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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)

DISCLOSEABLE TRANSACTION

IN RELATION TO THE PROCUREMENT

THE PROCUREMENT AGREEMENT

On 14 May 2021 (after trading hours), the Purchaser (a direct wholly-owned subsidiary of the Company) and the Vendor entered into the Procurement Agreement in respect of the procurement of hashrate capacity of the Machines by the Purchaser from the Vendor for a term of three years at the total consideration of RMB290,000,000 (equivalent to approximately HK\$349,103,000).

THE GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in the GEM Listing Rules) in respect of the Procurement Agreement exceed 5% but all of them are less than 25%, the Procurement Agreement constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is subject to the reporting and announcement requirements under the GEM Listing Rules.

Reference is made to the announcement of the Company dated 7 May 2021 in respect of the entering into of the MOU between Sheng Bang Shenzhen and the Vendor. After further negotiation, the Purchaser and the Vendor have agreed to revise the transaction structure whereby the Purchaser will procure from the Vendor hashrate capacity of the Machines for a fixed term instead of acquiring the Machines.

THE PROCUREMENT AGREEMENT

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A summary of some of the principal terms of the Procurement Agreement is set out below.

Date

14 May 2021 (after trading hours)

Parties

1. the Purchaser, namely Grand Choice Development Limited
2. the Vendor, namely 武漢全耀成科技有限公司 (Wuhan Quanyaocheng Technology Co., Ltd.*)

Procurement

The subject matter to be procured by the Purchaser under the Procurement Agreement is the hashrate capacity of the Machines for cryptocurrency mining.

The Machines are 2,416 sets of A10 pro 6G and 7G version machines for cryptocurrency mining beneficially owned by the Vendor, which have a hashrate capacity of 720MH/S ($\pm 5\%$) per machine and not less than 1,739,520MH/S ($\pm 5\%$) (which equals to 2,416 sets multiplied by 720MH/S ($\pm 5\%$)) in aggregate.

Pursuant to the Procurement Agreement, the Purchaser shall procure from the Vendor, and the Vendor shall provide the Purchaser with, hashrate capacity of the Machines for a term of three years commencing from the date of the Procurement Agreement.

Vendor's undertakings

The Vendor has undertaken that the Machines will perform well and operate normally, and the performance information of the Machines to be obtained by the Purchaser from operation data and on-site testing will meet the computing power and quality of the Machines as required.

The Vendor has guaranteed that, within one year (i) the hashrate capacity of the Machines will not be below 90% of that as set out in the section headed "The Procurement Agreement – Procurement" above; and (ii) the power consumption of each Machine will not be below 95% of that as required.

Consideration

The total Consideration is RMB290,000,000 (equivalent to approximately HK\$349,103,000), which shall be funded by internal resources of the Group and paid by the Purchaser to the Vendor in cash (via bank transfer) or other designated methods in the following manner:

- (1) RMB70,000,000, which represents the Earnest Money paid by Sheng Bang Shenzhen (being the purchaser under the MOU and an indirect wholly-owned subsidiary of the Company) in cash to the Vendor on 7 May 2021, and such amount will be treated as the first instalment of the Consideration;

- (2) RMB150,000,000 to be paid in cash or other designated methods by the Purchaser to the Vendor on or before 31 May 2021. The Earnest Money of RMB70,000,000 shall then be refunded by the Vendor to Sheng Bang Shenzhen within one working day after the aforesaid settlement to the Vendor. The second instalment of the Consideration is therefore RMB80,000,000; and
- (3) RMB140,000,000 to be paid in cash or other designated methods by the Purchaser to the Vendor on or before 8 August 2021, which represents the third instalment of the Consideration.

The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser with reference to the market price of Ethereum and the prevailing market price of each Machine.

Delivery

On the day when the Purchaser has paid the Consideration in the total amount of RMB150,000,000, the Vendor will deliver the corresponding hashrate capacity to the Purchaser.

Termination

Unless the parties agree otherwise, if the Purchaser fails to pay the third instalment of Consideration of RMB140,000,000 on the date specified, the Procurement will proceed according to the amount of Consideration paid and the subsequent transactions will automatically terminate.

INFORMATION ON THE HASHRATE CAPACITY

The hashrate capacity of the Machines are the hashrate capacity of 2,416 sets of A10 pro 6G and 7G version machines for cryptocurrency mining beneficially owned by the Vendor.

