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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 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 Investment Holdings Limited (the "Company"), you should at once hand this circular and the accompanying proxy form to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or the transfer was effected for transmission to the purchaser or transferee.



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 AND FINAL 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.
AND OTHER LEGAL PROCEEDINGS AND CLAIMS**

**MAJOR TRANSACTIONS: (1) PROVISION OF A GUARANTEE BY
YUXING INFOTECH INVESTMENT HOLDINGS LIMITED TO
GUANGDONG JIANLIBAO GROUP COMPANY LIMITED; AND
(2) DISPOSAL MANDATE IN RESPECT OF POSSIBLE DISPOSAL OF
BEIJING GOLDEN YUXING ELECTRONICS AND TECHNOLOGY COMPANY LIMITED'S
INDIRECT ECONOMIC INTEREST IN THE "A" SHARES OF
PING AN INSURANCE (GROUP) COMPANY OF CHINA, LTD. THROUGH
GONGBUJIANGDA JIANGNAN INDUSTRIAL DEVELOPMENT CO., LTD.**

AND

NOTICE OF SGM

Financial adviser to Yuxing InfoTech Investment Holdings Limited

ANGLO CHINESE 英
CORPORATE FINANCE, LIMITED 高

Anglo Chinese Corporate Finance, Limited

The notice convening the SGM to be held at Unit 1809, 18/F, Tower III, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong on Monday, 18th March 2013 at 11:00 a.m. is set out on pages 39 to 42 of this circular.

A form of proxy for the SGM is enclosed with this circular. If you do not propose to attend the SGM, 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 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

CHARACTERISTICS OF GEM

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 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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

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

“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 Final 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
“Controlling Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Directors”	director(s) of the Company
“Disposal Mandate”	the specific mandate to be granted by the Shareholders to the Directors to effect the Possible Disposal
“Disputes”	the disputes and Claims amongst the Parties forming the subject matter of the Legal Proceedings
“Final Settlement Agreement”	the settlement agreement (和解協議書) entered into among Party A, Party B and Party C on 4th February 2013 on the basis of the Settlement Agreement in relation to the settlement of the Legal Proceedings and the extinguishment of all the Claims
“First Announcement”	the announcement of the Company dated 30th January 2013 in relation to, inter alia, the Settlement Agreement, the major transactions involving the provision of a Guarantee by the Company to Golden Yuxing in favour of JLB Group and the Possible Disposal
“Freezing Order”	a freezing order on the JI Equity Interest as referred to in the Company’s announcement dated 31st October 2012

DEFINITIONS

“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
“Group”	the Company and its subsidiaries
“Guangdong Higher Court”	中華人民共和國廣東省高級人民法院 (Higher People’s Court of Guangdong Province, the PRC)
“Guarantee”	a guarantee of up to RMB450 million (equivalent to approximately HK\$555.01 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 in accordance with the GEM Listing Rules
“Intermediate Court of Foshan”	中華人民共和國廣東省佛山市中級人民法院 (Intermediate People’s Court of Foshan of Guangdong Province, the PRC)
“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 as at the Latest Practicable Date
“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

DEFINITIONS

“JI Shareholder(s)”	Golden Yuxing and 林芝正大環球投資有限公司 (Linzhi 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
“Latest Practicable Date”	25th February 2013, being the latest practicable date for ascertaining certain information referred to in this circular prior to printing this circular
“Legal Proceedings”	the litigations amongst the Parties as disclosed in the section headed “Background” in this circular
“Mr. Ye”	Mr. Ye Hong Han (葉紅漢先生), an Independent Third Party
“Mr. Zhu”	Mr. Zhu Wei Sha (祝維沙先生), the controlling shareholder of the Company and the chairman of the Board
“New Guarantee”	a new guarantee dated on 4th February 2013 issued by the Company to Golden Yuxing in favour of the JLB Group pursuant to the terms of the Final Settlement Agreement
“Party(ies)”	the party(ies) involved in the Legal Proceedings
“Party A”	Golden Yuxing, Yuxing Software, Zhixing Technology, Shenzhen Sheng Bang, Beijing Ling Si and Mr. Zhu
“Party B”	JLB Group, Sanshui Jianlibao, Zheng Tian Technology and Mr. Ye
“Party C” or “Mr. Zhang”	Mr. Zhang Hai (張海先生), an Independent Third Party
“Ping An”	中國平安保險(集團)股份有限公司 (Ping An Insurance (Group) Company of China, Ltd.), a joint stock limited company incorporated in the PRC with limited liability
“Ping An A Shares”	“A” shares of Ping An which are listed on Shanghai Stock Exchange (Stock code: 601318)
“Possible Disposal”	the possible disposal of the Company’s indirect economic interest in Ping An A Shares through JI in settlement of the whole or part of the Settlement Fee

DEFINITIONS

“PRC”	The People’s Republic of China (for the purpose of this circular, excluding Hong Kong and Macau Special Administrative Region)
“Release Date”	the next day after the date of acknowledgement by the relevant local Administration for Industry and Commerce of the notice issued by the Guangdong Higher Court in relation to the release of Golden Yuxing’s 29.472% equity interest in JI (and hence the associated economic benefits of 41 million Ping An A Shares)
“RMB”	Renminbi, the lawful currency of the PRC
“Sanshui SAIMC”	佛山市三水區公有資產投資管理有限公司 (Foshan Sanshui District State-owned Assets Investment and Management Company Limited*), a company incorporated in the PRC and an Independent Third Party
“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
“Second Announcement”	the announcement of the Company dated 4th February 2013 in relation to, inter alia, the Final Settlement Agreement, the major transactions involving the provision of the New Guarantee by the Company to Golden Yuxing in favour of JLB Group and a disposal mandate in respect of the possible disposal of the Group’s direct equity interest in JI or indirect economic interest in Ping An A Shares
“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 and the extinguishment of the Claims
“Settlement Agreements”	Settlement Agreement and Final Settlement Agreement
“Settlement Fee”	the amount of RMB450 million (equivalent to approximately HK\$555.01 million) as set out in each of the Settlement Agreement and the Final Settlement Agreement in full and final settlement of the Legal Proceedings
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Shareholders”	holders of the Shares

DEFINITIONS

“Shares”	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 at Unit 1809, 18/F, Tower III, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong on Monday, 18th March 2013 at 11:00 a.m. to approve, amongst other things, the Settlement Agreements, the New Guarantee and the Disposal Mandate
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supreme Court”	中華人民共和國最高人民法院 (Supreme People’s Court of the PRC)
“Transactions”	the entering into of the Settlement Agreements, the provision of the New Guarantee and the Possible Disposal
“Two Standby Moratoriums”	the two standby moratoriums imposed on the 4.6958% and 11.8371% equity interests in JI held by Golden Yuxing on 24th October 2007 and 30th October 2007 respectively, the terms of which were previously extended on 31st October 2011 by the Guangdong Higher Court to 3rd December 2012 and as announced by the Company on 13th December 2011
“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資有限公司 (Foshan Sanshui Zheng Tian Technology Investment Company Limited*), a company incorporated in the PRC
“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
“Zhongshan Chuangjia”	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

* For identification purposes only

DEFINITIONS

Unless otherwise specified in this circular, the English names of the PRC entities are translation of their Chinese names, and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.

For the purpose of this circular, translations of RMB into HK\$ are made for illustration purpose only at the exchange rate of RMB0.8108 to HK\$1.00.

LETTER FROM THE BOARD



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:

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:

Shen Yan
Wu Jia Jun
Zhong Peng Rong

*Principal place of business
in Hong Kong:*

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

28th February 2013

To the Shareholders

Dear Sir or Madam,

**SETTLEMENT AGREEMENT AND FINAL 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
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BEIJING GOLDEN YUXING ELECTRONICS AND TECHNOLOGY COMPANY LIMITED'S
INDIRECT ECONOMIC INTEREST IN THE "A" SHARES OF
PING AN INSURANCE (GROUP) COMPANY OF CHINA, LTD. THROUGH
GONGBUJIANGDA JIANGNAN INDUSTRIAL DEVELOPMENT CO., LTD.**

AND

NOTICE OF SGM

* For identification purposes only

LETTER FROM THE BOARD

INTRODUCTION

References are made to the First Announcement and Second Announcement in relation to, inter alia, the Settlement Agreement, the Final Settlement Agreement and the major transactions involving the provision of the Guarantee by the Company to Golden Yuxing in favour of JLB Group, which was substituted by the New Guarantee, and Disposal Mandate in respect of the Possible Disposal.

