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## **YUXING INFOTECH HOLDINGS LIMITED**

**裕興科技控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 8005)**

### **ISSUE OF NEW SHARES PURSUANT TO GENERAL MANDATE**

On 5 August 2010, the Company entered into the Subscription Agreement in respect of the Subscription by the Subscriber of an aggregate of 100,000,000 new Shares at a price of HK\$0.3 per Subscription Share.

The Subscription Shares represent 6.13% of the existing issued share capital of the Company and 5.78% of the share capital as enlarged by the issue of the Subscription Shares.

The Subscription Price was determined after arm's length negotiations between the Company and the Subscriber and with reference to the prevailing market prices of the Share. The Subscription Price represents (i) a discount of 9.09% to the closing price of HK\$0.330 per Share as quoted on the Stock Exchange on 4 August 2010, being the last trading day of the Shares immediately preceding the date of this announcement; (ii) a discount of 10.98% to the average closing price of HK\$0.337 per Share for the last 5 trading days up to and including 4 August 2010; and (iii) a discount of 10.71% to the average closing price of HK\$0.336 per Share for the last 10 trading days up to and including 4 August 2010.

The net proceeds from the Subscription of approximately HK\$29.86 million will be utilised for general working capital of the Group. The net price per Subscription Share (based on the amount of net proceeds from the Subscription) is approximately HK\$0.299.

On 5 August 2010, the Company entered into the Subscription Agreement in respect of the Subscription by the Subscriber of an aggregate of 100,000,000 Subscription Shares.

### **THE SUBSCRIPTION AGREEMENT DATED 5 AUGUST 2010**

#### **Parties to the Subscription Agreement**

Issuer: the Company

Subscriber: Gold Swiss Holdings Limited

The Subscriber is an investment company incorporated in the BVI and the ultimate beneficial owner of which is an individual, Mr. Wang Zi Ping. The Company confirms that, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner are independent of, and not connected with, and are not acting in concert with the Company and any connected persons (as defined in the Listing Rules) of the Company.

### **The Subscription Shares**

Pursuant to the Subscription Agreement, the Subscriber agreed to subscribe for an aggregate of 100,000,000 new Shares, which represents:

- 6.13% of the existing issued share capital of the Company; and
- 5.78% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

The Subscription Shares will be issued pursuant to the General Mandate and is not subject to further Shareholders' approval. As at the date of this announcement, no Share has been allotted, issued and dealt with pursuant to the General Mandate. The Subscription Shares, when fully paid, will rank pari passu in all respects with all the Shares in issue on the date of completion of the Subscription.

### **Subscription Price**

The Subscription Price is HK\$0.3 per Subscription Share and is to be paid in cash by two instalments as follows:

- (i) HK\$15,000,000 shall be payable by the Subscriber to the Company within three Business Days immediately after the day of the Subscription Agreement (the "**First Instalment**"); and
- (ii) HK\$15,000,000 shall be payable by the Subscriber to the Company's bank account on completion of the Subscription Agreement.

The Subscription Price was agreed after arm's length negotiations between the Company and the Subscriber and represents:

- a discount of 9.09% to the closing price of HK\$0.330 per Share as quoted on the Stock Exchange on 4 August 2010, being the last trading day of the Shares immediately preceding the date of this announcement;
- a discount of 10.98% to the average closing price of HK\$0.337 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including 4 August 2010; and
- a discount of 10.71% to the average closing price of HK\$0.336 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including 4 August 2010.

The Directors consider that the Subscription Price, which was negotiated on an arm's length basis between the Company and the Subscriber with reference to the prevailing market prices of the Shares, is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **Condition precedent to the Subscription Agreement**

Completion of the Subscription Agreement is conditional upon the Listing Committee of the Stock Exchange granting approval for the listing of and permission to deal in the Subscription Shares and such approval not subsequently being revoked prior to the delivery of the share certificate(s) for the Subscription Shares.

The Company will apply to the Listing Committee for the approval for the listing of and permission to deal in the Subscription Shares. If the condition is not fulfilled on or prior to 30 September 2010 (or such later date as may be agreed between the Company and the Subscriber), the Subscription Agreement will terminate and the First Instalment shall be refunded by the Company to the Subscriber within two Business Days immediately thereafter.

