in hand	2,183	1,112	2,087

II. NOTES TO THE UNAUDITED FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Target Company is a limited liability company incorporated in the PRC. The address of its registered office and principal place of business is No. 1188, Xin Yuan Road, Minhang District, Shanghai City, the PRC. The principal activities of the Target Company is properties holding and leasing of properties used as Data Centre.

On 28 April 2021, Vendor, an immediate holding company of the Target Company, and Purchaser entered into a conditional equity transfer agreement in relation to the disposal of 100% equity interest in the Target Company.

2. BASIS OF PREPARATION OF THE UNAUDITED FINANCIAL INFORMATION

The Unaudited Financial Information has been prepared in accordance with paragraph 19.68(2)(a)(i) of the GEM Listing Rules, and is solely for the purposes of inclusion in this circular issued by the Company in connection with the Disposal.

The Unaudited Financial Information for the Relevant Periods has been prepared in accordance with the relevant accounting policies of the Company in the preparation of the consolidated financial statements of the Company and its subsidiaries for the Relevant Periods, which conform with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the HKICPA.

The Unaudited Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in HKAS 1 (Revised) "*Presentation of Financial Statements*" nor an interim report as defined in HKAS 34 "*Interim Financial Reporting*" issued by the HKICPA and should be read in connection with the relevant published annual reports of the Company.

3. APPLICATION OF NEW AND REVISED HKFRSs

The Target Company had initially applied HKFRS 9 "*Financial Instruments*" on 1 January 2018 and HKFRS 16 "*Leases*" on 1 January 2019.

HKFRS 9 "*Financial Instruments*"

HKFRS 9 replaces HKAS 39 "*Financial Instruments: Recognition and Measurement*". It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an expected credit losses ("**ECL**") model for the impairment of financial assets.

When adopting HKFRS 9, the Target Company had applied the standard retrospectively to items that existed at 1 January 2018 in accordance with the transition requirement and also applied transitional relief and opted not to restate prior periods. Differences arising from the adoption of HKFRS 9 in relation to classification, measurement and impairment are recognised in accumulated losses.

The adoption of HKFRS 9 has impacted the following areas:

- the classification and measurement of the Target Company's financial assets.
- HKFRS 9 replaces the incurred loss model in HKAS 39 with the ECL model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECL earlier than under the incurred loss accounting model in HKAS 39.

The Target Company applies the new ECL model to the following items:

- financial assets measured at amortised cost (including amounts due from fellow subsidiaries and cash and bank balances).

For financial assets measured at amortised cost, the Target Company applies a general approach of recognising ECL.

The following table and the accompanying notes below explain the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Target Company's financial assets as at 1 January 2018.

Financial assets	*Note*	**Classification under HKAS 39**	**Classification under HKFRS 9**	**Carrying amount under HKAS 39** *HK$'000*	**Carrying amount under HKFRS 9** *HK'000*
Amounts due from fellow subsidiaries	*(i)*	Loans and receivables	Amortised cost	75,368	75,368
Cash and bank balances	*(i)*	Loans and receivables	Amortised cost	2,481	2,481

Note:

(i) Amounts due from fellow subsidiaries and cash and bank balances that were classified as loans and receivables under HKAS 39 were classified at amortised cost under HKFRS 9.

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at 1 January 2018 was not impacted by the initial application.

HKFRS 16 "*Leases*"

HKFRS 16 significantly changes lessee accounting by replacing the dual model under HKAS 17 with a single model which requires a lessee to recognise assets and liabilities for the rights and obligations created by leases unless the exemptions apply. HKFRS 16 has been applied using the modified retrospective approach, with the cumulative effect of adopting HKFRS 16 being recognised in equity as an adjustment to the opening balance of accumulated losses for the current period. Prior periods have not been restated. There was no lease in which the Target Company was a lessee during the Relevant Periods.

Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in HKAS 17, and to account for those two types of leases differently. Therefore, HKFRS 16 does not have an impact for leases where the Target Company is the lessor.

Upon adoption of HKFRS 16, there was no significant impact to the Target Company's financial statements as at 1 January 2019.

I. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, Mazars CPA Limited, Certified Public Accountants, Hong Kong, in respect of the unaudited pro forma financial information of the Remaining Group for the purpose of incorporation in this Circular.

mazars

MAZARS CPA LIMITED
中審眾環（香港）會計師事務所有限公司
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26 May 2021

The Directors
Yuxing InfoTech Investment Holdings Limited
Unit 5-6, 9/F, Enterprise Square Three
39 Wang Chiu Road, Kowloon Bay
Kowloon
Hong Kong

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Yuxing InfoTech Investment Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") prepared by the directors of the Company (the "**Directors**") for illustrative purpose only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2020, the unaudited pro forma consolidated income statement, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2020, and related notes (the "**Unaudited Pro Forma Financial Information**") as set out on pages III-5 to III-13 of the circular in connection with the proposed disposal of the entire equity interest of Shanghai Indeed Technology Co., Ltd. (the "**Target Company**") (the "**Disposal**") dated 26 May 2021 (the "**Circular**"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on pages III-4 to III-13 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Disposal on the Group's financial position as at 31 December 2020 and its financial performance and cash flows for the year ended 31 December 2020 as if the Disposal had taken place on 31 December 2020 and 1 January 2020 respectively. As part of this process, information about the Group's audited consolidated financial position as at 31 December 2020, audited consolidated financial performance and cash flows for the year ended 31 December 2020 has been extracted by the Directors from the Company's annual report for the year ended 31 December 2020.

Directors' responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the "**GEM Listing Rules**") and with reference to Accounting Guideline 7 *"Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars"* ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Reporting accountants' independence and quality control

We have complied with the independence and other ethical requirements of the *"Code of Ethics for Professional Accountants"* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

We apply Hong Kong Standard on Quality Control 1 *"Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements"* issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *"Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus"* issued by the HKICPA. This standard requires that the reporting accountant complies with ethical requirements and plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the GEM Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of a significant event or transaction on the unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction as at 31 December 2020 and 1 January 2020, respectively, would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and

- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Mazars CPA Limited
Certified Public Accountants
Hong Kong

II. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

1. Introduction

The following is a summary of the illustrative unaudited pro forma financial information consisting of the unaudited pro forma consolidated statement of financial position, unaudited pro forma consolidated income statement, unaudited pro forma consolidated statement of comprehensive income and unaudited pro forma consolidated statement of cash flows, in connection with the Disposal. The unaudited pro forma financial information presented below is prepared to illustrate (i) the financial position of the Remaining Group as at 31 December 2020 as if the Disposal had been completed on 31 December 2020; and (ii) the financial performance and cash flows of the Remaining Group for the year ended 31 December 2020 as if the Disposal had been completed on 1 January 2020.