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\$555.01 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.

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 Disputes and the extinguishment of all the Claims, on 4th February 2013, Golden Yuxing and JLB Group entered into the Final Settlement Agreement with the other relevant 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 Legal Proceedings and the extinguishment of all the Claims.

The terms of the Final Settlement Agreement are substantially the same as those of the Settlement Agreement. However, according to the terms of the Final Settlement Agreement, if there is any conflict or inconsistency between any term of the Settlement Agreement and that of the Final Settlement Agreement, the term of the Final Settlement Agreement shall prevail.

The purpose of this circular is to provide you with, among other things, the details of the Settlement Agreement and the Final Settlement Agreement, the Guarantee and the New Guarantee, the Disposal Mandate and other information required by the GEM Listing Rules.

LETTER FROM THE BOARD

BACKGROUND

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

Case number	Year	Plaintiff	Defendants	Other third parties	Subject of the Dispute	Damages claimed	Decision/judgement
2008 Yue Gao Fa Min Er Chu Zi No. 9-1 (2008 粵高法民二初字第9-1號)	2008	JLB Group	Golden Yuxing and Sanshui Jianlibao	Nil	Damages for infringement of interest in relation to the transfer of the JI Equity Interest from Sanshui Jianlibao to Golden Yuxing	JLB Group claimed to invalidate 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 from Sanshui Jianlibao to Golden Yuxing. A counter-claim was filed by Golden Yuxing with Guangdong Higher Court in May 2008	On 23rd December 2008, the Guangdong Higher Court rejected the claim made by JLB Group against Golden Yuxing over the JI Equity Interest. On 25th June 2009, Golden Yuxing was notified by the Supreme Court that an appeal has been lodged by the JLB Group. Based on the ruling dated 20th November 2009 of the Supreme Court, amongst other things, the case was returned to the Guangdong Higher Court for rehearing.
2011 Yue Gao Fa Min Er Zhong Zi No. 29 (2011 粵高法民二終字第29號)	2009	JLB Group	Mr. Zhang, Mr. Zhu, Yuxing Software and Golden Yuxing	Zheng Tian Technology and Beijing Ling Si	Damages for infringement of JLB Group interest which involved 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	Damages of RMB10,000,000 together with interests and costs	The Intermediate Court of Foshan awarded damages of RMB10,000,000 together with interests and costs to JLB Group on 30th December 2010. An appeal was filed by Golden Yuxing to Guangdong Higher Court against the judgment.
2011 Yue Gao Fa Min Er Zhong Zi No. 30 (2011 粵高法民二終字第30號)	2009	JLB Group	Mr. Zhang, Mr. Zhu, Zhixing Technology and Golden Yuxing	Zheng Tian Technology and Beijing Ling Si	Damages for infringement of JLB Group interest which involved 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	Damages of RMB7,355,506.85 together with interests and costs	The Intermediate Court of Foshan awarded damages of RMB7,355,506.85 together with interests and costs to JLB Group on 30th December 2010. An appeal was filed by Golden Yuxing to Guangdong Higher Court against the judgment.

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Case number	Year	Plaintiff	Defendants	Other third parties	Subject of the Dispute	Damages claimed	Decision/judgement
2011 Yue Gao Fa Min Er Zhong Zi No. 31 (2011 粵高法民二終字第31號)	2009	JLB Group	Mr. Zhang, Mr. Zhu, Shenzhen Sheng Bang and Golden Yuxing	Zheng Tian Technology and Beijing Ling Si	Damages for infringement of interest JLB Group which involved 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	Damages of RMB30,000,000 together with interests and costs	The Intermediate Court of Foshan awarded damages of RMB30,000,000 together with interests and costs to JLB Group on 30th December 2010. An appeal was filed by Golden Yuxing to Guangdong Higher Court against the judgment.
2011 Yue Gao Fa Min Er Zhong Zi No. 32 (2011 粵高法民二終字第32號)	2009	JLB Group	Mr. Zhang, Mr. Zhu and Golden Yuxing	Zheng Tian Technology and Beijing Ling Si	Damages for infringement of JLB Group interest which involved 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	Damages of RMB34,161,912.33 together with interests and costs	The Intermediate Court of Foshan awarded damages of RMB34,161,912.33 together with interests and costs to JLB Group on 30th December 2010. An appeal was filed by Golden Yuxing to Guangdong Higher Court against the judgment.
2011 Yue Gao Fa Min Er Zhong Zi No. 33 (2011 粵高法民二終字第33號)	2009	JLB Group	Mr. Zhang, Mr. Zhu, Zhongshan Chuangjia and Golden Yuxing	Zheng Tian Technology and Beijing Ling Si	Damages for infringement of JLB Group interest which involved Mr. Zhu, Mr. Zhang and the controlling shareholders, actual controller, directors, supervisors and senior management of Golden Yuxing, Zhongshan Chuangjia, Zheng Tian Technology and Beijing Ling Si	Damages of RMB14,636,329.75 together with interests and costs	The Intermediate Court of Foshan awarded damages of RMB14,636,329.75 together with interests and costs to JLB Group on 30th December 2010. An appeal was filed by Golden Yuxing to Guangdong Higher Court against the judgment.

According to the PRC legal advisor of Golden Yuxing, although Zheng Tian Technology and Beijing Ling Si are neither plaintiffs nor defendants to the Legal Proceedings, as they have been involved in the Disputes in light of certain Claims that exist in between them and JLB Group, they were joined as third parties to the Legal Proceedings (not including the litigation regarding the dispute over the JI Equity Interest) as part of the local court procedures in ascertaining the relevant facts relating to the Legal Proceedings.

As at the date of the Final Settlement Agreement, the Legal Proceedings were all at trial stage at the Guangdong Higher Court.

LETTER FROM THE BOARD

As at the Latest Practicable Date, Golden Yuxing's holding of the JI Equity Interest and its dividend entitlements are subject to the Freezing Order. As at the same time, certain cash and bank balances of the Group with carrying value of approximately HK\$1.1 million were frozen by the Intermediate Court of Foshan.

The Settlement Agreements are intended to set out the terms and conditions of the settlement of the Legal Proceedings and extinguishment of all the Claims. On 25th February 2013, the PRC legal advisor of Golden Yuxing was informed by the Guangdong Higher Court that the terms of the Two Standby Moratoriums would be further extended by one year from 3rd December 2012 to 3rd December 2013. The PRC legal advisor of Golden Yuxing advised that after the Settlement Agreements come into effect, the Two Standby Moratoriums will be released in conjunction with the gradual release of the Freezing Order as it is the intention of the parties to the Settlement Agreements to settle all Disputes and extinguish all of the Claims pursuant to the terms of the Settlement Agreements.

PRINCIPAL TERMS OF THE SETTLEMENT AGREEMENT

Date

30th January 2013

Parties

- (i) Golden Yuxing; and
- (ii) JLB Group

Settlement Fee

The Settlement Fee of RMB450 million (equivalent to approximately HK\$555.01 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 all existing and possible claims, liabilities, or other rights and obligations that exist between the Parties before the signing of the Settlement Agreement. In consideration of the payment of the Settlement Fee, Golden Yuxing and JLB Group agree to terminate the Legal Proceedings and extinguish any existing and possible claims, liabilities, or other rights and obligations that exist between the Parties before the signing of the Settlement Agreement. 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

LETTER FROM THE BOARD

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 (equivalent to approximately HK\$185.00 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 (equivalent to approximately HK\$185.00 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 (equivalent to approximately HK\$185.00 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 (equivalent to approximately HK\$185.00 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 (equivalent to approximately HK\$185.00 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.

LETTER FROM THE BOARD

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.

Pursuant to the terms of the Settlement Agreement, 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 fifteen 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 existing and possible claims, liabilities, or other rights and obligations that exist between the Parties before the signing of the Settlement Agreement 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 each 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.