## **Completion of the Subscription Agreement**

Completion of the Subscription is expected to take place on the second Business Day following the day on which the condition of the Subscription Agreement set out above has been satisfied or such later date as the Company and the Subscriber may agree.

## **BUSINESS OF THE GROUP**

The Company is an investment holding company which, together with its subsidiaries, is principally engaged in research and development, design, manufacturing, marketing and sale of information appliances (major in set-top boxes). The Group also engages in other investment activities where it engages in investing in available-for-sale financial assets and trading of securities and other operation activities.

## **REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS**

In view of the current market conditions, the Directors considered the Subscription to be an opportunity for the Group to raise funds for the expansion and development of its business.

After deduction of the placing and other related expenses of approximately HK\$0.14 million in aggregate, the net proceeds from the Subscription will amount to approximately HK\$29.86 million. The net price per Subscription Share (based on the amount of net proceeds from the Subscription) is approximately HK\$0.299. The net proceeds will be used as general working capital for the Group.

## **FUND RAISING ACTIVITIES INVOLVING ISSUE OF SECURITIES IN THE PAST TWELVE MONTHS**

The Company had not conducted any fund raising activities involving issue of its securities in the past twelve months preceding the date of this announcement.

## CHANGE IN SHARE CAPITAL AND SHAREHOLDING STRUCTURE

The table below sets out the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Subscription:

Substantial Shareholders	As at the date of this announcement		Immediately after completion of the Subscription	
	Number of Shares	%	Number of Shares	%
Super Dragon Co. Ltd. (Note 1)	660,000,000	40.48	660,000,000	38.14
Dragon Treasure Ltd. (Note 2)	356,280,000	21.85	356,280,000	20.59
The Subscriber	–	–	100,000,000	5.78
Other Public Shareholders	<u>614,128,000</u>	<u>37.67</u>	<u>614,128,000</u>	<u>35.49</u>
Total	<u>1,630,408,000</u>	<u>100.00</u>	<u>1,730,408,000</u>	<u>100.00</u>

Note 1: Super Dragon Co. Ltd. is held as to 63.6% and 36.4% by the Directors, Mr. Zhu Wei Sha and Mr. Chen Fu Rong, respectively.

Note 2: Dragon Treasure Ltd. is a nominee company and acts as the trustee for holding these Shares on behalf of the past and present employees of the Group, including Mr. Shi Guang Rong, Mr. Wang An Zhong and Mr. Zhu Wei Sha, all being the Directors.

## DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	a day (other than a Saturday) on which banks are open for business in Hong Kong
“BVI”	The British Virgin Islands
“Company”	Yuxing InfoTech Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the GEM Board of the Stock Exchange
“Directors”	the directors of the Company
“GEM Board”	the Growth Enterprise Market operated by the Stock Exchange

“General Mandate”	the general mandate granted to the Directors to exercise the powers of the Company to allot, issue and deal with shares of the Company up to 20% of the issued share capital of the Company pursuant to the ordinary resolution of the Shareholders passed in the annual general meeting of the Company held on 18 May 2010
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Committee”	has the meaning ascribed to such term in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the GEM of the Stock Exchange
“Share(s)”	ordinary share(s) of HK\$0.025 each in the issued share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Gold Swiss Holdings Limited
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the conditional subscription agreement dated 5 August 2010 and entered into by the Company with the Subscriber in relation to the Subscription of 100,000,000 Subscription Shares
“Subscription Price”	the price of HK\$0.3 per Subscription Share
“Subscription Share(s)”	new Shares in the aggregate nominal value of HK\$2.50 million to be issued by the Company pursuant to the Subscription Agreement

By Order of the Board  
**Yuxing InfoTech Holdings Limited**  
**Zhu Wei Sha**  
*Chairman*

Hong Kong, 5 August 2010

*As at the date hereof, the executive directors of the Company are Mr. Zhu Wei Sha, Mr. Chen Fu Rong, Mr. Shi Guang Rong and Mr. Wang An Zhong; the independent non-executive directors of the Company are Mr. Wu Jia Jun, Mr. Zhong Peng Rong and Ms. Shen Yan.*

*This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The directors of the Company, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

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*\* For identification purposes only*