

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

CONNECTED TRANSACTION SUBSCRIPTION OF SHARES IN THE TARGET COMPANY

SUBSCRIPTION OF SHARES IN THE TARGET COMPANY

The Board is pleased to announce that on 1 December 2021 (after trading hours), Full Profit, a direct wholly-owned subsidiary of the Company entered into the Subscription Agreement with the Target Company in relation to the subscription of ordinary shares of the Target Company by Full Profit. The Consideration for the Subscription will be HK\$48,000,000. Upon Completion, Full Profit will hold an aggregate of 8.41% of the enlarged share capital of the Target Company. The financial results of the Target Group will not be consolidated into the consolidated financial statements of the Group.

GEM LISTING RULES IMPLICATIONS

As at the date of this announcement, the Target Company is held as to 42.6% by Tibetan, which is in turn held as to 64.68% by Mr. Cong, an executive Director, the chief executive officer of the Company and a substantial Shareholder. As such, the Target Company is an associate of Mr. Cong and thus a connected person of the Company under Chapter 20 of the GEM Listing Rules and the entering into of the Subscription Agreement constitutes a connected transaction for the Company.

As one or more of the applicable percentage ratios in respect of the Subscription exceeds 0.1% but is less than 5%, the Subscription is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 20 of the GEM Listing Rules.

As Completion is subject to the satisfaction (or, if applicable, waiver) of the conditions precedent stated in the Subscription Agreement, the Subscription may or may not proceed to Completion. Accordingly, Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

INTRODUCTION

The Board is pleased to announce that on 1 December 2021 (after trading hours), Full Profit, a direct wholly-owned subsidiary of the Company entered into the Subscription Agreement with the Target Company in relation to the subscription of ordinary shares of the Target Company by Full Profit. The Consideration for the Subscription will be HK\$48,000,000. Upon Completion, Full Profit will hold an aggregate of 8.41% of the enlarged share capital of the Target Company. The financial results of the Target Group will not be consolidated into the consolidated financial statements of the Group.

THE SUBSCRIPTION AGREEMENT

The major terms and conditions of the Subscription Agreement are as follows:

Date : 1 December 2021

Parties : (1) Full Profit; and
(2) the Target Company.

Consideration

The Consideration for 8.41% of the enlarged share capital of the Target Company is HK\$48,000,000.

The Consideration was determined after arm's length negotiation among the parties and is on normal commercial terms, with reference to, among others, (i) the appraised value of the Target Group as at 31 July 2021 by adopting the discounted cash flow method under the income approach, being RMB464,200,000 (equivalent to approximately HK\$570,595,000), as set out in the Valuation Report dated 1 December 2021 issued by the Valuer, an independent professional valuer engaged by the Company; and (ii) the potential business opportunities and prospects of the Target Group's business.

The Consideration shall be paid by Full Profit within three business days from the Completion Date.

The Company intends to satisfy the Subscription by way of internal resources.

The proceeds of the Subscription shall be used by the Target Group for the research and development of scientific research projects carried out in accordance with the budget and business plan approved by the parties to the Subscription Agreement, including but not limited to the expenses on pharmacology and clinical trial of glaucoma, Alzheimer's disease and Parkinson's disease and the daily operating of the Target Group.

Conditions precedent to Completion

The Completion is subject to the satisfaction (or, if applicable, waiver) of following conditions precedent:

- (i) Full Profit having conducted and completed the due diligence on all businesses, assets and liabilities, legal and financial matters in respect of the Target Group and all such other matters as deemed necessary to its reasonable satisfaction;
- (ii) the Target Company having obtained the necessary approval and authorisation from the internal decision-making bodies in respect of the Subscription, including the relevant shareholders' resolutions and board resolutions approving the Subscription by Full Profit with the Consideration, the signing and execution of the Subscription Agreement by the Target Company and the change of register of shareholders of the Target Company;