The unaudited pro forma financial information is prepared based on (i) the audited consolidated statement of financial position of the Group as at 31 December 2020 as extracted from the annual report of the Company for the year ended 31 December 2020 after taking into account the pro forma adjustments relating to the Disposal as if the Disposal had been completed on 31 December 2020; and (ii) the audited consolidated income statement, the audited consolidated statement of comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2020 as extracted from the annual report of the Company for the year ended 31 December 2020 after taking into account the pro forma adjustments relating to the Disposal as if the Disposal had been completed on 1 January 2020 (together as the "**Unaudited Pro Forma Financial Information**").

The Unaudited Pro Forma Financial Information is presented after making pro forma adjustments that are clearly shown and explained, directly attributable to the Disposal and not relating to future events or decisions, factually supportable and clearly identified as to those which are expected to have a continuing effect on the Remaining Group and those which are not.

The Unaudited Pro Forma Financial Information has been prepared by the Directors in accordance with paragraph 7.31(1) of the GEM Listing Rules, for the purposes of illustrating the effect of the Disposal based on a number of assumptions, estimates and uncertainties. As a result of these assumptions, estimates and uncertainties, it may not give a true picture of the financial position, financial performance and cash flows of the Remaining Group had the Disposal been completed as of 31 December 2020 or 1 January 2020, where applicable, or any future date.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group as set out in the annual report of the Company for the year ended 31 December 2020 and other financial information included elsewhere in the Circular.

2. Unaudited Pro Forma Consolidated Income Statement of the Remaining Group

For the year ended 31 December 2020

	The Group	Pro forma adjustments for the Disposal		The Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	
Revenue	307,378	(26,988)		280,390
Cost of sales	(256,056)	1,312		(254,744)
Gross profit	51,322			25,646
Other revenue and net income	67,478	(4)		67,474
Distribution and selling expenses	(9,076)			(9,076)
General and administrative expenses	(72,056)	162		(71,894)
Other operating expenses	(2,901)	2		(2,899)
Net changes in fair value of investment properties	(4,408)	562		(3,846)
Gain on disposal of a subsidiary	–		66,606	66,606
Profit from operations	30,359			72,011
Finance costs	(3,129)			(3,129)
Profit before tax	27,230			68,882
Income tax expenses	(5,808)	4,703		(1,105)
Profit for the year	21,422			67,777
Profit attributable to:				
Owners of the Company	21,914	(20,251)	66,606	68,269
Non-controlling interests	(492)			(492)
	21,422			67,777

3. Unaudited Pro Forma Consolidated Statement of Comprehensive Income of the Remaining Group

For the year ended 31 December 2020

	The Group	Pro forma adjustments for the Disposal		The Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	
Profit for the year	21,422	(20,251)	66,606	67,777
Other comprehensive income:				
Items that are reclassified or may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of the PRC subsidiaries	46,152	(31,779)		14,373
Release of translation reserves upon disposal of subsidiaries	(1,015)		25,485	24,470
Total other comprehensive income for the year	45,137			38,843
Total comprehensive income for the year	66,559			106,620
Total comprehensive income attributable to:				
Owners of the Company	67,051	(52,030)	92,091	107,112
Non-controlling interests	(492)			(492)
	66,559			106,620

4. Unaudited Pro Forma Consolidated Statement of Financial Position of the Remaining Group

As at 31 December 2020

	The Group	Pro forma adjustments for the Disposal				The Remaining Group
	HK$'000 *(Note 1)*	*HK$'000* *(Note 4)*	*HK$'000* *(Note 5)*	*HK$'000* *(Note 6)*	*HK$'000* *(Note 7)*	*HK$'000*
NON-CURRENT ASSETS						
Investment properties	455,912	(397,219)	105,504		(70,970)	93,227
Property, plant and equipment	751,668					751,668
Right-of-use assets	86,714					86,714
Deposits paid	1,506					1,506
Prepayment for construction	38,158					38,158
Financial assets at fair value through profit or loss	365,835					365,835
	1,699,793					1,337,108
CURRENT ASSETS						
Inventories	11,203					11,203
Loans receivable	251,026					251,026
Trade and other receivables	94,894	(127)			115,394	210,161
Amounts due from Remaining Group	–	(155,181)		155,181		–
Financial assets at fair value through profit or loss	255,086					255,086
Income tax recoverable	1,425					1,425
Pledged bank deposits	57,974					57,974
Cash and bank balances	122,841	(2,087)		(154,925)	491,853	457,682
	794,449					1,244,557
CURRENT LIABILITIES						
Trade and other payables	141,847	(16,177)			43,618	169,288
Amounts due to Remaining Group	–	(256)		256		–
Dividend payables	31					31
Bank and other loans	139,907					139,907
Lease liabilities	5,466					5,466
	287,251					314,692
NET CURRENT ASSETS	507,198					929,865
TOTAL ASSETS LESS CURRENT LIABILITIES	2,206,991					2,266,973
NON-CURRENT LIABILITIES						
Deferred tax liabilities	28,505	(116,272)	105,504			17,737
Income tax payable	2,729					2,729
Lease liabilities	3,393					3,393
	34,627					23,859
NET ASSETS	2,172,364					2,243,114
EQUITY						
Share capital	51,827					51,827
Reserves	2,121,852				70,750	2,192,602
Equity attributable to owners of the Company	2,173,679					2,244,429
Non-controlling interests	(1,315)					(1,315)
TOTAL EQUITY	2,172,364					2,243,114

5. Unaudited Pro Forma Consolidated Statement of Cash Flows of the Remaining Group

For the year ended 31 December 2020

	The Group	Pro forma adjustments for the Disposal		The Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 8)*	*(Note 3)*	
OPERATING ACTIVITIES				
Profit before tax	27,230	(24,954)	66,606	68,882
Adjustment for:				
Exchange differences	5,546	(1,462)		4,084
Interest income	(17,978)			(17,978)
Interest expenses	3,129			3,129
Dividend income	(7,450)			(7,450)
Depreciation of right-of-use assets	7,818			7,818
Depreciation of property, plant and equipment	5,947			5,947
Net changes in fair value of investment properties	4,408	(562)		3,846
Gain on disposal of property, plant and equipment	(3)			(3)
Fair value gains on financial assets at fair value through profit or loss under non-current assets	(9,340)			(9,340)
Gain on disposal of subsidiaries	(1,015)		(66,606)	(67,621)
OPERATING PROFIT/(LOSS) BEFORE CHANGES IN WORKING CAPITAL	18,292			(8,686)
Increase in inventories	(7,311)			(7,311)
Decrease/(Increase) in trade and other receivables	5,962	6	(115,394)	(109,426)
Decrease in financial assets at fair value through profit or loss	33,335			33,335
(Decrease)/Increase in trade and other payables	(23,546)	(1)	40,118	16,571
CASH GENERATED FROM/(USED IN) OPERATIONS	26,732			(75,517)
Income tax paid	(1,431)			(1,431)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	25,301			(76,948)

