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)

MAJOR TRANSACTION
RELATING TO ACQUISITION OF THE SALE SHARES
AND
NOTICE OF SPECIAL GENERAL MEETING

Unless the context otherwise requires, all capitalized 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 14 of this circular.

The notice convening the SGM to be held at Suites 3808-9, 38/F., ICBC Tower, Three Garden Road, Central, Hong Kong on Friday, 1 September 2017 at 11:00 a.m. is set out on pages VII-1 to VII-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, Shops 1712-1716, 17th 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.

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 purposes only*

17 August 2017

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange 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:

"Announcement"	the announcement made by the Company on 26 June 2017 in relation to the Sale and Purchase Agreement
"Board"	the board of Directors
"BVI"	The British Virgin Islands
"Company"	Yuxing InfoTech Investment Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the GEM (Stock Code: 8005)
"Completion"	completion of the Sale and Purchase Agreement in accordance with the terms
"connected person(s)"	has the meaning ascribed to it under the GEM Listing Rules
"Consideration"	the consideration payable by the Purchaser to the Vendor in accordance with the Sale and Purchase Agreement
"Director(s)"	director(s) of the Company
"Enlarged Group"	the Group as enlarged by the Proposed Acquisition upon Completion
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on the GEM
"Group"	the Company and its subsidiaries
"Guarantor"	Wang Dade (王大德), the sole shareholder of the Vendor
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Third Party"	a person who is independent of, and not connected with, any connected person of the Company (as defined under the GEM Listing Rules)

"Land and Property"	the property, consisting of: (a) the land situated at 上海市閔行區新源路1188號 (No. 1188, Xin Yuan Road, Minhang District, Shanghai, PRC) and with an area of approximately 62,634 sq.m.; and (b) the factory building with an area of approximately 54,930.56 sq.m. erected on the land.
"Latest Practicable Date"	15 August 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information included in this circular
"Noble Rich" or "Purchaser"	Noble Rich Investment Limited (貴寶投資有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
"PRC"	the People's Republic of China (excluding, for the purpose of this circular, Hong Kong, Macau and Taiwan)
"Proposed Acquisition"	the proposed acquisition of the Sale Shares by the Purchaser pursuant to the Sale and Purchase Agreement
"RMB"	Renminbi, the lawful currency of the PRC
"Sale and Purchase Agreement"	the agreement dated 26 June 2017 entered into between the Purchaser, the Vendor and the Guarantor in relation to the Proposed Acquisition
"Sale Shares"	30,000,000 shares legally and beneficially owned by the Vendor, representing the entire issued share capital of the Target Company
"SGM"	the special general meeting of the Company to be convened to consider and, if thought fit, approve the Sale and Purchase Agreement and the transactions contemplated thereunder
"Shareholder(s)"	the shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	Indeed Holdings Limited, a company incorporated in BVI with limited liability

"Target Group"	the Target Company and Target Subsidiary
"Target Subsidiary"	Shanghai Yiding Electronic Technology Company Limited* (上海一鼎電子科技有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Target Company
"Tenant"	the tenant of the Land and Property, which is an Independent Third Party
"Vendor"	Phoenix Bridge International Holdings Group Investment Co., Limited (鳳凰橋國際控股投資有限公司), a company incorporated in Hong Kong with limited liability and an Independent Third Party
"US$" or "USD"	United States dollars, the lawful currency of the United States of America
"sq.m."	square metre
"%"	per cent.

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:
Li Qiang *(Chairman)*
Shi Guangrong
Zhu Jiang
Gao Fei

Independent Non-executive Directors:
Shen Yan
Zhong Pengrong
Wu Jiajun

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

Principal place of business in Hong Kong:
Units 2107-8, 21/F
Exchange Tower
33 Wang Chiu Road
Kowloon Bay
Kowloon
Hong Kong

17 August 2017

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTION
RELATING TO ACQUISITION OF THE SALE SHARES
AND
NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement in which the Board announced that on 26 June 2017, the Purchaser entered into the Sale and Purchase Agreement with the Vendor in relation to the acquisition of the Sale Shares at a consideration of US$43 million, subject to adjustments.

As the highest of the applicable percentage ratios under Chapter 19 of the GEM Listing Rules exceeds 25% but is less than 100%, the Proposed Acquisition constitutes a major transaction for the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirement under the GEM Listing Rules.

* *For identification purposes only*

The purpose of this circular is to provide you with, among other things, the details of the Proposed Acquisition and other information required under the GEM Listing Rules.

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are as follows:

Date	26 June 2017
Purchaser	Noble Rich, a wholly-owned subsidiary of the Company
Vendor	Phoenix Bridge International Holdings Group Investment Co., Limited (鳳凰橋國際控股投資有限公司)
Guarantor	Wang Dade (王大德)
Target Company	Indeed Holdings Limited, a company incorporated in the BVI with limited liability
Shares to be acquired	30,000,000 shares representing the entire issued share capital of the Target Company
Land and Property to be acquired	The principal asset of the Target Company and the Target Subsidiary is the Land and Property in the PRC. The Land and Property consists of: (a) the land situated at 上海市閔行區新源路1188號 (No. 1188, Xin Yuan Road, Minhang District, Shanghai, PRC) and with an area of approximately 62,634 sq.m. (the "Land"); and (b) the factory building with an area of approximately 54,930.56 sq.m. erected on the Land.

Consideration

The consideration payable to the Vendor shall be US$43,000,000, which shall be payable by the Purchaser to the Vendor in the following manner (or such other means as may be agreed between the parties):–

(a) as to US$27,950,000 in cash as refundable deposit (the "Deposit") within three (3) business days upon signing of the Sale and Purchase Agreement, which shall be paid into an account specified by the Vendor and shall, on Completion, be applied in and towards payment of the Consideration; and

(b) as to the remaining balance of US$15,050,000 of the Consideration payable at Completion, subject to the adjustments.

Upon signing of the Sale and Purchase Agreement, the Vendor shall deliver or procure to deliver a share pledge deed in respect of all the Sale Shares executed in favour of the Purchaser for securing the refund of the Deposit.

The Consideration was agreed after arm's length negotiations between the Purchaser and the Vendor with reference to, among other things, the fair value of the Land and Property as at 31 March 2017 of approximately RMB320,100,000 as assessed by an independent professional valuer appointed by the Purchaser.

Adjustments

Vendor shall provide details of items (a) to (d) as set out below to the Purchaser updated as at five (5) business days before the date of Completion within two (2) business days before the date of Completion (or such other date(s) as the parties may agree in writing).

The remaining balance of US$15,050,000 of the Consideration will be subject to the following adjustments and shall be paid to the Vendor at Completion:

(a) adjusted upwards by the amount in the bank deposit balance (in RMB and USD) excluding the rental prepayment by the Tenant to the Target Company for the months of June to August 2017;

(b) in respect of the rental prepayment received by the Target Company for the months of June to August 2017, adjusted upwards by the amount of rental prepayment up to Completion (including the date of Completion) and calculated on a pro rata basis;

(c) adjusted upwards by the amount of the water and electricity supply charges paid by the Target Subsidiary on behalf of the Tenant before the date of Completion; and

(d) adjusted downwards by the amount of accounts payable in relation to the rental deposit paid by the Tenant.

Conditions precedent

The completion of the Sale and Purchase Agreement is conditional upon, among other things:

(a) the passing by the requisite majority of Shareholders at the SGM of all resolutions required under the GEM Listing Rules to approve the transactions contemplated under the Sale and Purchase Agreement, including without limitation the sale and purchase of the Sale Shares;

(b) compliance by the Company of all applicable requirements under the GEM Listing Rules in respect of the Sale and Purchase Agreement and the transactions contemplated thereunder;

(c) the due diligence and investigation of the Target Group and the Land and Property carried out pursuant to the Sale and Purchase Agreement having been completed to the satisfaction of the Purchaser in its sole discretion;

(d) the Purchaser having obtained (i) a PRC legal opinion to the satisfaction of the Purchaser; and (ii) a certificate of incumbency issued by the BVI agent of the Target Company confirming due incorporation and valid existence of the Target Company;

(e) all approvals from the governments and relevant authorities in relation to the Land and Property having been obtained;

(f) the Purchaser having obtained confirmations from the Vendor confirming that as at Completion, (i) it is not aware of any matter or thing which is in breach of, or inconsistent with, any of the warranties as set out under the Sale and Purchase Agreement; and (ii) there was no material adverse change or effect in respect of the financial or trading position of any member of the Target Group since the date of the Sale and Purchase Agreement;

(g) the representations made by and the warranties given by the Vendor and the Guarantor remain true and accurate as at Completion;

(h) no litigation or claim having arisen in respect of any Target Group prior to Completion, other than those disclosed in the Sale and Purchase Agreement; and

(i) the provision by the Vendor of all financial information relating to the Target Company and the Target Subsidiary, such information being satisfactory to the Purchaser in all respects.

The Purchaser reserves the right to waive any conditions except for conditions (a) and (b) above.

If any condition above has not been fulfilled or waived on or before the date of Completion, the Sale and Purchase Agreement shall be terminated pursuant to the provisions thereunder and the Deposit shall be returned to the Purchaser within five (5) business days after the date on which the Sale and Purchase Agreement was terminated. The Purchaser shall execute documents as necessary for releasing the share pledge in respect of all the Sale Shares within five (5) business days upon receipt of the refund of the Deposit.

Guarantee

The Guarantor, being the sole shareholder of the Vendor, unconditionally and irrevocably:

(a) guarantees, by way of continuing obligation, to the Purchaser as primary obligor, and not merely as surety, the due and punctual payment of all amounts payable by the Vendor under the Sale and Purchase Agreement (including but not limited to the refund of the Deposit); and

(b) undertakes to the Purchaser to procure the due and punctual performance by the Vendor of all its other obligations contained or implied under the Sale and Purchase Agreement.

Conditions Precedent as at the Latest Practicable Date

The Purchaser reserved the right to waive any conditions except for conditions (a) and (b) above to retain the flexibility to complete the Proposed Acquisition notwithstanding that such conditions may not be fulfilled. As at the Latest Practicable Date, conditions (c), (d), (e) and (i) have been fulfilled. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, there are no outstanding approvals from the governments and relevant authorities in relation to the Land and Properties to be obtained by the Target Group. Based on the representations of the Vendor to the Purchaser, the Company expects that all the conditions (including the remaining conditions (f), (g) and (h)) will be fulfilled on or before the date of Completion.

Completion

Completion shall take place on the third (3) business day after all the conditions precedent to the Sale and Purchase Agreement are fulfilled or waived.

INFORMATION ON THE TARGET GROUP

The Target Company is principally engaged in investment holding and the Target Subsidiary owns the Land and Property. The Land and Property has been leased by the Target Subsidiary to the Tenant, which is an Independent Third Party, for a term of ten (10) years commencing from 1 March 2017 to 1 March 2027 as an Internet Data Centre ("IDC") with a monthly rental of approximately RMB2.1 million from 1 March 2017 to 28 February 2022, and approximately RMB2.33 million from 1 March 2022 to 28 February 2027.

The audited financial information of the Target Group for the two financial years ended 31 December 2015 and 31 December 2016, as extracted from Appendix II of this circular, are as follows:

Results	**Year ended 31 December 2015** *RMB'000*	**Year ended 31 December 2016** *RMB'000*
Revenue	8,510	24,750
(Loss)/profit before tax	(32,298)	21,101
(Loss)/profit after tax	(31,889)	22,325

	As at 31 December 2016 *RMB'000*
Total assets	379,481
Net assets	267,326

The figure on net assets as disclosed in the Announcement was based on the unaudited consolidated management accounts of the Target Group prepared by the Target Group (the "Unaudited Accounts"). The net assets as at 31 December 2016 as stated in the Unaudited Accounts was approximately RMB353,359,000, compared to RMB267,326,000 as stated in the accountants' report of the Target Group set out in Appendix II to this circular. The difference of approximately RMB86,033,000 in the net assets between the Unaudited Accounts and the accountants' report is primarily due to the Directors having taken into account a sum of approximately RMB97,872,000 as deferred tax liabilities. The deferred tax liabilities consist of the land appreciation tax and respective profit tax effect of the corresponding valuation changes of the Land and Property in accordance with the corresponding accounting standard for investment properties and taxation. In respect of such deferred tax liabilities, the Company has obtained a tax indemnity from the Vendor and the Guarantor to mitigate such risk. For further information on the deferred tax liabilities, please refer to note 23 in the accountants' report on the Target Group in Appendix II.

STATEMENT OF RECONCILIATION

According to the valuation report prepared by Vigers Appraisal & Consulting Limited, the market value of the Land and Property was RMB320.0 million as at 31 May 2017. In conducting the valuation of the Land and Property, the property valuer has not taken into account the constructions which have not been approved by the relevant government departments. The application for the approvals of the constructions are in process. Detail of the valuation report are disclosed in Appendix V to this circular.

Set forth below is the reconciliation of the net book value of the Land and Property as at 31 March 2017 to its market value as at 31 May 2017:

	RMB'000
Net book value of the Land and Property as at 31 March 2017	320,100
Valuation deficit	(100)
Valuation of the Land and Property as at 31 May 2017	320,000

INFORMATION ON THE VENDOR

The Vendor is a company incorporated in Hong Kong with limited liability. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendor, the Guarantor and their respective ultimate beneficial owner is an Independent Third Party.

The Vendor is principally engaged in investment holding. The Guarantor is the sole shareholder of the Vendor.

INFORMATION ON THE COMPANY AND THE GROUP

The Company is an investment holding company and the Group is a conglomerate which combines commercial enterprise with investments. The Group is currently mainly engaged in information home appliances ("IHA"), investing and leasing of properties.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Directors consider that the acquisition will enlarge the Group's leasing portfolio and strengthen its leasing business. The relevant rental income will potentially increase the Group's revenue and enhance the Group's profitability and value to the Shareholders. The Group also expects that the value of the Land and Property will appreciate in the long run. Therefore, the Directors consider that the entering into of the Sale and Purchase Agreement is in the interest of the Company and the Shareholders as a whole.