- (iii) the Target Company having completed the procedures of change of shareholders in respect of the Subscription and delivered to Full Profit the original share certificate of the Target Company, and the original or certified copy (to be certified by a certified public accountant, lawyer or company secretary in Hong Kong) of the certificate of incumbency and the certificate of good standing of the Target Company, and the register of shareholders of the Target Company shall comply with the requirements of the Cayman Islands Companies Act;
- (iv) there is no material adverse change in the operation, financial or asset positions of the Target Group during the period from the date when the shareholders of the Target Company submits the information required for due diligence to Full Profit or other parties designated by Full Profit to the Completion Date; and
- (v) if there is revision on the applicable laws and regulations or the imposition of mandatory approval requirements in respect of the Subscription prior to Completion, the aforementioned conditions precedent shall be adjusted based on the laws and regulations in effect at the time prior to the Subscription.

For the avoidance of doubt, the conditions precedent (ii) to (iii) cannot be waived.

Unless it has been agreed in writing by both parties, the conditions precedents shall be completed no later than 30 days from the date of signing of the Subscription Agreement.

Completion shall take place on the Completion Date.

INFORMATION OF THE TARGET GROUP

The Target Company holds 100% of the issued share capital of Profound Pharmaceutical which in turn holds 100% of the equity interest in Shenzhen Shenjian and in turn holds 100% of the equity interest in Wuhan Guangxing. The Target Company was incorporated in the Cayman Islands with limited liability on 3 January 2020 and is principally engaged in investment holding. Prior to and immediately after Completion, the shareholding of the Target Company is as follows:

Name of shareholders	Shareholding prior to Completion		Shareholding immediately after Completion	
	Number of shares held	Shareholding (%)	Number of shares held	Shareholding (%)
Profound Virtue <i>(Note 1)</i>	757	7.57	757	6.93
Profound Holding <i>(Note 1)</i>	4,883	48.83	4,883	44.72
Tibetan <i>(Note 2)</i>	4,260	42.60	4,260	39.02
He Yan <i>(Note 3)</i>	100	1.00	100	0.92
Full Profit	—	—	918	8.41
Total	10,000	100.00	10,918	100.00

Notes:

1. Profound Virtue is wholly-owned by Profound Holding and its ultimate beneficial owners as to 80% and 20% of the shareholding are Mr. Huo Xiaohang and Mr. Cong, respectively.
2. Tibetan is held as to 64.68% by Mr. Cong and eight other individual shareholders of each with less than 10% of shareholding interest.
3. He Yan is wholly-owned by Mr. He Yan.

Profound Pharmaceutical is incorporated in Hong Kong with limited liability on 12 June 2020 and is principally engaged in investment holding.

Shenzhen Shenjian is established in the PRC with limited liability on 30 September 2017 and is principally engaged in the research and development of pharmaceutical innovative drugs and chemical reagents and auxiliary manufacturing, and biotechnology consulting. Shenzhen Shenjian has the absolute ownership, right and interest in the intellectual property rights of the research work contributed by the Target Group and its research team.

Wuhan Gangxing is established in the PRC with limited liability on 28 April 2018 and is principally engaged in the research and development of pharmaceutical innovative drugs. Wuhan Gangxing operates the research center of the Target Group.

The Target Group is principally engaged in the research and development of pharmaceutical innovative drugs and biologics for the 1.1 class of innovative drugs for neurodegenerative diseases in the PRC, targeting Alzheimer’s disease, Parkinson’s disease and glaucoma. According to “Administrative Measure for Drug Registration (Traditional Chinese Medicines and Natural Medicines, Biological Products)” (《藥品註冊管理辦法(中藥及天然藥物、生物製品)》) and “Chemical Drug Registration Classification Reform Work Plan (Chemical Drugs)” (《化學藥品註冊分類改革工作方案(化學藥品)》), 1.1 class refers to APIs and their preparations prepared by synthetic or semi-synthetic methods and under the classification of Class-I new drugs which are new drugs yet to be commercialised in the domestic and foreign markets. The core invention on substance containing gold cluster and preparation method and use thereof for preventing and/or treating Alzheimer’s disease, Parkinson’s disease and glaucoma. The innovation has obtained intellectual property rights in the PRC, United States and in the process of application for patents in Australia and other countries in Europe. Other than the captioned-above diseases, the Target Group has also conducted other biopharmaceutical research and development on innovative drugs for other diseases.