	The Group	Pro forma adjustments for the Disposal		The Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 8)*	*(Note 3)*	
INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(187,549)			(187,549)
Increase in pledged bank deposits with original maturities over three months	(56,160)			(56,160)
Interest received	14,095			14,095
Grant of new loans	(134,569)			(134,569)
Repayment of loans	87,429			87,429
Dividend received	7,450			7,450
Proceeds from disposal of property, plant and equipment	51			51
Net cash inflow on disposal of a subsidiary	–		410,770	410,770
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	(269,253)			141,517
FINANCING ACTIVITIES				
New bank and other loans raised	17,314			17,314
Principal elements of lease payments	(4,615)			(4,615)
Repayment of bank loans	(433)			(433)
Interest paid	(3,129)			(3,129)
Advance from the Target Company	–	26,070		26,070
NET CASH GENERATED FROM FINANCING ACTIVITIES	9,137			35,207
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(234,815)			99,776
CASH AND CASH EQUIVALENTS AT BEGINNING OF REPORTING PERIOD	354,528	(1,112)	1,112	354,528
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	4,942	(72)		4,870
CASH AND CASH EQUIVALENTS AT END OF REPORTING PERIOD	124,655			459,174

	The Group	Pro forma adjustments for the Disposal		The Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 8)*	*(Note 3)*	
Analysis of the balances of cash and cash equivalents:				
Funds held by securities brokers	28,338			28,338
Time deposits	13,612			13,612
Cash at bank and in hand	80,891	(2,087)	336,606	415,410
Pledged bank deposits with maturity less than three months	1,814			1,814
	124,655			459,174

6. Notes to the Unaudited Pro Forma Financial Information of the Remaining Group

Notes:

(1) The consolidated statement of financial position of the Group as at 31 December 2020, and the consolidated income statement, the consolidated statement of comprehensive income and the consolidated statement of cash flows of the Group for the year ended 31 December 2020 are extracted from the published annual report of the Company for the year ended 31 December 2020.

(2) The adjustment represents the exclusion of the operating results of the Target Company for the year ended 31 December 2020, which were extracted from the unaudited income statement and unaudited statement of comprehensive income of the Target Company for the year ended 31 December 2020 as set out on page II-2 and II-3 of this Circular, as if the Disposal had been completed on 1 January 2020.

(3) Calculation of estimated pro forma gain on the Disposal as of 1 January 2020 was as follows:

	Note	*HK$'000*
Cash consideration		386,157
Contingent consideration receivable	*(a)*	115,394
		501,551
Cash/Liability Adjustment	*(b)*	112,228
Less: Net assets of the Target Company as at 1 January 2020		(369,879)
Less: Release of foreign currency translation reserve of the Target Company as at 1 January 2020	*(c)*	(25,485)
Less: Estimated reconstruction cost of properties of the Target Company	*(d)*	(39,000)
Less: Estimated transaction costs directly attributable to the Disposal	*(e)*	(41,839)
Adjustment on fair value of investment properties of the Target Company	*(f)*	(70,970)
Estimated pro forma gain on disposal of the Target Company as if the Disposal had been completed on 1 January 2020		66,606

Notes:

(a) The contingent consideration receivable represents 27.1951% of the Initial Consideration after adjusting for the likelihood of obtaining the Reconstruction Registration within 6 months after the completion of the Disposal or before the Registration Deadline pursuant to the Agreement.

Pursuant to the Agreement, the Initial Consideration will be reduced by 27.1951% (i.e. approximately US$18,493,000 (equivalent to approximately HK$144,243,000)) if the Reconstruction Registration is not completed within 6 months after the completion of the Disposal or before the Registration Deadline (the "**Reconstruction Registration Requirement**"). Therefore, such 27.1951% of the Initial Consideration is considered as contingent consideration, recognised as contingent consideration receivable and measured at fair value at the completion date of the Disposal. Subsequent changes to the fair value of the contingent consideration receivable will be recognised in profit or loss of the Remaining Group.

The fair value of contingent consideration receivable is derived from the estimated cash consideration to be received by the Remaining Group, taken into account the weighted distribution of the possible outcomes (i.e. the likelihood of obtaining the Reconstruction Registration within 6 months after the completion of the Disposal or before the Registration Deadline) of 80%, estimated by the management of the Remaining Group with reference to the up-to-date progress of the reconstruction of the investment properties of the Target Company as at 30 April 2021. Accordingly, the fair value of the contingent consideration receivable is estimated to be approximately HK$115,394,000, representing 80% of the contingent consideration.

(b) Cash/Liability Adjustment represents the bank balances and cash of the Target Company of approximately HK$1,112,000 and liabilities of the Target Company (excluding deferred tax liabilities, other tax and sundry payables) of approximately HK$9,942,000, which are extracted from the unaudited statement of financial position of the Target Company as set out on page II-4 of this Circular. As the net amounts due from the Remaining Group of approximately HK$121,058,000, as set out in note 6 below, will be settled before the Purchaser settles the Second Payment of Initial Consideration, it is added to the bank balances and cash of the Target Company at the completion of the Disposal.

(c) The amount represents post-acquisition foreign currency translation reserve of the Target Company to be released to profit or loss as if the Disposal had taken place on 1 January 2020.

(d) In 2021, the Target Company and certain independent third parties entered into design and service agreements and construction contracts at contract sum of approximately US$5,000,000 (equivalent to approximately HK$39,000,000) for the reconstruction of the investment properties of the Target Company. This adjustment represents provision for the estimated reconstruction costs to completion which is expected to be settled from cash and bank balances of the Remaining Group upon completion of the Disposal.

(e) The adjustment represents various transaction-related costs including professional fees of approximately HK$1,400,000, the PRC-related tax for transfer of ownership of the Target Company of approximately HK$40,118,000 and other expenses of approximately HK$321,000 incurred for this transaction, of which approximately HK$1,721,000 is expected to be settled from cash and bank balances of the Remaining Group upon the completion of the Disposal and the remaining cost of approximately HK$40,118,000 is recognised as trade and other payables of the Remaining Group.

(f) The adjustment reflects the exclusion of the fair value adjustments of investment properties of approximately HK$70,970,000 as at 1 January 2020 arising from the acquisition of equity interest in the Target Company by the Group in 2017 ("**Acquisition**"). The adjustment is derived from the difference between the consideration of Acquisition and the fair value of investment properties as at the date of Acquisition.

(4) The adjustment represents the exclusion of the assets and liabilities of the Target Company as at 31 December 2020, which have been extracted from the unaudited statement of financial position of the Target Company as set out on page II-4 of this Circular, as if the Disposal had been completed on 31 December 2020.