The Directors noted the modified opinions on the financial information of the Target Company by the reporting accountants set out in Appendix II of this circular. Such modified opinions were resultant from the Vendor having purchased the Target Group in February 2015 from the previous shareholder and the reporting accountants were unable to obtain sufficient information from the previous shareholder in relation to the following: (i) whether there were any adjustments to the 2013 financial statements that were necessary to bring forward to the year ended 31 December 2014; (ii) the existence of certain plant and equipment as at 1 January and 31 December 2014 to ascertain the carrying amount of such plant and equipment as at 1 January and 31 December 2014; (iii) obtaining confirmation on the validity of the trade receivables as at 31 December 2014; and (iv) valuation of the inventory as at 31 December 2014 and whether the gain from sales of scrap materials was free from material misstatement for the year ended 31 December 2015.

The Company is comfortable in acquiring the Target Company despite the aforementioned modified opinions encountered by the reporting accountants of the Target Group and the inability to draw a conclusion by the reporting accountants on the grounds that: (i) the purchase of the Target Group is driven by the value and rental income of the Land and Property which is the principal asset of the Target Group; (ii) the Target Group was previously engaged in the business of production and sales of computer products. Thereafter, the Target Group ceased its business operation during 2015 and was sold to the Vendor in June 2015. Since 2015, the Target Group has been focused on property leasing. The Directors are of the view that the past performance of the Target Group in relation to its ceased business operation is not a material consideration in the decision to purchase the Target Group.

The subject matters leading to the modified opinions in the accountants' report (as described in II-2 to II-3 of Appendix II) were all related to the business of manufacturing and sale of computer products, which was ceased during the financial year ended 31 December 2015. The Directors are of the view that there will not be any modified opinion on the future financial statements given that the reporting accountants have not expressed any modified opinion on the Target Group's financial statements subsequent to the 2015 financial statements.

Apart from the above-mentioned matter, there was no other modification of the opinion in respect of the remaining items in the statements of financial position of the Target Group as at 31 December 2015, 31 December 2016 and 31 March 2017 in the accountants' report.

FINANCIAL EFFECT OF THE ACQUISITION

Upon completion of the Proposed Acquisition, the Target Group will become wholly-owned subsidiaries of the Company and hence, it will be included in the Group's consolidated financial statements. For details of the unaudited pro forma financial information of the Enlarged Group, please refer to Appendix III to this circular.

Assets and liabilities

Based on the unaudited pro forma financial information as set out in Appendix III to this circular, assuming that the completion of the Proposed Acquisition had taken place on 30 June 2017, the total assets of the Group would have increased from approximately HK$3,067,379,000 to approximately HK$3,077,051,000 on a pro forma basis, while the total liabilities of the Group would have increased from approximately HK$927,182,000 to approximately HK$942,974,000 on a pro forma basis, and the net assets of the Group would have decreased from approximately HK$2,140,197,000 to approximately HK$2,134,077,000 on a pro forma basis.

Loss

For the six months ended 30 June 2017, based on the unaudited interim results of the Group announced on 10 August 2017, the Group recorded loss after tax of approximately HK$10,912,000, which will not be affected by the Proposed Acquisition. Nevertheless, after the Proposed Acquisition, the financial results, assets and liabilities of the Target Group will be consolidated with those of the Group and the earnings of the Group will be affected by the performance of the Target Group. The Land and Properties will continue to be classified as investment properties and stated at fair value.

GEM LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios under Chapter 19 of the GEM Listing Rules exceeds 25% but is less than 100%, the Proposed Acquisition constitutes a major transaction for the Company and is subject to the reporting, announcement, circular and Shareholders' approval requirements under the GEM Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder or any of its associates has any material interest in the Proposed Acquisition and the transactions contemplated thereunder, and no Shareholder would be required to abstain from voting on the resolution(s) in respect of the Proposed Acquisition at the SGM.

SGM

A notice convening the SGM to be held at Suites 3808-9, 38/F., ICBC Tower, Three Garden Road, Central, Hong Kong on Friday, 1 September 2017 at 11:00 a.m. is set out in Appendix VII to this circular for the purpose of considering and, if thought fit, passing the ordinary resolution in relation to the Sale and Purchase Agreement and the transactions contemplated thereunder, respectively.

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, Shop 1712-1716, 17th 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.

RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the view that the Proposed Acquisition is fair and reasonable, is on normal commercial terms and is in the interests of the Company and the Shareholders as a whole.

Accordingly, the Board recommends the Shareholders to vote in favor of the ordinary resolution to be proposed at the SGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

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

Yours faithfully,
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 six months ended 30 June 2017 and each of the three years ended 31 December 2014, 2015 and 2016 are disclosed in the following announcement of the interim report for the six months ended 30 June 2017 and the annual reports of the Company for the years ended 31 December 2014, 2015 and 2016, respectively, which have been published and available on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.yuxing.com.cn):

- The annual report 2014 of the Company for the year ended 31 December 2014 which is published on 30 March 2015, please refer to pages 34 to 100 in particular.

- The annual report 2015 of the Company for the year ended 31 December 2015 which is published on 30 March 2016, please refer to pages 36 to 116 in particular.

- The annual report 2016 of the Company for the year ended 31 December 2016 which is published on 29 March 2017, please refer to pages 44 to 120 in particular.

- The interim report 2017 of the Company for the six months ended 30 June 2017 which is published on 15 August 2017, please refer to pages 3 to 34 in particular.

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

2. INDEBTEDNESS

Borrowings

As at 30 June 2017, being the latest practicable date for the purpose of preparing this indebtedness statement, prior to the printing of this circular, the Enlarged Group had total outstanding borrowings of approximately HK$828.9 million, comprising secured bank borrowings of approximately HK$324.9 million and secured 6% convertible bonds with principal amount of HK$504 million. The Enlarged Group's bank and other borrowings and other unutilised facilities were secured by certain investment properties, buildings, leasehold property, prepaid lease payments, available-for-sale financial assets, financial assets at fair value through profit or loss and bank deposits with an aggregate carrying amount of approximately HK$1,330.2 million.

As at 30 June 2017, being the latest practicable date for the purpose of preparing this indebtedness statement, the Enlarged Group had no contingent liabilities and capital commitments.

Disclaimers

As at 30 June 2017, save as disclosed above and apart from intra-group liabilities and normal trade and other payables in the ordinary course of business, the Enlarged Group did not have any other debt securities issued and outstanding or agreed to be issued, 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

As at the Latest Practicable Date, the Directors confirm that there was no material adverse change in the financial or trading position of the Group since 31 December 2016, being the date to which the latest published audited consolidated financial statements of the Group were made up.

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 was no material adverse change in the financial or trading position of the Target Group since 31 March 2017 being the audited consolidated financial statements of the Target Group were made up.

4. WORKING CAPITAL STATEMENT

The Directors are of the opinion that, after taking into account the present financial resources available to the Enlarged Group and also after completion of the Proposed Acquisition, the Enlarged Group will have sufficient working capital for its present requirements and for at least twelve months from the date of publication of this circular in the absence of unforeseen circumstances.

5. FINANCIAL AND TRADING PROSPECT OF THE ENLARGED GROUP

The existing principal activity of the Company is investment holding and the Group is a conglomerate which combines commercial enterprise with investments. The Group is principally engaged in IHA, investing and leasing of properties. The Group's core business is IHA, the Board believes that the global Internet Protocol Television ("IPTV") market has reached a mature stage. Under the current intense market competition conditions, the Group is confronting severe challenges. Although the IPTV set-top boxes ("STB") business has been undergoing a strong performance in the last few years, the Group's STB business has significantly declined in the first half of 2017. However, the Group will continue to put a higher proportion of investment in research and development, continue upgrading and develop its products to adopt to new market opportunities, thereby achieving a better performance and bringing better investment returns to its Shareholders in the near future.

Regarding its investment business, the Group will focus on investing in the IPTV related industries and the convergence of television, telecom and Internet fields. 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 also intends to take initiatives in developing businesses in relation to global IDC and cloud computing. Maintenance and appreciation of asset value are the long-term investment commitments of the Group.

The Directors consider that upon completion of the Sale and Purchase Agreement, the Proposed Acquisition will enlarge the Group's leasing portfolio and strengthen its leasing business. The relevant rental income will potentially increase the Group's revenue and enhance the Group's profitability and value to the Shareholders. The Group also expects that the value of the Land and Property will appreciate in the long run. Therefore, the Directors consider that the entering into of the Sale and Purchase Agreement is in line with the Group's business strategy and following the completion of the Sale and Purchase Agreement, the Proposed Acquisition will enhance Shareholders' value, broaden the asset base of the Group and provide an excellent return to the Group in the near future.

Upon completion of the Sale and Purchase Agreement, the Target Group will become wholly-owned subsidiaries of the Company and their accounts will be consolidated into the accounts of the Company. The Directors confirm that there will be no major change to the Group's principal business activities as a result of the Sale and Purchase Agreement. Further, the Directors believe that the Sale and Purchase Agreement will have no adverse impact on the Group's operations.

The following is the text of a report set out on pages II-1 to II-37, received from the reporting accountants, SHINEWING (HK) CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Circular.

信永中和 ShineWing

SHINEWING (HK) CPA Limited
43/F., The Lee Gardens
33 Hysan Avenue
Causeway Bay, Hong Kong

The Directors
Yuxing InfoTech Investment Holdings Limited
Units 2107-8, 21/F, Exchange Tower
33 Wang Chiu Road, Kowloon Bay,
Kowloon

Dear Sirs,

INTRODUCTION

We report on the historical financial information of Indeed Holdings Limited (the "Target Company") and its subsidiary (hereinafter collectively referred to as the "Target Group") set out on pages II-5 to II-37, which comprises the consolidated statements of financial position as at 31 December 2014, 2015, 2016 and 31 March 2017, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the years ended 31 December 2014, 2015, 2016 and the three months ended 31 March 2017 (the "Relevant Periods"), and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages II-5 to II-37 forms an integral part of this report, which has been prepared for inclusion in the circular of Yuxing InfoTech Investment Holdings Limited (the "Company") dated 17 August 2017 (the "Circular") in connection with, amongst other matters, the acquisition of the entire equity interest in the Target Company by a subsidiary of the Company (the "Acquisition").

DIRECTOR'S RESPONSIBILITIES OF THE HISTORICAL FINANCIAL INFORMATION

The sole director of the Target Company is responsible for the preparation of the Historical Financial Information that give a true and fair view in accordance with the basis of preparation to the Historical Financial Information, and for such internal control as the sole director of the Target Company determines is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Target Company, as well as evaluating the overall presentation of the Historical Financial Information.

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

During the course of our audit of the Target Group's consolidated financial statements for the years ended 31 December 2014, 2015, 2016 and the three months ended 31 March 2017, we encountered scope limitations in respect of various areas as set out below:

BASIS FOR DISCLAIMER OF OPINION FOR THE YEAR ENDED 31 DECEMBER 2014

(1) Opening balances

The audit procedures on the consolidated financial statements of the Target Group for the year ended 31 December 2013 (the "2013 Financial Statements"), which forms the opening balances in the Relevant Periods' consolidated financial statements were not able to be performed by us. Consequently, we were unable to determine whether any adjustments to the 2013 Financial Statements were necessary that have been brought forward to the year ended 31 December 2014. There were no satisfactory audit procedures for us to ascertain the existence, accuracy and completeness of the opening balances and we were unable to determine whether any adjustments were necessary in respect of the amount and related disclosures which might have a consequential effect on the profit or loss and cash flows for the year ended 31 December 2014.

(2) Account receivables

As at 31 December 2014, included in the account receivables of carrying amount of approximately RMB2,576,000 resulted from production and sale of computer products. We were unable to obtain direct audit confirmation and have not been provided with sufficient evidence to satisfy ourselves as to the validity of approximately RMB2,576,000 included in the aforesaid balance as at 31 December 2014. Accordingly, we were unable to satisfy ourselves as to whether the aforesaid account receivables were free from material misstatement as at 31 December 2014.

BASIS FOR QUALIFIED OPINION

(1) Property, plant and equipment

The Target Group accounted for certain plant and equipment with carrying amounts of approximately RMB10,355,000 and RMB39,699,000 as at 1 January 2014 and 31 December 2014 respectively. We have not been provided with sufficient evidence to ensure the existence of such plant and equipment as at 1 January and 31 December 2014. And there is no satisfactory alternative to be able to ascertain the carrying amount of such plant and equipment as at 1 January and 31 December 2014. We were unable to determine whether any adjustments were necessary in respect of the depreciation and loss on disposal/write-off of such plant and equipment for the year ended 31 December 2015.

(2) Gain from sales of scrap materials

For the year ended 31 December 2015, included in the other operating income of approximately RMB1,505,000 resulted from the sales of scrap materials. We were unable to ascertain the existence and valuation of the inventory as at 31 December 2014, accordingly, we were unable to satisfy ourselves as to whether the gain from sales of scrap materials was free from material misstatement for the year ended 31 December 2015.

DISCLAIMER OF OPINION FOR THE YEAR ENDED 31 DECEMBER 2014

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs above, we have not been able to obtain sufficient appropriate evidence to provide a basis for an opinion on the financial information for the year ended 31 December 2014.

OPINION

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs, the Historical Financial Information, for the purpose of this report, gives a true and fair view of the financial position of the Target Group as at 31 December 2015, 2016 and 31 March 2017 and of its consolidated financial performance and its consolidated cash flows for the year ended 31 December 2015, 2016 and three months ended 31 March 2017.

REVIEW OF STUB PERIOD COMPARATIVE FINANCIAL INFORMATION

The comparative consolidated statements of profit or loss and other comprehensive income, cash flows and changes in equity of the Target Group for the period from 1 January 2016 to 31 March 2016 together with the notes thereon have been extracted from the Target Group's unaudited financial information for the same period (the "31 March 2016 Financial Information") which was prepared by the sole director of the Target Company solely for the purpose of this report. We have reviewed the 31 March 2016 Financial Information in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. Our review of the 31 March 2016 Financial Information consisted of making inquires, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the 31 March 2016 Financial Information. Based on our review, nothing has come to our attention that causes us to believe that the 31 March 2016 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Historical Financial Information which conform with HKFRSs.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

ADJUSTMENTS

The Historical Financial Information is stated after making such adjustments to the Historical Financial Statements as defined on page II-5 have been made.