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Pursuant 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. According to the PRC legal advisor of Golden Yuxing, the Settlement Agreement will not become effective if Shareholders' approval cannot be obtained within three months of the date of the Settlement Agreement. In such circumstances, there will be no settlement unless the relevant parties agree to an extension or re-negotiate any settlement terms.

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

PRINCIPAL TERMS OF THE FINAL SETTLEMENT AGREEMENT

Date

4th February 2013

Parties

- (i) Party A, being Golden Yuxing, Yuxing Software, Zhixing Technology, Shenzhen Sheng Bang, Beijing Ling Si and Mr. Zhu;
- (ii) Party B, being JLB Group, Sanshui Jianlibao, Zheng Tian Technology and Mr. Ye; and
- (iii) Party C, being Mr. Zhang.

Golden Yuxing, Yuxing Software, Zhixing Technology and Shenzhen Sheng Bang, are all wholly-owned subsidiaries of the Company and Mr. Zhu is the chairman of the Board.

Zheng Tian Technology held 90% of equity interest in Sanshui Jianlibao which had 58.3% equity interest in JLB Group as at the Latest Practicable Date.

Mr. Zhang and Mr. Zhu were former shareholders of Zheng Tian Technology in the period from May 2002 to November 2004. To the best of the knowledge of the Directors having made all reasonable enquiries, as at the Latest Practicable Date, (i) Mr. Zhang and Mr. Zhu do not have any business or shareholding relationship with JLB Group, Sanshui Jianlibao and Zheng Tian Technology; and (ii) Mr. Zhang does not have any business or shareholding relationship with the Group and is an Independent Third Party.

As Beijing Ling Si and Zheng Tian Technology have been involved in the Disputes and joined as third parties to the Legal Proceedings in accordance with the local court procedures, they become parties to the Final Settlement Agreement. To the best of the knowledge of the Directors having made all reasonable enquiries, as at the Latest Practicable Date, (i) Beijing Ling Si has no business or shareholding relationship with JLB Group and Sanshui Jianlibao and is an Independent Third Party; and (ii) Zheng Tian Technology has been an indirect shareholder of JLB Group and it does not have any business or shareholding relationship with the Group.

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Mr. Ye is the chairman, legal representative, indirect shareholder and actual controller of both JLB Group and Sanshui Jianlibao. The parties to the Final Settlement Agreement considered that the involvement of Mr. Ye as a party to the Final Settlement Agreement will facilitate the negotiation and conclusion of the Final Settlement Agreement.

Pursuant to the terms of the Final Settlement Agreement, Party A, Party B and Party C have conditionally agreed to settle the Disputes, extinguish the Claims and resolve the Legal Proceedings subject to payment of the Settlement Fee and other terms and conditions set out in the Final Settlement Agreement.

Regarding the litigation with the case number of 2011 Yue Gao Fa Min Er Zhong Zi No. 33 (2011粵高法民二終字第 33 號), Party B has undertaken that upon the full payment of the Settlement Fee by Golden Yuxing pursuant to the terms of the Final Settlement Agreement, it will not make any Claims against Zhongshan Chuangjia and Zhongshan Chuangjia will not be required to assume any obligation towards the other Parties. Party A has undertaken that it shall be liable for any losses incurred by Party B as a result of any Claims or actions for recovery initiated by Zhongshan Chuangjia.

To the best of the knowledge of the Directors having made all reasonable enquiries, although Zhongshan Chuangjia does not have any business or shareholding relationship with each of Party A, Party B and Party C, it has been involved in the Disputes and is a defendant in the above mentioned legal proceeding. Accordingly, it is naturally included as a party to the Final Settlement Agreement. However, since the commencement of the Legal Proceedings, none of the representative of Zhongshan Chuangjia had attended any court hearings. Neither the courts nor the other Parties had been able to contact Zhongshan Chuangjia and arrange for it to sign the Final Settlement Agreement. In such circumstances, in order to ensure the Legal Proceedings can be settled as soon as practicable, JLB Group agrees not to make any Claims against Zhongshan Chuangjia under the Final Settlement Agreement. Zhongshan Chuangjia is the defendant in one of the Legal Proceedings and it has not lodged any counterclaim against the plaintiff. As such, according to the PRC legal advisor of Golden Yuxing, Zhongshan Chuangjia has no right of recourse against other involved Parties after the Final Settlement Agreement becomes effective.

Based on the information available from the local Administration for Industry and Commerce, the business license of Zhongshan Chuangjia has been revoked.

Settlement Fee

Party A, Party B and Party C confirmed pursuant to the Final Settlement Agreement the Settlement Fee of RMB450 million (equivalent to approximately HK\$555.01 million) as agreed between Golden Yuxing and JLB Group under the Settlement Agreement. Please refer to the paragraph headed “Principal terms of the Settlement Agreement – Settlement Fee” above for the basis of determining the Settlement Fee.

Pursuant to the Final Settlement Agreement, Party A, Party B and Party C 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.

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The PRC legal advisor has confirmed that the Freezing Order and the Two Standby Moratoriums will be released upon the full payment of the Settlement Fee and the JI Equity Interest will no longer be subject to any freezing order or moratorium.

Payment Terms of the Settlement Fee

The terms of the Settlement Fee under the Settlement Agreement will be substituted by the following terms of the Settlement Fee upon the Final Settlement Agreement becoming effective. The parties to the Final Settlement Agreement agree that after the issue of the Civil Mediation Agreement (民事調解書) which will be prepared on the basis of the Final Settlement Agreement by the Guangdong Higher Court, 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, subject to the provision of the New Guarantee by the Company in favour of JLB Group to make good any shortfall in the Settlement Fee payable by Golden Yuxing.

Party A, Party B and Party C further agree that 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 (equivalent to approximately HK\$185.00 million) shall be paid in the following manner: (a) RMB39.915 million (equivalent to approximately HK\$49.23 million) to a designated entity of JLB Group, namely Sanshui SAIMC within six months from the Release Date; and (b) the remaining amount of RMB110.085 million (equivalent to approximately HK\$135.77 million) to JLB Group or its designated entities within six months from the Release Date (the "First Tranche");
- (ii) the second tranche of RMB150 million (equivalent to approximately HK\$185.00 million) shall be paid within twelve months after the Release Date (the "Second Tranche"). Further, Party A, Party B and Party C agree that upon Guangdong Higher Court's confirmation of the payment of the Second Tranche 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 (equivalent to approximately HK\$185.00 million) shall be paid within eighteen months after the Release Date (the "Third Tranche"). Further, Party A, Party B and Party C agree that upon Guangdong

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Higher Court's confirmation of the payment of the Third Tranche 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.

Party A, Party B and Party C confirm that upon the receipt of any instalment or the full amount of the Settlement Fee by JLB Group or its designated entities, the payment obligations of Party A in respect of such instalment or full amount of the Settlement Fee shall be discharged. In addition, Party A shall not be involved in the allocation amongst Party B of any amount of the Settlement Fee paid by Golden Yuxing and none of the parties to the Final Settlement Agreement shall pursue any further Claims against Party A in respect of such amount.

The PRC legal advisor of Golden Yuxing has confirmed that if Golden Yuxing fails to pay any of the tranche of the Settlement Fee in accordance with the time schedule as set out in the Final Settlement Agreement, it will be a breach of contract by Golden Yuxing which may be liable to pay default interest on the delayed payment. The rate of default interest will be determined by the court in the ordinary course and the Company has been advised that such rate is the then prevailing bank lending rate. If Golden Yuxing is found to be in breach of the terms of the Final Settlement Agreement, the non-defaulting parties to the Final Settlement Agreement may seek to take legal action against Golden Yuxing to claim for the payment of any outstanding Settlement Fee together with interests and costs. The PRC legal advisor of Golden Yuxing has advised that the Final Settlement Agreement will not be terminated in such circumstances. The Final Settlement Agreement does not provide for payment of default interest or termination of Final Settlement Agreement in case where Golden Yuxing delays in making any tranche of the Settlement Fee. The parties to the Final Settlement Agreement have agreed not to include such provisions in the Final Settlement Agreement as the parties do not intend that such defaulting event will happen.

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

Pursuant to the terms of the Final Settlement Agreement, 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 fifteen 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.