The major assets owned by the Target Group include the patents of the drugs and the facilities and equipment used for research and development of the biotech products.

Set out below is an extract of the unaudited consolidated financial information of the Target Group for the two years ended 31 December 2020 and the unaudited consolidated financial information of the Target Group for the seven months ended 31 July 2021:

	For the years ended 31 December		For the seven months ended
	2019	2020	31 July
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
	<i>(unaudited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Net loss before tax for the year/period	11,694	14,498	12,403
Net loss after tax for the year/period	11,694	14,498	12,403

As at 31 July 2021, the unaudited consolidated net asset value of the Target Group was approximately HK\$36.4 million.

Upon Completion, the Target Group’s financial results will not be consolidated into the consolidated financial statements of the Group.

INFORMATION OF FULL PROFIT AND THE GROUP

Full Profit is incorporated in the British Virgin Islands with limited liability and is a direct wholly-owned subsidiary of the Company. Full Profit 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.

PROFIT FORECAST UNDER THE VALUATION REPORT

According to the Valuation Report, in preparing the Valuation, the Valuer applied the discounted cash flow method under the income approach based on certain assumptions to appraise the value of the Target Group, which constitutes a profit forecast under Rule 19.61 of the GEM Listing Rules and the requirements of Rule 19.62 of the GEM Listing Rules are therefore applicable.

Major assumptions

The following are the principal assumptions, including commercial assumptions, upon which the Valuation Report is based:

- (1) The probability of success (i.e. passing all clinical trials) of the core projects is assumed to be similar to market historical probability of success of drugs from pre-clinical stage of development to new drug approval;
- (2) The intellectual property (including the formula, production method and application, other technical knowhow, etc.) relating to the core projects will not be copied or infringed upon in a manner which would materially affect the profitability derived from the core projects;
- (3) For the Target Group to continue as a going concern, the Target Group will successfully carry out all necessary activities for the development of its business;
- (4) The availability of finance will not be a constraint on the forecast growth of the Target Group's operations in accordance with the business plan and projections;
- (5) Market trends and conditions where the Target Group operates will not deviate significantly from the economic forecasts in general;
- (6) The unaudited financial information of the Target Group as supplied to us have been prepared in a manner which truly and accurately reflect the financial performances and positions of the Target Group as at the respective financial statements dates;
- (7) Key management, competent personnel and technical staff will all be retained to support the ongoing operations of the Target Group;
- (8) There will be no material changes in the business strategy of the Target Group and its operating structure;

- (9) Interest rates and exchange rates in the localities for the operations of the Target Group will not differ materially from those presently prevailing;
- (10) All relevant approvals, business certificates, licenses or other legislative or administrative authority from any local, provincial or national government, or private entity or organization required to operate in the localities where the Target Group operates or intends to operate will be officially obtained and renewable upon expiry unless otherwise stated; and
- (11) There will be no major changes in the political, legal, technological, economic or financial conditions and taxation laws in the localities in which the Target Group operates or intends to operate, which would adversely affect the revenues and profits attributable to the Target Group.

Confirmation

Mazars CPA Limited, the reporting accountant of the Company, has reviewed the arithmetical accuracy of the calculations of the consolidated discounted cash flow projection underlying the Valuation, which do not involve the adoption of accounting policies. The Directors confirm that the Valuation, which constitutes a profit forecast under Rule 19.61 of the GEM Listing Rules, has been made after due and careful enquiry. A letter from Mazars CPA Limited and a letter from the Board have been submitted to the Stock Exchange, and are included in Appendices I and II to this announcement respectively.

