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## **YUXING INFOTECH INVESTMENT HOLDINGS LIMITED**

**裕興科技投資控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 8005)**

### **DISCLOSEABLE TRANSACTIONS**

- (1) ACQUISITION OF CRYPTOCURRENCIES; AND  
(2) ACQUISITION OF MACHINES AND DISPOSAL OF  
CRYPTOCURRENCIES**

#### **ACQUISITION OF CRYPTOCURRENCIES**

The Board wishes to announce that on 14 September 2021 (after trading hours), the Purchaser, a direct wholly-owned subsidiary of the Company, conducted a series of transactions in the open market to acquire an aggregate of approximately 10,757,635.78 units of USDC at an average price of HK\$7.825 per unit for an aggregate consideration of HK\$84,178,500 (exclusive of transaction costs). It is the intention of the Company that the Acquired USDC will be for the settlement purpose of the Acquisition of Machines.

#### **ACQUISITION OF MACHINES AND DISPOSAL OF CRYPTOCURRENCIES**

The Board wishes to announce that on 14 September 2021 (after trading hours), the Purchaser, a direct wholly-owned subsidiary of the Company, and the Vendor entered into the SP Agreement pursuant to which the Purchaser has agreed to purchase the Machines from the Vendor at the Consideration of HK\$84,178,500 which shall be settled by transferring the equivalent value of USDC from the Purchaser. The Consideration of HK\$84,178,500 shall be settled by the Purchaser as to (i) 60% on the date of the SP Agreement; and (ii) 40% within 5 business days of the date of the SP Agreement.

#### **GEM LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio (as defined under the GEM Listing Rules) in respect of the Acquisition of Cryptocurrencies is more than 5% but is less than 25%, the Acquisition of Cryptocurrencies constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to notification and announcement requirements under Rule 19.34 of the GEM Listing Rules.

As the highest applicable percentage ratio (as defined under the GEM Listing Rules) in respect of the Acquisition of Machines is more than 5% but is less than 25%, the Acquisition of Machines constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules. As the highest applicable percentage ratio (as defined under the GEM Listing Rules) in respect of the Disposal of Cryptocurrencies is more than 5% but is less than 25%, the Disposal of Cryptocurrencies constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules. Pursuant to Rule 19.24 of the GEM Listing Rules, as the Acquisition of Machines and the Disposal of Cryptocurrencies constitute one transaction involving both an acquisition and a disposal, the transaction will be classified by reference to the larger of the acquisition or disposal, and subject to the reporting, disclosure and/or shareholder approval requirements applicable to such classification. Accordingly, the Acquisition of Machines and the Disposal of Cryptocurrencies are subject to the notification and announcement requirements under Rule 19.34 of the Listing Rules.

## **ACQUISITION OF CRYPTOCURRENCIES**

The Board wishes to announce that on 14 September 2021 (after trading hours), the Purchaser, a direct wholly-owned subsidiary of the Company, conducted a series of transactions in the open market to acquire an aggregate of approximately 10,757,635.78 units of USDC at an average price of HK\$7.825 per unit for an aggregate consideration of HK\$84,178,500 (exclusive of transaction costs). It is the intention of the Company that the Acquired USDC will be for the settlement purpose of the Acquisition of Machines.

To the best of Directors' knowledge, information and belief having made all reasonable enquiries, each of the vendors of the USDC is an Independent Third Party.

### **Consideration**

The consideration for the acquisition of the Acquired USDC was HK\$84,178,500 which was satisfied in cash and was determined according to the bid and ask prices of USDC as quoted in the open market. The Acquisition of Cryptocurrencies was funded by the Group's internal resources.

The Directors are of the view that the terms of the Acquired USDC are fair and reasonable and on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

### **Completion**

Settlement of the Acquired USDC took place immediately after the respective purchase orders were made and the Acquisition of Cryptocurrencies were completed on the same trading date. The units of USDC acquired by the Group will be used for the settlement purpose of the Acquisition of Machines.

### **Information on USDC**

USDC is a digital currency that is pegged to the United States dollar and is referred to as a stable coin. Every unit of this cryptocurrency in circulation is backed up by US\$1 that is held in reserve, in a mix of cash and short-term U.S. Treasury bonds. It is issued by regulated financial institutions and backed by fully reserved assets. The prices of one unit of USDC as at 31 December 2018, 2019 and 2020 were US\$1.0100, US\$1.0000 and US\$0.9995, respectively.

## **ACQUISITION OF MACHINES AND DISPOSAL OF CRYPTOCURRENCIES**

The Board wishes to announce that on 14 September 2021 (after trading hours), the Purchaser and the Vendor entered into the SP Agreement pursuant to which the Purchaser has agreed to purchase the Machines from the Vendor at the Consideration of HK\$84,178,500 which shall be settled by transferring the equivalent value of USDC from the Purchaser.