The PRC legal advisor of Golden Yuxing has confirmed that (i) 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 by the

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number of days of suspension of trading in the Ping An A Shares (not including the first three consecutive days of suspension of trading) and such extension is applicable to the payment of the First Tranche, the Second Tranche and the Third Tranche; and (ii) 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 fifteen 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 by the number of days from the 16th day of payment of such tranche of Settlement Fee to the date of release of the corresponding amount of equity interest in JI from the Freezing Order. The PRC legal advisor of Golden Yuxing has further opined that in accordance with court practice in the PRC, the Guangdong Higher Court will normally issue the Civil Mediation Agreement (民事調解書) and order the release of the 29.472% equity interest in JI (and hence the associated economic benefits of 41 million Ping An A Shares) and subsequently the remaining 7.188% equity interest in JI (and hence the associated economic benefits of 10 million Ping An A Shares) from the Freezing Order within a reasonable time after completion of the Final Settlement Agreement. On this basis, the Release Date and accordingly, the payment dates of the First Tranche, the Second Tranche and the Third Tranche can be determined. As the First Tranche and the Second Tranche would have been paid within six months and twelve months, respectively, from the Release Date, after the release of the 29.472% equity interest in JI from the Freezing Order, the “fifteen day” extension referred to above is only applicable to the payment of the Third Tranche if 50% of the 7.188% equity interest in JI is not released after payment of the Second Tranche. The PRC legal advisor of Golden Yuxing is of the view that the above mentioned arrangements for the extension of the payment of the First Tranche, the Second Tranche and the Third Tranche have been reflected in the Settlement Agreements.

In the meantime, Golden Yuxing may choose to settle each of the three tranches or effect full settlement 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 or full amount 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. As at the Latest Practicable Date, Golden Yuxing has not determined a fixed payment schedule for the Settlement Fee. However, Golden Yuxing expects that it will pay each tranche of the Settlement Fee on or before the last day on which it is required to make such payment under the Final Settlement Agreement.

Further, each of Party A, Party B and Party C has undertaken to the others that upon the payment of the full amount of the Settlement Fee by Golden Yuxing pursuant to the terms of the Final Settlement Agreement, none of its connected persons (as defined in the GEM Listing Rules) will make any Claims against the others in the future.

Prior to the signing of the Final Settlement Agreement, JLB Group shall furnish a Consultation Letter (徵詢函) to Sanshui SAIMC together with a copy of the Final Settlement Agreement and subsequently, JLB Group shall receive a Reply Letter (覆函) to the Consultation Letter from Sanshui SAIMC acknowledging its consent to the contents of the Final Settlement Agreement and the entering into of the Final Settlement Agreement between JLB Group and Golden Yuxing.

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Completion of the Final Settlement Agreement

According to the Final Settlement Agreement, Party A, Party B and Party C should issue the following documents prior to the execution of the Final Settlement Agreement:

- (i) the board and shareholders resolutions of JLB Group, Sanshui Jianlibao and Zheng Tian Technology and the board resolution of Golden Yuxing approving the entering into of the Final Settlement Agreement;
- (ii) the duly notarised authorisation letter of (a) each of Party A and Party B authorising its respective representative to sign the Final Settlement Agreement save that the authorisation letter of Zhixing Technology does not have to be duly notarised; and (b) Party C authorising its lawyer to sign the Final Settlement Agreement;
- (iii) the Consultation Letter issued by JLB Group and the Reply Letter issued by Sanshui SAIMC; and
- (iv) the provision of the New Guarantee by the Company duly witnessed according to the relevant laws of Hong Kong.

The PRC legal advisor of Golden Yuxing has confirmed that the above documents were in place at the time of signing the Final Settlement Agreement and the Final Settlement Agreement will be effective on the date of approval by the Shareholders on the resolutions proposed at the SGM. The Settlement Agreements will not be effective if the procedures of Shareholders' approval on the Settlement Agreements could not be completed within three months from the date of signing the Final Settlement Agreement unless the relevant parties agree to an extension or re-negotiate any settlement terms.

The Final Settlement Agreement does not provide for a deadline before which the Guangdong Higher Court must release the respective equity interests in JI from the Freezing Order in relation to the payment of the First Tranche, the Second Tranche and the Third Tranche. Once Shareholders' approval of the Final Settlement Agreement is obtained, the Guangdong Higher Court will be informed and it will in the ordinary course proceed with releasing the Freezing Order within a reasonable time at various stages in accordance with provisions of the Final Settlement Agreement. The Company is not in a position to speculate the time required for the Guangdong Higher Court to release the JI Equity Interest from the Freezing Order although the Company expects that the Guangdong Higher Court will proceed with the matter within a reasonable timeframe.

The Final Settlement Agreement was signed by Party A, Party B and Party C at the Guangdong Higher Court which has the jurisdiction to adjudicate the Disputes.

As mentioned above, according to the terms of the Final Settlement Agreement, if there is any conflict or inconsistency between any term of the Settlement Agreement and that of the Final Settlement Agreement, the term of the Final Settlement Agreement shall prevail. In addition, after the Final Settlement Agreement completes, the Guangdong Higher Court will issue the Civil Mediation Agreement (民事調解書) on the basis of the Final Settlement Agreement.

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GUARANTEE AND NEW 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 (equivalent to approximately HK\$555.01 million) which represents the amount of 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.

In conjunction with the entering into the Final Settlement Agreement, on 4th February 2013, the Company issued the New Guarantee to Golden Yuxing in favour of JLB Group in respect of the obligations of Golden Yuxing to pay the Settlement Fee under the two Settlement Agreements. The maximum amount of the New Guarantee is RMB450 million (equivalent to approximately HK\$555.01 million) which represents the amount of the Settlement Fee. The New Guarantee substitutes the Guarantee and the terms of the New Guarantee are the same as those of the Guarantee set out in the Settlement Agreement referred to above.

The parties to the Settlement Agreements have further agreed and acknowledged that JLB Group will provide a written confirmation to Golden Yuxing confirming the discharge of all the obligations of Golden Yuxing under the two Settlement Agreements upon the full payment of the Settlement Fee.

The PRC legal advisor of Golden Yuxing has advised that the New Guarantee does not have a definitive period but pursuant to the Judicial Interpretation of the Supreme Court on Certain Issues Regarding the Application of Security Law of the People's Republic of China (最高法院關於適用《中華人民共和國擔保法》若干問題的解釋), if Golden Yuxing fails to fully discharge its obligations to pay the Settlement Fee, under PRC laws, the Company will continue to assume its liability towards JLB Group under the New Guarantee for a statutory period of two years from the deadline for the full payment of the Settlement Fee as prescribed in the Final Settlement Agreement.

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 gradual release of the Freezing Order in accordance with the terms of the Final Settlement Agreement). The

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Company currently expects that the majority of the Settlement Fee will be settled by the proceeds to be generated from the Possible Disposal and the remaining part of the Settlement Fee by internally generated resources. However, as at the Latest Practicable Date, 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, the market conditions at the time of the Possible Disposal and the then available cash reserves of the Group.

For the purpose of seeking the Shareholders' approval at the SGM, the Company currently contemplates that one of the ways to settle the whole or part of the Settlement Fee is for Golden Yuxing to conduct the Possible Disposal, subject to the terms of the Disposal Mandate set out below. The selling price(s) of Ping An A Shares to be disposed will be determined with reference to the prevailing market conditions at the time of the Possible Disposal and the price setting mechanism disclosed below.

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 JI 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.

Subject to, amongst other things, the agreement(s) between the then shareholders of JI and the prevailing accounting standards after completion of the Possible Disposal, the Group's equity interest in JI may or may not continue to be accounted for as "interest in a jointly controlled entity" in the consolidated accounts of the Group.

In relation to the Possible Disposal, although Golden Yuxing is not currently engaged in any discussion with any party to dispose of its indirect economic interest in any Ping An A Shares, if Golden Yuxing subsequently enters into any arrangements to dispose of any Ping An A Shares (whether on-market or off-market), the Company may, in the absence of the Disposal Mandate, then be required to comply with the relevant requirements of the GEM Listing Rules including but not limited to issuing an appropriate announcement and if necessary seeking the Shareholders' approval on such arrangements, before any such disposal can be made. In particular, if the Company enters into any arrangement to dispose of Ping An A Shares (other than on-market disposal, block trade(s) to identified buyers or by way of placing through open market sales placing agent(s)) and/or any part of the JI Equity Interest, the Company will comply with the applicable disclosure and Shareholders' approval requirements under the GEM Listing Rules.