DIVIDENDS

We refer to note 13 to the Historical Financial Information which states that no dividends have been paid by the Target Company in respect of the Relevant Periods.

Yours faithfully,

SHINEWING (HK) CPA Limited
Certified Public Accountants
Kwan Chi Fung
Practising Certificate Number: P06614

Hong Kong
17 August 2017

A. HISTORICAL FINANCIAL INFORMATION

INDEED HOLDINGS LIMITED

Preparation of Historical Financial Information

The Historical Financial Information in this report was based on the management accounts of the Target Group for the three months period ended 31 March 2017 and the following previously issued financial statements ("Historical Financial Statements"):

Company	Period	Auditor
The Target Company	Years ended 31 December 2014, 2015, 2016	Walton CPA & CO. *(note i)*
上海一鼎電子科技有限公司 ("Shanghai Yiding Electronic Technology Company Limited")	Year ended 31 December 2014	BDO China Shu Lun Pan Certified Public Accountants LLP *(note ii)*
	Years ended 31 December 2015, 2016	Shanghai Puan Certified Public Accountants *(note ii)*

Notes:

(i) These financial statements were audited in accordance with Hong Kong Auditing Standard issued by the HKICPA.

(ii) These financial statements were audited in accordance with China Standard on Auditing issued by the Chinese Institute of Certified Public Accountants.

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		For the year ended 31 December			For the three months ended 31 March	
		2014	**2015**	**2016**	**2016**	**2017**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
Revenue	*7*	115,091	8,510	24,750	6,383	6,419
Cost of goods sold		(129,976)	–	–	–	–
		(14,885)	8,510	24,750	6,383	6,419
Other income	*8*	12,318	6,321	1,868	1	6
Fair value change on investment properties		–	(700)	(2,100)	(500)	(14,100)
Selling and distribution expenses		(1,481)	(280)	–	–	–
Administrative expenses		(33,910)	(6,889)	(3,417)	(2,379)	(3,123)
Other operating expenses		(25,327)	(39,260)	–	–	–
Finance costs	*9*	(1,475)	–	–	–	–
(Loss) profit before tax	*10*	(64,760)	(32,298)	21,101	3,505	(10,798)
Taxation	*11*	–	409	1,224	292	8,225
(Loss) profit for the year/period		(64,760)	(31,889)	22,325	3,797	(2,573)

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended 31 December			For the three months ended 31 March	
	2014	2015	2016	2016	2017
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
(Loss) profit for the year/period	(64,760)	(31,889)	22,325	3,797	(2,573)
Other comprehensive income (expense):					
Items that will not be reclassified subsequently to profit or loss:					
Gain on valuation of properties	–	244,997	–	–	–
Deferred tax effect on revaluation of properties	–	(99,505)	–	–	–
	–	145,492	–	–	–
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising on translating foreign operations	(1,448)	1,189	(10)	149	103
Other comprehensive (expense) income for the year/period, net of tax	(1,448)	146,681	(10)	149	103
Total comprehensive (expense) income for the year/period	(66,208)	114,792	22,315	3,946	(2,470)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 31 March
		2014	2015	2016	2017
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Investment properties	*14*	–	336,300	334,200	320,100
Property, plant and equipment	*15*	131,702	–	–	–
		131,702	336,300	334,200	320,100
CURRENT ASSETS					
Account receivables	*16*	2,576	9,612	254	–
Loan receivables	*17*	–	–	35,000	35,000
Prepayments and other receivables	*18*	19,236	80	–	10,236
Bank balances and cash	*19*	39,702	969	10,027	2,873
		61,514	10,661	45,281	48,109
CURRENT LIABILITIES					
Account payables	*20*	40	–	–	–
Accruals and other payables	*21*	122	2,750	14,184	13,605
Amount due to a related party	*22*	199	83	80	82
Amount due to holding company	*22*	–	21	19	19
		361	2,854	14,283	13,706
NET CURRENT ASSETS		61,153	7,807	30,998	34,403
TOTAL ASSETS LESS CURRENT LIABILITIES		192,855	344,107	365,198	354,503
NON-CURRENT LIABILITY					
Deferred tax liabilities	*23*	–	99,096	97,872	89,647
NET ASSETS		192,855	245,011	267,326	264,856
SHARE CAPITAL AND RESERVES					
Share capital	*24*	319,988	239,991	239,991	239,991
Reserves		(127,133)	5,020	27,335	24,865
		192,855	245,011	267,326	264,856

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Translation reserve	Property revaluation reserve	Other reserves *(note)*	Accumulated losses	Total
	RMB$'000	*RMB$'000*	*RMB$'000*	*RMB$'000*	*RMB$'000*	*RMB$'000*
At 1 January 2014	319,988	(19,935)	–	4,654	(45,644)	259,063
Loss for the year	–	–	–	–	(64,760)	(64,760)
Other comprehensive expense for the year	–	(1,448)	–	–	–	(1,448)
Total comprehensive expense for the year	–	(1,448)	–	–	(64,760)	(66,208)
At 31 December 2014	319,988	(21,383)	–	4,654	(110,404)	192,855
Loss for the year	–	–	–	–	(31,889)	(31,889)
Other comprehensive income for the year	–	1,189	145,492	–	–	146,681
Total comprehensive income (expense) for the year	–	1,189	145,492	–	(31,889)	114,792
Repurchase of share capital	(79,997)	17,361	–	–	–	(62,636)
At 31 December 2015	239,991	(2,833)	145,492	4,654	(142,293)	245,011
Profit for the year	–	–	–	–	22,325	22,325
Other comprehensive expense for the year	–	(10)	–	–	–	(10)
Total comprehensive (expense) income for the year	–	(10)	–	–	22,325	22,315
At 31 December 2016	239,991	(2,843)	145,492	4,654	(119,968)	267,326

Note: Statutory reserves comprise statutory surplus reserves fund of the subsidiary in the PRC and form part of shareholders' fund. According to the articles of association of the subsidiary, the subsidiary is required to transfer 10% of the profit after tax to the statutory surplus reserves fund until the fund balance reaches 50% of the registered capital. The transfer to the funds must be made before distributing dividends to shareholders.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Continued)

	Share capital	Translation reserve	Property revaluation reserve	Other reserves (note)	Accumulated losses	Total
	RMB$'000	*RMB$'000*	*RMB$'000*	*RMB$'000*	*RMB$'000*	*RMB$'000*
At 1 January 2017	239,991	(2,843)	145,492	4,654	(119,968)	267,326
Loss for the period	–	–	–	–	(2,573)	(2,573)
Other comprehensive income for the period	–	103	–	–	–	103
Total comprehensive income (expense) for the period	–	103	–	–	(2,573)	(2,470)
As at 31 March 2017	239,991	(2,740)	145,492	4,654	(122,541)	264,856

	Share capital	Translation reserve	Property revaluation reserve	Other reserves (note)	Accumulated losses	Total
	RMB$'000	*RMB$'000*	*RMB$'000*	*RMB$'000*	*RMB$'000*	*RMB$'000*
At 1 January 2016 (audited)	239,991	(2,833)	145,492	4,654	(142,293)	245,011
Profit for the period	–	–	–	–	3,797	3,797
Other comprehensive income for the period	–	149	–	–	–	149
Total comprehensive income for the period	–	149	–	–	3,797	3,946
At 31 March 2016 (Unaudited)	239,991	(2,684)	145,492	4,654	(138,496)	248,957

Note: Statutory reserves comprise statutory surplus reserves fund of the subsidiary in the PRC and form part of shareholders' fund. According to the articles of association of the subsidiary, the subsidiary is required to transfer 10% of the profit after tax to the statutory surplus reserves fund until the fund balance reaches 50% of the registered capital. The transfer to the funds must be made before distributing dividends to shareholders.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the year ended 31 December			For the three months ended 31 March	
	2014	2015	2016	2016	2017
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
OPERATING ACTIVITIES					
(Loss) profit before tax	(64,760)	(32,298)	21,101	3,505	(10,798)
Adjustments for:					
Depreciation of property, plant and equipment	20,262	–	–	–	–
Bank interest income	(3,477)	(221)	(8)	(1)	(6)
Fair value losses on investment properties	–	700	2,100	500	14,100
Gain on disposal of property, plant and equipment	(1,933)	(295)	–	–	–
Write-off of property, plant and equipment	–	39,260	–	–	–
Impairment loss on inventories	23,504	–	–	–	–
Finance cost	1,475	–	–	–	–
Operating cash flows before movements in working capital	(24,929)	7,146	23,193	4,004	3,296
Decrease in inventories	17,036	–	–	–	–
Increase in loan receivables	–	–	(35,000)	–	–
Decrease (increase) in account receivables	40,837	(7,036)	9,358	9,358	254
Decrease (increase) in prepayments and other receivables	11,833	1,133	80	(19,241)	(10,236)
Decrease in account payables	(126,968)	(40)	–	–	–
(Decrease) increase in accruals and other payables	(18,461)	2,628	11,439	5,297	(578)
CASH (USED IN) GENERATED FROM OPERATING ACTIVITIES	(100,652)	3,831	9,070	(582)	(7,264)
Interest received	3,477	221	8	1	6
NET CASH (USED IN) GENERATED FROM OPERATING ACTIVITIES	(97,175)	4,052	9,078	(581)	(7,258)
INVESTING ACTIVITIES					
Purchases of items of property, plant and equipment	12	–	–	–	–
Proceeds from disposal of property, plant and equipment	34,564	18,757	–	–	–
Repayment from a related party	92,541	–	–	–	–
NET CASH GENERATED FROM INVESTING ACTIVITIES	127,117	18,757	–	–	–
FINANCING ACTIVITIES					
Repayment of short-term borrowings	(151,572)	–	–	–	–
Repurchase of share capital	–	(62,636)	–	–	–
(Advance to) repayment from a related party	(1,486)	(110)	2	(46)	–
Payment of interest	(1,475)	–	–	–	–
(Decrease) increase in amount due to holding company	(1,225)	22	(1)	(2)	–
NET CASH (USED IN) GENERATED FROM FINANCING ACTIVITIES	(155,758)	(62,724)	1	(48)	–
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(125,816)	(39,915)	9,079	(629)	(7,258)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/PERIOD	159,157	39,702	969	969	10,027
Effect of changes in exchange rate	6,361	1,182	(21)	55	104
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD, representing bank balances and cash	39,702	969	10,027	395	2,873

B. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL AND BASIS OF PREPARATION

General

The Target Company was incorporated in the British Virgin Islands (the "BVI") with limited liability on 18 July 2006. The Target Company is principally engaged in investment holding. Its parent company is Phoenix Bridge International Holdings Group Investment Co., Limited, a limited company incorporated in Hong Kong. The address of the registered office of Target Company is Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands, and principle place of business is House 9, No. 1 Oxford Road, Kowloon Tong, Kowloon, Hong Kong.

The Target Company acts as an investment holding company. The activities of the subsidiary are set out in note 29.

The Historical Financial Information is presented in Renminbi ("RMB"), which is the same as the functional currency of the major operating subsidiary, while the functional currency of the Target Company is in US dollars ("USD").

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

For the purpose of preparing and presenting the Historical Financial Information during the Relevant Periods, the Target Group has consistently applied all of the new and revised HKFRSs, Hong Kong Accounting Standards ("HKASs"), amendments and interpretations ("ints") (hereinafter collectively referred to as "new and revised HKFRSs"), issued by the HKICPA which are effective for the financial year beginning on 1 January 2017 throughout the Relevant Periods.

New and revised HKFRSs issued but not yet effective

The Target Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9 (2014)	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Leases[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014 – 2016 Cycle[2]
Amendments to HKAS 40	Transfer of Investment Property[1]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HK (IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]

1 Effective for annual periods beginning on or after 1 January 2018.

2 Effective for annual periods beginning on or after 1 January 2018, as appropriate.

3 Effective for annual periods beginning on or after 1 January 2019.

4 Effective date not yet been determined.

The sole director of the Target Company anticipates that, except as described below, the application of other new and revised HKFRSs will have no material impact of the results and the financial position of the Target Group.

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 and includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the consolidated financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces an "expected credit loss" model for impairment assessments.

Key requirements of HKFRS 9 (2014) are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9 (2014), entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 (2014) requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014) it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

- HKFRS 9 (2014) introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 (2014) looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The director of the Target Company anticipates that the adoption of HKFRS 9 (2014) in the future may have an impact on the Target Group's results and financial position, including the classification categories and the measurement of financial assets, and disclosures. For instance, the Target Group will be required to replace the incurred loss impairment model in HKAS 39 with an expected loss impairment model that will apply to various exposures to credit risk. HKFRS 9 will also change the way the Target Group classifies and measures its financial assets, and will require the Target Group to consider the business model and contractual cash flow characteristics of financial assets to determine classification and subsequent measurement. For financial liabilities designated at fair value through profit or loss, the change in fair value that is attributable to changes in credit risk could be presented in other comprehensive income. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 (2014) until a detailed review has been completed.

HKFRS 15 Revenue from Contracts with Customers

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

(i) Identify the contract with the customer;

(ii) Identify the performance obligations in the contract;

(iii) Determine the transaction price;

(iv) Allocate the transaction price to the performance obligations; and

(v) Recognise revenue when (or as) the entity satisfies a performance obligation.

Under HKFRS 15, an entity recognised revenue when (or as) a performance obligation is satisfied, i.e. when "control" of goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been adopted in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations when it becomes effective.

HKFRS 15 will be effective for annual periods beginning on or after 1 January 2018 with early application permitted.

The sole director of the Target Company anticipates that the application of HKFRS 15 in the future may have result in the identification of separate performance obligations which could affect the timing of the recognition of revenue. Certain costs incurred in fulfilling a contract which are currently expensed may need to be recognised as an asset under HKFRS 15. More disclosures relating to revenue are also required. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until a detail review is completed.

HKFRS 16 Leases

HKFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the consolidated financial statements of both lessors and lessees.

In respect of the lessee accounting, the standard introduces a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases with the lease term of more than 12 months, unless the underlying asset has a low value.

