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YUXING INFOTECH INVESTMENT HOLDINGS LIMITED

裕興科技投資控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 8005)

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

SUBSCRIPTION OF NEW SHARES

On 30th December 2020, the Company entered into two Subscription Agreements with the Subscribers pursuant to which the Company has conditionally agreed to allot and issue and the Subscribers have conditionally agreed to subscribe for the Subscription Shares comprising an aggregate of 414,616,000 new Shares at the Subscription Price of HK\$0.20 per Subscription Share.

The Subscription Shares represent (i) approximately 19.99% of the existing issued share capital of the Company (without taking into account the Subscription Shares) as at the date of the Subscription Agreements; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The gross proceeds of the Subscription will amount to HK\$82,923,200 and the net proceeds receivable by the Company under the Subscription are estimated to be approximately HK\$82,723,200 million after deducting the relevant expenses incurred in relation to the Subscription. It is presently intended that the net proceeds will be applied in connection with the development of the major operating businesses of IHA and IDC of the Group and supplement working capital.

GENERAL MANDATE

The Subscription Shares are to be allotted and issued under the General Mandate and therefore the issue of the Subscription Shares will not be subject to the approval of the Shareholders.

Completion of the Subscription is subject to the fulfillment of the Condition. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares and/or other securities of the Company.

THE SUBSCRIPTION AGREEMENTS

Set out below is a summary of some of the principal terms of the Subscription Agreements which are on substantially same terms except for identity of the Subscribers and their related information, Subscription amount and number of Subscription Shares.

The First Subscription Agreement

Date:

30th December 2020

Parties:

- (i) the Company; and
- (ii) Cedar Surplus Investments Limited as the First Subscriber

Pursuant to the terms of the First Subscription Agreement, the First Subscriber will subscribe for 250,016,000 Subscription Shares at the Subscription Price.

The Second Subscription Agreement

Date:

30th December 2020

Parties:

- (i) the Company; and
- (ii) Mr. Zhu Weisha as the Second Subscriber

Pursuant to the terms of the Second Subscription Agreement, the Second Subscriber will subscribe for 164,600,000 Subscription Shares at the Subscription Price.

Date:

30th December 2020

The Subscribers

The First Subscriber is a Shareholder holding approximately 9.65% of the total issued Shares. Mr. Cong Yu is the sole shareholder and sole director of the First Subscriber. Through the First Subscriber, Mr. Cong Yu beneficially holds 25% of the issued shares of Glory River Company Limited which is an indirect non-wholly owned subsidiary of the Company. Glory River Company Limited in turn holds the entire issued share capital of Yuxin Asset Management Company Limited which is an indirect non-wholly owned subsidiary of the Company. Mr. Cong Yu is a director of both Glory River Company Limited and Yuxin Asset Management Company Limited which have minimal operations and are therefore insignificant subsidiaries under rule 20.08 of the GEM Listing Rules. Mr. Cong Yu and the First Subscriber are therefore not Connected Persons of the Company.

The Second Subscriber is a Shareholder holding approximately 6.43% of the total issued Shares. In addition, the Second Subscriber holds 28% of the issued shares of Perfect Bliss Investments Limited which in turn holds 24% of the issued shares of Glory River Company Limited. The Second Subscriber retired as the chairman of the Company and executive Director with effect from 8th March 2017 and therefore is not a Connected Person of the Company.

Saved as disclosed above, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscribers are all Independent Third Parties.

The Subscription Shares will be allotted and issued to the two Subscribers who will each become Substantial Shareholder (as defined in the GEM Listing Rules) immediately after completion of the Subscription.

The Subscription Shares

The Subscription Shares represent (i) approximately 19.99% of the existing issued share capital of the Company (without taking into account the Subscription Shares) as at the date of the Subscription Agreements; and (ii) approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

The Subscription Shares will rank, upon issue, pari passu in all respects among themselves and with the Shares in issue as at the date of allotment and issue of the Subscription Shares.

The Subscription Price

The Subscription Price is HK\$0.20 per Subscription Share, representing:

- (i) a premium of approximately 0.50% to the closing price of HK\$0.199 per Share as quoted on the Stock Exchange on 30th December 2020, the last full trading day in the Shares prior to this announcement; and
- (ii) a discount of approximately 6.10% to the average closing price of approximately HK\$0.213 per Share as quoted on the Stock Exchange for the last five trading days up to and including 29th December 2020.