Experts and consents

The following are the qualifications of the experts who have given their opinion and advice included in this announcement:

Name	Qualification
Mazars CPA Limited	Certified Public Accountants
Peak Vision Appraisals Limited	Professional valuer

As at the date of this announcement, to the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, each of Peak Vision Appraisals Limited and Mazars CPA Limited does not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate person to subscribe for securities in any member of the Group. As such, Peak Vision Appraisals Limited and Mazars CPA Limited are Independent Third Parties.

Each of Peak Vision Appraisals Limited and Mazars CPA Limited has given and has not withdrawn its consent to the publication of this announcement with inclusion of its letter or opinion and all reference to its name in the form and context in which it appears.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Group is committed to exploring new business opportunities and intends to broaden its existing investment portfolio in businesses and assets with good future prospects for the Group's future development. The Group's current investment portfolio includes listed securities, funds, digital assets and companies engage in aircraft leasing and financing. The Subscription provides the Group with an opportunity to expand its investment into comprehensive healthcare and biopharmaceutical sectors and enhance Shareholders' value.

The Target Group is principally engaged in the research and development of pharmaceutical innovative drugs and biologics for the 1.1 class of innovative chemical drugs for neurodegenerative diseases in the PRC, targeting Alzheimer's disease, Parkinson's disease and glaucoma. As innovative biologics have become more highly valued, the innovation biologics type of Chinese biopharma companies has shifted from me-too drugs (refer to a medicine that is similar to a pre-existing drug, usually by making minor modifications to the prototype) to universal innovative (best-in-class) and innovative medicines with high value and urgent clinical demand (first-in-class). This indicates that requirements for innovative medicines have risen constantly. Since the Opinions of the State Council of Reform of the System of Evaluation, Review and Approval of Drugs and Medical Devices (《國務院關於改革藥品醫療器械審評審批制度的意見》) were released in 18 August 2015, the number of innovative drugs approved in the PRC has been growing. In 2020, Chinese pharmaceutical companies and multinationals neared parity in approvals for the first time, although Coronavirus Disease 2019 (COVID-19) promoted a decline in the number of innovative medicines approved.

To capitalise on this momentum, the Group wishes to capture the investment opportunities in the development of the new drugs to diseases without curative therapies with commercialisation potential and potentially lucrative markets. Given that (i) there is an emerging market of innovative drugs in the biopharmaceutical industry supported by favourable government policies; and (ii) the prospect of the Target Group in medical research and development contribution to the neurodegenerative diseases in the domestic and foreign biopharmaceutical fields, the Board (including the independent non-executive Directors) considers that the entering into of the Subscription Agreement could help the Group to yield good investment returns in the future.

The Board (including the independent non-executive Directors) confirmed that the terms of the Subscription Agreement and the transaction contemplated thereunder are: (i) fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group; and (ii) in the interests of the Company and its shareholders as a whole.

Except Mr. Cong, who is the ultimate beneficial owner of the Target Group, none of the Directors has a material interest in the transactions contemplated under the Subscription Agreement, and none of them was required under the GEM Listing Rules to abstain from voting on the resolutions of the Board approving the Subscription Agreement. For good corporate governance, Mr. Cong has abstained from voting on the resolutions of the Board approving the Subscription Agreement.

GEM LISTING RULES IMPLICATIONS

As at the date of this announcement, the Target Company is held as to 42.6% by Tibetan, which is in turn held as to 64.68% by Mr. Cong, an executive Director, the chief executive officer of the Company and a substantial Shareholder. As such, the Target Company is an associate of Mr. Cong and thus a connected person of the Company under Chapter 20 of the GEM Listing Rules and the entering into of the Subscription Agreement constitutes a connected transaction for the Company.

As one or more of the applicable percentage ratios in respect of the Subscription exceeds 0.1% but is less than 5%, the Subscription is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 20 of the GEM Listing Rules.