Given the volatility of the stock market, disposing of shares at the best possible price requires prompt disposal actions at the right time and it would not be practicable to seek prior Shareholders' approval for each disposal of Ping An A Shares. To allow flexibility in effecting

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the Possible Disposal in the future at an appropriate time or times, the Company proposes to seek from the Shareholders the Disposal Mandate subject to the parameters set out below. Depending on the then prevailing market conditions, Golden Yuxing may from time to time, in the future, dispose of the Ping An A Shares in the open market or through block trades pursuant to the Possible Disposal. In disposing of its indirect economic interest in Ping An A Shares through JI, the Company will strictly comply with the relevant provisions of the Bilateral Agreement and the terms of the Disposal Mandate referred to below.

There is no assurance that Golden Yuxing will proceed with the Possible Disposal after obtaining the Disposal Mandate and prior to the payment of the Settlement Fee in full. Whether and when Golden Yuxing will proceed with the Possible Disposal will depend on a number of factors, including the prevailing market prices and conditions at the relevant time or times.

Disposal Mandate

The Disposal Mandate to be sought from the Shareholders will be on the following terms:

- 1. Mandate Period** – for a period of 18 months from the Release Date to the date on which the Settlement Fee is required to be fully settled according to the Final Settlement Agreement, which is in line with the expected payment schedule of the Settlement Fee as set out in the section headed “Principal Terms of the Final Settlement Agreement – Payment Terms of the Settlement Fee” of this circular

- 2. Maximum Number of Ping An A Shares** – the Disposal Mandate authorises and empowers the Board to sell up to such number of Ping An A Shares with aggregate net proceeds (excluding taxes and expenses) of not exceeding RMB450 million (equivalent to approximately HK\$555.01 million) during the mandate period. In this respect, based on the minimum selling price per Ping An A share of not less than RMB42 disclosed in “5. Mechanism for Setting the Selling Price” below and subject to the price setting mechanism therein, the Board will be authorised to sell up to 10,714,285 Ping An A Shares pursuant to the Disposal Mandate

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- 3. Scope of Authority** – the Board is authorised and empowered to determine, decide, execute and implement with full discretion all matters relating to the Possible Disposal, including, without limitation, the number of batches of disposals, the number of Ping An A Shares to be sold in each disposal, the timing of each disposal, the manner of disposal (whether in the open market or through block trade(s)), the target purchasers and the selling price (subject to the parameters set out in “5. Mechanism for Setting the Selling Price” below)
- 4. Manner of Disposal** – apart from disposal of Ping An A Shares in the open market on Shanghai Stock Exchange, Golden Yuxing may also dispose of its holding of Ping An A Shares during the mandate period through block trade(s) to identified buyer(s) or by way of placing through open market sales placing agent(s). The terms and conditions of such block trade(s) or disposal will be negotiated on an arms’ length basis
- 5. Mechanism for Setting the Selling Price** – the selling price per Ping An A Share that is to be sold indirectly (either through placing agent, brokerage or otherwise) in the open market or through block trade(s) shall represent no more than a 10% discount to the closing price of Ping An A Shares on the Shanghai Stock Exchange on the last trading day immediately prior to the date of the relevant sale and purchase agreement, which was determined by the Board with reference to market practice for block trades and the requirement for “A” shares companies to suspend trading if their share prices fluctuate by more than 10% from the closing prices on the last trading day. The Company will also take into account the then prevailing share price performance of Ping An A Shares and market sentiment in determining the selling price of the Ping An A Shares to be disposed of indirectly in the open market, through block trades or by way of placing

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- whether the disposal is made in the open market, through block trade(s) or by way of placing, the minimum selling price per Ping An A Share shall not be less than RMB42 which was determined by reference to the: (i) closing price of RMB45.81 per Ping An A Share as quoted on Shanghai Stock Exchange as at the Latest Practicable Date; (ii) the average closing price of RMB41.98 per Ping An A Share as quoted on Shanghai Stock Exchange for the past 6 months; and (iii) the average closing price of RMB42.00 per Ping An A Share as quoted on Shanghai Stock Exchange for the past 12 months

The Directors consider that the aforementioned price setting mechanism will allow flexibility for the Directors to accommodate fluctuation in market conditions in the exercise of the Disposal Mandate and at the same time reflect the lowest acceptable price to dispose of Golden Yuxing's holding of Ping An A Shares and are thus fair and reasonable as far as the Company and the Shareholders are concerned.

Assuming all the Ping An A Shares under the Disposal Mandate had been sold according to the terms of the Disposal Mandate including the mechanism for setting the selling price above, the Possible Disposal will result in a gain of approximately HK\$376.37 million, the basis of calculation of which is disclosed in the section headed "Financial impact of the Possible Disposal and release of Golden Yuxing's dividend entitlement in respect of its indirect economic benefits of 51 million Ping An A Shares on the Group's earnings, assets and liabilities" below, which has been included in the cumulative gains/losses arising from the Ping An A Shares previously recognised in other comprehensive income of the Company and will be reclassified from equity to profit or loss of the Company as a reclassification adjustment.

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

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 (equivalent to approximately HK\$95.92 million) and RMB54.42 million (equivalent to approximately HK\$67.12 million) respectively; and (2) profits after taxation and extraordinary items of approximately RMB77.59 million (equivalent to approximately HK\$95.70 million) and RMB54.05 million (equivalent to approximately HK\$66.66 million) respectively.

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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 unaudited 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 and when it proceeds. The Shareholders and potential investors are urged to exercise caution when dealing in the securities of the Company. Further announcements will be issued by the Company regarding updates on, amongst other things, the issue of the Civil Mediation Agreement (民事調解書), the gradual release of the Freezing Order and the Two Standby Moratoriums, the confirmation of the Release Date, the payment of the First Tranche, the Second Tranche and the Third Tranche and material developments of the settlement of the Legal Proceedings and the Possible Disposal.

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 Legal Proceedings (including the litigation regarding the dispute over the JI Equity Interest) have resulted in the imposition of the Freezing Order on the Group's indirect economic benefits of 51 million Ping An A Shares and its dividend entitlements.

On 23rd December 2008, the Guangdong Higher Court rejected the claim made by JLB Group against Golden Yuxing over the JI Equity Interest. On 25th June 2009, Golden Yuxing was notified by the Supreme Court that an appeal has been lodged by the JLB Group. Based on the ruling dated 20th November 2009 of the Supreme Court, amongst other things, the case was returned to the Guangdong Higher Court for rehearing. The Board therefore considers that the continuation of the Legal Proceedings and the enforcement of the Freezing Order will have

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a material impact on the assets and operations of the Company. Subject to the approval of the Shareholders, the Board believes that the entering into the two Settlement Agreements and the payment of the Settlement Fee following the issue of the Civil Mediation Agreement (民事調解書) on the basis of the Final Settlement Agreement by the Guangdong Higher Court will generate the following benefits to the Group:

1. the settlement of the litigation between Golden Yuxing and JLB Group in respect of the dispute over JI Equity Interest, which has been protracted for over 5 years, ensures that the Group's indirect associated economic benefits of 51 million Ping An A Shares are legally protected and no longer subject to the Disputes;
2. pursuant to the two Settlement Agreements, all the Claims arising from the other Legal Proceedings brought against the Group by the other relevant Parties are extinguished and the Company is no longer legally obligated to compensate these Parties including JLB Group by any other means;
3. under the two Settlement Agreements, each of Golden Yuxing and JLB Group undertakes 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. This relieves the Group from the burden of continuing to defend the Legal Proceedings and represents a significant step forward for the Group to carry out its long term business strategies;
4. the release of 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 associated with the 51 million Ping An A Shares from the Freezing Order will provide ample capital and financial support for the Group to develop its principal and other relevant businesses. After the payment of the Settlement Fee, the remaining 10 million Ping An A Shares subject to the Freezing Order will also be released from the Freezing Order; and
5. the termination of the Legal Proceedings is expected to enable the Group to save significant legal costs.