INFORMATION ON THE VENDOR

The Vendor is a company established in the PRC with limited liability and is principally engaged in the businesses including distribution and retail of electronic products, computers, software and auxiliary equipment, computer system services and blockchain equipment technology development.

As at the date of this announcement, the issued share capital of the Vendor was held by two individual shareholders, including Le Lingyu* (樂凌宇) (holding 80% of the issued share capital of the Vendor) and Zheng Guangxue* (鄭廣學) (holding 20% of the issued share capital of the Vendor).

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are Independent Third Parties.

INFORMATION ON THE PURCHASER AND THE GROUP

The Purchaser is a company established in the British Virgin Islands with limited liability and is a direct wholly-owned subsidiary of the Company. The Purchaser is principally engaged in investment holding.

The Company is an investment holding company and the Group is principally engaged in the businesses of information home appliances, internet data centre, investing and leasing.

REASONS FOR AND BENEFITS OF THE PROCUREMENT

The Board believes that the investment in hashrate capacity through the Procurement will enable the Group to mine the Ethereum (being a mainstream cryptocurrency based on market value) and to minimize the price risk in the cryptocurrencies market. More importantly, the Board believes that the cryptocurrencies have ample room for appreciation in value and by allocating part of its treasury in cryptocurrencies, they can also serve to diversify the risk in holding cash (which is subject to depreciation pressure due to aggressive increases in money supply by central banks globally) in treasury management. There is an increasing number of listed companies purchasing cryptocurrencies as part of their treasury management. Therefore, the Board has seen a growing momentum in the consensus building process.

The Board considered that the blockchain technology can be broadened in use by the general public, which has a direct correlation to the development of cryptocurrencies. Having considered the optimistic prospects of blockchain technology and cryptocurrencies, the Board is of the view that the Procurement provides the Group with a good investment opportunity to expand its investment portfolio in long run.

Based on the above, the Directors are of the view that the terms of the Procurement Agreement are on normal commercial terms and the terms of the Procurement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

THE GEM LISTING RULES IMPLICATIONS

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DEFINITIONS

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

“Board”	board of Directors
“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)
“Consideration”	the total consideration for the Procurement payable by the Purchaser to the Vendor pursuant to the Procurement Agreement

“Director(s)”	the director(s) of the Company
“Earnest Money”	the earnest money of RMB70,000,000 paid by Sheng Bang Shenzhen to the Vendor on 7 May 2021 in accordance with the MOU
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“hashrate”	a measurement of computational power in relation to cryptocurrency mining
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	person(s) who, to the best knowledge and belief of the Directors having made all reasonable enquiries, is/are third parties independent of and not connected with the Company and its connected persons (as defined in the GEM Listing Rules)
“Machines”	2,416 sets of A10 pro 6G and 7G version machines for cryptocurrency mining beneficially owned by the Vendor
“MH/S”	unit of measurement of hashrate, representing one million hashes per second
“MOU”	the memorandum of understanding dated 7 May 2021 entered into between the Purchaser and the Vendor in relation to the acquisition of 3,000 units of A10 pro machines by Sheng Bang Shenzhen from the Vendor
“PRC” or “China”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Procurement”	the procurement of hashrate capacity of the Machines by the Purchaser from the Vendor as contemplated under the Procurement Agreement
“Procurement Agreement”	the agreement dated 14 May 2021 entered into between the Purchaser and the Vendor in respect of the Procurement

“Purchaser”	Grand Choice Development Limited, a company incorporated under the laws of British Virgin Islands with limited liability, being a direct wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Sheng Bang Shenzhen”	盛邦強點電子(深圳)有限公司(Sheng Bang Qiang Dian Electronics (Shenzhen) Company Limited*), a company established in the PRC with limited liability, being an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	武漢全耀成科技有限公司 (Wuhan Quanyaocheng Technology Co., Ltd.*), a company established in the PRC with limited liability
“%”	per cent.

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

Hong Kong, 14 May 2021

* For identification purposes only

As at the date hereof, the executive Directors of the Company are Mr. Li Qiang, Mr. Cong Yu, Mr. Gao Fei, Mr. Shi Guangrong, Mr. Zhu Jiang and Mr. Chen Biao; the independent non-executive Directors of the Company 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.