As Completion is subject to the satisfaction (or, if applicable, waiver) of the conditions precedent stated in the Subscription Agreement, the Subscription may or may not proceed to Completion. Accordingly, Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	board of Directors
“Company”	Yuxing InfoTech Investment Holdings Limited, a company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on GEM (Stock Code: 8005)
“Completion”	completion of the Subscription
“Completion Date”	the date on which all conditions precedent of the Subscription having been fulfilled or any other date to be agreed by Full Profit and the Target Company
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	the consideration for the Subscription, being HK\$48,000,000
“Director(s)”	the director(s) of the Company
“Full Profit”	Full Profit Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“He Yan”	He Yan Company Limited, a company incorporated in the Cayman Islands with limited liability and a shareholder of the Target Company
“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
“Mr. Cong”	Mr. Cong Yu, an executive Director, the chief executive officer of the Company and a substantial Shareholder

“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
“Profound Holding”	Profound View Holding Company, a company incorporated in the Cayman Islands with limited liability and a shareholder of the Target Company
“Profound Pharmaceutical”	Profound View Pharmaceutical HK Limited, a company incorporated in Hong Kong with limited liability
“Profound Virtue”	Profound View Virtue Company, a company incorporated in the Cayman Islands with limited liability and a shareholder of the Target Company
“RMB”	Renminbi, the lawful currency of the PRC
“Shenzhen Shenjian”	Shenzhen Shenjian Pharmaceutical Technology Limited* (深圳深見醫藥科技有限公司), a company established in the PRC with limited liability
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the 918 Subscription Shares by Full Profit pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement entered into between Full Profit and the Target Company on 1 December 2021 in relation to the Subscription
“Substantial Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Subscription Shares”	the 918 ordinary shares of the Target Company to be allotted and issued by the Target Company to Full Profit pursuant to the Subscription Agreement
“Target Company”	Profound View Group, a company incorporated in the Cayman Islands with limited liability
“Target Group”	collectively, the Target Company, Profound Pharmaceutical, Shenzhen Shenjian and Wuhan Guangxing
“Tibetan”	Tibetan Crane Company Limited, a company incorporated in the Cayman Islands with limited liability and a shareholder of the Target Company
“Valuation”	the valuation of the Target Group
“Valuation Report”	the valuation report issued by the Valuer regarding the Valuation
“Valuer”	Peak Vision Appraisals Limited, an independent valuer engaged by the Company

“Wuhan Guangxing” Wuhan Vast Conduct Science Foundation Co., Ltd.* (武漢廣行科學研究有限公司), a company established in the PRC 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, 1 December 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 for at least seven days from the date of its publication and on the Company’s website at www.yuxing.com.cn.

APPENDIX I – LETTER FROM THE COMPANY’S REPORTING ACCOUNTANT

INDEPENDENT ASSURANCE REPORT ON THE CALCULATIONS OF THE CONSOLIDATED DISCOUNTED CASH FLOW PROJECTION IN CONNECTION WITH THE VALUATION OF SHENZHEN SHENJIAN PHARMACEUTICAL TECHNOLOGY LIMITED*

To the Board of Directors of Yuxing InfoTech Investment Holdings Limited (the “**Company**”)

We refer to the consolidated discounted cash flow projection of Shenzhen Shenjian Pharmaceutical Technology Limited* (深圳深見醫藥科技有限公司, “Shenzhen Shenjian”) and its wholly-owned subsidiary, Wuhan Vast Conduct Science Foundation Co., Ltd.* (武漢廣行科學研究有限公司, “**Wuhan Guangxing**”) (the “**Consolidated Discounted Cash Flow Projection**”) on which the business valuation dated 1 December 2021 prepared by Peak Vision Appraisals Limited (the “**Valuation**”) with respect to the valuation of the entire equity interest of Shenzhen Shenjian as at 31 July 2021 is based. The Valuation is based on the discounted future cash flows and is regarded as a profit forecast under Rule 19.61 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Listing Rules**”) and will be included in the announcement dated 1 December 2021 to be issued by the Company in connection with the proposed acquisition of 8.41% equity interest in Profound View Group.