In the circumstances, the Board believes that the Transactions are the most commercially viable way to resolve the Disputes and terminate the Legal Proceedings in a timely manner, which will be beneficial to the strategic and business growth of the Group.

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.

LETTER FROM THE BOARD

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 Agreements, 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 through JI following the Possible Disposal, the associated economic benefit of which to the Group is believed to be significant, for investment purpose as this will enhance Shareholders' value and broaden the asset base of the Group.

In view of the above, Directors (including the independent non-executive Directors) believe that the terms of the Transactions including the entering into the Settlement Agreements, the provision of the New 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 Final Settlement Agreement and the progress of the Possible Disposal.

The Settlement Agreements are subject to, amongst other things, obtaining approval from the Shareholders at the SGM. The New Guarantee and the Disposal Mandate are conditional upon obtaining Shareholders' approval at the SGM of the Settlement Agreements. The Company has disclosed in the First Announcement that 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 (equivalent to approximately HK\$555.01 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. No additional provision in relation to the Settlement Agreements has to be made by the Company as a result of entering into the Final Settlement Agreement.

FINANCIAL IMPACT OF THE POSSIBLE DISPOSAL AND RELEASE OF GOLDEN YUXING'S DIVIDEND ENTITLEMENT IN RESPECT OF ITS INDIRECT ECONOMIC BENEFITS OF 51 MILLION PING AN A SHARES ON THE GROUP'S EARNINGS, ASSETS AND LIABILITIES

Based on a minimum selling price of RMB42 (subject to the maximum discount of 10% as part of the price setting mechanism) and the maximum number of 10,714,285 Ping An A Shares to be disposed of pursuant to the Disposal Mandate, had all the Ping An A Shares under the Disposal Mandate been sold according to the terms of the Disposal Mandate, the Possible Disposal will result in a gain of approximately HK\$376.37 million which is calculated with reference to the estimated cumulative investment revaluation reserve of approximately HK\$1,791.54 million and the transfer of approximately HK\$376.37 million, being a portion of such reserve represented by the maximum number of 10,714,285 Ping An A Shares to be

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disposed of under the Disposal Mandate (i.e. HK\$1,791.54 million \times 10,714,285 Ping An A Shares \div 51,000,000 Ping An A Shares), from the estimated investment revaluation reserve to profit or loss in accordance with the relevant Hong Kong accounting standards. The gain of approximately HK\$376.37 million has been included in the cumulative gains/losses arising from the Ping An A Shares previously recognised in other comprehensive income of the Company and will be reclassified from equity to profit or loss of the Company as a reclassification adjustment. As a result, the Possible Disposal is expected to contribute approximately HK\$376.37 million, which may vary depending on the actual selling price and the total number of Ping An A Shares to be disposed of under the Disposal Mandate, to profit or loss of the Group but it will have no impact on the assets and liabilities of the Group upon its completion.

As all Golden Yuxing's dividend entitlements of indirect economic interest of 51 million Ping An A Shares subject to the Freezing Order have been accounted for in the books of the Company, the release of such dividend entitlements will have no effect on the earnings, assets and liabilities of the Group. It is expected that the Group's cash and bank balances will increase by approximately HK\$97.5 million coupled with a reversal of dividend receivables by a corresponding amount.

INFORMATION ABOUT THE COMPANY, GOLDEN YUXING, JI, JLB GROUP, SANSHUI JIANLIBAO, BEIJING LING SI, ZHENG TIAN TECHNOLOGY AND PING AN

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 ("STB")) 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 STB) 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 hence 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.

Sanshui Jianlibao is principally engaged in industrial investment, investment consultancy services and domestic trading activities.

Beijing Ling Si is principally engaged in the development of network technology and computer software and hardware and technology consultancy, services, transfer and training.

Zheng Tian Technology is principally engaged in investment in high technology industries, garden design and construction, and wholesale and retail of various products.

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Ping An, a joint stock limited company incorporated in the PRC with limited liability, is one of the leading integrated financial services groups in the PRC. Save for the Company indirect holding of the 51 million Ping An A Shares, Ping An is 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 exposure of the Company under the New Guarantee is RMB450 million (equivalent to approximately HK\$555.01 million). As the applicable percentage ratios are more than 25% but less than 75%, the New Guarantee 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.

Taking into account the maximum net cash consideration of RMB450 million (equivalent to approximately HK\$555.01 million), excluding taxes and expenses, to be received by the Company in respect of the exercise, in full, of the Disposal Mandate, the exercise of the Disposal Mandate will constitute a major disposal of the Company as the relevant percentage ratios are more than 25% but less than 75% and is therefore subject to reporting, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

As the New Guarantee and the Disposal Mandate form part and parcel of the Transactions for the purpose of terminating the Legal Proceedings and extinguishing the Claims, a resolution on the Settlement Agreements and conditional on passing of it, resolutions on the New Guarantee and the Disposal Mandate, will be proposed at the SGM for approval by the Shareholders.

In the event that any future purchaser to the Possible Disposal is a connected person of the Company, the Company will strictly comply with the announcement, reporting and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules before effecting such disposal.

As Mr. Zhu has been joined as a Party to some of the Legal Proceedings in his capacity as chairman of the Board, he is naturally joined together with, amongst others, Golden Yuxing as a party to the Final Settlement Agreement. As at the Latest Practicable Date, Mr. Zhu was interested in an aggregate of 37.76% of the entire issued share capital of the Company. Although Mr. Zhu does not have any equity holding in JLB Group as at the Latest Practicable Date and the Company does not consider that Mr. Zhu has a material interest in the Transactions which is different from those of the other Shareholders, as a matter of good corporate governance, Mr. Zhu, has agreed to voluntarily abstain from voting on the resolutions relating to the Transactions at the SGM.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, the counterparties to the Settlement Agreements and, where applicable, their respective ultimate beneficial owners are Independent Third Parties. As such, the Company is not aware of any person who is required to abstain from voting on the resolutions relating to the Transactions at the SGM except for Mr. Zhu for reasons stated above.

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SGM

A notice convening the SGM to be held on Monday, 18th March 2013 at 11:00 a.m. is set out on pages 39 to 42 of this circular.

RECOMMENDATIONS

The Directors (including the independent non-executive Directors) are of the view that the terms of the Settlement Agreements, the New Guarantee and the Disposal Mandate are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolution to approve the Transactions at SGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the information contained Appendix I to Appendix II to this circular.

Yours faithfully,
On behalf of the Board
Yuxing InfoTech Investment Holdings Limited
Chen Fu Rong
Deputy Chairman

1. FINANCIAL INFORMATION OF THE GROUP

The published audited consolidated financial statements of the Company for each the three years ended 31st December 2009, 2010 and 2011 are disclosed in the Company's annual reports for the three years ended 31st December 2009, 2010 and 2011 and the published unaudited consolidated financial statements of the Company for the six months ended 30th June, 2012 are disclosed in the Company's interim report for the six months ended 30th June 2012, which can be accessed on both the website of the Stock Exchange (<http://www.hkex.com.hk>) and the website of the Company (<http://www.yuxing.com.cn/>).

2. INDEBTEDNESS STATEMENT

As at 31st December 2012, being the Latest Practicable Date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding borrowings of approximately HK\$101.7 million, comprising mortgage loan of approximately HK\$12.0 million, bank borrowings of approximately HK\$88.2 million and margin overdraft of approximately HK\$1.5 million respectively. The Group's bank and other borrowings were secured by certain leasehold property, investment properties, prepaid lease payments, buildings and leasehold improvement, trade receivables from third parties, financial assets at fair value through profit or loss and bank deposits with an aggregate carrying value of approximately HK\$204.6 million.

As at 31st December 2012, certain assets of the Group were frozen by the freezing orders imposed by the Intermediate Court of Foshan as follows:

- a) the 36.66% equity interest in JI;
- b) Dividend receivable from JI of approximately HK\$97.5 million; and
- c) Cash and bank balances of approximately HK\$1.1 million.

As at 31st December 2012, save as disclosed above and apart from intra-group liabilities, normal trade and other payables, the Group did not have any outstanding 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.

