
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Yuxing InfoTech Holdings Limited (the "Company"), you should at once hand this circular and the accompanying proxy form to the purchaser or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

This circular, for which the directors of the Company (the "Directors") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Growth Enterprise Market of the Stock Exchange (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: (1) the information contained in this circular is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this circular misleading; and (3) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.



YUXING INFOTECH HOLDINGS LIMITED

裕興科技控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 8005)

PROPOSED SHARE PREMIUM REDUCTION

The notice convening the special general meeting of the Company to be held at Unit 1809, 18th Floor, Tower III, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong on Monday, 24th September 2007 at 10:00 a.m. is set out on pages 8 to 9 of this circular.

A form of proxy for the special general meeting of the Company is enclosed with this circular. If you do not propose to attend the special general meeting of the Company, you are requested to complete the proxy form and return the same at the office of the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time appointed for the special general meeting of the Company or any adjourned meeting. Completion and delivery of the proxy form will not preclude you from attending and voting at the special general meeting of the Company or any adjourned meeting if you so wish.

This 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.

* *For identification purposes only*

27th August 2007

CHARACTERISTICS OF GEM

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Exchange. Listed companies are not generally required to issue paid announcements in Gazetted Newspapers. Accordingly, prospective investors should note that they need to have access to the GEM Website in order to obtain up-to-date information on GEM-listed issuers.

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EXPECTED TIMETABLE

The expected timetable for implementation of the Share Premium Reduction is as follows:

2007

| | |
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| Circular (including the notice of the SGM) relating to the Share Premium Reduction and the form of proxy for the SGM despatched on | Monday, 27th August |
| Notice relating to the Share Premium Reduction published in Bermuda on or about | Wednesday, 29th August |
| Latest time for lodging forms of proxy for use at the SGM | 10:00 a.m. on Saturday, 22nd September |
| Scheduled time and date of SGM. | 10:00 a.m. on Monday, 24th September |

The following events are conditional on the results of the SGM:

| | |
|--|------------------------|
| Effective date of the Share Premium Reduction. | Monday, 24th September |
|--|------------------------|

Further announcement will be made if there are any changes to the above timetable. All time references in this announcement refer to Hong Kong time.

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

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|---------------------------|--|
| “Board” | the board of Directors |
| “business day” | any day (other than a Saturday or Sunday) on which licensed banks in Hong Kong are open for business during their normal business hours |
| “Companies Act” | the Companies Act 1981 of Bermuda (as amended) |
| “Company” | Yuxing InfoTech Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Stock Exchange |
| “Director(s)” | director(s) of the Company |
| “Effective Date” | the date on which the Share Premium Reduction shall become effective, being the date of the SGM at which the relevant special resolution approving the Share Premium Reduction is passed by the Shareholders |
| “GEM” | the Growth Enterprise Market of the Stock Exchange |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on GEM |
| “Group” | the Company and its subsidiaries from time to time |
| “HK\$” | Hong Kong dollar(s), the lawful currency of Hong Kong |
| “Latest Practicable Date” | 24th August 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein |
| “SGM” | the special general meeting of the Company to be convened to approve the Share Premium Reduction |
| “Share(s)” | ordinary share(s) of HK\$0.025 each in the issued share capital of the Company as at the Latest Practicable Date |
| “Shareholders” | holders of Shares in the issued share capital of the Company |

DEFINITIONS

| | |
|---------------------------|---|
| “Share Premium Reduction” | the proposed reduction on the Effective Date of all amounts standing to the credit of the share premium account of the Company as at 30th June 2007 (being approximately HK\$385,022,000) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |

LETTER FROM THE BOARD



YUXING INFOTECH HOLDINGS LIMITED

裕興科技控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 8005)

Executive Directors:

Zhu Wei Sha (*Chairman*)
Chen Fu Rong (*Deputy Chairman*)
Shi Guang Rong
Wang An Zhong

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Independent Non-executive Directors:

Wu Jia Jun
Zhong Peng Rong
Shen Yan

Principal place of business

in Hong Kong:
Unit 1808, 18th Floor
Tower III
Enterprise Square
9 Sheung Yuet Road
Kowloon Bay
Kowloon
Hong Kong

27th August 2007

Dear Sir or Madam,

PROPOSED SHARE PREMIUM REDUCTION

INTRODUCTION

The Board announced on 15th August 2007 that it intends to put forward a proposal to the Shareholders for a reduction of the share premium account of the Company pursuant to section 46 of the Companies Act.

The purpose of this circular is to provide you with further information on the Share Premium Reduction and notice of SGM.

* For identification purposes only

LETTER FROM THE BOARD

PROPOSED SHARE PREMIUM REDUCTION

As at 30th June 2007, the unaudited amount standing to the credit of the share premium account of the Company was approximately HK\$385,022,000 and the amount of accumulated losses was approximately HK\$150,401,000. It will be proposed at the SGM that, pursuant to the Share Premium Reduction and subject to fulfilment of its conditions as set out below, all amounts standing to the credit of the share premium account of the Company as at 30th June 2007 (such amount being approximately HK\$385,022,000) be reduced and that this amount be applied to eliminate the accumulated losses of the Company as at 30th June 2007 (such accumulated losses being approximately HK\$150,401,000) and the balance (such balance being approximately HK\$234,621,000) be transferred to the contributed surplus account of the Company.

