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## **YUXING INFOTECH INVESTMENT HOLDINGS LIMITED**

**裕興科技投資控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 8005)**

**SETTLEMENT AGREEMENT IN RELATION TO THE LITIGATION  
BETWEEN GUANGDONG JIANLIBAO GROUP COMPANY LIMITED AND  
BEIJING GOLDEN YUXING ELECTRONICS  
AND TECHNOLOGY COMPANY LIMITED  
IN RESPECT OF THE 36.66% EQUITY INTEREST IN  
GONGBUJIANGDA JIANGNAN INDUSTRIAL DEVELOPMENT CO., LTD.**

**MAJOR TRANSACTIONS: (1) PROVISION OF A GUARANTEE BY  
YUXING INFOTECH INVESTMENT HOLDINGS LIMITED TO  
GUANGDONG JIANLIBAO GROUP COMPANY LIMITED; AND  
(2) POSSIBLE DISPOSAL OF EQUITY INTEREST IN  
GONGBUJIANGDA JIANGNAN INDUSTRIAL DEVELOPMENT CO., LTD.  
AND ASSOCIATED ECONOMIC BENEFITS OF THE “A” SHARES OF  
PING AN INSURANCE (GROUP) COMPANY OF CHINA, LTD.**

**AND**

**RESUMPTION OF TRADING**

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

**ANGLO CHINESE** 英高  
CORPORATE FINANCE, LIMITED

**Anglo Chinese Corporate Finance, Limited**

### **SETTLEMENT AGREEMENT**

The Board is pleased to announce that in the afternoon on 30th January 2013, Golden Yuxing, a wholly-owned subsidiary of the Company, entered into the Settlement Agreement with JLB Group, pursuant to which Golden Yuxing agrees to pay the Settlement Fee of RMB450 million (equivalent to approximately HK\$555.42 million) to JLB Group or its designated entities (which must be duly incorporated and registered in the PRC) with a view to settling the Legal Proceedings. The Settlement Agreement is intended to set out the terms and conditions of the settlement of the Legal Proceedings between Golden Yuxing and JLB Group and the extinguishment of any Claims arising out of or in relation to the Legal Proceedings.

At the same time, as a number of Parties have been involved in the Legal Proceedings, in order to minimise the legal costs involved and expedite the settlement of the Legal Proceedings and the extinguishment of the Claims, it is the intention of Golden Yuxing and JLB Group to enter into another settlement agreement with the other involved Parties namely Yuxing Software, Zhixing Technology, Shenzhen Sheng Bang, all being wholly-owned subsidiaries of the Company, Beijing Ling Si, Mr. Zhu, Sanshui Jianlibao, Zheng Tian Technology, Mr. Ye and Mr. Zhang to set out the terms and conditions of the settlement of the Disputes and the extinguishment of any Claims arising out of or in relation to the subject matter of the Legal Proceedings. As additional time is required to coordinate the different Parties involved in the Legal Proceedings and finalise the terms of such settlement agreement, it is expected that the other settlement agreement will be entered into before the despatch of the circular relating to, inter alia, the Guarantee and Possible Disposal. A separate announcement will be issued by the Company as soon as the other settlement agreement is executed.

The completion of the Settlement Agreement is subject to, amongst other things, obtaining approval from the Shareholders at the SGM. If the Settlement Agreement completes, the Company will, in accordance with Hong Kong Accounting Standard 37 "Provisions, Contingent Liabilities and Contingent Assets", make a provision of RMB450 million in the Group's financial statements for the year ended 31st December 2012. The Company has made a profit warning announcement on 30th January 2013 to draw the attention of the Shareholders to the possible impact that the making of such provision may have on the financial performance of the Group for the year ended 31st December 2012 following completion of the Settlement Agreement. Please refer to this announcement for further details.

## **GUARANTEE**

As a condition under the Settlement Agreement, the Company is required to provide the Guarantee to Golden Yuxing in favour of JLB Group in respect of the payment obligations of Golden Yuxing under the Settlement Agreement. The maximum amount of the Guarantee under the Settlement Agreement is RMB450 million which is equivalent to the Settlement Fee. In the event that Golden Yuxing is unable to pay any outstanding Settlement Fee and the remaining 7.188% equity interest in JI (and hence the associated economic benefits of 10 million Ping An A Shares) held by Golden Yuxing is insufficient to cover any outstanding Settlement Fee, according to the Guarantee, the Company shall make good the shortfall in the Settlement Fee payable by Golden Yuxing, together with all associated interests accrued on the amount of any overdue Settlement Fee and expenses incurred in, amongst other things, enforcing the security.