At the commencement date of the lease, the lessee is required to recognise a right-of-use asset at cost, which consists of the amount of the initial measurement of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. A lease liability is initially recognised at the present value of the lease payments that are not paid at that date.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. Lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payment made, and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. Depreciation and impairment expenses, if any, on the right-of-use asset will be charged to profit or loss following the requirements of HKAS 16 "Property, Plant and Equipment", while interest accrual on lease liability will be charged to profit or loss.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

HKFRS 16 will supersede the current lease standards including HKAS 17 "Leases" and the related Interpretations when it becomes effective.

HKFRS 16 will be effective for annual periods beginning on or after 1 January 2019 with early application permitted provided that the entity has applied HKFRS 15 Revenue from Contracts with Customers at or before the date of initial application of HKFRS 16. As the Target Group has no operating commitment during the Relevant Periods. Thus, HKFRS 16 has no material impact to the Target Group.

Amendment to HKAS 7 Disclosure Initiative

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments do not prescribe a specific method to fulfill the new disclosure requirements. However, the amendments indicate that one way is to provide a reconciliation between the opening and closing balances for liabilities arising from financing activities.

Amendments to HKAS 7 will become effective for annual periods beginning on or after 1 January 2017 with early application permitted.

The sole director of the Target Company anticipates that the application of Amendments to HKAS 7 will result in additional disclosures on the Target Group's financing activities, especially reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

3. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the Historical Financial Information includes applicable disclosures required by the GEM Listing Rules and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis. Historical cost is generally based on fair value of the consideration given in exchange for services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price), regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The principle accounting policies are set out below.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Target Company and entities controlled by the Target Company (i.e. its subsidiary). If a subsidiary prepares its financial statements using accounting policies other than those adopted in the Historical Financial Information for like transactions and events in similar circumstances, appropriate adjustments are made to that subsidiary's financial statements in preparing the Historical Financial Information to ensure conformity with the Target Group's accounting policies.

Control is achieved where the Target Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Target Group's returns. When the Target Group has less than a majority of the voting rights of an investee, power over the investee may be obtained through: (i) a contractual arrangement with other vote holders; (ii) rights arising from other contractual arrangements; (iii) the Target Group's voting rights and potential voting rights; or (iv) a combination of the above, based on all relevant facts and circumstances.

The Target Company reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Consolidation of a subsidiary begins when the Target Group obtains control of the subsidiary and cease when the Target Group loses control of the subsidiary.

Income and expenses of a subsidiary are included in the consolidated statement of profit or loss and other comprehensive income from the date the Target Group gains control until the date when the Target Group ceases to control the subsidiary.

All intra-Target Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Target Group are eliminated in full on consolidation.

Revenue recognition

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Target Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Target Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Target Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rental income from operating leases is recognised on a straight-line basis over the terms of the relevant leases.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Target Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Retirement benefits scheme contributions

Payment to the defined contribution plans in the PRC is recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period/year. Taxable profit differs from loss before tax as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods/years and it further excludes items that are never taxable or deductible. The Target Group's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by the end of the Relevant Periods.

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the Historical Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profit will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Target Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantially enacted by the end of the Relevant Periods.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Target Group expects, at the end of the Relevant Periods, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment properties are depreciable and are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment held for use in the supply of goods or services, or for administrative purpose are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to allocate the cost of items of plant and equipment, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each Relevant Periods, with the effect of any changes in estimate accounted for on a prospective basis.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

If an item of property, plant and equipment becomes an investment property when there is a change in use, as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in properties revaluation reserve. The properties revaluation reserve in respect of that item will be transferred directly to retained earnings when it is derecognised.

Cash and cash equivalents

Cash and short-term deposits in the consolidated statement of financial position comprise cash at banks and on hand.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash as defined above.

Financial instruments

Financial assets and financial liabilities are recognised in the statement of consolidated financial position when the Target Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Target Group's financial assets are classified into loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the Relevant Periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including account receivables, loan receivables, other receivables and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment loss (see accounting policy on impairment loss on financial assets below).

Impairment loss on financial assets

Financial assets are assessed for indicators of impairment at the end of each Relevant Periods. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter into bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as account receivables and loan receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Target Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of account and other receivables where the carrying amounts are reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When an account and other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by the Target Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Target Group after deducting all of its liabilities. Equity instruments issued by the Target Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities including account payables, accruals and other payables, amount due to a related party and amount due to holding company are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the Relevant Periods. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Derecognition

The Target Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when, and only when, the obligation specified in the relevant contract is discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

Impairment losses on tangible assets

At the end of the Relevant Periods, the Target Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

When it is not possible to estimate the recoverable amount of an individual asset, the Target Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Target Group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

Fair value measurement

When measuring fair value for the purpose of impairment assessment, the Target Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Target Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Specifically, the Target Group categorised the fair value measurements into three levels, based on the characteristics of inputs, as follow:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

At the end of the Relevant Periods, the Target Group determines whether transfer occur between levels of the fair value hierarchy for assets and liabilities which are measured at fair value on recurring basis by reviewing their respective fair value measurement.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing at the dates of the transactions. At the end of the Relevant Periods, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each Relevant Periods. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserves (attributable to non-controlling interests as appropriate).

Government grants

Government grants are not recognised until there is reasonable assurance that the Target Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Target Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Target Group should purchase, construct or otherwise acquire non-current assets are recognised as other payables and accrued charges in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Target Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Target Group's accounting policies, which are described in note 3 above, the sole director of the Target Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on the historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Income taxes

As at 31 December 2014, 2015 and 2016 and 31 March 2017, the estimated unused tax losses for the Target Group was approximately RMB96,251,000, RMB127,847,000, RMB104,647,000 and RMB101,343,000 respectively, no deferred tax asset had been recognised in relation to such item in the Target Group's consolidated statements of financial position due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the foreseeable future. In cases where the actual future profits generated are more than expected, a material recognition of deferred tax assets may arise, which would be recognised in the statement of profit or loss and other comprehensive income for the period in which such a recognition takes place.

Fair value of investment properties

Investment properties are carried in the consolidated statements of the financial position as at 31 December 2015, 2016 and 31 March 2017 at their fair value of approximately RMB336,300,000, RMB334,200,000 and RMB320,100,000 respectively. The fair value was based on a valuation on these properties conducted by an independent firm of professional valuers using property valuation techniques which involve certain assumptions of market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statements of profit or loss and other comprehensive income.

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the sole director of the Target Company has reviewed the Target Group's investment property portfolios and concluded that the Target Group's investment properties may held for sale. Therefore, in measuring the Target Group's deferred taxation on investment properties, the sole director of the Target Company has determined that the presumption that the carrying amounts of investment properties measured using the fair value model recovered through sale is not rebutted. As a result, the Target Group has recognised any deferred taxes on changes in fair value of investment properties as the Target Group is subject to PRC Enterprise Income Tax ("EIT") and Land Appreciation Tax ("LAT") on disposal of its investment properties.

Estimated useful lives of property, plant and equipment

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The determination of the useful lives involves management's estimation based on historical experience. The Target Group assesses annually the useful lives of the property, plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation in the year and the estimate will be changed in the future period. As at 31 December 2014, the carrying values of property, plant and equipment was approximately RMB131,702,000.

Estimated impairment of loan receivables

The policy for making impairment loss on loan receivables of the Target Group is based on the evaluation of collectability and ageing analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. In addition, management will consider the availability and coverage of financial undertaking, guarantee or collateral to secure the outstanding balance. If the financial conditions of debtors of the Target Group were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment loss may be required. As at 31 December 2016 and 31 March 2017, the carrying amount of the loan receivables were approximately RMB35,000,000 and RMB35,000,000 respectively.

5. CAPITAL RISK MANAGEMENT

The Target Group manages its capital to ensure that entities in the Target Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Target Group's overall strategy remains unchanged during the Relevant Periods.

The capital structure of the Target Group consists of net debt, which includes accruals and other payables, amount due to a related party and amount due to holding company net of cash and cash equivalents and equity attributable to shareholder of the Target Group, comprising issued capital and accumulated losses.

The sole director of the Target Company reviews the capital structure regularly. As part of this review, the sole director of the Target Company considers the cost of capital and risks associated with each class of capital. Based on recommendations of the sole director of the Target Company, the Target Group will balance its overall capital structure through the payment of dividends, new share issues and issue of new debt.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at 31 December			As at 31 March
	2014	**2015**	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Loan and receivables (including cash and cash equivalents)	60,720	10,595	45,281	48,109
Financial liabilities				
At amortised cost	361	842	5,028	4,943

(b) Financial risk management objectives and policies

The Target Group's major financial instruments include account receivables, loan receivables and other receivables, bank balances and cash, account payables, accruals and other payables and amounts due to a related party/holding company. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

The Target Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances. To mitigate the impact of interest rate fluctuations, the Target Group assesses and monitors the exposure to interest rate risk.

The Target Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the prevailing market rates on bank balances.

In the opinions of the sole director of the Target Company, the expected change in interest rate on bank balances will not be significant in the near future, hence no sensitivity analysis is presented.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Target Group.

As at the end of the Relevant Periods, the Target Group's maximum exposure to credit risk which will cause a financial loss to the Target Group due to failure to discharge an obligation by the counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Target Group's major financial assets include account receivables, loan receivables, other receivables and bank balances and cash, which represent the Target Group's maximum exposure to credit risk in relation to financial assets.

For account receivables, in order to minimise the credit risk, the management of the Target Company has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts (including account receivables). In addition, the Target Group reviews the recoverable amount of each individual trade debt at the end of the Relevant Periods to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the sole director of the Target Company considers that the Target Group's credit risk is significantly reduced.

For loan receivables, the Target Group's management manages and analyses the credit risk for each of their new and existing borrowers before standard payment terms and conditions are offered. The management assesses the collateral and credit quality of each borrower based on borrowers' background information, financial position, past experience and relevant factors. The Target Group also reviews from time to time the financial position of the borrowers.

The Target Group's concentration of credit risk by geographical locations is mainly in the PRC.

The Target Group has concentration of credit risk as 81% and 99% of the total account receivables was due from the Group's largest customer and the five largest customers respectively for the year ended 31 December 2014. The account receivables from rental income was solely due from one customer for the years ended 31 December 2015, 2016 and the three months ended 31 March 2017.

The credit risk on liquid funds which are deposited with several banks with high credit ratings is considered to be minimal.

Liquidity risk

In the management of the liquidity risk, the Target Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Target Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Target Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the Relevant Periods.

Liquidity tables

	On demand or within one year *RMB'000*	**Total contractual undiscounted cash flows** *RMB'000*	**Carrying amount** *RMB'000*
At 31 December 2014			
Non-derivative financial liabilities			
Account payables	40	40	40
Accruals and other payables	122	122	122
Amount due to a related party	199	199	199
	361	361	361

	On demand or within one year *RMB'000*	Total contractual undiscounted cash flows *RMB'000*	Carrying amount *RMB'000*
At 31 December 2015			
Non-derivative financial liabilities			
Accruals and other payables	738	738	738
Amount due to a related party	83	83	83
Amount due to holding company	21	21	21
	842	842	842

	On demand or within one year *RMB'000*	Total contractual undiscounted cash flows *RMB'000*	Carrying amount *RMB'000*
At 31 December 2016			
Non-derivative financial liabilities			
Accruals and other payables	4,929	4,929	4,929
Amount due to a related party	80	80	80
Amount due to holding company	19	19	19
	5,028	5,028	5,028

	On demand or within one year *RMB'000*	Total contractual undiscounted cash flows *RMB'000*	Carrying amount *RMB'000*
At 31 March 2017			
Non-derivative financial liabilities			
Accruals and other payables	4,842	4,842	4,842
Amount due to a related party	82	82	82
Amount due to holding company	19	19	19
	4,943	4,943	4,943

(c) Fair value measurements of financial instruments

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis. The sole director of the Target Company considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values due to their immediate or short-term maturities.

7. REVENUE AND SEGMENT INFORMATION

Revenue

The following is an analysis of the Target Group's revenue for the Relevant Periods.

	For the year ended 31 December			For the three months ended 31 March	
	2014	2015	2016	2016	2017
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Sales of goods	115,091	–	–	–	–
Rental income	–	8,510	24,750	6,383	6,419
	115,091	8,510	24,750	6,383	6,419

Segment information

The Target Group is engaged in single segment during the Relevant Periods. The Target Group engaged in manufacturing and sales of computer products during the year ended 31 December 2014 which was ceased during the year ended 31 December 2015. The Target Group engaged in property investment since the year ended 31 December 2015. For the purpose of resources allocation and performance assessment, the chief operating decision maker ("CODM") (i.e. the sole director of the Target Company) reviews the overall results and financial position of the Target Group as a whole prepared in accordance with accounting policies which conform to HKFRSs.

(a) Geographical information

All the assets and major revenue are located and derived in the PRC.

(b) Information about major customers

Revenue from customers of the corresponding year/period contributing over 10% of the total revenue of the Target Group is as follows:

	For the year ended 31 December			For the three months ended 31 March	
	2014	2015	2016	2016	2017
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Customer A[1]	N/A	8,510	24,750	6,383	6,419

[1] Revenue from leasing of investment properties

8. OTHER INCOME

	For the year ended 31 December			For the three months ended 31 March	
	2014	2015	2016	2016	2017
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Bank interest income	3,477	221	8	1	6
Government grant *(note)*	–	4,300	1,860	–	–
Gain on disposal of property, plant and equipment	1,933	295	–	–	–
Sales of scrap materials	6,908	1,505	–	–	–
	12,318	6,321	1,868	1	6

Note: Government grant was received from local government authority for the Target Group's contribution to local economies, of which there are no unfulfilled conditions or contingencies relating to the grant.

9. FINANCE COSTS

	For the year ended 31 December			For the three months ended 31 March	
	2014	**2015**	**2016**	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Interest on other borrowings	1,475	–	–	–	–

10. (LOSS) PROFIT BEFORE TAX

	For the year ended 31 December			For the three months ended 31 March	
	2014	**2015**	**2016**	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
(Loss) profit for the year/period has been arrived after charging:					
Directors' emoluments *(Note 12)*	–	–	–	–	–
Staff costs (excluding directors' emoluments) *(Note)*					
– staff salaries, termination benefit and other allowances	26,418	868	–	–	–
– retirement benefits scheme	5,272	–	–	–	–
Total staff costs	31,690	868	–	–	–
Depreciation of property, plant and equipment	20,262	–	–	–	–
Impairment loss on inventories (included in other operating expenses)	23,504	–	–	–	–
Write-off of property, plant and equipment	–	39,260	–	–	–
Exchange differences (included in other operating expenses)	1,801	515	–	–	–

Note: Staff costs for year ended 31 December 2016 and the three months ended 31 March 2016 and 2017 was borne by its holding company.