Save as aforesaid, the Directors have confirmed that except for the New Guarantee and the provision of RMB450 million (equivalent to HK\$555.01 million) in the accounts of the Group for the year ended 31st December 2012 as a result of the Group's obligation to pay the Settlement Fee under the Settlement Agreements referred to in the Letter from the Board set out in this circular, there have been no material changes in the indebtedness and contingent liabilities of the Group since 31st December 2012.

3. WORKING CAPITAL STATEMENT

The Directors are of the opinion that, after taking into account the present financial resources available to the Group, the borrowings and the settlement under the Settlement Agreements, in the absence of unforeseen circumstances, the Group has sufficient working capital for its present requirements for at least the next twelve months following the date of this circular.

4. MATERIAL ADVERSE CHANGE

Save as disclosed in the profit warning announcement issued by the Company on 30th January 2013, 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 31st December 2011, being the date to which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The existing principal activity of the Company is investment holding and the Group is principally engaged in research and development, design, manufacturing, marketing and sale of information appliances (major in STB) through a network of partnerships and distributors in the PRC, Hong Kong and overseas. Currently, the Internet Protocol Television (“IPTV”) market has entered into a period of steady growth around the world, in particular in the PRC market, where the market has a rapid growth and huge potential. Being the Group’s principal business, IPTV STB business has been undergoing a strong performance in these few years. At the same time, with the IPTV market continues to expand, the Group proposes to invest more resources in it in a belief of receiving considerable return in the future. Following completion of the Settlement Agreements, the Group’s most significant assets, the indirect economic interest of the 51 million Ping An A Shares will be unfrozen by the Guangdong Higher Court. The Group believes that these assets will enhance Shareholders’ value, broaden the asset base of the Group and provide an excellent return to the Group in the near future.

The Directors confirm that there will be no major change to the Group’s principal business activities as a result of the New Guarantee and the Possible Disposal. Further, the Directors believe there would be no adverse impact on the Group’s operations by the New Guarantee and the Possible Disposal. After the Possible Disposal, the additional funds available would allow the Group to pay its Settlement Fee to the JLB Group or its designated entities (which must be duly incorporated and registered in the PRC).

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

Directors' and chief executives' interests and short positions in the securities of the Company and its associated corporations

Save as disclosed below, as at the Latest Practicable Date, none of the Directors, chief executives of the Company and their associates (with the meaning of the GEM Listing Rules) had any interests or short positions in any shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (Chapter 571 of the Laws of Hong Kong) (including interests and short positions which they are deemed or taken to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange:

(1) Long positions in the Shares

Name of Director	Nature of interests	Number of Shares	Capacity	Percentage of the issued share capital of the Company ¹
Mr. Zhu Wei Sha	Corporate ²	660,000,000	Interest of a controlled corporation	37.74%
	Personal	300,000	Beneficial owner	0.02%
Mr. Chen Fu Rong	Corporate ²	660,000,000	Interest of a controlled corporation	37.74%
Mr. Shi Guang Rong	Personal	25,560,000	Beneficial owner	1.46%

Name of Director	Nature of interests	Number of Shares	Capacity	Percentage of the issued share capital of the Company ¹
Mr. Wang An Zhong	Personal	5,936,756	Beneficial owner	0.34%
Mr. Zhong Peng Rong	Personal	1,600,000	Beneficial owner	0.09%
Mr. Wu Jia Jun	Personal	1,600,000	Beneficial owner	0.09%

Notes:

- The percentage of shareholding has been compiled based on the total number of Shares in issue as at the Latest Practicable Date (i.e. 1,748,886,000 Shares).
- Messrs. Zhu Wei Sha and Chen Fu Rong held these Shares through Super Dragon Co. Ltd. ("Super Dragon"), a company in which Messrs. Zhu Wei Sha and Chen Fu Rong held 63.6% and 36.4% of the entire issued share capital respectively. Both Mr. Zhu Wei Sha and Mr. Chen Fu Rong are directors of Super Dragon.

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

Pursuant to the share option scheme approved by the Shareholders on 18th May 2003, Directors were granted share options to subscribe for Shares, details of which as at the Latest Practicable Date were as follows:

Name of Director	Date of grant	Exercise price per share HK\$	Exercisable period	Number of share options	Approximate percentage held
Mr. Wang An Zhong	26th December 2006	0.2975	26th December 2006 – 17th May 2013	800,000	0.05%
Ms. Shen Yan	26th December 2006	0.2975	26th December 2006 – 17th May 2013	960,000	0.05%

3. SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, the Directors and chief executive of the Company are not aware that there was any party (other than a Director or chief executive of the Company), who, as at the Latest Practicable Date 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 or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote at general meeting of any other member of the Group:

Name of Shareholders	Nature of interests	Number of Shares	Capacity	Percentage of the issued share capital of the Company
Super Dragon	Corporate	660,000,000	Beneficial owner	37.74%
Gold Swiss Holdings Limited	Corporate	100,000,000	Beneficial owner	5.72%

Save as disclosed in the sections of Appendix II to this circular headed “2. Disclosure of Interests of Directors and Chief Executives” regarding the directorships of Mr. Zhu Wei Sha and Mr. Chen Fu Rong in Super Dragon and “3. Substantial Shareholders”, none of the Directors or proposed Director is a director or employee of a company which has an interest in the Shares and underlying Shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. DIRECTORS’ INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to the Company or are proposed to be acquired or disposed of by or leased to the Company since 31st December 2011 (being the date of the latest published audited consolidated financial statements of the Group).

None of the Directors was materially interested in any contract or arrangement entered into by the Company subsisting at the Latest Practicable Date and which is significant in relation to the business of the Company.

5. COMPETING INTERESTS

None of the Directors was materially interested in any contract or arrangement entered into by the Company subsisting at the Latest Practicable Date and which is significant in relation to the business of the Company.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered or proposed to enter into a service contract with any member of the Group which is not determinable by the employer within one year without payment of compensation other than statutory compensation.

7. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business of the Group) were entered into by members of the Group within two years immediately preceding the Latest Practicable Date and are or may be material:

- (a) the Settlement Agreement;
- (b) the Final Settlement Agreement;
- (c) the Guarantee;
- (d) the New Guarantee; and
- (e) the Bilateral Agreement.

8. LITIGATION

As at the Latest Practicable Date, save as disclosed in the First Announcement, the Second Announcement and the Letter from the Board set out in this circular, no member of the Group was engaged in any litigation or arbitration proceedings of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours on any week day (Saturdays and public holidays excepted) at the principal place of business of the Company in Hong Kong at Unit 1808, 18th Floor, Tower III, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong from the date of this circular up to and including the date of the SGM:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the material contracts referred to in the paragraph headed “Material Contracts” in this appendix;
- (c) the letter from the Board, the text of which is set out on pages 7 to 30 of this circular;
- (d) the annual reports of the Company for the three financial years ended 31st December 2009, 2010 and 2011; and

- (e) this circular.

10. MISCELLANEOUS

- (a) The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the places of business in Hong Kong is Unit 1808, 18th Floor, Tower III, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong.
- (b) The company secretary of the Company is Mr. Liu Wei, who is a qualified solicitor in the PRC, Hong Kong and England.
- (c) The Company's branch share registrar and transfer office in Hong Kong is Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The audit committee comprises three independent non-executive directors of the Company, namely Mr. Wu Jia Jun, Mr. Zhong Peng Rong and Ms. Shen Yan. Ms. Shen was appointed as the chairman of the audit committee and she has appropriate professional qualifications in accounting and auditing experience. The responsibility of the audit committee is to assist the Board in fulfilling its audit duties through the review and supervision of the Company's financial reporting system and internal control procedures.

Mr. Wu Jia Jun, aged 81, is currently an Honorary Academy Member and researcher of China Social Science Academy as well as a tutor of doctoral students. He is also honour president of the China Industrial Economic Association. He served as the vice general manager of the Chinese Industrial and Economic Research Institute from 1980 to 1993, and the vice president of the Young Entrepreneurs Association of China. Mr. Wu has extensive experience in conducting research in the economy and industries of the PRC and also in corporate management. He is a renowned scholar in Japanese corporate and industrial management of which he has an in-depth knowledge. He has published several books and articles on corporate management and economic reform. Mr. Wu was appointed as Independent Non-executive Director in October 1999.