Upon the full payment of the Settlement Fee, the Guarantee will be automatically terminated and JLB Group will provide a written confirmation to Golden Yuxing to the effect that all the obligations of Golden Yuxing under the Settlement Agreement has been discharged and the Company is no longer required to provide any form of guarantee.

## **POSSIBLE DISPOSAL**

The Company intends to pay the Settlement Fee through a combination of internally generated resources and proceeds from the Possible Disposal (subject to the release of the Freezing Order in accordance with the terms of the Settlement Agreement). It is currently the Company's intention to enter into arrangements relating to the Possible Disposal to dispose part of its economic interest in Ping An A Shares through JI or a corresponding portion of the JI Equity Interest directly to potential buyers. The maximum proceeds from the Possible Disposal (excluding taxes and expenses) are expected to be RMB450 million (equivalent to approximately HK\$555.42 million), the equivalent amount of the Settlement Fee. The selling price(s) of Ping An A Shares or the corresponding portion of the JI Equity Interest to be disposed will be determined with reference to the prevailing market conditions at the time of the Possible Disposal.

**The Board wishes to emphasise that the Possible Disposal may or may not proceed and the proposed terms of the Possible Disposal may vary depending on the prevailing conditions and circumstances at the time of the Possible Disposal if it proceeds. The Shareholders and potential investors are urged to exercise caution when dealing in the securities of the Company. Further announcement(s) will be issued by the Company in compliance with the relevant requirements of the GEM Listing Rules if and when the Possible Disposal progresses.**

## **GEM LISTING RULES IMPLICATIONS**

For the purpose of calculating the relevant percentage ratios as defined under Rule 19.07 of the GEM Listing Rules, the maximum total consideration payable and receivable by the Company in respect of the Guarantee and Possible Disposal (not including taxes and expenses), respectively, is RMB450 million. As the applicable percentage ratios are more than 25% but less than 75%, each of the Guarantee and the Possible Disposal constitutes a major transaction for the Company and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

It is anticipated that the Possible Disposal will be effected with Independent Third Parties and hence the Possible Disposal, if and when it proceeds, will not constitute a connected transaction for the Company under the GEM Listing Rules.

Taking into account the additional time required to coordinate all the parties to the Legal Proceedings to enter into the other settlement agreement mentioned above, a circular containing further information on the Transactions, details of the other settlement agreement and the notice of the SGM is expected to be despatched to the Shareholders in accordance with the requirements of the GEM Listing Rules on or before 28th February 2013.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 1:00 p.m. on Wednesday, 30th January 2013 pending the release of this announcement.

Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on Thursday, 31st January 2013.

References are made to (i) the announcements dated 6th November 2007, 28th December 2007, 19th February 2008, 16th June 2008, 8th January 2009, 26th June 2009, 15th September 2009, 15th May 2012 and 29th June 2012 in relation to, amongst other things, the litigation in respect of the dispute over the JI Equity Interest; and (ii) the announcements dated 18th December 2008, 13th January 2009, 11th August 2009, 9th March 2010, 22nd October 2009, 27th October 2011 and 31st October 2012 regarding the dispute over damages for infringement of interest in connection with which JLB Group instituted legal proceedings against, amongst others, Mr. Zhu and the controlling shareholders, actual controller, directors, supervisors and senior management of Golden Yuxing.

The Board is pleased to announce that in the afternoon on 30th January 2013, Golden Yuxing, a wholly-owned subsidiary of the Company, entered into the Settlement Agreement with JLB Group, pursuant to which Golden Yuxing agrees to pay the Settlement Fee of RMB450 million (equivalent to approximately HK\$555.42 million) to JLB Group or its designated entities (which must be duly incorporated and registered in the PRC) with a view to settling the Legal Proceedings.