11. INCOME TAX

	For the year ended 31 December			For the three months ended 31 March	
	2014	2015	2016	2016	2017
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Deferred tax	–	(409)	(1,224)	(292)	(8,225)

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25%. Accordingly, provision for PRC EIT for the PRC subsidiary is calculated at 25% on the estimated assessable profit for the year/period. No EIT is provided for the Relevant Periods as the Target Group did not derive any assessable profit subject to EIT.

The income tax credit for the Relevant Periods can be reconciled to the (loss) profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	For the year ended 31 December			For the three months ended 31 March	
	2014	2015	2016	2016	2017
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
(Loss) profit before tax	(64,760)	(32,298)	21,101	3,505	(10,798)
Tax calculated at statutory tax rate of 25%	(16,190)	(8,074)	5,275	876	(2,699)
Tax effect of utilisation of tax loss previously not recognised	–	–	(5,800)	(1,001)	(826)
Tax effect of tax loss not recognised	16,190	7,899	–	–	–
Effect of different tax rates on fair value change of investment property	–	(234)	(699)	(167)	(4,700)
Income tax credit	–	(409)	(1,224)	(292)	(8,225)

12. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Directors' emoluments

No emolument paid or payable to the directors of the Target Company during the Relevant Periods.

None of the directors waived or agreed to waive any emoluments paid by the Target Group during the Relevant Periods.

The Target Group did not appoint a chief executive during the Relevant Periods.

No emolument was paid by the Target Group to the directors of the Target Company as an inducement to join or upon joining the Target Company, or as compensation for loss of office for the Relevant Periods.

13. DIVIDENDS

No dividends were paid, declared or proposed during the Relevant Periods, nor has any dividend been proposed since the end of the Relevant Periods.

14. INVESTMENT PROPERTIES

The movement and reconciliation of Level 3 fair value measurements of investment properties are as below:

	As at 31 December			As at 31 March
	2014	2015	2016	2017
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Fair Value				
At beginning and end of the year/period	–	–	336,300	334,200
Transfer from property, plant and equipment	–	337,000	–	–
Decrease in fair value recognised in profit or loss	–	(700)	(2,100)	(14,100)
At end of the year/period	–	336,300	334,200	320,100

(a) The fair value of all of the Target Group's investment properties as at 31 December 2015, 2016 and 31 March 2017 have been arrived at on the basis of a valuation carried out on the respective dates by Vigers Appraisal & Consulting Limited.

(b) All of the Target Group's properties interests are held under operating leases to earn rentals or for capital appreciation purposes and are measured using the fair value model and are classified and accounted for as investment properties.

(c) All of the above investment properties are located in the PRC.

(d) The fair value of the Target Group's investment properties as at 31 December 2015, 2016 and 31 March 2017 was determined based on the income approach, where the market rentals of all lettable units of the properties are assessed and discounted at the market yield expected by investors for this type of properties. The market rentals are assessed by reference to the rentals achieved in the lettable units of the properties as well as other lettings of similar properties in the neighbourhood. The discount rate is determined by reference to the yields derived from analysing the sales transactions of similar properties and adjusted to take into account the market expectation from property investors to reflect factors specific to the Target Group's investment properties. Details of the valuation techniques and assumptions are discussed below.

(e) There has been no change from the valuation technique used in the prior years. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

(f) Details of the Target Group's investment properties and information about the fair value hierarchy as at 31 December 2015, 2016 and 31 March 2017 are as follows:

	Fair value as at 31 December		Fair value as at 31 March
	2015	2016	2017
	RMB'000	*RMB'000*	*RMB'000*
Investment properties located in the PRC (categorised as Level 3)	336,300	334,200	320,100
	336,300	334,200	320,100

There was no transfer between levels of fair value hierarchy during the years/period.

The following table gives information about how the fair values of the investment properties as at 31 December 2015, 2016 and 31 March 2017 are determined (in particular, the valuation techniques and inputs used):

	Fair value hierarchy	Fair value	Valuation technique and key inputs	Significant unobservable inputs	Relationship of key inputs and significant unobservable inputs to fair value
Investment Properties located in the PRC	Level 3	31 December 2015: RMB336,300,000 31 December 2016: RMB334,200,000 31 March 2017: RMB320,100,000	Income approach – by reference to capitalised income derived from existing tenancies and the reversionary potential of the properties	Adjusted prevailing market rents	The higher the prevailing market rent, the lower the fair value

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	Machinery *RMB'000*	Motor vehicles *RMB'000*	Computer equipment *RMB'000*	Total *RMB'000*
COST					
At 1 January 2014	131,630	187,201	1,170	3,075	323,076
Additions	–	–	–	12	12
Disposal	–	(118,037)	(1,170)	–	(119,207)
At 31 December 2014	131,630	69,164	–	3,087	203,881
Disposal	–	–	–	(3,087)	(3,087)
Write-off *(note)*	–	(69,164)	–	–	(69,164)
Elimination on revaluation	(39,627)	–	–	–	(39,627)
Revaluation	244,997	–	–	–	244,997
Transfer to investment properties	(337,000)	–	–	–	(337,000)
At 31 December 2015, 31 December 2016 and 31 March 2017	–	–	–	–	–
ACCUMULATED DEPRECIATION					
At 1 January 2014	28,656	86,491	1,067	2,533	118,747
Provided for the year	10,971	9,176	–	115	20,262
Disposal	–	(65,763)	(1,067)	–	(66,830)
At 31 December 2014	39,627	29,904	–	2,648	72,179
Disposal	–	–	–	(2,648)	(2,648)
Write-off *(note)*	–	(29,904)	–	–	(29,904)
Eliminated on revaluation	(39,627)	–	–	–	(39,627)
At 31 December 2015, 31 December 2016 and 31 March 2017	–	–	–	–	–
CARRYING VALUES					
At 31 December 2014	92,003	39,260	–	439	131,702
At 31 December 2015, 31 December 2016 and 31 March 2017	–	–	–	–	–

The above items of property, plant and equipment are depreciated on a straight-line basis, after taking into account of their estimated residual values, over their estimated useful lives as follows:

Computer equipment	18%
Buildings	Over the shorter of the term of the lease, or 22 years
Machinery	9%-18%
Motor vehicles	18%

The property and buildings are located in the PRC under medium-term lease.

Note: The Target Group engaged in manufacturing and sales of computer products during the year ended 31 December 2014 which was ceased during the year ended 31 December 2015, all plant and equipments were write-off accordingly for the year ended 31 December 2015.

16. ACCOUNT RECEIVABLES

The followings are the balances of account receivables, net of impairment losses:

	As at 31 December			As at 31 March
	2014	**2015**	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Account receivables	2,576	9,612	254	–

The Target Group does not hold any collateral over the account receivables.

The credit period granted to the Target Group's trade customers generally ranges from 0 days to 90 days for the year ended 31 December 2014. No credit period had been granted to the customers for years ended 31 December 2015, 2016 and three months ended 31 March 2017. The ageing analysis of account receivables presented based on the invoice dates, which approximates the respective revenues recognition dates, at the end of the Relevant Periods, which is as follows:

	As at 31 December			As at 31 March
	2014	**2015**	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0 to 30 days	–	2,403	–	–
31 to 90 days	53	6,955	–	–
Over 90 days	2,523	254	254	–
	2,576	9,612	254	–

The ageing analysis of account receivables which are past due but not impaired is as follows:

	As at 31 December			As at 31 March
	2014	**2015**	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0 to 30 days	9	–	–	–
31 to 90 days	19	9,612	254	–
91 to 120 days	169	–	–	–
121 to 150 days	900	–	–	–
Over 150 days	1,479	–	–	–
	2,576	9,612	254	–

Account receivables that were past due but not impaired relate to independent customers that have a long relationship record with the Target Group. The sole director of the Target Company determined that no impairment allowance is necessary in respect of these balances as they are subsequently fully settled.

The Target Group's account receivables that are denominated in currencies other than the functional currencies of the relevant group entities are set out below:

	As at 31 December			As at 31 March
	2014	**2015**	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
USD	2,576	–	–	–

17. LOAN RECEIVABLES

The loan receivables with principal amount of RMB35,000,000 are loans to independent third parties which are unsecured, interest-free and the principal will be mature ranged from March to July 2017.

As at 31 March 2017, loan receivables with principal amount to RMB24,000,000 were due. All the loan receivables were received subsequent to the Relevant Periods.

18. PREPAYMENTS AND OTHER RECEIVABLES

	As at 31 December			As at 31 March
	2014	**2015**	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other receivables	18,906	80	–	10,236
Prepayments	330	–	–	–
	19,236	80	–	10,236

Note: As at 31 March 2017, included in other receivables amounted to RMB10,000,000 is an advance made to an independent third party which is unsecured, interest-free and repayable on demand. The amount was fully settled subsequent to the Relevant Periods.

19. BANK BALANCES AND CASH

	As at 31 December			As at 31 March
	2014	**2015**	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank balances				
General accounts *(Note)*	38,792	969	10,027	2,873
Cash on hand	910	–	–	–
Bank balances and cash	39,702	969	10,027	2,873

Note: Bank balances carries interest at prevailing market rate for the years ended 31 December 2014, 2015, 2016 and for the three months ended 31 March 2017.

20. ACCOUNT PAYABLES

	As at 31 December			As at 31 March
	2014	**2015**	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Account payables	40	–	–	–

The following is an ageing analysis of account payables presented based on the invoice date at the end of the Relevant Periods.

	As at 31 December			As at 31 March
	2014	**2015**	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0 to 30 days	40	–	–	–

The Target Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

21. ACCRUALS AND OTHER PAYABLES

	As at 31 December			As at 31 March
	2014	**2015**	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accruals	122	–	–	–
Receipt in advance	–	–	4,456	4,000
Tenant's rental deposit	–	–	4,679	4,679
Other payables	–	2,750	5,049	4,926
	122	2,750	14,184	13,605

22. AMOUNTS DUE TO A RELATED PARTY/HOLDING COMPANY

The amounts are unsecured, interest-free and repayable on demand.

23. DEFERRED TAXATION

The followings are the major deferred tax liabilities recognised and movements thereon during the Relevant Periods:

	Fair value changes of investment properties
	RMB'000
At 1 January 2014, 31 December 2014 and 1 January 2015	–
Arising from transferred from property and buildings to investment properties and charged to other comprehensive income	99,505
Credited to consolidated statements of profit or loss and other comprehensive income for the year	(409)
At 31 December 2015 and 1 January 2016	99,096
Credited to consolidated statements of profit or loss and other comprehensive income for the year	(1,224)
At 31 December 2016 and 1 January 2017	97,872
Credited to consolidated statements of profit or loss and other comprehensive income for the period	(8,225)
At 31 March 2017	89,647

As at 31 December 2014, 2015 and 2016 and 31 March 2017, the Target Group has unused tax losses of approximately RMB96,251,000, RMB127,847,000, RMB104,647,000 and RMB101,343,000 available respectively for offsetting against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. The losses may be carried forward for a period of five years.

24. SHARE CAPITAL

	Number of shares	**US$**	**Presented in RMB'000**
Ordinary shares of US$1 each			
Authorised:			
At 1 January 2014 and 31 December 2014	50,000,000	50,000,000	
Decreased during the year *(note)*	(20,000,000)	(20,000,000)	
At 31 December 2015, 1 January 2016 and 31 December 2016	30,000,000	30,000,000	
Issued and fully paid:			
At 1 January 2014 and 31 December 2014	40,000,000	40,000,000	319,988
Repurchase during the year *(note)*	(10,000,000)	(10,000,000)	(79,997)
At 31 December 2015, 1 January 2016 and 31 December 2016	30,000,000	30,000,000	239,991
Ordinary shares of US$1 each			
Authorised:			
At 1 April 2015, 31 March 2016, 1 April 2016 and 31 March 2017	30,000,000	30,000,000	239,991
Issued and fully paid:			
At 1 April 2015, 31 March 2016, 1 April 2016 and 31 March 2017	30,000,000	30,000,000	239,991

Note: Pursuant to the shareholder's resolutions dated 12 March 2015, the authorised number of shares of the Target Company decreased from 50,000,000 to 30,000,000 and the issued share capital of the Target Company was decreased from US$40,000,000 to US$30,000,000, in aggregate by the repurchase of 10,000,000 ordinary shares with total consideration of US$10,000,000 in cash. All the shares rank pari passu in all respects with the existing shares of the Target Company.

25. RETIREMENT BENEFITS SCHEME

Pursuant to the regulation of the relevant authorities in the PRC, the subsidiary of the Target Group in this country participate in respective government retirement benefit schemes (the "Schemes") whereby the subsidiaries are required to contribute to the Schemes to fund the retirement benefits of the eligible employees. Contribution made to the Schemes is calculated base on the certain percentages of the applicable payroll costs as stipulated under the requirements in the PRC. The relevant authorities of the PRC are responsible for the entire pension obligations payable to the retired employees. The only obligation of the Target Group with respect to the Schemes is to pay the ongoing required contribution under the Schemes.

26. OPERATING LEASE ARRANGEMENTS

Rental income earned was approximately RMB8,510,000, RMB24,750,000 and RMB6,419,000 during the years ended 31 December 2015, 2016 and three months ended 31 March 2017. The properties generated annualised rental yields of 2.53%, 7.41% and 2.01% respectively on an on-going basis. The properties leased out have committed tenants for ten years.