REASONS FOR THE SHARE PREMIUM REDUCTION

The Board believes that the elimination of the accumulated losses of the Company by way of the Share Premium Reduction will give the Company greater flexibility to declare dividends or make distribution to the Shareholders in the future as and when the Board considers appropriate.

EFFECT OF THE SHARE PREMIUM REDUCTION

Other than the expenses to be incurred in relation to the Share Premium Reduction, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the Shareholders.

CONDITIONS OF THE SHARE PREMIUM REDUCTION

The Share Premium Reduction is conditional upon, among others:

- (a) the Shareholders at the SGM having passed a special resolution approving the Share Premium Reduction; and
- (b) compliance with the requirements of section 46(2) of the Companies Act, including (i) the publication of a notice in relation to the Share Premium Reduction in Bermuda, and (ii) the Directors being satisfied that on the Effective Date, there are no reasonable grounds for believing that the Company is, or after the Share Premium Reduction will be, unable to pay its liabilities as they become due.

No court sanction or other legal procedures, save for the publication of notice in relation to the proposed Share Premium Reduction, are required to effect a share premium reduction in Bermuda. Accordingly, the Company expects to publish notice in relation to the Share Premium Reduction in Bermuda on or about 29th August 2007.

Assuming the above conditions are fulfilled, it is expected that the Share Premium Reduction will become effective on the date of the SGM at which the relevant special resolution approving the Share Premium Reduction is passed by the Shareholders.

LETTER FROM THE BOARD

SGM

A notice of SGM is set out on pages 8 to 9 of this circular.

A form of proxy for the SGM is enclosed with this circular. If you do not intend to attend the SGM, you are requested to complete the form of proxy 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, 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time fixed for the SGM or any adjourned meeting. Completion and delivery of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjourned meeting if you so wish.

PROCEDURES FOR DEMANDING A POLL AT THE SGM

Under Bye-law 66(1) of the Company, a poll may be properly demanded at a general meeting of the Company:

- (a) by the Chairman of the meeting; or
- (b) by at least three Shareholders present in person (or in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (d) by a Shareholder or Shareholders present in person (or in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors are of the opinion that the Share Premium Reduction is in the interest of the Company and its Shareholders as a whole and recommend all Shareholders to vote in favour of the resolution relating to the Share Premium Reduction to be proposed at the SGM.

Yours faithfully,
On behalf of the Board
Yuxing InfoTech Holdings Limited
Zhu Wei Sha
Chairman

NOTICE OF SGM



YUXING INFOTECH HOLDINGS LIMITED

裕興科技控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 8005)

NOTICE IS HEREBY GIVEN that the special general meeting of Yuxing InfoTech Holdings Limited (the “Company”) will be held at Unit 1809, 18th Floor, Tower III, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong, on Monday, 24th September 2007 at 10:00 a.m. to consider and approve, with or without amendment, the following special resolution:

SPECIAL RESOLUTION

“THAT:

- (i) subject to compliance with section 46(2) of the Companies Act 1981 of Bermuda (as amended) and with effect from the date of passing this resolution (the “Effective Date”), all amounts standing to the credit of the share premium account of the Company as at 30th June 2007 (being approximately HK\$385,022,000) be reduced and credits arising therefrom be applied to eliminate the accumulated losses of the Company as at 30th June 2007 (such accumulated losses being approximately HK\$150,401,000) and the balance (such balance being approximately HK\$234,621,000) be credited to the contributed surplus account of the Company to be utilised by the directors of the Company (the “Directors”) in accordance with the bye-laws of the Company and all applicable laws (the “Share Premium Reduction”); and
- (ii) the Directors be and are hereby authorised to do all such things and act and execute all such documents as they may, in their absolute discretion, consider necessary, desirable or expedient to give effect to and/or implement the Share Premium Reduction.”

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

Guangzhou, the PRC, 27th August 2007

* *For identification purposes only*

NOTICE OF SGM

Principal place of business in Hong Kong:

Unit 1808, 18th Floor

Tower III

Enterprise Square

9 Sheung Yuet Road

Kowloon Bay

Kowloon

Hong Kong

Notes:

1. A form of proxy for use at the meeting is being despatched to the shareholders of the Company (the "Shareholders") together with a copy of this notice.
2. 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 its seal or under the hand of any officer, attorney or other person authorised to sign the same.
3. Every Shareholder entitled to attend and vote at the special general meeting convened by the above notice shall be entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a Shareholder.
4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, shall be delivered to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the special general meeting or any adjournment thereof, or in the case of a poll taken subsequently to the date of the special general meeting or adjourned meeting, not less than 24 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid.
5. Completion and delivery of the form of proxy shall not preclude a Shareholder from attending and voting in person at the special general meeting convened or any adjournment thereof, and in such event, the form of proxy shall be deemed to be revoked.