## BACKGROUND

Since 2007, the Parties have engaged in litigating their Disputes in the following Legal Proceedings in the PRC:

- (i) the litigation in respect of the dispute between Golden Yuxing, JLB Group and Sanshui Jianlibao over damages for infringement of interest in relation to the transfer of the JI Equity Interest from Sanshui Jianlibao to Golden Yuxing (2008 Yue Gao Fa Min Er Chu Zi No. 9-1 (2008粵高法民二初字第9-1號));
- (ii) the legal proceedings in respect of the dispute over damages for infringement of interest which involved JLB Group, Mr. Zhu, Mr. Zhang and the controlling shareholders, actual controllers, directors, supervisors and senior management of Golden Yuxing, Yuxing Software, Zheng Tian Technology and Beijing Ling Si (2011 Yue Gao Fa Min Er Zhong Zi No. 29 (2011粵高法民二終字第29號));
- (iii) the legal proceedings in respect of the dispute over damages for infringement of interest which involved JLB Group, Mr. Zhu, Mr. Zhang and the controlling shareholders, actual controllers, directors, supervisors and senior management of Golden Yuxing, Zhixing Technology, Zheng Tian Technology and Beijing Ling Si (2011 Yue Gao Fa Min Er Zhong Zi No. 30 (2011粵高法民二終字第30號));
- (iv) the legal proceedings in respect of the dispute over damages for infringement of interest which involved JLB Group, Mr. Zhu, Mr. Zhang and the controlling shareholders, actual controller, directors, supervisors and senior management of Golden Yuxing, Shenzhen Sheng Bang, Zheng Tian Technology and Beijing Ling Si (2011 Yue Gao Fa Min Er Zhong Zi No. 31 (2011粵高法民二終字第31號));
- (v) the legal proceedings in respect of the dispute over damages for infringement of interest which involved JLB Group, Mr. Zhu, Mr. Zhang and the controlling shareholders, actual controller, directors, supervisors and senior management of Golden Yuxing, Zheng Tian Technology and Beijing Ling Si (2011 Yue Gao Fa Min Er Zhong Zi No. 32 (2011粵高法民二終字第32號)); and
- (vi) the legal proceedings in respect of the dispute over damages for infringement of interest which involved JLB Group, Mr. Zhu, Mr. Zhang and the controlling shareholders, actual controller, directors, supervisors and senior management of Golden Yuxing, 中山市創嘉電子科技發展有限公司 (Zhongshan Chuangjia Electronics Technology and Development Co., Ltd.\*), an Independent Third Party, Zheng Tian Technology and Beijing Ling Si (2011 Yue Gao Fa Min Er Zhong Zi No. 33 (2011粵高法民二終字第33號)).

As at the date of this announcement, the Legal Proceedings are all at trial stage at the Guangdong Higher Court.

The Settlement Agreement is intended to set out the terms and conditions of the settlement of the Legal Proceedings between Golden Yuxing and JLB Group.

At the same time, as a number of Parties have been involved in the Legal Proceedings, in order to minimise the legal costs involved and expedite the settlement of the Legal Proceedings and the extinguishment of the Claims, it is the intention of Golden Yuxing and JLB Group to enter into another settlement agreement with the other involved Parties namely Yuxing Software, Zhixing Technology, Shenzhen Sheng Bang, all being wholly-owned subsidiaries of the Company, Beijing Ling Si, Mr. Zhu, Sanshui Jianlibao, Zheng Tian Technology, Mr. Ye and Mr. Zhang, to set out the terms and conditions of the settlement of the Disputes and the extinguishment of any Claims arising out of or in relation to the subject matter of the Legal Proceedings. As additional time is required to coordinate the different Parties involved in the Legal Proceedings and finalise the terms of such settlement agreement, it is expected that the other settlement agreement will be entered into before the despatch of the circular containing further information on the Transactions, details of the other settlement agreement and the notice of the SGM. A separate announcement will be issued by the Company as soon as the other settlement agreement is executed.

## **PRINCIPAL TERMS OF THE SETTLEMENT AGREEMENT**

### **Date**

30th January 2013

### **Parties**

- (i) Golden Yuxing (a wholly-owned subsidiary of the Company); and
- (ii) JLB Group

### **Settlement Fee**

The Settlement Fee of RMB450 million was arrived at after arm's length negotiations between Golden Yuxing and JLB Group having regard to the value of the JI Equity Interest (and hence the associated economic benefits of 51 million Ping An A Shares) and the amount of time and resources which the Group has spent so far (and may further spend if a settlement is not reached) in dealing with and defending the Claims. In consideration of the payment of the Settlement Fee, Golden Yuxing and JLB Group agree to terminate the Legal Proceedings and extinguish any Claims arising out of or in relation to the Legal Proceedings. At the same time, Golden Yuxing and JLB Group confirm that the acquisition agreement entered into on 10th August 2004 between Golden Yuxing and Sanshui Jianlibao in respect of the transfer of the JI Equity Interest is legally valid.