At the end of the Relevant Periods, the Target Group had contracted with a tenant for the following future minimum lease payments:

		As at 31 December		**As at 31 March**
	2014	**2015**	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	–	28,072	28,072	25,200
In the second to fifth year inclusive	–	113,226	116,033	101,033
After five years	–	144,106	113,226	137,667
Total	–	285,404	257,331	263,900

27. STATEMENTS OF FINANCIAL POSITION OF THE TARGET COMPANY

		As at 31 December		**As at 31 March**
	2014	**2015**	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current asset				
Investment in a subsidiary	297,578	241,762	241,762	241,762
Current asset				
Bank balances and cash	5,826	–	1	1
Current liabilities				
Accruals and other payables	16	8	88	–
Amount due to holding company	–	21	19	19
Amount due to a related party	199	83	80	82
	215	112	187	101
Net current assets (liabilities)	5,611	(112)	(186)	(100)
Net assets	303,189	241,650	241,576	241,662
Capital and reserves				
Share capital	319,988	239,991	239,991	239,991
Reserves *(Note)*	(16,799)	1,659	1,585	1,671
Total equity	303,189	241,650	241,576	241,662

Note: Reserves

	Retained earnings *RMB'000*	Translation reserves *(note)* *RMB'000*	Total *RMB'000*
At 1 January 2014	4,159	(19,935)	(15,776)
Profit (loss) for the year and total comprehensive income for the year	425	(1,448)	(1,023)
At 31 December 2014 and 1 January 2015	4,584	(21,383)	(16,799)
(Loss) profit for the year and total comprehensive income for the year	(92)	1,189	1,097
Repurchase of share capital	–	17,361	17,361
At 31 December 2015 and 1 January 2016	4,492	(2,833)	1,659
Loss for the year and total comprehensive expense for the year	(64)	(10)	(74)
At 31 December 2016 and 1 January 2017	4,428	(2,843)	1,585
(Loss) profit for the period and total comprehensive income for the period	(17)	103	86
At 31 March 2017	4,411	(2,740)	1,671

Note: The translation reserves comprise all foreign exchange differences arising from the translation of the financial statements of foreign operation.

28. RELATED PARTY TRANSACTIONS

Apart from the balances with related parties disclosed elsewhere in the Historical Financial Information, during the Relevant Periods, the Target Group had the following transactions with its related parties:

(a) Other related party transactions

Save as disclosed elsewhere in the consolidated financial statements, the Target Group has entered into the following significant transactions with related parties during the years/period:

Name of company	Nature of transaction	For the year ended 31 December 2014 *RMB'000*	2015 *RMB'000*	2016 *RMB'000*	For the three months ended 31 March 2017 *RMB'000*
山東東鑫電子有限公司	Purchase of raw materials *(note i)*	103	–	–	–
上海宜鑫實業有限公司	Sales of goods *(note ii)*	236	–	–	–

Note i: 山東東鑫電子有限公司 was the subsidiary of the shareholder of the Target Company before the change of shareholding in June 2015.

Note ii: 上海宜鑫實業有限公司 was the subsidiary of the shareholder of the Target Company before the change of shareholding in June 2015.

(b) Compensation of key management personnel

No remuneration was paid to directors of the Target Company who are also the key personnel of management.

29. PRINCIPAL SUBSIDIARY OF THE TARGET COMPANY

At the end of the Relevant Periods, the Target Company has one subsidiary which is 100% held by the Target Company directly during the Relevant Periods and as at date of this report.

Name of subsidiary	Date and place of establishment	Fully paid registered capital	Principal activity
上海一鼎電子科技有限公司 *Shanghai Yiding Electronic Technology Company Limited*	13 December 2006 PRC	2014: US$40,000,000 31 December 2015, 2016 and 31 March 2017: US$31,000,000	(2014: production and sale of computer products) 31 December 2015, 2016 and 31 March 2017: Property investments

The subsidiary does not issued any debt securities subsisting at the end of the Relevant Periods or at any time during the Relevant Periods.

C. SUBSEQUENT FINANCIAL STATEMENTS

As at the date of this report, no audited financial statements of the Target Group have been prepared in respect of any period subsequent to 31 December 2016.

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

The following is the text of a report, prepared for the purpose of incorporation in this circular, received from the Company's auditor, Mazars CPA Limited, Certified Public Accountants, Hong Kong:

MAZARS

MAZARS CPA LIMITED
瑪澤會計師事務所有限公司
42nd Floor, Central Plaza
18 Harbour Road, Wanchai, Hong Kong
香港灣仔港灣道18號中環廣場42樓
Tel 電話: (852) 2909 5555
Fax 傳真: (852) 2810 0032
Email 電郵: info@mazars.hk
Website 網址: www.mazars.hk

17 August 2017

The Directors
Yuxing InfoTech Investment Holdings Limited
Unit 2107-8, 21/F
Exchange Tower
33 Wang Chiu Road
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 assets and liabilities as at 30 June 2017, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages III-6 to III-8 of the circular in connection with the proposed acquisition of the entire equity interests of Indeed Holdings Limited and its subsidiary (the "Target Group", together with the Group hereinafter collectively referred to as the "Enlarged Group") (the "Proposed Acquisition") dated 17 August 2017 (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-5 to III-8 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Proposed Acquisition on the Enlarged Group's consolidated assets and liabilities as at 30 June 2017 as if the Proposed Acquisition had taken place on 30 June 2017. As part of this process, information about the Group's unaudited consolidated financial position as at 30 June 2017 has been extracted by the Directors from the Group's interim report for the six months ended 30 June 2017, on which no audit or review report has been published. Information about the consolidated financial position of the Target Group as at 31 March 2017 has been extracted by the Directors from the accountants' report on the Target Group as set out in Appendix II, where applicable, of the Circular.

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 the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to Accounting Guideline 7 ("AG 7") *"Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars"* 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 accountants plan and perform 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 purpose 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 events or transactions at 30 June 2017 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

B. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

1. Introduction

The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of assets and liabilities as at 30 June 2017 (the "Unaudited Pro Forma Financial Information") of Yuxing InfoTech Investment Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group"), together with Indeed Holdings Limited and its subsidiary (the "Target Group", together with the Group hereinafter collectively referred to as the "Enlarged Group") in connection with the proposed acquisition of the entire equity interests of the Target Group (the "Proposed Acquisition").

The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company (the "Directors") in accordance with paragraph 7.31(1) of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, and is solely for the purpose of illustrating the effect of the Proposed Acquisition on the Group's financial position as at 30 June 2017 as if the Proposed Acquisition had taken place on 30 June 2017.

The Unaudited Pro Forma Financial Information is prepared based on (i) the unaudited consolidated statement of financial position of the Group as at 30 June 2017 which has been extracted from the published interim report of the Company for the six months ended 30 June 2017; and (ii) the audited consolidated statement of financial position of the Target Group as at 31 March 2017 as extracted from accountants' report on the Target Group set out in Appendix II to the Circular.

The Unaudited Pro Forma Financial Information is presented after making pro forma adjustments that are directly attributable to the Proposed Acquisition and factually supportable.

The Unaudited Pro Forma Financial Information has been prepared by the Directors based on a number of assumptions, estimates and uncertainties for illustrative purposes only. Because of the hypothetical nature of these assumptions, estimates and uncertainties, the Unaudited Pro Forma Financial Information may not give a true picture of the financial position of the Enlarged Group had the Proposed Acquisition been completed as of 30 June 2017, where applicable, or any future dates.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group as set out in the published interim report of the Company for the six months ended 30 June 2017 and the audited accountants' report on the Target Group as set out in Appendix II to the Circular, and other financial information included elsewhere in the Circular.

2. Unaudited Pro Forma Consolidated Statement of Assets and Liabilities of the Enlarged Group

	The Group as at 30 June 2017	Target Group as at 31 March 2017	Pro forma adjustments						Enlarged Group as at 30 June 2017
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4)*	*(Note 5)*	*(Note 6)*	*(Note 7)*	*(Note 8)*	
Non-current assets									
Investment properties	222,161	368,819			23,628	(103,291)			511,317
Property, plant and equipment	39,891	–							39,891
Prepaid lease payments	10,666	–							10,666
Available-for-sale financial assets	716,243	–							716,243
Investment in an insurance contract	11,263	–							11,263
Deposit for potential acquisition of subsidiaries	218,010	–		(218,010)					–
	1,218,234	368,819							1,289,380
Current assets									
Inventories	59,617	–							59,617
Loans receivable	115,993	40,327							156,320
Trade and other receivables	105,595	11,794							117,389
Prepaid lease payments	357	–							357
Financial assets at fair value through profit or loss	655,662	–							655,662
Income tax recoverable	584	–							584
Pledged bank deposits	345,662	–							345,662
Cash and bank balances	565,675	3,310	(328,795)	218,010			(6,120)		452,080
	1,849,145	55,431							1,787,671
Current liabilities									
Trade and other payables	124,337	15,676						116	140,129
Amount due to a related party	–	94						(94)	–
Amount due to holding company	–	22						(22)	–
Dividend payables	31	–							31
Bank loans	324,935	–							324,935
Convertible bonds	410,722	–							410,722
Financial liabilities at fair value through profit or loss	56,171	–							56,171
Income tax payable	281	–							281
	916,477	15,792							932,269
Net current assets	932,668	39,639							855,402
Total assets less current liabilities	2,150,902	408,458							2,144,782
Non-current liabilities									
Deferred tax liabilities	10,705	103,291				(103,291)			10,705
Net assets	2,140,197	305,167							2,134,077

3. Notes to the Unaudited Pro Forma Financial Information of the Enlarged Group

1. The unaudited consolidated statement of assets and liabilities of the Group as at 30 June 2017 is extracted, without adjustments, from the published interim report of the Company for the six months ended 30 June 2017.

2. The audited consolidated statement of assets and liabilities of the Target Group as at 31 March 2017 is extracted from the accountants' report on the Target Group as set out in Appendix II to the Circular after translated at the exchange rate of RMB1 to HK$1.1522, which was the prevailing exchange rate on 30 June 2017. All values are rounded to the nearest thousand except when otherwise indicated.

3. Pursuant to the Sale and Purchase Agreement dated 26 June 2017 (the "Agreement"), the consideration payable by the Group for the Proposed Acquisition is USD43,000,000 (equivalent to approximately HK$335,400,000) (the "Consideration"), in which USD27,950,000 (equivalent to approximately HK$218,010,000) had been settled in cash upon signing the Agreement as refundable deposit (the "Deposit").

   The remaining balance of the Consideration of USD15,050,000 (equivalent to approximately HK$117,390,000), subject to the following adjustments ("Adjustments"), shall be paid at completion of the Proposed Acquisition:

   (i) adjusted upwards by the amount in the bank deposit balance (in RMB and USD) excluding the rental payment by the tenant to the Target Company for the months of June to August 2017;

   (ii) adjusted upwards by the amount of rental received for the period from 1 June 2017 to the date of completion of the Proposed Acquisition and calculated on a pro rata basis;

   (iii) adjusted upwards by the amount of the water and electricity supply fees paid by the subsidiary of the Target Company on behalf of the tenant before the date of completion of the Proposed Acquisition; and

   (iv) adjusted downwards by the amount of accounts payable in relation to the rental deposit paid by the tenant.

   For the purpose of the preparation of the Unaudited Pro Forma Financial Information, the pro forma consideration for the Proposed Acquisition is calculated based on the Consideration after taking into account the Adjustments as at 31 March 2017, which may be different from the actual consideration at completion of the Proposed Acquisition.

   Based on the above assumption, the calculation of the pro forma consideration for the Proposed Acquisition is set out below:

	HK$'000
Consideration:	335,400
Adjustments:	
Less: Bank deposit balance excluding the rental received from the tenant for March to May 2017 *(note (i))*	(3,604)
Add: Rental prepayment related to 1 March 2017 and up to the date of completion of the Proposed Acquisition *(note (ii))*	2,304
Add: Water and electricity supply fee paid on behalf of the tenant by the subsidiary of the Target Company	86
Less: Rental deposit paid by the tenant	(5,391)
Total pro forma consideration for the Proposed Acquisition	328,795

Notes:

(i) As at 31 March 2017, the bank deposit balance of HK$3,309,000 was HK$3,604,000 lower than the rental received for March to May 2017 of HK$6,913,000, which resulted in a downward adjustment to the pro forma consideration for the Proposed Acquisition.

(ii) The pro forma consideration for the Proposed Acquisition is adjusted upward by the rental payment related to 1 March to 31 March 2017 of HK$2,304,000.

4. The Deposit of USD27,950,000 (equivalent to approximately HK$218,010,000) will be used as partial payment of the Consideration and has been recognised as non-current asset in the Group's unaudited consolidated statement of financial position as at 30 June 2017. The pro forma adjustment represents reclassification of the Deposit, representing partial payment made for the Proposed Acquisition, to cash and bank balances.

5. The major assets held by the Target Group are investment properties located in the People's Republic of China. The underlying group of assets acquired will not be integrated in forming a business to generate revenue. As a result, the Directors are of the opinion that the Proposed Acquisition is a purchase of net assets which does not constitute a business combination as defined in Hong Kong Financial Reporting Standard 3 (Revised) "*Business Combinations*".

   For the purpose of the preparation of the Unaudited Pro Forma Financial Information, the pro forma consideration for the Proposed Acquisition is first allocated to the financial assets and liabilities at their respective fair values. The remaining balance of the pro forma consideration is then allocated to the investment properties acquired. Consequently, the fair value of the investment properties is adjusted from HK$368,819,000, as reported in the Accountants' report set out in Appendix II to the Circular, to HK$392,447,000.

   The Directors estimated the fair value of the other assets and liabilities of the Target Group as at 31 March 2017 would approximate their corresponding carrying amounts.

6. The pro forma adjustment represents reversal of deferred tax liabilities recognised by the Target Group as at 31 March 2017 in respect of taxable temporary difference arose from the investment properties before the Proposed Acquisition, as these taxable temporary differences arose from the initial recognition of the investment properties in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit.

7. The pro forma adjustment represents estimated acquisition-related costs (including advisory, legal, accounting, valuation and other professional fees) of approximately HK$6,120,000.

8. The pro forma adjustment represents the reclassification of amounts due to a related party and the holding company as at 31 March 2017, which will be reclassified as other payables upon completion of the Proposed Acquisition as this related party and holding company will not be classified as such from the Company's perspective.

Set out below is the management discussion and analysis of the Target Group for the three years ended 31 December 2014, 2015 and 2016 and the three months ended 31 March 2017.