The Subscription Price was determined and negotiated on an arm's length basis between the Company and the Subscribers with reference to, among other things, the prevailing market price of the Shares and the liquidity of the Shares. In light of the relatively thin liquidity of the Shares, the Directors consider that the Subscription Price which is at a premium of approximately 0.50% to the closing price of HK\$0.199 per Share as quoted on the Stock Exchange on 30th December 2020 and at a slight discount of approximately 6.10% to the average closing price of approximately HK\$0.213 per Share as quoted on the Stock Exchange for the last five trading days up to and including 29th December 2020, to be fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Based on the estimated expenses for the Subscription, the net Subscription Price is approximately HK\$0.199 per Subscription Share.

The aggregate nominal value of the Subscription Shares is HK\$10,365,400.

General Mandate to issue the Subscription Shares

The Directors were authorized to allot and issue up to 414,617,760 Shares under the General Mandate. The Subscription Shares will be allotted and issued under the General Mandate. As at the date of this announcement, no Shares have been allotted and issued under the General Mandate. As such, the maximum number of new Shares that could be allotted and issued under the General Mandate is 414,617,760 Shares. The Subscription Shares (comprising 414,616,000 new Shares in aggregate) to be allotted and issued will utilise most of the General Mandate.

Condition of the Subscription

The Subscription is conditional upon the granting by the Listing Committee of the listing of, and permission to deal in, all of the Subscription Shares (and such listing and permission not subsequently revoked prior to the delivery of definitive certificate(s) of title representing the Subscription Shares).

In the event that the Condition is not fulfilled by 31st January 2021 (or such later date as may be agreed by the Subscribers and the Company), all rights, obligations and liabilities of the parties to the Subscription Agreements in relation to the Subscription shall cease and determine and none of the parties thereto shall have any claim against any other party in respect of the Subscription save for any antecedent breaches.

Completion of the Subscription

Completion of the Subscription will take place on the seventh Business Day (or any other day as may be agreed by the Company and the Subscribers) after the fulfillment of the Condition.

Application for listing

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Group is principally engaged in IDC, IHA, investing and leasing.

As for the IDC business, it is currently entering into the construction stage of which phase one is expected to be delivered in the first quarter of 2021 and phase two is expected to be completed in 2021. The Group will start a feasibility study for a second data centre in the United States thereafter. The Group, through preparation of the construction of the Group's first IDC in the United States, will expand the IDC portfolio of the Group and explore new sources of revenue, so as to increase the Group's overall profitability in the near future.

The IHA business is principally engaged in sale and distribution of IHA and complementary products (including set-top boxes and raw materials). Products launched by the Group in the markets include high digital set-top box, hybrid dual mode set-top box, Over-the-top/Internet Protocol Television set-top box, set-top box equipped with an Android system, etc..

The gross proceeds of the Subscription will amount to HK\$82,923,200 million and the net proceeds receivable by the Company under the Subscription are estimated to be approximately HK\$82,723,000 million after deducting the relevant expenses incurred in relation to the Subscription.

The Company intends to use the net proceeds of approximately HK\$82,723,000 million from the issue of the Subscription Shares in connection with the development of the major operating businesses of IHA and IDC of the Group and supplement working capital as described above.

The Directors (including the independent non-executive Directors) consider that the terms of the Subscription Agreements are normal commercial terms, which were arrived at after arm's length negotiations between the Company and the Subscribers, and that the issue of the Subscription Shares pursuant to the terms of the Subscription Agreement is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITY IN PAST TWELVE MONTHS BEFORE THE DATE OF THIS ANNOUNCEMENT

The Company has not carried out any other equity fund raising activities in the past twelve-month period immediately preceding the date of this announcement.

CHANGES OF SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 2,073,088,800 Shares in issue. The shareholding structures of the Company as at the date of this announcement and immediately after the allotment and issue of the Subscription Shares are as follows:

Name of Shareholders	As at the date of this announcement		Immediately after the allotment and issue of the Subscription Shares	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Honbridge Holdings Limited (Stock Code: 8137) (Note 1)	450,357,200	21.72%	450,357,200	18.10%
Hong Bridge Capital Limited (Note 1)	450,357,200	21.72%	450,357,200	18.10%
Mr. He Xuechu (Note 1)	450,657,200	21.74%	450,657,200	18.12%
Ms. Foo Yatyan (Note 1)	450,657,200	21.74%	450,657,200	18.12%
First Subscriber (Note 2)	200,000,000	9.65%	450,016,000	18.09%
Mr. Cong Yu (Note 2)	200,000,000	9.65%	450,016,000	18.09%
Super Dragon Co., Ltd. (Note 4)	121,533,800	5.86%	121,533,800	4.89%
Second Subscriber (Notes 3 & 4)	133,357,800	6.43%	297,957,800	11.98%
Other public Shareholders	<u>1,289,073,800</u>	<u>62.18%</u>	<u>1,289,073,800</u>	<u>51.81%</u>
Total	<u><u>2,073,088,800</u></u>	<u><u>100%</u></u>	<u><u>2,487,704,800</u></u>	<u><u>100%</u></u>