### **Payment terms of the Settlement Fee**

After the Settlement Agreement comes into effect, Golden Yuxing's 29.472% equity interest in JI (and hence the associated economic benefits of 41 million Ping An A Shares) and all its dividend entitlements currently subject to the Freezing Order will be released by Guangdong Higher Court. The remaining 7.188% equity interest in JI (and hence the associated economic benefits of 10 million Ping An A Shares) held by Golden Yuxing will continue to be frozen by Guangdong Higher Court (the future dividend entitlements of such 7.188% equity interest will not be frozen) as a security for Golden Yuxing to pay the Settlement Fee pursuant to the terms of the Settlement Agreement, subject to the provision of the Guarantee by the Company in favour of JLB Group to make good any shortfall in the Settlement Fee payable by Golden Yuxing.

The Settlement Fee shall be paid by Golden Yuxing to JLB Group or its designated entities (which must be duly incorporated and registered in the PRC) in three tranches, as follows:

- (i) the first tranche of RMB150 million shall be paid (or to the extent permitted by PRC law, such alternate payment method to be agreed between JLB Group and Golden Yuxing) within six months after Golden Yuxing's 29.472% equity interest in JI (and hence the associated economic benefits of 41 million Ping An A Shares) and all its dividend entitlements subject to the Freezing Order are released;
- (ii) the second tranche of RMB150 million shall be paid (or to the extent permitted by PRC law, such alternate payment method to be agreed between JLB Group and Golden Yuxing) within twelve months after Golden Yuxing's 29.472% equity interest in JI (and hence the associated economic benefits of 41 million Ping An A Shares) and all its dividend entitlements subject to the Freezing Order are released. Further, upon Guangdong Higher Court's confirmation of the payment of the second tranche of RMB150 million by Golden Yuxing, half of the remaining 7.188% equity interest in JI (and hence the associated economic benefits of 10 million Ping An A Shares) held by Golden Yuxing and subject to the Freezing Order, being 3.594% equity interest in JI (and hence the associated economic benefits of 5 million Ping An A Shares), shall be released from the Freezing Order by the Guangdong Higher Court; and
- (iii) the last tranche of the remaining RMB150 million shall be paid (or to the extent permitted by PRC law, such alternate payment method to be agreed between JLB Group and Golden Yuxing) within eighteen months after Golden Yuxing's 29.472% equity interest in JI (and hence the associated economic benefits of 41 million Ping An A Shares) and all its dividend entitlements subject to the Freezing Order are released. Further, upon Guangdong Higher Court's confirmation of the payment of the last tranche of RMB150 million by Golden Yuxing, the remaining 3.594% equity interest in JI (and hence the associated economic benefits of 5 million Ping An A Shares) held by Golden Yuxing and subject to the Freezing Order shall be released from the Freezing Order by the Guangdong Higher Court.

Golden Yuxing and JLB Group confirm that upon the payment of any instalment or the full amount of the Settlement Fee by Golden Yuxing to JLB Group or its designated entities, the payment obligations of Golden Yuxing in respect of such instalment or full amount of the Settlement Fee shall be discharged. In addition, Golden Yuxing shall not be involved in the allocation amongst JLB Group and its designated entities of any amount of the Settlement Fee paid by Golden Yuxing and JLB Group and its associated entities shall not pursue any further Claim against Golden Yuxing and its associated entities in respect of such amount.

In the event that any tranche or the full amount of Settlement Fee is to be paid by Golden Yuxing to designated entities of JLB Group, JLB Group shall issue a Letter of Payment Order (付款指令函) to Golden Yuxing in advance.

If the trading of the Ping An A Shares is suspended for more than three days consecutively, the date of payment of any outstanding tranche(s) of the Settlement Fee by Golden Yuxing shall be extended accordingly. If the corresponding amount of equity interest in JI and the associated economic benefits of Ping An A Shares are not released from the Freezing Order within 15 days after the payment of any tranche of the Settlement Fee set out above, the date of payment of the outstanding tranche(s) of the Settlement Fee by Golden Yuxing shall also be extended accordingly.