(5) The adjustment represents reversal of deferred tax liabilities in respect of taxable temporary difference arising from the investment properties before the Acquisition of approximately HK$105,504,000.

(6) The adjustment represents settlement of the net amounts due to the Target Company by the Remaining Group at Disposal. Pursuant to the Agreement, the settlement of the amounts due to the Target Company is one of the conditions precedent of completion of the Disposal.

(7) These adjustments represent (i) the estimated gross proceeds from the Disposal of approximately US$64,301,000 (equivalent to approximately HK$501,551,000), including approximately US$49,507,000 (equivalent to approximately HK$386,157,000) of immediate cash and approximately US$14,794,000 (equivalent to approximately HK$115,394,000) cash to be received (taking into account of the likelihood of obtaining the Reconstruction Registration) upon the completion of Reconstruction Registration and the receipt of the relevant property certificates, which is presented as "trade and other receivables" in the unaudited pro forma consolidated statement of financial position of the Remaining Group; (ii) the Cash/Liability Adjustment of approximately HK$146,435,000 on consideration due to the cash remaining in the Target Company; (iii) estimated cost of Reconstruction Project of approximately HK$39,000,000; (iv) various transaction-related costs of approximately HK$45,357,000; (v) adjustment on fair value of investment properties on acquisition by the Group of the Vendor in September 2017 of approximately HK$70,970,000; and (vi) the estimated gain on Disposal as if the Disposal had been completed on 31 December 2020. The exchange rate of USD to HKD is 7.8.

Calculation of estimated pro forma gain on the Disposal as of 31 December 2020 was as follows:

	Note	*HK$'000*
Cash consideration		386,157
Contingent consideration receivable	*(a)*	115,394
		501,551
Cash/Liability Adjustment	*(b)*	146,435
Less: Net assets of the Target Company as at 31 December 2020		(421,909)
Add: Release of foreign currency translation reserve of the Target Company as at 31 December 2020	*(c)*	6,294
Less: Estimated reconstruction cost of properties of the Target Company	*(d)*	(39,000)
Less: Estimated transaction costs directly attributable to the Disposal	*(e)*	(45,357)
Adjustment on fair value of investment properties of the Target Company	*(f)*	(70,970)
Estimated pro forma gain on disposal of the Target Company as if the Disposal had been completed on 31 December 2020		77,044

Notes:

(a) The contingent consideration receivable represents 27.1951% of the Initial Consideration after adjusting for the likelihood of obtaining the Reconstruction Registration within 6 months after the completion of the Disposal or before the Registration Deadline pursuant to the Agreement.

Pursuant to the Agreement, the Initial Consideration will be reduced by 27.1951% (i.e. approximately US$18,493,000 (equivalent to approximately HK$144,243,000)) if the Reconstruction Registration Requirement is not satisfied. Therefore, such 27.1951% of the Initial Consideration is considered as contingent consideration, recognised as contingent consideration receivable and measured at fair value at the completion date of the Disposal. Subsequent changes to the fair value of the contingent consideration receivable will be recognised in profit or loss of the Remaining Group.

The fair value of contingent consideration receivable is derived from the estimated cash consideration to be received by the Remaining Group, taken into account the weighted distribution of the possible outcomes (i.e. the likelihood of obtaining the Reconstruction Registration within 6 months after the completion of the Disposal or before the Registration Deadline) of 80%, estimated by the management of the Remaining Group with reference to the up-to-date progress of the reconstruction of the investment properties of the Target Company as at 30 April 2021. Accordingly, the fair value of the contingent consideration receivable is estimated to be approximately HK$115,394,000, representing 80% of the contingent consideration.

(b) Cash/Liability Adjustment represents the bank balances and cash of the Target Company of approximately HK$2,087,000 and liabilities of the Target Company (excluding deferred tax liabilities, other tax and sundry payables) of approximately HK$10,577,000, which was extracted from the unaudited statement of financial position of the Target Company as set out on page II-4 of this Circular. As the net amounts due from the Remaining Group of approximately HK$154,925,000, as set out in note 6 above, will be settled before the Purchaser settles the Second Payment of the Initial Consideration, it is added to the bank balances and cash of the Target Company at the completion of the Disposal.

(c) The amount represents post-acquisition foreign currency translation reserve of the Target Company to be released to profit or loss as if the Disposal had taken place on 31 December 2020.

(d) In 2021, the Target Company and certain independent third parties entered into design and service agreements and construction contracts at contract sum of approximately US$5,000,000 (equivalent to approximately HK$39,000,000) for the reconstruction of the investment properties of the Target Company. This adjustment represents provision for the estimated reconstruction costs to completion which is expected to be settled from cash and bank balances of the Remaining Group upon completion of the Disposal.

(e) The adjustment represents various transaction-related costs including professional fees of approximately HK$1,400,000, the PRC-related tax for transfer of ownership of the Target Company of approximately HK$43,618,000 and other expenses of approximately HK$339,000 incurred for this transaction, of which approximately HK$1,739,000 is expected to be settled from cash and bank balances of the Remaining Group upon the completion of the Disposal and the remaining cost of approximately HK$43,618,000 is recognised as trade and other payables of the Remaining Group.

(f) The adjustment reflects the exclusion of the fair value adjustments of investment properties of approximately HK$70,970,000 as at 31 December 2020 arising from the Acquisition. The adjustment is derived from the difference between the consideration of Acquisition and the fair value of investment properties as at the date of Acquisition.

(8) The adjustment represents the exclusion of the cash flows of the Target Company for the year ended 31 December 2020 which were extracted from the unaudited statement of cash flows of the Target Group as set out on page II-6 of this Circular, as if the Disposal had been completed on 1 January 2020.

(9) The above adjustments are not expected to have a continuing effect on the unaudited pro forma consolidated income statement, unaudited pro forma consolidated statement of comprehensive income and unaudited pro forma consolidated statement of cash flows of the Remaining Group, except otherwise indicated.

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from Vigers Appraisal and Consulting Limited, an independent professional valuer, in connection with the valuation of the Property to be disposed of by the Group as at 30 April 2021.

Vigers Appraisal and Consulting Limited
General Practice Sector

27/F Standard Chartered Tower,
Millennium City 1, 388 Kwun Tong Road,
Kowloon, Hong Kong

T: +852 6651-5330 E: GP@Vigers.com W: www.Vigers.com

14 May 2021

The Board of Directors
Yuxing InfoTech Investment Holdings Limited

Unit 5-6 on 9th Floor, Enterprise Square Three,
No. 39 Wang Chiu Road, Kowloon Bay,
Kowloon, Hong Kong

Dear Sirs,

In accordance with your instruction for us to value the Property to be disposed of by "Yuxing InfoTech Investment Holdings Limited" (the "**Company**") and its subsidiaries (together with the Company, the "**Group**"), we confirm that we have inspected the Property, made relevant enquiries and investigations as well as obtained such further information as we consider necessary for the purpose of providing our opinion of value of the Property as at 30 April 2021 (the "**Valuation Date**").