A summary of the principal terms of the SP Agreement is set out below:

### **Date**

14 September 2021

### **Parties**

- a. the Purchaser: Rich Universe International Limited, a direct wholly-owned subsidiary of the Company; and
- b. the Vendor: Inno Century Limited, a company incorporated in Hong Kong with limited liability and the principal business of which is trading business

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

### **Consideration**

The Consideration of HK\$84,178,500, which shall be settled by transferring the equivalent value of USDC from the Purchaser in the following manner:

- (1) the USDC equivalent to HK\$50,507,100, which represents 60% of the Consideration shall be settled on the same date of the signing date of the SP Agreement; and
- (2) the USDC equivalent to HK\$33,671,400, which represents the remaining 40% of the Consideration shall be settled within 5 business days of the signing date of the SP Agreement.

### **Basis of consideration**

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor on normal commercial terms with reference to (i) the quotations obtained from independent third parties for brand new equipment comparable to the Machines; (ii) the reasons for and benefits of the entering into of the SP Agreement as set out in the section headed "Reasons for and benefits of the Acquisition of Cryptocurrencies and the Acquisition of Machines and Disposal of Cryptocurrencies" of this announcement.

### **Assets to be acquired**

The Machines for cryptocurrency mining, being 10,500 sets of Bitmain Antminer T17E.

## **Assets to be disposed of**

The Vendor will receive USDC in equivalent value of the Consideration for full settlement. On 14 September 2021, being the date of the SP Agreement, an aggregate of approximately 6,454,581.47 units of USDC equivalent to HK\$50,507,100 was transferred to the Vendor as the partial settlement of the Consideration.

## **Delivery**

The Machines shall be delivered in the period from 1 November 2021 to 31 December 2021.

## **Termination**

Unless the parties agree otherwise, if the Purchaser fails to pay the Consideration on the date specified, the SP Agreement will automatically terminate.

The Purchaser shall not be obliged to purchase the Machines if there has been a change in law after the date of the SP Agreement and before the delivery of the Machines which would or may make it unlawful for the Purchaser to use the Machines.

## **FINANCIAL EFFECT OF THE DISPOSAL OF CRYPTOCURRENCIES**

There will be no financial effect of the Disposal of Cryptocurrencies since the Consideration and the carrying value of the USDC under the Disposal of Cryptocurrencies are the same. The actual gain or loss as a result of the Disposal of Cryptocurrencies to be recorded by the Group is subject to a final audit to be performed by the auditors of the Company.

## **INFORMATION ON THE VENDOR**

The Vendor is a company established in Hong Kong with limited liability and is principally engaged in trading business.

As at the date of this announcement, the Vendor is an indirect wholly-owned subsidiary of Global Token. Yuxing Technology Company Limited (an indirect wholly-owned subsidiary of the Company) is interested in approximately 7.8% of the issued shares of Global Token. Mr. Zhu Weisha holds 45% interest in Unicorn Resources Inc. and he is deemed to be interested in approximately 29.80% of the issued shares of the Company and is also interested in approximately 9.02% of the issued shares of Global Token.

Saved as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are Independent Third Parties.

## **INFORMATION ON THE PURCHASER AND THE GROUP**

The Purchaser is a company incorporated in Hong Kong with limited liability and is a direct wholly-owned subsidiary of the Company. The Purchaser is principally engaged in investment activities.

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

## **REASONS FOR AND BENEFITS OF THE ACQUISITION OF CRYPTOCURRENCIES AND THE ACQUISITION OF MACHINES AND DISPOSAL OF CRYPTOCURRENCIES**

The Group intends to utilise the Machines for Bitcoin mining, which in turn, would allow the Group to hold Bitcoin for asset appreciation purpose.

Bitcoin is a major cryptocurrency and has several features that enable it to be a good alternative store of value, such as being limited in supply, its exchangeability into fiat money or goods and services, portability, and its potential to act as an effective hedge against depreciation of fiat currencies due to aggressive increase in money supply by central banks globally. After the regulatory changes in respect of Bitcoin mining and trading activities in the PRC, the market price of Bitcoin remains at a strong position after a sharp adjustment over June 2021 to July 2021. The Board has seen growing momentum in the consensus building process by seeing an increasing number of listed companies purchasing cryptocurrencies as part of their treasury management, as well as considering accepting cryptocurrency as a form of payment for their goods and services, the ease of access to cryptocurrencies has also been improving, as reflected by reputable banks providing cryptocurrencies trading and custody services, regulators have also commenced licensing cryptocurrency trading platforms that could enhance investor confidence and safety in dealing in cryptocurrencies.