In the meantime, Golden Yuxing may choose to settle each of the three tranches of the Settlement Fee ahead of the scheduled payment date. In such circumstances and upon the confirmation by JLB Group of receipt of the relevant tranche of the Settlement Fee, Golden Yuxing will apply to the Guangdong Higher Court for the release of the corresponding amount of equity interest in JI (and hence the associated economic benefits of Ping An A Shares) from the Freezing Order.

Further, each of Golden Yuxing and JLB Group has undertaken to the other that any of its connected persons (as defined in the GEM Listing Rules) will not make any Claims against the other in future.

### **Completion of the Settlement Agreement**

According to the Settlement Agreement, Golden Yuxing and/or JLB Group should issue the following documents prior to the execution of the Settlement Agreement:

- (i) the board resolutions of Golden Yuxing and JLB Group approving the entering into of the Settlement Agreement;
- (ii) the authorisation letter of each of Golden Yuxing and JLB Group authorising its respective representative to sign the Settlement Agreement and evidencing approval of the contents of the Settlement Agreement; and
- (iii) the provision of the Guarantee by the Company, the contents of which shall be confirmed by Golden Yuxing and JLB Group.

According to the terms of the Settlement Agreement, the Settlement Agreement will be completed on the date of approval by the Shareholders on the Settlement Agreement and the provision of the Guarantee by the Company at the SGM.

The Settlement Agreement was signed by Golden Yuxing and JLB Group at the Guangdong Higher Court which has the jurisdiction to adjudicate the Disputes.

### **GUARANTEE**

As a condition under the Settlement Agreement, the Company is required to provide the Guarantee to Golden Yuxing in favour of JLB Group in respect of the payment obligations of Golden Yuxing under the Settlement Agreement. The maximum amount of the Guarantee under the Settlement Agreement is RMB450 million which is equivalent to the Settlement Fee. In the event that Golden Yuxing is unable to pay any outstanding Settlement Fee and the remaining 7.188% equity interest in JI (and hence the associated economic benefits of 10 million Ping An A Shares) held by Golden Yuxing is insufficient to cover any outstanding Settlement Fee, according to the Guarantee, the Company shall make good the shortfall in the Settlement Fee payable by Golden Yuxing, together with all associated interests accrued on the amount of any overdue Settlement Fee and expenses incurred in, amongst other things, enforcing the security.

Upon the full payment of the Settlement Fee, the Guarantee will be automatically terminated and JLB Group will provide a written confirmation to Golden Yuxing to the effect that all the obligations of Golden Yuxing under the Settlement Agreement has been discharged and the Company is no longer required to provide any form of guarantee. In the event that JLB Group delays in providing such written confirmation to Golden Yuxing, this will not in any way affect the effect of automatic termination of the Guarantee.

## POSSIBLE DISPOSAL

The Company intends to pay the Settlement Fee through a combination of internally generated resources and proceeds from the Possible Disposal (subject to the release of the Freezing Order in accordance with the terms of the Settlement Agreement). It is currently the Company's intention to enter into arrangements relating to the Possible Disposal to dispose part of its economic interest in Ping An A Shares through JI or a corresponding portion of the JI Equity Interest directly to potential buyers. The maximum proceeds from the Possible Disposal (excluding taxes and expenses) are expected to be RMB450 million (equivalent to approximately HK\$555.42 million), the equivalent amount of the Settlement Fee. The selling price(s) of Ping An A Shares or the corresponding portion of the JI Equity Interest to be disposed will be determined with reference to the prevailing market conditions at the time of the Possible Disposal.

For illustrative purposes only, based on the closing price of RMB47.58 per Ping An A Share as at the date of this announcement and the maximum proceeds from the Possible Disposal (not including taxes and expenses) of RMB450 million, the maximum number of Ping An A Shares to be disposed under the Possible Disposal would be approximately 9,457,755 shares. As the JI Equity Interest is classified as interest in a jointly controlled entity in the books of the Company and the equity interest in Ping An A Shares is classified as available-for-sale financial assets in the books of JI under generally accepted accounting principles in Hong Kong, all changes in fair value of Ping An A Shares shall be recognised in other comprehensive income of the Company, except for impairment loss and foreign exchange gains and losses, until the equity interest in Ping An A Shares is derecognised. At that time, all cumulative gains/losses arising from the Ping An A Shares previously recognised in other comprehensive income of the Company shall be reclassified from equity to profit or loss of the Company as a reclassification adjustment.