Basis of Value

Our valuation is our opinion of market value of the Property which is defined as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion". Our valuations have been prepared in accordance with "HKIS Valuation Standards 2020" published by "The Hong Kong Institute of Surveyors" ("**HKIS**"), "RICS Valuation – Global Standards" published by the "Royal Institution of Chartered Surveyors" ("**RICS**"), relevant provisions in the Companies Ordinance and the "Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited" published by "The Stock Exchange of Hong Kong Limited" ("**HKEx**"). Market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

Approach to Value

The Property is tenanted and we have valued the Property on the basis of capitalisation of net rental income derived from the existing tenancy with allowance onto the reversionary interest of the Property and made reference to comparable market transactions.

We have also adopted cost approach which "provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence". Our valuation of the Property is assessed based on "depreciated replacement cost" ("**DRC**") which is "the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation". In our valuation, no consideration has been taken into account of alternative use(s) or development option(s); nor have we considered any redevelopment potential of the Property.

Title Investigation

The Property is located in the People's Republic of China (the "**PRC**"), and we have been given extracted copy(ies) of relevant title document(s) for the Property but we have not checked the title(s) to the Property nor scrutinized the original title document(s). We have relied on the advice given by the Group and her legal adviser on the laws of the PRC, "King & Wood Mallesons (金杜律師事務所)" (hereinafter referred to as the "**PRC Legal Adviser**") regarding title(s) to and ownership of the Property. For the purpose of our valuation, we have taken the legal opinion prepared by the PRC Legal Adviser into account, in particular title(s), ownership, encumbrances and so on of the Property. While we have exercised our professional judgement in arriving at our valuation, you are urged to consider our valuation assumptions with caution.

Valuation Consideration

Having examined all relevant documents, we have relied to a considerable extent on the information given by the Group, particularly planning approval(s) or statutory notice(s), easement(s), land-use rights' term(s), site and floor areas, development option(s), development costs' expended and to be expended, occupancy status as well as in the identification of the Property. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group, the PRC Legal Adviser, and we have been advised that no material fact has been omitted from the information provided. We have not carried out detailed on-site measurement to verify the correctness of the site and floor areas of the Property but we have assumed that the site and floor areas shown on the document(s) handed to us are accurate and reliable. All dimension(s), measurement(s) and area(s) included in our valuation report are based on the information contained in the document(s) provided to us and are therefore approximations.

An inspection to the Property and surrounding environment in the PRC, but not in any form of a building survey, was carried out by Ms. Lucy H. R. LU *CREA* on 21 April 2021. During the course of our inspection, no serious defect was noted; and the condition of the Property is considered to be reasonable commensurate to its age and use. But we must stress that we have not carried out any structural survey nor have we inspected the woodwork or other part(s) of the structure(s) of the Property which were covered, unexposed or inaccessible to us. We are therefore unable to report whether such part(s) of the Property is free from any structural or non-structural defect.

Valuation Assumption

Our valuation has been made on the assumption that the Property could be sold in the prevailing market in existing state subject to the existing tenancy and without the effect of any deferred term contract, leaseback, joint venture or any other similar arrangement which may serve to affect the value of the Property unless otherwise noted or specified. In addition, no account has been taken into of any option or right of pre-emption concerning or affecting the sale of the Property.

In our valuation, we have assumed that the owner of the Property have free and uninterrupted rights to use and assign the Property during the unexpired land-use rights' term(s) granted subject to payment of usual land-use fee(s). Our valuations for the Property is carried out on the basis of a cash purchase, and no allowance has been made for interest(s) and/or funding cost(s) in relation to the sale or purchase of the Property.

We had carried out on-site inspection to the Property but no soil investigation has been carried out to determine the suitability of ground condition or building services for any property development erected on the Property. Our valuation has been carried out on the assumption that these aspects are satisfactory.

Our value assessment of the Property is the value estimated without regard to cost(s) of sale or purchase or transaction and without offset for any associated tax(es) or potential tax(es). Any transaction cost(s) or encumbrances such as mortgage, debenture or other charges against the Property has been disregarded. In our valuation, we have assumed that the Property is free from encumbrances, restriction(s) and outgoing(s) of an onerous nature which may serve to affect the value of the Property.

Remarks

We hereby confirm that:

(1) we have no present or prospective interest in the Property; and are not a related corporation of nor having a relationship with the Group or other party/parties who the Group is contracting with;

(2) we are authorised to practise as external valuer and have the necessary expertise and experience in valuing similar types of properties;

(3) our valuation has been prepared on a fair and unbiased basis;

(4) the valuer's compensation is not contingent upon reporting of a predetermined value or direction in value that favours the cause of the vendor or purchaser, the amount of the value estimate, the attainment of a stipulated result, or occurrence of subsequent event; and

(5) we are independent of the Group.

Unless otherwise stated, the monetary amounts stated in the PRC properties are denoted in Renminbi ("**RMB**"), the lawful currency of the PRC; and the conversion factors adopted are 1.00 square metre ("**sq.m.**") to 10.7639 square feet ("**sq.ft.**") for area measurement, and 1.00 metre ("**m.**") to 3.2808 feet ("**ft.**") for length measurement.

We enclose herewith the core content of our valuation report.

Yours faithfully,
For and on behalf of
VIGERS APPRAISAL AND CONSULTING LIMITED

Sr. David W. I. CHEUNG
MRICS MHKIS RPS(GP) CREA
RICS Registered Valuer
Executive Director

Sr. Eric W. L. TANG
MRICS
RICS Registered Valuer
Director

Note: Mr. David W. I. Cheung is a Registered Professional Surveyor in General Practice Division with over 39 years' valuation experience on property in various regions including Hong Kong, Macao, the PRC, Japan, the United Kingdom, Canada and the United States of America, who has been vetted on the list of property valuers for undertaking valuations for incorporation or reference in listing particulars and circulars and valuations in connection with takeovers and mergers published by The Hong Kong Institute of Surveyors, and is suitably qualified for undertaking valuations relating to listing exercises. Mr. Cheung has over 14-year of experience with Vigers Appraisal and Consulting Limited.

Mr. Eric W. L. Tang is a Member of the Royal Institution of Chartered Surveyors with over 18 years' valuation experience on property in various regions including Hong Kong, Macao and the PRC. Mr. Tang has over 14-year of experience with Vigers Appraisal and Consulting Limited.