BUSINESS OVERVIEW

The Target Company is an investment holding company incorporated under the laws of the BVI on 18 July 2006. As at the Latest Practicable Date, the Target Company held the entire equity interest in the Target Subsidiary, being the principal asset of the Target Company. The principal asset of the Target Subsidiary is the Land and Property located in 上海市閔行區新源路 1188 號 (No. 1188, Xin Yuan Road, Minhang District, Shanghai, PRC), with an area of approximately 62,634 sq.m and 54,930.56 sq.m respectively.

Save as disclosed above, the Target Company had not conducted any business activities since its incorporation and up to the Latest Practicable Date and did not have any other principal assets as at the Latest Practicable Date.

FINANCIAL OVERVIEW

The table below sets out the Target Group's consolidated statements of profit or loss and other comprehensive income for the three years ended 31 December 2014, 2015 and 2016 and the three months ended 31 March 2017.

	Year ended 31 December			For the three months ended 31 March	
	2014	2015	2016	2016	2017
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue	115,091	8,510	24,750	6,383	6,419
Cost of sales	(129,976)	–	–	–	–
Gross loss	(14,885)	8,510	24,750	6,383	6,419
Other income	12,318	6,321	1,868	1	6
Fair value change on investment properties	–	(700)	(2,100)	(500)	(14,100)
Selling and distribution expenses	(1,481)	(280)	–	–	–
Administrative expenses	(33,910)	(6,889)	(3,417)	(2,379)	(3,123)
Other operating expenses	(25,327)	(39,260)	–	–	–
Finance costs	(1,475)	–	–	–	–
(Loss)/profit before tax	(64,760)	(32,298)	21,101	3,505	(10,798)
Taxation	–	409	1,224	292	8,225
(Loss)/profit for the year/period	(64,760)	(31,889)	22,325	3,797	(2,573)

Revenue

The Target Group generates its entire revenue from the Target Subsidiary. The Target Subsidiary ceased the business of production and sales of computer products during the year ended 31 December 2015. During the year ended 31 December 2015, the Target Subsidiary entered into a lease agreement for a term of ten (10) years commencing from 1 September 2015 to 31 August 2020. In 2016, a supplemental lease agreement was entered into between the Target Subsidiary and the same tenant which superseded the previous lease agreement. Thus, during the years ended 31 December 2015 and 2016 and the three months ended 31 March 2017, revenue was primarily generated from leasing of properties.

The following table sets forth a breakdown of the Target Group's revenue for the years/periods indicated below:

	Year ended 31 December			For the three months ended 31 March	
	2014	**2015**	**2016**	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* **(unaudited)**	*RMB'000*
Sales of computer products	115,091	–	–	–	–
Rental income	–	8,510	24,750	6,383	6,419
Total	115,091	8,510	24,750	6,383	6,419

Cost of sales

The Target Group's cost of sales consists of depreciation, land use tax, maintenance expenses and other production costs. There has been no cost of production after 2014 as the business of production of computer products had ceased.

For the year ended 31 December 2014, the cost of sales of the Target Group was approximately RMB129,976,000.

Gross loss

For the year ended 31 December 2014, the gross loss of the Target Group was approximately RMB14,885,000 with a gross loss margin of 13%. Gross loss was mainly due to the decrease in production volume and low capacity utilization.

Other income

Other income of the Target Group during the three years ended 31 December 2014, 2015 and 2016 and the three months ended 31 March 2017 consist of bank interest income, government grant subsidy, gains on disposal of machinery and equipment and sales of scrap materials.

For the three years ended 31 December 2014, 2015 and 2016 and the three months ended 31 March 2017, the other income of the Target Group were approximately RMB12,318,000, RMB6,321,000, RMB1,868,000 and RMB6,000 respectively.

Fair value change on investment properties

The Land and Property have been recognized as investment properties since 31 August 2015. The Land and Property of the Target Group are held for rental purposes. The Land and Property were revalued on 31 August 2015, 31 December 2015, 31 December 2016 and 31 March 2017 by Vigers Appraisal & Consulting Limited. The Land and Property are currently leased to an independent third party under operating leases. The changes in fair value which amounted to RMB700,000, RMB2,100,000 and RMB14,100,000 were recognized as profit or loss for the years ended 31 December 2015 and 2016 and the three months ended 31 March 2017 respectively.

Selling and distribution expenses

The selling and distribution expenses of the Target Group consist of employee benefits expenses for sales staff, transportation, import and export declaration charges and other selling and distribution expenses.

For the years ended 31 December 2014 and 2015, the selling and distribution expenses of the Target Group were approximately RMB1,481,000 and RMB280,000 respectively.

Administrative expenses

The administrative expenses of the Target Group consist of employee benefits expenses for administrative staff, depreciation and amortisation, legal and professional fees, utilities and office expenses and repairs and maintenance expenses and other administrative expenses.

For the three years ended 31 December 2014, 2015 and 2016 and the three months ended 31 March 2017, the administrative expenses of the Target Group were approximately RMB33,910,000, RMB6,889,000, RMB3,417,000 and RMB3,123,000 respectively.

The significant decrease in the administrative expenses in the year ended 31 December 2015 and 2016 is mainly due to the business of production and sale of computer products was ceased during the year ended 31 December 2015.

Other operating expenses

The other operating expenses of the Target Group mainly consist of net exchange losses, written off inventories and loss on disposal of property, plant and equipment.

For the years ended 31 December 2014 and 2015, the other operating expenses of the Target Group were approximately RMB25,327,000 and RMB39,260,000 respectively.

Finance costs

The finance costs of the Target Group consist of borrowing costs. For the year ended 31 December 2014, the finance costs of the Target Group was approximately RMB1,475,000.

(Loss)/profit for the year/period

The significant decrease in the loss in the year of 2015 was mainly due to the rental income derived from the Target Subsidiary since September 2015 and the cessation of the loss-making business in 2015. The changes in the profit/(loss) in the year 2016 was mainly due to increase in rental income and decrease in administrative expenses and other operating expenses.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Set out below is the financial information on the Target Group as at 31 December 2014, 2015 and 2016 and 31 March 2017.

	As at 31 December			As at 31 March
	2014	**2015**	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets	131,702	336,300	334,200	320,100
Current assets	61,514	10,661	45,281	48,109
Total assets	193,216	346,961	379,481	368,209
Non-current liabilities	–	99,096	97,872	89,647
Current liabilities	361	2,854	14,283	13,706
Total liabilities	361	101,950	112,155	103,353
Net current assets	61,153	7,807	30,998	34,403
Net assets	192,855	245,011	267,326	264,856

The net assets of the Target Group increased from approximately RMB192,855,000 as at 31 December 2014 to approximately RMB245,011,000 as at 31 December 2015. The increase in net assets was primarily attributable to the fair value revaluation from transfer of property, plant and equipment to investment properties during the year of 2015 of approximately RMB244,997,000 on the Land and Property.

For the year ended 31 December 2014, the Target Group financed its working capital primarily through internally generated funds and other borrowings. For the years ended 31 December 2015 and 2016 and the three months ended 31 March 2017, the Target Group financed its working capital primarily through internally generated funds. As at the Latest Practicable Date, the Target Group has no outstanding borrowings remaining unrepaid.

Bank balances and cash

As at 31 December 2014, 2015 and 2016 and 31 March 2017, the Target Group had bank balances of approximately RMB39,702,000, RMB969,000, RMB10,027,000 and RMB2,873,000 respectively.

The significant increase in bank balances and cash from 31 December 2015 to 31 December 2016 was primarily due to the prepaid rental income and deposit received from tenant by the Target Subsidiary. The bank balances and cash of the Target Group were denominated in RMB and USD.

Cash flow

The following table sets forth a summary of the cash flow of the Target Group extracted from the consolidated statements of cash flow of the Target Group for the years/period indicated below:

	Year ended 31 December			Three months ended 31 March
	2014	**2015**	**2016**	**2017**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net cash (used in)/generated from operating activities	(97,175)	4,052	9,078	(7,258)
Net cash generated from investing activities	127,117	18,757	–	–
Net cash (used in)/generated from financing activities	(155,758)	(62,724)	1	–
Net (decrease)/increase in cash and cash equivalents	(125,816)	(39,915)	9,079	(7,258)
Cash and cash equivalents at the end of the year/period	39,702	969	10,027	2,873

As at 31 December 2014, 2015, 2016 and 31 March 2017, the gearing ratio of the Target Group (calculated as a percentage of the total liabilities to total assets of the Target Group) was approximately 0.19%, 29.38%, 29.55% and 28.07% respectively.

EMPLOYEES

The Target Group remunerated its employees by reference to their qualification, experience, responsibilities, profitability of the Target Group and current market conditions. As required by the applicable PRC regulations, the Target Subsidiary participated in various employee benefit plans organised by the municipal and provincial governments, including housing provident fund, pension, medical, maternity and unemployment benefit plans.

The Target Group incurred staff costs of approximately RMB31,690,000 and RMB868,000 for the two years ended 31 December 2014 and 2015 respectively. The significant decrease in staff costs for the year ended 31 December 2015 was due to the cessation of the business of production of computer products in 2015.

PLEDGE OF ASSETS

The Target Group did not have any pledged assets as at the Latest Practicable Date.

MATERIAL INVESTMENTS, CAPITAL ASSETS, ACQUISITION AND DISPOSAL

During the three years ended 31 December 2014, 2015 and 2016 and the three months ended 31 March 2017, other than the investment in the Target Subsidiary, the Target Group did not hold any significant investments, and did not have any material acquisitions and disposals of subsidiaries and associated companies.

The Target Group will continue to focus on the business of leasing of the Land and Property, which is expected to be funded by cash flows generated internally from its operation activities. Other than the leasing business, the Target Group did not have any future plans for material investments or capital assets as at the Latest Practicable Date.

FOREIGN CURRENCY EXPOSURE

As the Target Group's monetary assets and liabilities are all denominated in RMB and the Target Subsidiary conducts its business transactions only in RMB, the currency risk of Target Group is remote and the Target Group does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

CONTINGENT LIABILITIES

The Target Group did not have material contingent liabilities as at 31 December 2014, 31 December 2015, 31 December 2016 and 31 March 2017 respectively.

The following is the text of a letter and valuation certificate, prepared for the purpose of incorporation in this circular received from Vigers Appraisal & Consulting Limited, an independent valuer, in connection with its valuation as at 31 May 2017 of the property interest of the Target Group.

Vigers Appraisal & Consulting Limited
International Assets Appraisal Consultants

10th Floor, The Grande Building
398 Kwun Tong Road
Kowloon
Hong Kong

17 August 2017

The Board of Directors
Yuxing InfoTech Investment Holdings Limited
Units 2107-8 on 21st Floor,
Exchange Tower,
No. 33 Wang Chiu Road,
Kowloon Bay,
Kowloon,
Hong Kong

Dear Sirs,

In accordance with the instructions of Yuxing InfoTech Investment Holdings Limited (the "Company") for us to value the property interest held by Shanghai Indeed Technology Company Limited* (上海一鼎電子科技有限公司) ("Shanghai Indeed") in the People's Republic of China ("the PRC"), we confirm that we have carried out an inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of such property interest as at 31 May 2017 ("valuation date") for the purpose of incorporation in the circular.

Our valuation is our opinion of the market value of the property interest which we would define market value 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".

In valuing the property interest, we have valued on the basis of capitalization of net rental income derived from the existing tenancy with allowance for the reversionary income potential of the property.

Our valuation has been made on the assumption that the owner sells the property interest on the open market in its existing state without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase the value of the property interest. In addition, no forced sale situation in any manner is assumed in our valuation.

We have not caused title searches to be made for the property interest at the relevant government bureau in the PRC. We have been provided with certain extracts of title documents relating to the property interest. However, we have not inspected the original documents to verify the ownership, encumbrances or the existence of any subsequent amendments which may not appear on the copies handed to us. In undertaking our valuation for the property interest, we have relied on the legal opinion (the "PRC legal opinion") provided by the Company's PRC legal adviser, King & Wood Mallesons.

We have relied to a considerable extent on information provided by the Company and have accepted advice given to us by the Company on such matters as planning approvals or statutory notices, easements, tenure, occupation, lettings, site and floor areas and in the identification of the property and other relevant matter. We have also been advised by the Company that no material facts had been concealed or omitted in the information provided to us. All documents have been used for reference only.

All dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us by the Company and are approximations only. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the property. However, we have not carried out a structural survey nor have we inspected woodwork or other parts of the structures which are covered, unexposed or inaccessible and we are therefore unable to report that any such parts of the property are free from defect. No tests were carried out on any of the services.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interest nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interest is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

Our valuation is prepared in accordance with the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors (HKIS) and the requirements set out in Chapter 8 to the Rules Governing the Listing of Securities on Growth Enterprise Market (GEM) issued by The Stock Exchange of Hong Kong Limited.

Unless otherwise stated, all money amounts stated are in Renminbi (RMB). The exchange rate used in valuing the property interest in the PRC as at 31 May 2017 was HK$1=RMB0.8808. There has been no significant fluctuation in the exchange rate for Renminbi against Hong Kong Dollars (HK$) between that date and the date of this letter.

We enclose herewith the valuation certificate.

Yours faithfully,
For and on behalf of
Vigers Appraisal & Consulting Limited
Raymond Ho Kai Kwong
Registered Professional Surveyor (GP)
MRICS MHKIS MSc(e-com)
China Real Estate Appraiser
Managing Director

Note: Mr. Raymond Ho Kai Kwong, Chartered Surveyor, MRICS MHKIS MSc(e-com), has over twenty nine years' experiences in undertaking valuations of properties in Hong Kong and has over twenty two years' experiences in valuations of properties in the PRC.

VALUATION CERTIFICATE

Property interest to be acquired by the Company in the PRC

Property	Description and Tenure	Particulars of occupancy	Market Value in existing state as at 31 May 2017
An industrial complex located at No. 1188 Xinyuan Road, Minhang District, Shanghai City, the PRC	The property comprises a parcel of land with a site area of approximately 62,634 sq.m. and 7 buildings completed in 2010 erected thereon. The buildings have a total gross floor area of approximately 54,930.56 sq.m. The buildings mainly include a composite building, workshops and a guard house. The land use rights of the property have been granted for a term expiring on 19 February 2057 for industrial use.	The property has been leased to an independent third party tenant under a tenancy agreement for a term of 10 years from 1 March 2017 to 28 February 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.	RMB320,000,000 (equivalent to approximately HK$363,300,000)

Notes:

1. Pursuant to a 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 for a term expiring on 19 February 2057 for industrial use.