It is expected that after the Possible Disposal, the Group's equity interest in JI will continue to be accounted for as "interest in a jointly controlled entity" in the consolidated accounts of the Group.

As at the date of this announcement, the Board has not determined the proportions of internally generated resources and the amount of proceeds to be generated from the Possible Disposal for the payment of the Settlement Fee, which will depend on, amongst other things, the business development plans of the Group and the market conditions at the time of the Possible Disposal. Neither has the Board determined the manner of disposal of the underlying Ping An A Shares at this stage. Whether the Company eventually chooses to dispose part of the Company's economic interest in Ping An A Shares through JI or a corresponding portion of the JI Equity Interest directly to potential buyers, it will strictly comply with the relevant provisions of the Bilateral Agreement referred to below.

Based on generally accepted accounting principles in the PRC, for the two years ended 31st December 2011 and 2012, JI recorded (1) profits before taxation and extraordinary items of approximately RMB77.77 million and RMB54.42 million respectively and (2) profits after taxation and extraordinary items of approximately RMB77.59 million and RMB54.05 million respectively.

For the year ended 31st December 2011, the Group recorded dividend income of approximately HK\$33.8 million from its indirect investment in the 51 million Ping An A shares through JI. For the year ended 31st December 2012, the Group recorded share of results of JI of approximately HK\$23.7 million.

**The Board wishes to emphasise that the Possible Disposal may or may not proceed and the proposed terms of the Possible Disposal may vary depending on the prevailing conditions and circumstances at the time of the Possible Disposal if it proceeds. The Shareholders and potential investors are urged to exercise caution when dealing in the securities of the Company. Further announcement(s) will be issued by the Company in compliance with the relevant requirements of the GEM Listing Rules if and as when the Possible Disposal progresses.**



## **THE BILATERAL AGREEMENT**

Pursuant to the Bilateral Agreement, each of the JI Shareholders is entitled to its respective interest from its indirect equity holding in Ping An A Shares (including but not limited to, gains on equity transfers, dividends, bonus shares, and other rights). As permitted by applicable PRC law, each of the JI Shareholders has the right to transfer its indirect equity holding in Ping An A Shares at its sole discretion (including but not limited to, the methods of transfer, the number of Ping An A Shares to be transferred, and the transfer price). It is entitled to the gain on disposal and shall exclusively bear the costs and taxes incurred from disposal and income distribution. In addition, each of the JI Shareholders has waived its preemptive rights to acquire the Ping An A Shares indirectly held by the other JI Shareholder, and agrees to assist the other JI Shareholder to complete the acquisition or transfer of its own equity holding in Ping An A Shares.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTIONS**

Since 2007, Golden Yuxing and JLB Group have engaged in litigating their dispute over the JI Equity Interest and this has consumed significant amount of time and resources of the Group and the Board and diverted the attention of the management of the Company. The Board therefore believes that the Transactions including the entering into the Settlement Agreement, the provision of the Guarantee by the Company in favour of JLB Group and in due course, the Possible Disposal are the most commercially viable ways to resolve the dispute over the JI Equity Interest in a timely manner, which will be beneficial to the further development of the Group. Golden Yuxing will endeavour to enter into the other settlement agreement with the other Parties as soon as practicable with a view to settling all the Legal Proceedings amicably in the interests of the Company.

As at 30th June 2012, the unaudited balance of the Group's cash and cash equivalents stood at approximately HK\$123.9 million. As shown in the quarterly report of the Group for the nine months ended 30th September 2012, the Group has continued to demonstrate profitable business operations with significant improvement in its turnover due to the satisfactory performance of the Group's information home appliances segment in the PRC and overseas markets during the period. The Group will continue to implement suitable strategies to grow its existing business and explore suitable expansion opportunities. The Board therefore considers that it is important to conserve a reasonable level of cash for the purpose of the Group's continued development.

It is the intention of the Board that upon the gradual release of the JI Equity Interest from the Freezing Order pursuant to the terms of the Settlement Agreement, the Company will engage in the Possible Disposal to realise sufficient cash for the purposes of settling the Settlement Fee and if surplus cash from the Possible Disposal is available, for future business development. It also intends to continue to hold the remaining Ping An A Shares following the Possible Disposal, the economic benefit of which to the Group is believed to be significant, for investment purpose as this will enhance the shareholders' value and broaden the asset base of the Group.