PROPERTY VALUATION REPORT

Property located in the PRC (Property to be disposed of)

Property	Description and Tenure	Occupancy Status	Market Value in Existing State as at the Date of Valuation
An industrial complex located at No. 1188 Xin Yuan Road, Minhang District, Shanghai City, the PRC	The Property comprises a parcel of land with a site area of approximately 62,634 sq.m. with 7 buildings including 5 factories, a guard house and a warehouse completed in 2010 erected thereon. The buildings have a total gross floor area of approximately 54,930.56 sq.m. (Total plot ratio accountable gross floor area: 54,485.92 sq,m.) The Property is undergoing Reconstruction Project which including addition of mezzanine floor on the first floor of Factories 1 to 4, construction of new substation, water pump room (including fire fighting equipment), oil pump room and ancillary structure with a total gross floor area of 22,282 sq.m. The total estimated cost in the sum of approximately RMB32,740,000. The Group expects that the construction works of the Reconstruction Project will complete in June 2021 and the Certificate of Completion Acceptance and Renewed Certificate of Real Estate Ownership will be obtained in or around August 2021. Upon the Valuation Date, the total construction cost paid was at the sum of RMB26,768,740. The land-use rights of the Property have been granted for a term expiring on 19 February 2057 for industrial use.	As at the valuation date, the Property has been leased to an independent third party under a tenancy agreement for a term of 10 years from 1 March 2017 to 1 March 2027 at a monthly rent of RMB2,100,000 from 1 March 2017 to 28 February 2022 and RMB2,333,333.33 from 1 March 2022 to 28 February 2027.	RMB335,500,000 (RENMINBI THREE HUNDRED THIRTY FIVE MILLION FIVE HUNDRED THOUSAND ONLY) **Capital Value of the Reconstruction Project upon completion** RMB32,100,000 (RENMINBI THIRTY TWO MILLION ONE HUNDRED THOUSAND ONLY) *(Please see Note 8 for detail)*

Notes:

1. Pursuant to a copy of Shanghai Certificate of Real Estate Ownership (Document No.: Hu Fang Di Min Zi (2010) No. 028930), the land-use rights of the Property having a site area of approximately 62,634 sq.m. have been granted to Shanghai Indeed Technology Co., Ltd. ("上海一鼎電子科技有限公司") for a term expiring on 19 February 2057 for industrial use.

2. Pursuant to a copy of Shanghai Certificate of Real Estate Ownership (Document No.: Hu Fang Di Min Zi (2010) No. 028930), the ownership of 7 buildings of the Property with a total gross floor area of approximately 54,930.56 sq.m. were vested in Shanghai Indeed Technology Co., Ltd. ("上海一鼎電子科技有限公司").

3. Pursuant to the Decision on Planning Land Submission regarding the Reconstruction Project (Document No. Hu Min Gui Hua Zi Yuan Xu She (2021) No. 1), the Reconstruction Project has complied with the requirement of state-owned land planning with detail as follows:

   (i) Land-use Planning Nature: Class 1 Industrial Land

   (ii) Construction Land Area: 62,634 sq.m.

   (iii) Plot Ratio Accountable Gross Floor Area: Not more than 76,033.9 sq.m.

4. Pursuant to a copy of Permission Certificate of Construction Works Planning (Document No.: Hu Min Jian (2021) FA310112202100250), construction works of the Reconstruction Project with total plot ratio accountable gross floor area of 20,665 sq.m. (total gross floor area of 22,282 sq.m., including underground portion with gross floor area of 2,122 sq.m.) comply with the requirement of state-owned land planning and use regulation.

5. Pursuant to a copy of Permission Certificate of Construction Works Commencement (Document No.: 310112202104120301), the construction works of the Reconstruction Project with total gross floor area of 22,282 sq.m. comply with the requirement of construction work commencement.

6. Our valuation is made on the basis that the Property is not subject to mortgage or any other material encumbrances.

7. The PRC Legal Adviser has provided certain advice in her legal opinion, including but not limited to, that:

   (i) the land-use rights of the Property is legally vested in Shanghai Indeed Technology Co., Ltd. ("上海一鼎電子科技有限公司");

   (ii) Shanghai Indeed Technology Co., Ltd. ("上海一鼎電子科技有限公司") has the rights to occupy, use, gain revenue from or by other legal means dispose of the Property during the unexpired land-use right term(s); and

   (iii) Shanghai Indeed Technology Co., Ltd. ("上海一鼎電子科技有限公司") shall have obtain legal real estate ownership, after obtaining the Certificate of Completion Acceptance related to the Reconstruction Project (including the Certificate of Completion Acceptance of the construction works, lightning protection and fire fighting) as well as the renewed Certificate of Real Estate Ownership.

8. For reference purpose, upon the completion and had Certificate of Completion Acceptance and renewed Certificate of Real Estate Ownership been obtained regarding the above said Reconstruction Project, we are of the opinion that the capital value of the building ownership of such portion of the Property assessed on a market value basis by DRC is in the sum of RMB32,100,000 (Renminbi Thirty Two Million One Hundred Thousand) on the assumption that such property interest(s) could freely be disposed of in the prevailing market without paying additional land-use rights grant premium, if demanded.

9. Pursuant to the information provided by the Group, Shanghai Indeed Technology Co., Ltd. ("上海一鼎電子科技有限公司") is an indirect wholly-owned subsidiary of the Company.

1. RESPONSIBILITY STATEMENT

This circular, 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 circular 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 circular misleading.

2. DISCLOSURE OF INTERESTS

A. Directors' and chief executives' interests and short positions in shares, underlying shares and debentures of the Company

(1) Long positions in the shares of the Company

As at the Latest Practicable Date, interests or short positions of the Directors, chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Name of Directors	Nature of interests	Capacity	Number of shares held	Approximate percentage of the total issued share capital of the Company
Mr. Li Qiang	Personal	Beneficial owner	4,604,000	0.19%
Mr. Cong Yu *(Note 1)*	Personal	Interest of a controlled corporation	741,379,800	29.80%
Mr. Gao Fei	Personal	Beneficial owner	2,190,000	0.09%
Mr. Shi Guangrong	Personal	Beneficial owner	22,660,000	0.91%
Mr. Zhu Jiang	Personal	Beneficial owner	7,926,756	0.32%
Ms. Shen Yan	Personal	Beneficial owner	324,000	0.01%

Note:

1. Mr. Cong Yu is an executive Director and owns the entire equity interest in Cedar Surplus Investments Limited. As Cedar Surplus Investments Limited holds 55% interest in Unicorn Resources Inc., Mr. Cong Yu is therefore deemed to be interested in the 741,379,800 Shares held by Unicorn Resources Inc.