USDC is a stablecoin adopted by various licensing cryptocurrency trading platforms. Its core technology was distributed by Circle Internet Financial Inc., which is a registered Money Services Business (MSB) with the Financial Crimes Enforcement Network (FinCEN) of the US Treasury Department and holds money transmission (or equivalent) licenses in 48 US states and territories. The adoption of USDC as the settlement coin provides efficiency to grasp business opportunities with safe payment experiences as it's one of the cryptocurrencies recognised by the licensing cryptocurrency trading platform. Since USDC is a stablecoin and redeemable to 1:1 US dollar, the Group will not be suffered from material market price volatility or exchange rate fluctuation when USDC is used for settlement purpose.

Having considered that (i) the price of Bitcoin continues to rise on a long-term basis; (ii) more and more institutional investors started to invest in Bitcoin; (iii) with the evaluation of the traditional currencies due to quantitative easing measures adopted by various governments in stimulating the economy, there is a sign that Bitcoin is getting viewed as an asset given that its limited supply; and (iv) the comprehensive regulations over USDC and being adopted as a stablecoin under licensing cryptocurrency trading platforms, the Board is of the view that the Acquisition of Cryptocurrencies and the Disposal of Cryptocurrencies as the settlement of the Acquisition of Machines provides the Group with good investment opportunities to sufficiently and efficiently expand its investment portfolio.

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

### **GEM LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratio (as defined under the GEM Listing Rules) in respect of the Acquisition of Cryptocurrencies is more than 5% but is less than 25%, the Acquisition of Cryptocurrencies constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to notification and announcement requirements under Rule 19.34 of the GEM Listing Rules.

As the highest applicable percentage ratio (as defined under the GEM Listing Rules) in respect of the Acquisition of Machines is more than 5% but is less than 25%, the Acquisition of Machines constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules. As the highest applicable percentage ratio (as defined under the GEM Listing Rules) in respect of the Disposal of Cryptocurrencies is more than 5% but is less than 25%, the Disposal of Cryptocurrencies constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules. Pursuant to Rule 19.24 of the GEM Listing Rules, as the Acquisition of Machines and the Disposal of Cryptocurrencies constitute one transaction involving both an acquisition and a disposal, the transaction will be classified by reference to the larger of the acquisition or disposal, and subject to the reporting, disclosure and/or shareholder approval requirements applicable to such classification. Accordingly, the Acquisition of Machines and the Disposal of Cryptocurrencies are subject to the notification and announcement requirements under Rule 19.34 of the Listing Rules.

## DEFINITIONS

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

“Acquired USDC”	the USDC acquired under the Acquisition of Cryptocurrencies
“Acquisition of Cryptocurrencies”	the acquisition of aggregate approximately 10,757,635.78 units of USDC on 14 September 2021 in the open market for a consideration of HK\$84,178,500 (exclusive of transaction costs)
“Acquisition of Machines”	the acquisition of the Machines pursuant to the SP Agreement
“Board”	board of Directors
“Centre”	A protocol for digital wallet interoperability across currencies and borders, across diverse software implementations, and across multiple blockchain, ledgers and settlement rails
“Company”	Yuxing InfoTech Investment Holdings Limited, a company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on GEM (Stock Code: 8005)
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the sum of HK\$84,178,500, being the consideration of the purchase of the Machines payable by the Purchaser to the Vendor for the Acquisition of Machines
“Director(s)”	the director(s) of the Company
“Disposal of Cryptocurrencies”	the disposal of USDC in the equivalent amount of HK\$84,178,500 for settlement of the Acquisition of Machines;
“GEM”	GEM of the Stock Exchange

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Global Token”	Global Token Limited, a company incorporated in Bermuda with limited liability
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party/(ies)”	person(s) who, to the best knowledge and belief of the Directors having made all reasonable enquiries, is/are third parties independent of and not connected with the Company and its connected persons
“Machines”	10,500 sets of Bitmain Antminer T17E
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Rich Universe International Limited (裕廣國際有限公司), a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“SP Agreement”	the agreement dated 14 September 2021 entered between the Purchaser and the Vendor in relation to the Acquisition of Machines and the Disposal of Cryptocurrencies
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USDC”	USD Coin, a cryptocurrency issued by regulated financial institutions, backed by fully reserved assets, redeemable on a 1:1 basis for US dollars

“Vendor” Inno Century Limited, a company incorporated in Hong Kong with limited liability

“%” per cent.

By order of the Board  
**Yuxing InfoTech Investment Holdings Limited**  
**Cong Yu**  
*Executive Director and Chief Executive Officer*

Hong Kong, 14 September 2021

\* *For identification purposes only*

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

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

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