2. Pursuant to a Shanghai Certificate of Real Estate Ownership (Document No.: Hu Fang Di Min Zi (2010) No. 028930), the ownership rights of 7 buildings of the property having a total gross floor area of approximately 54,930.56 sq.m. were vested in Shanghai Indeed.

3. As at the date of our inspection, 3 cold storage tanks and a fire pump room were being constructed by the tenant on the property and is close to completion. These constructions have not been approved by the relevant government departments. The tenant is subject to the risk of being ordered to demolish these constructions and being fined. If approval of these constructions can be obtained later, the tenant will be charged a premium by the relevant government departments upon agreement.

4. Moreover, the tenant altered and split 4 workshop buildings of the property from single storey to two storeys without obtaining the relevant approvals from the relevant government authorities. According to the applicable laws, the tenant, being the responsible party is subject to the risk of being ordered to demolish such alterations and being fined, if the order is not complied with. In addition, according to the tenancy agreement, the tenant undertook to comply with the applicable laws in relation to constructions and alterations. Shanghai Indeed shall be entitled to request the tenant to reimburse Shanghai Indeed for any penalties suffered by it for any breaches of such applicable laws.

5. The PRC legal opinion states, inter alia, the following:

   (i) Shanghai Indeed has obtained the land use rights and building ownership rights of the property.

   (ii) Shanghai Indeed is entitled to lease the property.

   (iii) According to the tenant, the application for the approvals of the alterations of the 4 workshop buildings is being processed.

   (iv) The risk of Shanghai Indeed being penalized by the government authorities for the alterations of the 4 workshop buildings as stated in Note 4 above is remote given that the tenant is responsible for the alterations.

6. The property was inspected by Ms. Lu He Rong, China Real Estate Appraiser, on 12 January 2017.

* *for identification purpose only*

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 OF DIRECTORS AND CHIEF EXECUTIVES

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 Securities and Futures Ordinance ("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	Percentage of shareholding
Mr. Shi Guangrong	Personal	Beneficial owner	22,660,000	1.26%
Mr. Zhu Jiang	Personal	Beneficial owner	7,926,756	0.44%
Mr. Gao Fei	Personal	Beneficial owner	540,000	0.03%
Ms. Shen Yan	Personal	Beneficial owner	324,000	0.02%
Mr. Zhong Pengrong	Personal	Beneficial owner	144,000	0.01%
Mr. Wu Jiajun	Personal	Beneficial owner	600,000	0.03%

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

Pursuant to the share option scheme adopted by the shareholders of the Company at the special general meeting 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, details of which as at 30 June 2017 were as follows:

				Number of shares issuable under the share options				
Category	**Date of grant**	**Exercise price per share**	**Exercisable period**	**Outstanding as at 1 January 2017**	**Granted during the period**	**Exercised during the period**	**Cancelled during the period**	**Outstanding as at 30 June 2017**
		HK$						
Directors								
Mr. Shi Guangrong	16 January 2015	2.2	16 January 2015 – 15 January 2020	6,500,000	–	–	–	6,500,000
Mr. Zhu Jiang	16 January 2015	2.2	16 January 2015 – 15 January 2020	7,000,000	–	–	–	7,000,000
Ms. Shen Yan	16 January 2015	2.2	16 January 2015 – 15 January 2020	1,000,000	–	–	–	1,000,000
Mr. Zhong Pengrong	16 January 2015	2.2	16 January 2015 – 15 January 2020	1,000,000	–	–	–	1,000,000
Mr. Wu Jiajun	16 January 2015	2.2	16 January 2015 – 15 January 2020	1,000,000	–	–	–	1,000,000
Chief Executive Officer								
Mr. Kevin Choo	16 January 2015	2.2	16 January 2015 – 15 January 2020	8,000,000	–	–	–	8,000,000
				24,500,000	–	–	–	24,500,000

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

(1) Long positions in the 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 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	Percentage of shareholding
Cloudrider Limited ("Cloudrider") *(Note 1)*	Corporate	Beneficial owner	450,357,200	24.98%
Lontrue Co., Ltd* (朗源股份有限公司) ("Lontrue") *(Note 1)*	Corporate	Interest of a controlled corporation	450,357,200	24.98%
Honbridge Holdings Limited (Stock Code: 8137) ("Honbridge") *(Note 2)*	Corporate	Person having a security interest in shares	450,357,200	24.98%
Hong Bridge Capital Limited ("Hong Bridge") *(Note 2)*	Corporate	Interest of a controlled corporation	450,357,200	24.98%
Mr. He Xuechu *(Note 2)*	Personal	Interest of a controlled corporation	450,357,200	24.98%
Ms. Foo Yatyan *(Note 2)*	Personal	Interest of a controlled corporation	450,357,200	24.98%
Super Dragon Co., Ltd. ("Super Dragon") *(Note 3)*	Corporate	Beneficial owner	116,365,800	6.45%

* *For identification purposes only*

(2) Long position in the underlying shares of the convertible bonds issued by the Company on 20 June 2017 in the principal amount of HK$504,000,000 (the "Convertible Bonds")

Name of the holder of the Convertible Bonds	Principal amount of the Convertible Bonds	Number of the total underlying shares	Approximate percentage of the total issued share capital of the Company
Cloud Empire Investments Limited *(Note 4)*	HK$504,000,000 *(Note 5)*	360,000,000	19.97%

Notes:

1. Reference is made to the announcements of the Company dated 11 April 2016, 12 April 2016 and 16 May 2016 in relation to a proposed disposal of shares in the Company by Super Dragon. Super Dragon has on 10 April 2016 entered into a sale and purchase agreement with Cloudrider, in relation to a proposed sale by Super Dragon and proposed acquisition by the Cloudrider of 450,357,200 ordinary shares of the Company ("Shares") (representing 25% of the issued ordinary shares of the Company as at 31 March 2016) at HK$2.40 per share. On 16 May 2016, the transfer of the Shares was completed as contemplated under the sale and purchase agreement. According to the disclosure forms filed by Cloudrider and Lontrue on 19 May 2016, Lontrue holds 35.65% of the equity interest of Cloudrider and is deemed to be interested in 450,357,200 shares of the Company. Mr. Li Qiang, the executive Director and chairman of the Board, is the sole shareholder and director of Capital Melody Limited, holding 32.09% of the equity interest of Cloudrider as at 30 June 2017.

2. Reference is made to the announcement of Honbridge dated 11 April 2016 and a circular dated 24 May 2016 in relation to a loan agreement dated 11 April 2016 between Honbridge and Cloudrider. A loan in the principal amount of HK$540,000,000 granted by Honbridge to Cloudrider pursuant to a loan agreement at the rate of 3% per annum, which may be drawn down in two tranches (the "Loan"). The maturity date was 12 months after the drawdown of the Tranche A Loan, subject to an option to extend by Cloudrider to the date falling 24 months after the drawdown. The Loan is secured by (i) share charges provided by Bronze Pony Investments Limited and Capital Melody Limited having granted security over all of their shareholdings in Cloudrider; and (ii) a debenture consisting of a fixed and floating charge over all of the assets of Cloudrider in favour of Honbridge, or such other security as required by Honbridge to its satisfaction. According to the disclosure forms filed by Honbridge, Hong Bridge, Mr. He Xuechu and Ms. Foo Yatyan on 23 September 2016, Hong Bridge holds more than one-third of the issued share capital of Honbridge and Mr. He Xuechu holds more than one-third of the issued share capital of Hong Bridge which in turn holds more than one-third of the issued share capital of Honbridge. As such, Mr. He Xuechu and Hong Bridge are deemed interested in 450,357,200 shares of the Company in which Honbridge has an interest. Ms. Foo Yatyan is deemed to be interested in 450,357,200 shares of the Company because the interests are related to the interests of children under 18 and/or spouse.

3. Mr. Zhu Weisha holds these shares through Super Dragon, a company in which Mr. Zhu holds the entire issued share capital and of which he is the sole director.

4. Cloud Empire Investments Limited ("Cloud Empire") is a company incorporated under the laws of the British Virgin Islands. According to the disclosure forms filed by Cloud Empire, ABCI Investment Management Limited ("ABCI Investment"), ABC International Holdings Limited ("ABC International"), Agricultural Bank of China Limited ("ABC"), Ministry of Finance of the People's Republic of China and Central Huijin Investment Ltd. ("Central Huijin") on 31 May 2017, ABCI Investment, ABC International, ABC, Ministry of Finance of the People's Republic of China and Central Huijin are also deemed to be interested in such Convertible Bonds of the Company under the SFO.

5. On 26 May 2017, the Company entered into a subscription agreement with Cloud Empire as the subscriber in relation to the issue of Convertible Bonds in the principal amount of HK$504,000,000. The Convertible Bonds can be converted into a total of 360,000,000 ordinary shares of the Company at the initial conversion price of HK$1.4 per share (subject to adjustments). The issue was completed on 20 June 2017 with net proceeds of approximately HK$500.2 million.

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), 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 Enlarged Group which was not determinable by the Enlarged 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 Enlarged Group since 31 December 2016, 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 Enlarged 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 and their respective associates were considered to have any interest in business which competed or were likely, either directly or indirectly, with the business of the Enlarged 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 Enlarged Group is engaged or pending or threatened against the Enlarged Group.

7. MATERIAL CONTRACTS

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

(a) the subscription agreement dated 25 July 2017 entered into between a wholly-owned subsidiary of the Company as the subscriber (the "Subscriber") and iSun Global Restructuring-led Partnership Fund I LP ("iSun GP I Limited") pursuant to which the Subscriber has committed to make the investment of HK$200 million (the "Fund") in iSun GP I Limited, by way of a subscription for a limited partnership interest in the Fund. The investment would be made by the Subscriber in accordance with the investment agreements comprising principally the subscription agreement, the limited partnership agreement and the side letter. For further details, please refer to the announcement of the Company dated 25 July 2017;

(b) the Sale and Purchase Agreement;

(c) the subscription agreement dated 26 May 2017 entered into by the Company (as the issuer) and Cloud Empire Investments Limited (as the subscriber) in respect of the issue and subscription of the convertible bonds in the aggregate principal amount of HK$504,000,000 under general mandate. The convertible bonds can be converted into a total of 360,000,000 ordinary shares of the Company at the initial conversion price of HK$1.4 per share. The issue was completed on 20 June 2017 with net proceeds of approximately HK$500.2 million (please refer to the announcements of the Company dated 26 May 2017, 2 June 2017 and 20 June 2017 for further details);

(d) the loan agreement dated 17 May 2017 entered into by two indirect wholly-owned subsidiaries of the Company (as the lenders) and Xiang Jiang Technology Co., Limited* (香江科技股份有限公司) (as the borrower) pursuant to which the lenders have agreed to grant to the borrower loans in the total principal amount of RMB100.0 million (equivalent to approximately HK$113.5 million), bearing interest at a rate of 8% per annum for a period of one (1) year (please refer to the announcement of the Company dated 17 May 2017 for further details);

(e) the loan agreement dated 21 December 2016 entered into by an indirect wholly-owned subsidiary of the Company (as the lender) and Shanghai YingHong Investment Management Co., Ltd* (上海鷹虹投資管理有限公司) (as the borrower) pursuant to which the lender has agreed to grant to the borrower a loan in the principal amount of RMB200.0 million (equivalent to approximately HK$223.5 million), bearing interest at a rate of 8% per annum for a period of one (1) year. The borrower had fully repaid the principal amount with interest to the lender on 23 February 2017 (please refer to the announcement of the Company dated 21 December 2016 and note 22 to the Consolidated Financial Statements in the annual report 2016 of the Company for further details).

* *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 & Consulting Limited	Registered Professional Surveyor
Mazars CPA Limited	Certified Public Accountants
SHINEWING (HK) 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 Enlarged 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 Enlarged 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 2016 (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 Enlarged Group, or are proposed to be acquired or disposed of by or leased to any members of the Enlarged 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 Units 2107-8, 21/F, Exchange Tower, 33 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, Mr. Zhong Pengrong and Mr. Wu Jiangjun.

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 of Directors. 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 Units 2107-8, 21/F, Exchange Tower, 33 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 2014, 2015 and 2016 of the Company;

(c) the interim report of the Company for the six months ended 30 June 2017;

(d) the accountants' report of the Target Group prepared by SHINEWING (HK) CPA Limited, the text of which is set out in Appendix II to this circular;

(e) the letter from Mazars CPA Limited in respect of the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix III to this circular;

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

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

(h) the written consent from the experts as referred to in the paragraph headed "Expert and Consent" in this appendix; and

(i) 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 Suites 3808-9, 38/F., ICBC Tower, Three Garden Road, Central, Hong Kong on Friday, 1 September 2017 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 sale and purchase agreement dated 26 June 2017 entered into between Noble Rich Investment Limited (a wholly-owned subsidiary of the Company), Phoenix Bridge International Holdings Group Investment Co., Limited and Wang Dade (the "**SPA**") and all the transactions contemplated under the SPA, be and is hereby approved, confirmed and ratified;

(b) any director(s) of the Company, acting singly, 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 SPA; and

(c) any director(s) of the Company, acting singly, be and is authorised to agree, approve and initial any amendments, variations or supplements to, and to sign, affix the common seal of the Company on, deliver and perfect, for and on behalf of the Company, the SPA, all 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 absolute and unfettered discretion think fit in connection with the SPA and the Ancillary Documents and the transactions contemplated thereunder."

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

Hong Kong, 17 August 2017

* *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 proxy to attend and vote instead of him. A member may appoint a proxy in respect of part only of his 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 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 authorized to sign the same.

4. To be valid, the proxy form, together with the power of attorney or other authority (if any) under which it is signed or a certified copy thereof must be lodged at the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting thereof (as the case maybe) and in default thereof the proxy form and such power or authority shall not be treated as valid.

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 any meeting, either in person or by proxy, in respect of such shares as if the shareholder was solely entitled thereto, but if more than one of such joint holders be present at the meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of the Company in respect of the joint holding.