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

Pursuant to the share option scheme of the Company approved by the Shareholders on 14 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 of the Company, details of which as at the Latest Practicable Date were as follows:

				Number of shares issuable under the share options				
Name of grantees	**Date of grant**	**Exercise price per share** *HK$*	**Exercisable period**	**Outstanding as at 1 January 2021**	**Granted during the period**	**Exercised during the period**	**Lapsed during the period**	**Outstanding as at the Latest Practicable Date**
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**
				33,000,000	–	–	–	**33,000,000**

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or an employee of a company which had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

B. Substantial Shareholders' interest and short positions in shares and underlying shares

Long positions in the shares and underlying shares of the Company

As at the Latest Practicable Date, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interest or short position in shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

Name of Shareholders	Nature of interests	Capacity	Number of shares held	Approximate percentage of the total issued share capital of the Company
Unicorn Resources Inc. ("**Unicorn**") *(Note 1)*	Corporate	Beneficial owner	741,379,800	29.80%
Cedar Surplus Investments Limited ("**Cedar Surplus**") *(Note 1)*	Corporate	Interest of a controlled corporation	741,379,800	29.80%
Mr. Zhu Weisha *(Note 2)*	Personal	Interest of a controlled corporation	741,379,800	29.80%
		Beneficial owner	19,000,000	0.76%
Honbridge Holdings Limited (Stock Code: 8137) ("**Honbridge**") *(Note 3)*	Corporate	Beneficial owner	351,867,200	14.14%
Hong Bridge Capital Limited ("**Hong Bridge**") *(Note 3)*	Corporate	Interest of a controlled corporation	351,867,200	14.14%

Name of Shareholders	Nature of interests	Capacity	Number of shares held	Approximate percentage of the total issued share capital of the Company
Mr. He Xuechu *(Note 4)*	Personal	Interest of a controlled corporation	351,867,200	14.14%
		Interest of spouse	300,000	0.01%
Ms. Foo Yatyan *(Note 4)*	Personal	Interest of spouse	351,867,200	14.14%
		Beneficial owner	300,000	0.01%

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.

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 the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executives of the Company) who had interests or short positions in the shares or underlying shares (including any interests in options in respect of such capital) of the Company, which would 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, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter into a service contract with the Group which was not determinable by the Group within one year without payment of compensation, other than statutory compensation.

4. INTEREST IN ASSETS OR CONTRACTS

(a) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired, disposed of or leased to or which are proposed to be acquired, disposed of or leased to any member of the Group since 31 December 2020, being the date to which the latest published audited accounts of the Company were made up.

(b) As at the Latest Practicable Date, none of the Directors is materially interested in any contract or arrangement subsisting at the date of this circular which is significant in relation to the business of the Group.

5. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, to the best knowledge and belief of the Directors after having made all reasonable enquiries, none of the Directors, controlling Shareholders or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

6. LITIGATION

Save as disclosed in this circular, as at the Latest Practicable Date, so far as known to the Directors, there is no litigation, arbitration or claim of material importance in which the Group is engaged or pending or threatened against the Group.

7. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the Group within the two (2) years immediately preceding the date of this circular which are or may be material:

(a) the procurement agreement dated 14 May 2021 entered into between Grand Choice Development Limited (as purchaser) and Wuhan Quanyaocheng Technology Co., Ltd.* (武漢全耀成科技有限公司) (as vendor) in respect of the procurement of hashrate capacity of 2,416 sets of A10 pro 6G and 7G version machines for a term of three (3) years at the total consideration of RMB290,000,000;

(b) the memorandum of understanding dated 7 May 2021 entered into between Sheng Bang Qiang Dian Electronics (Shenzhen) Company Limited* (盛邦強點電子(深圳)有限公司) (as purchaser) and Wuhan Quanyaocheng Technology Co., Ltd.* (武漢全耀成科技有限公司) (as vendor) in respect of the purchase of 3,000 sets of A10 pro supercomputing machines;

(c) the Agreement;

(d) the second supplemental loan agreement dated 31 December 2020 for amending the terms of the loan agreement dated 9 December 2019 (with details as set out in paragraph (n) below) in respect of further extension of the maturity date of the remaining loan in the principal amount of HK$41,000,000 for one year to be repayable on or before 31 December 2021;

(e) the subscription agreement dated 30 December 2020 entered into between Cedar Surplus Investments Limited (as subscriber) and the Company in respect of the subscription for 250,016,000 subscription Shares at the subscription price of HK$0.20 per subscription Share;

(f) the subscription agreement dated 30 December 2020 entered into between Mr. Zhu Weisha (as subscriber) and the Company in respect of the subscription for 164,600,000 subscription Shares at the subscription price of HK$0.20 per subscription Share;

(g) the second supplemental loan agreement dated 17 December 2020 for amending the terms of the loan agreement dated 19 December 2019 (with details as set out in paragraph (m) below) in respect of further extension of the maturity date of the remaining loan in the principal amount of RMB90,000,000 and the interest payable for one year to be repayable on or before 16 December 2021;

(h) the supplemental loan agreement dated 18 September 2020 for amending the terms of the loan agreement dated 19 December 2019 (with details as set out in paragraph (m) below) in respect of extension of the maturity date of the loan in principal amount of RMB100,000,000 for three months to be repayable on or before 17 December 2020;

(i) the supplemental loan agreement dated 29 June 2020 for amending the terms of the loan agreement dated 9 December 2019 (with details as set out in paragraph (n) below) in respect of extension of the maturity date of the remaining loan in the principal amount of HK$41,000,000 and the interest payable for six months to be repayable on or before 31 December 2020;

(j) the supplemental loan agreement dated 17 June 2020 for amending the terms of the loan agreement dated 18 March 2020 (with details as set out in paragraph (l) below) in respect of the replacement of a guarantor;

(k) the sale and leaseback agreement dated 29 April 2020 entered into between Cloud Digital Co., Limited (the "**Lessor**") and Daily-Tech HongKong Co., Limited (the "**Lessee**") in respect of an arrangement involving the sale of certain data centre assets in the Shatin data centre in Hong Kong by the Lessee to the Lessor at a consideration of HK$60,000,000 and lease back of such assets by the Lessee from the Lessor for a term of five (5) years;

(l) the loan agreement dated 18 March 2020 entered into between Cloud Digit Investment LP (as lender) and High Sharp Electronic Limited (as borrower) in relation to the granting of a loan facility in the principal amount of HK$60,000,000 for a term of 18 months commencing from the drawdown date;

(m) the loan agreement dated 19 December 2019 entered into between Beijing E-rich Investment Management Co., Ltd.* (北京裕睿投資管理有限公司) (as lender) and Beijing Aihuan Times Technology Limited* (北京愛換時代科技股份有限公司) (as borrower) in relation to the granting of a loan facility in the principal amount of RMB100,000,000 for a term commencing from the drawdown date and ending on 18 September 2020;

(n) the loan agreement dated 9 December 2019 entered into between Yuxing Technology Company Limited (as lender) and Daily-Tech HongKong Co., Limited (as borrower) in relation to the granting of a loan facility in the principal amount of HK$80,000,000 for a term commencing from the drawdown date and ending on 30 June 2020;

(o) the subscription agreement dated 14 July 2019 entered into between Thousand Best Group Limited (as subscriber) and the Company in respect of the subscription for 200,000,000 subscription Shares at the subscription price of HK$0.30 per subscription Share; and

(p) the subscription agreement dated 14 July 2019 entered into between Mr. Lian Jiahua (as subscriber) and the Company in respect of the subscription for 70,000,000 subscription Shares at the subscription price of HK$0.30 per subscription Share.