Notes:

1. According to the disclosure forms filed by Honbridge Holdings Limited, Hong Bridge Capital Limited, Mr. He Xuechu and Ms. Foo Yatyan on 30th July 2019, Mr. He Xuechu holds more than one-third of the issued share capital of Hong Bridge Capital Limited which in turn holds more than one-third of the issued share capital of Honbridge Holdings Limited. As such, Mr. He Xuechu and Hong Bridge Capital Limited are deemed interested in 450,357,200 Shares in which Honbridge Holdings Limited has an interest. Besides, Ms. Foo Yatyan beneficially owns 300,000 Shares. Therefore, each of Mr. He Xuechu & Ms. Foo Yatyan is collectively deemed to be interested in 450,657,200 Shares because their respective interests are related to the interests of spouse.
2. According to the disclosure forms filed by the First Subscriber and Mr. Cong Yu on 4th June 2020, the First Subscriber holds 200,000,000 Shares, representing 9.65% of the equity interest of the Company. As such, Mr. Cong Yu, the sole shareholder and director of the First Subscriber, is deemed interested in 200,000,000 Shares.
3. The Second Subscriber, a former Director, holds these Shares through Super Dragon Co., Ltd., a company in which the Second Subscriber holds the entire issued share capital and of which he is the sole director.
4. The Second Subscriber is deemed to be interested in 121,533,800 Shares through the interests in the relevant Shares owned by Super Dragon Co., Ltd., a company beneficially owned by him. The remaining interests in 11,824,000 Shares are beneficially owned by the Second Subscriber.

DEFINITIONS

Terms or expressions used in this announcement shall, unless the context otherwise requires, have the meanings ascribed to them below:

“associate(s)”	has the meaning ascribed to this term under the GEM Listing Rules
“Board”	board of Directors
“Business Day”	any day (excluding Saturdays) on which banks generally are open for business in Hong Kong
“Company”	Yuxing InfoTech Investment Holdings Limited, a company incorporated in Bermuda with limited liability, the ordinary shares of which are listed on GEM (Stock Code: 8005)
“Completion”	completion of the allotment and issue of the Subscription Shares pursuant to the terms of the Subscription Agreement
“Completion Date”	the date of Completion of the Subscription which will take place on the seventh Business Day (or any other day as may be agreed by the Company and the Subscriber) after the fulfillment of the Condition of the Subscription
“Condition”	condition precedent to the Completion pursuant to the terms of the Subscription Agreement
“Connected Person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“First Subscriber”	Cedar Surplus Investments Limited, a company incorporated in the British Virgin Islands with limited liability
“First Subscription Agreement”	the subscription agreement dated 30th December 2020 entered into between the Company and the First Subscriber in relation to the Subscription
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM

“General Mandate”	the general mandate granted to the Directors pursuant to an ordinary resolution passed by the Shareholders at the annual general meeting of the Company convened and held on 26th May 2020 to allot and issue up to 414,617,760 new Shares, representing 20% of the share capital of the Company in issue on the date of the passing of the relevant ordinary resolution
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“IDC”	internet data centre
“IHA”	information home appliances
“Independent Third Party(ies)”	third party(ies) who is/are independent of the Company and the directors, chief executive, and Substantial Shareholders of the Company or any of its subsidiaries or their respective associates
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Second Subscriber”	Mr. Zhu Weisha
“Second Subscription Agreement”	the subscription agreement dated 30th December 2020 entered into between the Company and the Second Subscriber in relation to the Subscription
“Share(s)”	ordinary share(s) of nominal value of HK\$0.025 each in the capital of the Company
“Shareholder(s)”	holders of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	the First Subscriber and the Second Subscriber
“Subscription”	the subscription of 414,616,000 new Shares to be allotted and issued to the Subscribers pursuant to the terms of the Subscription Agreements

“Subscription Agreements”	the conditional subscription agreements dated 30th December 2020 and entered into between the Company and the Subscribers in relation to the Subscription
“Subscription Price”	the subscription price of HK\$0.20 per Subscription Share
“Subscription Shares”	414,616,000 new Shares to be allotted and issued under the Subscription
“Substantial Shareholder(s)”	has the meaning as ascribed thereto under the GEM Listing Rules
“%”	per cent.

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

Hong Kong, 30th December 2020

* *For identification purposes only*

As at the date hereof, the executive Directors are Mr. Li Qiang, Mr. Gao Fei, Mr. Shi Guangrong and Mr. Zhu Jiang; the independent non-executive Directors are Ms. Shen Yan, Ms. Dong Hairong and Ms. Huo Qiwei.

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

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least seven days from the date of its publication and on the Company’s website at www.yuxing.com.cn.