Directors’ Responsibility for the Consolidated Discounted Cash Flow Projection

The directors of the Company (the “**Directors**”) are solely responsible for the preparation of the Consolidated Discounted Cash Flow Projection in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation (the “**Assumptions**”). This responsibility includes carrying out appropriate procedures relevant to the preparation of the Consolidated Discounted Cash Flow Projection for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our 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 Hong Kong Institute of Certified Public Accountants (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 maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

* For identification purposes only

Reporting Accountant's Responsibility

Our responsibility is to form a conclusion, based on our work on the arithmetical accuracy of the calculations of the Consolidated Discounted Cash Flow Projection on which the Valuation is based, and to report to you, as required by Rule 19.62(2) of the GEM Listing Rules, on the arithmetical accuracy of the calculations of the Consolidated Discounted Cash Flow Projection used in the Valuation. The Consolidated Discounted Cash Flow Projection does not involve the adoption of accounting policies.

We conducted our work in accordance with the terms of our engagement and Hong Kong Standard on Assurance Engagements 3000 (Revised) "*Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*" issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the arithmetical accuracy of the calculations are concerned, the Directors have properly compiled the Consolidated Discounted Cash Flow Projection in accordance with the Assumptions. We performed procedures on the arithmetic accuracy and compilation of the Consolidated Discounted Cash Flow Projection in accordance with the Assumptions. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

We are not reporting on the appropriateness and validity of the Assumptions and our work does not constitute any valuation of Shenzhen Shenjian and Wuhan Guangxing or an expression of an audit or review opinion on the Valuation.

The Consolidated Discounted Cash Flow Projection depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and these may or may not occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Valuation and the variation may be material. Our work has been undertaken for the purpose of reporting solely to you under Rule 19.62(2) of the GEM Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

Conclusion

In our opinion, so far as the arithmetical accuracy of the calculations is concerned, the Consolidated Discounted Cash Flow Projection has been properly compiled in accordance with the Assumptions.

Mazars CPA Limited

Certified Public Accountants

Hong Kong

1 December 2021

APPENDIX II – LETTER FROM THE BOARD

1 December 2021

Listing Division
The Stock Exchange of Hong Kong Limited
12/F, Two Exchange Square
8 Connaught Place, Central
Hong Kong

Dear Sirs

Re: Connected transaction in relation to the Subscription Agreement

We refer to the announcement of the Company dated 1 December 2021 of which this letter forms part (the “**Announcement**”). Unless the context otherwise requires, terms defined in the Announcement shall have the same meanings when used herein.

We, the board of directors (the “**Board**”) of Yuxing InfoTech Investment Holdings Limited, note that Mazars CPA Limited, Certified Public Accountants, the Company’s auditor, has examined the arithmetical accuracy of the calculations of the consolidated discounted cash flow projection underlying the valuation as at 31 July 2021 (the “**Valuation**”), which do not involve the adoption of accounting policies, in the valuation report (the “**Valuation Report**”) dated 1 December 2021 issued by Peak Vision Appraisals Limited (the “**Valuer**”) regarding the Valuation of the 8.41% equity interest in the Target Group. Pursuant to Rule 19.61 of the GEM Listing Rules, the Valuation constitutes a profit forecast (the “**Underlying Forecast**”).

We have discussed with the Valuer about different aspects including the bases and assumptions in the Valuation based upon which the Underlying Forecast has been prepared, and reviewed the Valuation for which the Valuer is responsible. We have also considered the letter dated 1 December 2021 issued by Mazars CPA Limited, Certified Public Accountants and addressed to the Board that the Underlying Forecast, so far as the arithmetical accuracy of the calculations of the discounted cash flow forecast is concerned, has been properly compiled in all material respects in accordance with the bases and assumptions approved by the Directors.

We hereby confirm that, the Underlying Forecast, pursuant to the Valuation Report, has been made after due and careful enquiry of the Board.

The purpose of this letter is solely for the strict compliance with Rule 19.62 of the GEM Listing Rules. We, however, express no opinion in this letter on the actual results of the Underlying Forecast as the Underlying Forecast is based on hypothesis of future events.

Yours faithfully,
For and on behalf of
Yuxing InfoTech Investment Holdings Limited
Chen Biao
Executive Director