* *for identification purposes only*

8. EXPERT AND CONSENT

The following is the qualification of each of the expert who has given its opinions or advice for inclusion in this circular:

Name	Qualification
Vigers Appraisal and Consulting Limited	Registered Professional Surveyor
Mazars CPA Limited	Certified Public Accountants

Each of the above experts has given and has not withdrawn its respective written consent to the issuer of this circular with the inclusion of its letters, reports and/or opinion, as the case may be, and references to its name in the form and context in which they respectively appear.

As the Latest Practicable Date, the above experts did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As the Latest Practicable Date, the above experts did not have, directly or indirectly, any interest in any assets which had since 31 December 2020 (being the date to which the latest published audited consolidated accounts of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any members of the Group.

9. MISCELLANEOUS

(a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

(b) The head office and principal place of business in Hong Kong of the Company is situated at Unit 5-6, 9/F, Enterprise Square Three, No. 39 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong.

(c) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen' s Road East, Wan Chai, Hong Kong.

(d) The company secretary of the Company is Dr. Liu Wei. He has a PRC lawyer qualification and is a solicitor qualified to practice law in Hong Kong and in England.

(e) The compliance officer of the Company is Mr. Shi Guangrong pursuant to Rule 5.19 of the GEM Listing Rules.

(f) The audit committee of the Company comprises three independent non-executive Directors, namely, Ms. Shen Yan, Ms. Dong Hairong and Ms. Huo Qiwei.

The primary duties of the audit committee are mainly: (a) to review the Group's annual reports, consolidated financial statements, interim reports and quarterly reports; (b) to review and supervise the financial reporting process, risk management and the internal control procedures of the Group; and (c) to liaise with the external auditor at least twice a year and provide advice and comments thereon to the Board. Further details on the terms of reference of the audit committee are available on the website of the Company and the website of the Stock Exchange.

(g) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text thereof.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong at Unit 5-6, 9/F, Enterprise Square Three, No. 39 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong during normal business hours on any business day (except Saturdays and public holidays) from the date of this circular up to 14 days thereafter:

(a) the memorandum of association and bye-laws of the Company;

(b) the annual reports for each of the three years ended 31 December 2018, 2019 and 2020 of the Company;

(c) the letter from Mazars CPA Limited, the reporting accountants of the Target Company, in respect of the unaudited financial statements of the Target Company, the text of which is set out in Appendix II to this circular;

(d) the letter from Mazars CPA Limited, the reporting accountants of the Company, in respect of the Unaudited Pro Forma Financial Information of the Remaining Group, the text of which is set out in Appendix III to this circular;

(e) the valuation report of the Land and Property issued by Vigers Appraisal and Consulting Limited, the text of which is set out in Appendix IV of this circular;

(f) the material contracts referred to in the paragraph headed "7. Material Contracts" in this appendix;

(g) the written consent from the experts as referred to in the paragraph headed "8. Experts and Consents" in this appendix; and

(h) this circular.

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)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting of Yuxing InfoTech Investment Holdings Limited (the "**Company**") will be held at Unit 5-6, 9/F, Enterprise Square Three, No. 39 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong on Thursday, 10 June 2021 at 11:00 a.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

"**THAT**

(a) the equity transfer agreement dated 28 April 2021 entered into between Indeed Holdings Limited (the "**Vendor**") (as vendor), Empress Investments Pte. Ltd. (the "**Purchaser**") (as purchaser) and the Company (as guarantor to the Vendor) (the "**Agreement**") and all the transactions contemplated under the Agreement, including the sale by the Vendor to the Purchaser of the entire equity interest of Shanghai Indeed Technology Co., Ltd. (上海一鼎電子科技有限公司) which holds the property consisting of (i) the land situated at 中國上海市閔行區新源路1188號 (No. 1188, Xin Yuan Road, Minhang District, Shanghai City, the PRC) and with an area of approximately 62,634 square metres, and (ii) the factory building with an area of approximately 54,930.56 square metres erected on the land, at an initial consideration of US$68,000,000 subject to adjustments (a copy of the Agreement has been produced to the meeting marked "A" and has been signed by the Chairman of the meeting for purpose of identification) be and are hereby approved, confirmed and ratified;

(b) any one director of the Company be and is authorised to execute, on behalf of the Company, all other documents (the "**Ancillary Documents**") as may in the opinion and sole discretion of the director(s) be considered necessary or desirable for the purpose of consummating or completing or procuring the performance and completion of all or any of the transactions contemplated under the Agreement; and

(c) any one director of the Company, or any two directors (or one director and the company secretary) of the Company (if the affixing of the common seal of the Company is necessary), be and is/are authorised to agree, approve and initial any amendments, variations or supplements to, and to sign, deliver and perfect (and if necessary, affix the common seal of the Company to), for and on behalf of the Company, the Agreement, the Ancillary Documents and all such other instruments and documents, and to do all such further acts, deeds, matters and things for and on behalf of the Company as such person may in his/her absolute and unfettered discretion think fit in connection with the Agreement and the Ancillary Documents and the transactions contemplated thereunder."

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

Hong Kong, 26 May 2021

* *For identification purposes only*

Notes:

1. The ordinary resolution to be considered at the meeting will be decided by poll. On voting by poll, each member shall have one vote for each share held in the Company.

2. A member entitled to attend and vote at the meeting of the Company is entitled to appoint another person as his/her proxy to attend and vote instead of him/her. A member may appoint a proxy in respect of part only of his/her holding of shares in the Company. A proxy need not be a member of the Company.

3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer, attorney or other person authorised to sign the same.

4. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon together with the power of attorney or other authority, if any, under which it is signed or a notarised copy thereof must be delivered to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, No. 183 Queen's Road East, Wan Chai, Hong Kong, not less than 48 hours before the time appointed for the holding of the meeting (or any adjournment thereof).

5. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.

6. Where there are joint registered holders of any shares of the Company, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such shares as if he/she were solely entitled thereto; but if more than one of such joint persons be present at the meeting personally or by proxy, then one of the said persons so present whose name stands first on the register of members in respect of such shares of the Company shall alone be entitled to vote in respect thereof and his/her vote shall be accepted to the exclusion of the votes of the other joint holders.