In view of the above, the Directors (including the independent non-executive Directors) believe that the terms of the Transactions including the entering into the Settlement Agreement, the provision of the Guarantee by the Company in favour of JLB Group and the Possible Disposal are fair and reasonable and in the best interests of the Company and its Shareholders as a whole.

The Company will regularly update the Shareholders regarding, amongst other things, the payment status of the Settlement Fee in accordance with the terms of the Settlement Agreement and the progress of the Possible Disposal.

As mentioned above, the completion of the Settlement Agreement is subject to, amongst other things, obtaining approval from the Shareholders at the SGM. If the Settlement Agreement completes, in accordance with Hong Kong Accounting Standard 37 “Provisions, Contingent Liabilities and Contingent Assets”, the Company will make a provision of RMB450 million in its accounts for the year ended 31st December 2012. The Company has made a profit warning announcement on 30th January 2013 to draw the attention of the Shareholders to the possible impact that the making of such provision may have on the financial performance of the Group for the year ended 31st December 2012 following completion of the Settlement Agreement. Please refer to this announcement for further details.

## **INFORMATION ABOUT THE COMPANY, GOLDEN YUXING, JI AND JLB GROUP**

The Company is an investment holding company with subsidiaries that are principally engaged in research and development, design, manufacturing, marketing and sale of information home appliances (mainly set-top boxes) through a network of partnerships and distributors in the PRC, Hong Kong and overseas.

Golden Yuxing, a sino-foreign co-operative joint venture and a wholly-owned subsidiary of the Company, is principally engaged in research and development, design, marketing, distribution and sales of information home appliances (mainly set-top boxes) in the PRC.

JI is a company established as a domestic enterprise in the PRC with principal assets of 139,112,886 Ping An A Shares. The Company, through Golden Yuxing, has an equity interest of 36.66% in JI (and the associated economic benefits of the corresponding 51 million Ping An A Shares).

JLB Group is a major beverage producer and seller in the PRC and an Independent Third Party.

## **GEM LISTING RULES IMPLICATIONS**

For the purpose of calculating the relevant percentage ratios as defined under Rule 19.07 of the GEM Listing Rules, the maximum total consideration payable and receivable in respect of the Guarantee and Possible Disposal (not including taxes and expenses), respectively, is RMB450 million. As the applicable percentage ratios are more than 25% but less than 75%, each of the Guarantee and the Possible Disposal constitutes a major transaction for the Company and is therefore subject to the reporting, announcement and Shareholders’ approval requirements under Chapter 19 of the GEM Listing Rules.

It is expected that the Possible Disposal will be effected with Independent Third Parties and hence the Possible Disposal, if and when it proceeds, will not constitute a connected transaction for the Company under the GEM Listing Rules.

Taking into account the additional time required to coordinate all the parties to the Legal Proceedings to enter into the other settlement agreement mentioned above, a circular containing further information on the Transactions, details of the other settlement agreement and the notice of the SGM is expected to be despatched to the Shareholders in accordance with the requirements of the GEM Listing Rules on or before 28th February 2013.

## RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 1:00 p.m. on Wednesday, 30th January 2013 pending the release of this announcement.

Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on Thursday, 31st January 2013.

## DEFINITIONS

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

“Beijing Ling Si”	北京靈思信息系統有限公司 (Beijing Ling Si Information System Company Limited*), a company incorporated in the PRC, and an Independent Third Party;
“Bilateral Agreement”	the bilateral agreement entered into between the JI Shareholders on 8th June 2012 for the purpose of governing their respective interest in Ping An A Shares through their equity interests in JI;
“Board”	the board of Directors;
“Claims”	all existing and possible claims, liabilities, or other rights and obligations that exist between the Parties before the signing of the Settlement Agreement;
“Company”	Yuxing InfoTech Investment Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the GEM;
“Directors”	director(s) of the Company;
“Disputes”	the disputes and Claims amongst the Parties forming the subject matter of the Legal Proceedings;
“Freezing Order”	a freezing order on the JI Equity Interest as referred to in the Company’s announcement dated 31st October 2012;
“GEM”	the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM;
“Golden Yuxing”	北京金裕興電子技術有限公司 (Beijing Golden Yuxing Electronics and Technology Company Limited), a company incorporated in the PRC and wholly owned by the Company;
“Guangdong Higher Court”	Higher People’s Court of Guangdong Province, the PRC;

