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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)

MAJOR TRANSACTION IN RELATION TO THE NEW DISPOSAL MANDATE

**Financial Adviser to Yuxing InfoTech
Investment Holdings Limited**

ANGLO CHINESE 英高
CORPORATE FINANCE, LIMITED

Anglo Chinese Corporate Finance, Limited

Reference is made to the announcement dated 11th October 2013 of the Company regarding the Proposed Disposal and Proposed Repurchase(s).

In order to facilitate the implementation of the Proposed Repurchase(s), the Board proposed that amendments be made to the Disposal Mandate and the New Disposal Mandate be adopted to give the Group additional flexibility to dispose of the repurchased Ping An A Shares during the Repurchase Period.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios calculated under the GEM Listing Rules in respect of the New Disposal Mandate are more than 25% but less than 75%, the New Disposal Mandate constitutes a major transaction of the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

To the best knowledge, information and belief of the Directors having made all reasonable enquires, no Shareholder has a material interest in the transactions contemplated under the New Disposal Mandate. No Shareholder will be required to abstain from voting on the resolution(s) to be proposed at the SGM to approve, amongst other things, the New Disposal Mandate.

Further particulars of the New Disposal Mandate, other information as required under the GEM Listing Rules and the notice of SGM to consider and, if thought fit to approve the resolution(s) relating to the New Disposal Mandate, will be included in the circular in relation to the Transactions and despatched to the Shareholders on or before 31st October 2013.

Reference is made to the announcement (the “**Announcement**”) dated 11th October 2013 of the Company regarding the Proposed Disposal and Proposed Repurchase(s). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

In order to facilitate the implementation of the Proposed Repurchase(s), the Board proposed that amendments be made to the Disposal Mandate and the revised Disposal Mandate (the “**New Disposal Mandate**”) be adopted to give the Group additional flexibility to dispose of the repurchased Ping An A Shares during the Repurchase Period.

BACKGROUND

On 11th October 2013 after trading hours, Yuxing International, ZSSB and Golden Yuxing, all wholly owned subsidiaries of the Company, entered into the conditional Agreement with the Purchaser and JI pursuant to which the Purchaser has agreed to acquire and each of Yuxing International and ZSSB has agreed to sell 99% and 1% of the entire equity interests in Golden Yuxing, respectively, at the Total Disposal Consideration. At the same time, it was agreed that Yuxing International or its designated entities shall repurchase no more than 41 million Ping An A Shares but no less than 27 million Ping An A Shares from JI during the Repurchase Period.

As a result of the Transactions, Golden Yuxing will cease to be a subsidiary of the Group and the major terms of the Disposal Mandate including the manner in which the Disposal Mandate can be exercised become invalid. Therefore, the Disposal Mandate will no longer be effective. In the meantime, as disclosed in the section headed “The Proposed Repurchase(s) – Assets to be acquired” in the Announcement, the minimum number of 27 million Ping An A Shares is determined on the basis of (i) the Total Disposal Consideration after taking into consideration additional cash requirements for the payment of, amongst other things, taxes and expenses (including the Differential Payment in respect of the Proposed Repurchase(s)) associated with the Transactions; and (ii) the Repurchase Price per Ping An A Share. During the Repurchase Period, the Company may require additional capital to repurchase up to 41 million Ping An A Shares in accordance with the terms of the Proposed Repurchase(s). The Company would also like to take advantages of rising market prices of the Ping An A Shares during the Repurchase Period to dispose of the repurchased Ping An A Shares at more favourable prices in the market prior to conducting subsequent Proposed Repurchase(s) at a lower Repurchase Price per Ping An A Share.

In the circumstances, the Board intends to seek for the Shareholders’ approval at the SGM on the following proposed amendments to the Disposal Mandate and the adoption of the New Disposal Mandate in order to give the Group additional flexibility to dispose of the repurchased Ping An A Shares when the market prices of the Ping An A Shares are rising prior to completing the repurchase exercises at the end of the Repurchase Period. The Board considers that the Group will benefit from the proposed arrangement under the New Disposal Mandate because the proceeds from the disposals of the repurchased Ping An A Shares at higher market prices can subsequently be used to acquire more Ping An A Shares from JI at the Repurchase Price per Ping An A Shares in accordance with the terms of the Agreement.

THE DISPOSAL MANDATE AND THE NEW DISPOSAL MANDATE

Set out below are proposed revisions to the Disposal Mandate and the terms of the New Disposal Mandate which have been approved by the Board:

	Disposal Mandate	New Disposal Mandate
1. <i>Mandate Period</i>	– for a period of 18 months from the Release Date	– same as the Repurchase Period
2. <i>Maximum Number of Ping An A Shares</i>	– 10,714,285 Ping An A Shares	– 14 million Ping An A Shares, being the difference between the maximum number of 41 million Ping An A Shares and the minimum number of 27 million Ping An A Shares under the Proposed Repurchase(s). To be consistent with the adjustments to be made to the maximum number of Ping An A Shares that can be repurchased under the Proposed Repurchase(s) as a result of the Ping An Capital Adjustments, the maximum number of Ping An A Shares to be disposed of will be subject to the Ping An Capital Adjustments.
3. <i>Scope of Authority</i>	– the Board is authorised and empowered to determine, decide, execute and implement with full discretion all matters relating to the Possible Disposal, including, without limitation, the number of batches of disposals, the number of Ping An A Shares to be sold in each disposal, the timing of each disposal, the manner of disposal (whether in the open market or through block trade(s)), the target purchasers and the selling price (subject to the parameters set out in “5. Mechanism for Setting the Selling Price” below)	– for the purpose of facilitating the subsequent Proposed Repurchase(s), the Board is authorised and empowered to determine, decide, execute and implement with full discretion all matters relating to the disposals pursuant to the New Disposal Mandate, including, without limitation, the number of batches of disposals, the number of Ping An A Shares to be sold in each disposal, the timing of each disposal, the manner of disposal (whether in the open market or through block trade(s)), the target purchasers and the selling price (subject to the parameters set out in “5. Mechanism for Setting the Selling Price” below)

4. *Manner of Disposal* – apart from disposal of Ping An A Shares in the open market on Shanghai Stock Exchange, Golden Yuxing may also dispose of its holding of Ping An A Shares during the mandate period through block trade(s) to identified buyer(s) or by way of placing through open market sales placing agent(s). The terms and conditions of such block trade(s) or disposal will be negotiated on an arms' length basis
- apart from disposal of the repurchased Ping An A Shares in the open market on Shanghai Stock Exchange, Yuxing International or its designated entities may also dispose of its holding of Ping An A Shares during the mandate period through block trade(s) to identified buyer(s) or by way of placing through open market sales placing agent(s). The terms and conditions of such block trade(s) or disposal will be negotiated on an arms' length basis
5. *Mechanism for Setting the Selling Price* – the selling price per Ping An A Share that is to be sold indirectly (either through placing agent, brokerage or otherwise) in the open market or through block trade(s) shall represent no more than a 10% discount to the closing price of Ping An A Shares on the Shanghai Stock Exchange on the last trading day immediately prior to the date of the relevant sale and purchase agreement, which was determined by the Board with reference to market practice for block trade(s) and the requirement for "A" shares companies to suspend trading if their share prices fluctuate by more than 10% from the closing prices on the last trading day. The Company will also take into account the then prevailing share price performance of Ping An A Shares and market sentiment in determining the selling price of the Ping An A Shares to be disposed of indirectly in the open market, through block trade(s) or by way of placing
- the selling price per Ping An A Share that is to be sold (either through placing agent, brokerage or otherwise) in the open market or through block trade(s) shall represent no more than a 10% discount to the closing price of the Ping An A Shares on the Shanghai Stock Exchange on the last trading day immediately prior to the date of the relevant sale and purchase agreement, which was determined by the Board with reference to market practice for block trade(s) and the requirement for "A" shares companies to suspend trading if their share prices fluctuate by more than 10% from the closing prices on the last trading day. The Company will also take into account the then prevailing share price performance of Ping An A Shares and market sentiment in determining the selling price of the Ping An A Shares to be disposed of in the open market, through block trade(s) or by way of placing

- whether the disposal is made in the open market, through block trade(s) or by way of placing, the minimum selling price per Ping An A Share shall not be less than RMB42 which was determined by reference to the: (i) closing price of RMB45.81 per Ping An A Share as quoted on Shanghai Stock Exchange as at the latest practicable date of the circular dated 28th February 2013 of the Company; (ii) the average closing price of RMB41.98 per Ping An A Share as quoted on Shanghai Stock Exchange for the past 6 months before the latest practicable date of the circular dated 28th February 2013 of the Company; and (iii) the average closing price of RMB42.00 per Ping An A Share as quoted on Shanghai Stock Exchange for the past 12 months before the latest practicable date of the circular dated 28th February 2013 of the Company
- whether the disposal is made in the open market, through block trade(s) or by way of placing, the minimum selling price per Ping An A Share shall not be less than the Repurchase Price per Ping An A Share, subject to adjustments to reflect the theoretical price of each Ping An A Share as a result of the Ping An Capital Adjustments

The Board considers that the New Disposal Mandate coupled with the Proposed Repurchase(s) during the Repurchase Period is an effective means for it to maximise both the number of Ping An A Shares that can be repurchased under the Proposed Repurchase(s) and potential gains resulted from the proposed “repurchase, disposal and repurchase” process when the market prices of Ping An A Shares are increasing during the Repurchase Period. Accordingly, the Directors believe that the terms of the New Disposal Mandate are in the best interest of the Company and its Shareholders as a whole.