Mr. Zhong Peng Rong, aged 60, is a renowned Chinese economist. He worked with the central government of the PRC for many years as a chief researcher. He now serves as a professor of several famous universities and as an adviser to over 21 enterprises and local governments of the PRC. As the chairman and research fellow of the Beijing Shiye Consultancy Centre, he has formulated development strategies for enterprises in different industries and for local governments. He has an in-depth understanding of the macroeconomic environment and government administration in the PRC. Mr. Zhong was appointed as Independent Non-executive Director in October 1999.

Ms. Shen Yan, aged 49, holds a bachelor degree in Accounting and has over 18 years of experience in accounting and 14 years of experience in auditing. She is currently a tutor of Beijing University of Technology. Ms. Shen successively held important posts in a number of enterprises in the PRC and is well experienced in financial accounting, budget control and financial management. During that period, she took part in the research on the relevant financial management projects and has compiled and published a number of books on professional management. Before then, she worked in Beijing Zhong Gong Xin Certified Public Accountants (北京中公信會計師事務所), where she presided over audit works for China and international renowned enterprises operating in various fields such as manufacturing, professional affairs and services, and has accumulated invaluable experiences in relation to corporate finance management and audit works. In April 2008, Ms. Shen was appointed as the chief accountant of the Beijing University of Technology Investment Company (北京工業大學投資公司). Ms. Shen was appointed as Independent Non-executive Director in January 2005.

- (e) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

NOTICE OF SGM



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 Unit 1809, 18/F, Tower III, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong on Monday, 18th March 2013 at 11:00 a.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the settlement agreement dated 30th January 2013 (the “Settlement Agreement”, a copy of which has been produced to this meeting and marked “A” and initialled by the chairman of the meeting for the purpose of identification) between 北京金裕興電子技術有限公司 (Beijing Golden Yuxing Electronics and Technology Company Limited) (“Golden Yuxing”), a wholly-owned subsidiary of the Company, and 廣東健力寶集團有限公司 (Guangdong Jianlibao Group Company Limited*) (“JLB Group”) in relation to the payment of the amount of RMB450 million (“Settlement Fee”) in full and final settlement of the legal proceedings and the extinguishment of all existing and possible claims, liabilities, or other rights and obligations that exist between the parties before the signing of the Settlement Agreement in respect of the 36.66% equity interest in 工布江達江南實業發展有限公司 (Gongbujiangda Jiangnan Industrial Development Co., Ltd.*) (“JI Equity Interest”) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the final settlement agreement dated 4th February 2013 (the “Final Settlement Agreement”, a copy of which has been produced to this meeting and marked “B” and initialled by the chairman of the meeting for the purpose of identification) among (i) Golden Yuxing, 北京裕興軟件有限公司 (Beijing Yuxing Software Company Limited), 佛山市智興電子有限公司 (Foshan Zhixing Technology Company Limited), 盛邦強點電子(深圳)有限公司 (Sheng Bang Qiang Dian Electronics (Shenzhen) Company Limited), all being wholly-owned subsidiaries of the Company, 北京靈思信息系統有限公司

NOTICE OF SGM

(Beijing Ling Si Information System Company Limited*) and Mr. Zhu Wei Sha as party A; (ii) JLB Group, 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*), 佛山市三水正天科技投資有限公司 (Foshan Sanshui Zheng Tian Technology Investment Company Limited*) and Mr. Ye Hong Han as party B; and (iii) Mr. Zhang Hai as party C in relation to the payment of the Settlement Fee in full and final settlement of the legal proceedings and the extinguishment of all existing and possible claims, liabilities, or other rights and obligations that exist between the parties before the signing of the Final Settlement Agreement in respect of the JI Equity Interest and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and

- (c) the directors of the Company (the “Directors”) be and are hereby authorised to do all such acts and things, execute all such documents and exercise all powers as he considers necessary or expedient or desirable in connection with, or to give effect to, the Settlement Agreement and the Final Settlement Agreement and to implement and/or give effect to the transactions contemplated thereunder including without limitation to the execution, amendment, supplement, delivery, waiver, submission and implementation of any further documents or agreements.”

2. “**THAT**

- (a) subject to the passing of resolution numbered 1 as set out in the notice convening this meeting, the guarantee dated 4th February 2013 (the “New Guarantee”, a copy of which has been produced to this meeting and marked “C” and initialled by the chairman of the meeting for the purpose of identification) by the Company as guarantor in favour of JLB Group, which is in substitution of the guarantee dated 30th January 2013 provided by the Company in favour of JLB Group, in respect of the obligations of Golden Yuxing to pay the Settlement Fee under the Settlement Agreement and the Final Settlement Agreement up to the maximum amount of RMB450 million and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
- (b) the Directors be and are hereby authorised to do all such acts and things, execute all such documents and exercise all powers as he considers necessary or expedient or desirable in connection with, or to give effect to, the New Guarantee and to implement and/or give effect to the transactions contemplated thereunder including without limitation to the execution, amendment, supplement, delivery, waiver, submission and implementation of any further documents or agreements.”

NOTICE OF SGM

3. “THAT

(a) subject to the passing of resolutions numbered 1 and numbered 2 as set out in the notice convening this meeting, the Directors be authorised to exercise (as hereinafter defined) all the powers of the Company to effect the disposal of the Company’s indirect economic interest in “A” shares of Ping An Insurance (Group) Company of China, Ltd. (“Ping An A Shares”) through 工布江達江南實業發展有限公司 (Gongbujiangda Jiangnan Industrial Development Co., Ltd.*) (“JI”), to potential buyers, in settlement of the whole or part of the Settlement Fee (the “Possible Disposal”) during the Relevant Period, subject to the following parameters:

(xx) the aggregate number of Ping An A Shares which may be disposed of by the Directors pursuant to the approval in resolutions numbered 3(a) and 3(b) as set out in the notice convening this meeting shall not exceed such number of Ping An A Shares which may generate net proceeds in the aggregate sum (excluding taxes and expenses) of more than RMB450 million; and

(yy) In respect of the selling price per Ping An A Share:

(i) the selling price per Ping An A Share that is to be sold through block trade(s) shall represent no more than a 10% discount to the closing price of Ping An A Shares on Shanghai Stock Exchange on the last trading day immediately prior to the date of the relevant sale and purchase agreement in relation to such block trade; and

(ii) whether the disposal is made in the open market, through block trade(s) or by way of placing, the minimum selling price per Ping An A Share shall not be less than RMB42;

(b) the Directors be and are hereby authorised to do all such acts and things, execute all such documents and exercise all powers as he considers necessary or expedient or desirable in connection with, or to give effect to, the Possible Disposal and to implement and/or give effect to the transactions contemplated thereunder including without limitation to the execution, amendment, supplement, delivery, waiver, submission and implementation of any further documents or agreements; and

(c) for the purpose of this Resolution:

“Relevant Period” means the period from the date of passing of this Resolution until whichever is the earlier of:

(i) the expiration of a period of 18 months from the day following the date of acknowledgment by the relevant local Administration for Industry and

NOTICE OF SGM

Commerce of the notice issued by the Higher People's Court of Guangdong Province of the People's Republic of China in relation to the release of Golden Yuxing's 29.472% equity interest in JI (and hence the associated economic benefits of 41 million Ping An A Shares); and

- (ii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the Company in general meeting.”

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

Hong Kong, 28th February 2013

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. Any registered holder of the Shares (the “Member”) entitled to attend and vote at the special general meeting convened by the above notice is entitled to appoint another person as his proxy to attend and vote instead of him. A Member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the special general meeting. A proxy need not be a Member.
2. In order to be valid, the instrument appointing a proxy and (if required by the board of directors of the Company) the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, must be delivered to 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 not less than 48 hours before the time appointed for holding the special general meeting or adjourned meeting at which the person named in the instrument proposes to vote.
3. Delivery of an instrument appointing a proxy will not preclude a Member from attending and voting in person at the special general meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Therefore, all resolutions proposed at the special general meeting should be voted by poll.

* *For identification purposes only*