“Guarantee”	a guarantee of up to RMB450 million dated 30th January 2013 provided by the Company in favour of JLB Group pursuant to the terms and conditions of the Settlement Agreement;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party”	a third party which, together with its beneficial owner(s) (if any) and to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, is a third party independent of the Company and its connected persons of the Company in accordance with the GEM Listing Rules;
“JI”	工布江達江南實業發展有限公司 (Gongbujiangda Jiangnan Industrial Development Co., Ltd.*), formerly known as 深圳市江南實業發展有限公司 (Shenzhen Jiangnan Industrial Development Co., Ltd.*), whose principal asset was 139,112,886 Ping An A Shares at the date of this announcement;
“JI Equity Interest”	the 10.435% equity interest in JI (and the associated economic benefits in respect of the corresponding 51 million Ping An A Shares) held by Golden Yuxing, which equity holding became 36.66% in 2006;
“JI Shareholder(s)”	Golden Yuxing and 林芝正大環球投資有限公司 (Linzi Zhengda Global Investment Co., Ltd.*), being shareholders of JI holding 36.66% and 63.34% equity interests in JI respectively;
“JLB Group”	廣東健力寶集團有限公司 (Guangdong Jianlibao Group Company Limited*), a company incorporated in the PRC;
“Legal Proceedings”	the litigations amongst the Parties as disclosed in the section headed “Background” in this announcement;
“Mr. Ye”	Mr. Ye Hong Han, an Independent Third Party;
“Mr. Zhang”	Mr. Zhang Hai, an Independent Third Party;
“Mr. Zhu”	Mr. Zhu Wei Sha;
“Party(ies)”	the party(ies) involved in the Legal Proceedings;

“Ping An A Shares”	“A” shares of Ping An Insurance (Group) Company of China, Ltd., which are listed on Shanghai Stock Exchange (Stock code: 601318);
“Possible Disposal”	the possible disposal of either (i) part of the Company’s economic interest in Ping An A Shares through JI or (ii) a corresponding portion of the JI Equity Interest directly to potential buyers in settlement of the whole or part of the Settlement Fee;
“PRC”	The People’s Republic of China (for the purpose of this announcement, excluding Hong Kong and Macau Special Administrative Region);
“RMB”	Renminbi, the lawful currency of the PRC;
“Sanshui Jianlibao”	佛山市三水健力寶健康產業投資有限公司 (Foshan Sanshui Jianlibao Health Industry Investment Company Limited*), a company incorporated in the PRC;
“Settlement Agreement”	the settlement agreement (和解協議書) entered into between Golden Yuxing and JLB Group on 30th January 2013 in relation to the settlement of the Legal Proceedings;
“Settlement Fee”	the amount of RMB450 million as set out in the Settlement Agreement in full and final settlement of the Legal Proceedings;
“Shareholders”	holders of the ordinary shares of HK\$0.025 each in the share capital of the Company;
“Shenzhen Sheng Bang”	盛邦強點電子(深圳)有限公司 (Sheng Bang Qiang Dian Electronics (Shenzhen) Company Limited), a company incorporated in the PRC and wholly owned by the Company;
“SGM”	the special general meeting of the Company to be held to approve, amongst other things, the Settlement Agreement, the Guarantee and the Possible Disposal;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transactions”	the Settlement Agreement, the Guarantee and the Possible Disposal;
“Yuxing Software”	北京裕興軟件有限公司 (Beijing Yuxing Software Company Limited), a company incorporated in the PRC and wholly owned by the Company;

“Zheng Tian Technology” 佛山市三水正天科技投资有限公司 (Foshan Sanshui Zheng Tian Technology Investment Company Limited\*), a company incorporated in the PRC; and

“Zhixing Technology” 佛山市智興電子有限公司 (Foshan Zhixing Technology Company Limited), a company incorporated in the PRC and wholly owned by the Company.

For the purpose of this announcement, translations of RMB into HK\$ are made for illustration purpose only at the exchange rate of RMB0.8102 to HK\$1.00.

\* *For identification purpose only*

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

Hong Kong, 30th January 2013

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

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://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](http://www.yuxing.com.cn).*