Immediately after the Repurchase Period, the Group will hold no less than 13 million Ping An A Shares but no more than 41 million Ping An A Shares. The lower limit of 13 million Ping An A Shares is determined on the assumption that Yuxing International or its designated entity will, on an aggregate basis, (i) repurchase up to the minimum number of 27 million Ping An A Shares under the Proposed Repurchase(s) only; and (ii) dispose of the maximum number of 14 million repurchased Ping An A Shares pursuant to the terms of the New Disposal Mandate. On the other hand, the upper limit of 41 million Ping An A Shares is determined on the assumption that the New Disposal Mandate is not exercised in view of the then prevailing market conditions but the Company has adequate internal resources and external funding, the combination of which and the methods of raising the external funding have not yet been determined by the Board, to repurchase the maximum number of the 41 million Ping An A Shares under the Proposed Repurchase(s).

Based on the minimum selling price of RMB37.29 per Ping An A Share, i.e. the Repurchase Price per Ping An A Share, and the maximum number of 14 million repurchased Ping An A Shares to be disposed of pursuant to the New Disposal Mandate, the aggregate value of the consideration of the disposals permissible under the New Disposal Mandate is estimated at approximately RMB522.1 million.

The Company intends to use the proceeds from the New Disposal Mandate for the repurchase of additional Ping An A Shares under the Proposed Repurchase(s). The Company confirms that any proceeds arising from the New Disposal Mandate which cannot be used for making subsequent repurchases of Ping An A Shares, for instance, as a result of the market price of each Ping An A Share being lower than the Repurchase Price, will be utilised for other suitable investment opportunities. As at the date of this announcement, the Company has not identified any potential investment opportunities.

For illustrative purpose only, since all repurchases will be conducted at the Repurchase Price per Ping An A Share under the Proposed Repurchase(s) and the minimum selling price of the New Disposal Mandate is also set at the Repurchase Price per Ping An A Share, ignoring tax, related transaction costs and fair value change of Ping An A Shares, the Group will not record any gain or loss as a result of the full exercise of the New Disposal Mandate and on this basis, the New Disposal Mandate will not have any impact on the earnings, total assets and the total liabilities of the Group.

In the event that the New Disposal Mandate is not approved by the Shareholders at the SGM or not exercised due to the prevailing market conditions and on the basis of the Total Disposal Consideration and taking into account additional cash requirements referred to above, the Company intends to repurchase only the minimum number of 27 million Ping An A Shares to fulfil its obligations under the Agreement.

It is expected that the purchasers of the repurchased Ping An A Shares to be disposed under the New Disposal Mandate and their respective ultimate beneficial owners will be Independent Third Parties. In the event that any purchaser of Ping An A Shares to be disposed of under the New Disposal Mandate is a connected person of the Company, the Company will comply with the announcement, reporting and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

After completion of the Proposed Repurchases and assuming exercise of the New Disposal Mandate to dispose of the maximum number of 14 million repurchased Ping An A Shares during the Repurchase Period, the Group will hold no less than 13 million Ping An A Shares but no more than 41 million Ping An A Shares.

The Directors are of the view that the terms of the Agreement and the New Disposal Mandate are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends that the Shareholders to vote in favour of the resolution to approve the Transactions and the transactions contemplated under the Agreement and the New Disposal Mandate at SGM.

INFORMATION ON THE COMPANY

The Company is an investment holding company with subsidiaries that are principally engaged in the research and development, design, manufacturing, marketing and sale of information home appliances (mainly set-top boxes) and complementary products for distribution and sales in both the PRC and global market.

INFORMATION ON PING AN

Ping An, a joint stock limited company incorporated in the PRC with limited liability, is one of the leading integrated financial services groups in the PRC. The Ping An A Shares are listed on Shanghai Stock Exchange (Stock code: 601318) and the “H” shares of Ping An are listed on the Stock Exchange (Stock code: 2318). Save for the Company’s indirect holding of the 51 million Ping An A Shares, Ping An is an Independent Third Party.

Set out below is the audited financial information of Ping An for the two years ended 31st December 2011 and 2012 and unaudited financial information of Ping An for the six months ended 30th June 2013 as extracted from its published financial reports, which are available on the website of the Stock Exchange:

	Year ended 31st December		Six months ended
	2011	2012	30th June
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Revenue	272,244	339,193	215,857
Net profit before taxation	30,026	32,338	27,351
Net profit after taxation	22,582	26,750	21,771

The unaudited net asset value of Ping An as at 30th June 2013 amounted to approximately RMB227,103 million.

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To the best knowledge, information and belief of the Directors having made all reasonable enquires, no Shareholder has a material interest in the transactions contemplated under the New Disposal Mandate. No Shareholder will be required to abstain from voting on the resolution(s) to be proposed at the SGM to approve, amongst other things, the New Disposal Mandate.

Further particulars of the New Disposal Mandate, other information as required under the GEM Listing Rules and the notice of SGM to consider and, if thought fit to approve the resolution(s) relating to the New Disposal Mandate, will be included in the circular in relation to, amongst other things, the Transactions and despatched to the Shareholders on or before 31st October 2013.

* *For identification only*

By Order of the Board
Yuxing InfoTech Investment Holdings Limited
CHEN Fu Rong
Deputy Chairman

Hong Kong, 28th October 2013

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

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 7 days from the date of its publication and on the website of the Company at www.yuxing.com.cn.*