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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 licensed securities dealer or registered institution 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(s), the transferee(s) or to the bank, licensed securities dealer or registered institution in securities, or other agent through whom the sale or transfer was effected for onward transmission to the purchaser(s) or the transferee(s).



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)

**(1) VERY SUBSTANTIAL DISPOSAL RELATING TO
DISPOSAL OF LAND AND PROPERTY
AND
(2) NOTICE OF SPECIAL GENERAL MEETING**

Unless the context otherwise requires, all capitalised terms used in this circular have the meanings set out in the section headed “Definitions” of this circular.

A letter from the Board is set out on pages 4 to 16 of this circular.

The notice convening the SGM to be held at Unit 5-6, 9/F, Enterprise Square Three, No. 39 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong on Wednesday, 12 July 2023 at 11:00 a.m. is set out on pages SGM-1 to SGM-2 to this circular. Whether or not you are able to attend the SGM in person, please complete the accompanying proxy form and return the same at the office of the Company’s Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, 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 Listed Company Information” 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.

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock 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.

Given that the companies listed on GEM are generally small and mid-sized companies, 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, the following words and expressions shall have the following meanings unless the context indicates otherwise:

“Agreement”	the real property purchase and sale and escrow agreement entered into between the Vendor and the Purchaser on 29 May 2023 in relation to the Disposal
“Announcement”	the announcement of the Company dated 29 May 2023 in relation to, among others, the Disposal
“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)
“Completion”	completion of the transactions contemplated under the Agreement
“Completion Date”	the date of Completion
“Consideration”	the total consideration for the Disposal payable by the Purchaser to the Vendor pursuant to the Agreement
“Contingency Date”	the date that is forty-five (45) days after the date of execution of the Agreement (provided that if such date falls on a day after a holiday, such ending date shall occur on the following business day)
“Director(s)”	the director(s) of the Company
“Disposal”	the proposed disposal of the Land and Property by the Vendor pursuant to the Agreement
“Escrow Agent”	Old Republic National Title Insurance Company, a Florida incorporated company
“Escrow Period”	the period from 29 May 2023 to the Completion Date
“Escrow Period Lease”	the lease dated 29 May 2023 and entered into between the Vendor as landlord and the Purchaser as tenant in relation to the leasing of the Land and Property by the Vendor to the Purchaser during the Escrow Period
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM

DEFINITIONS

“Group”	the Company and its subsidiaries
“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 the Company and its connected persons (as defined in the GEM Listing Rules)
“Independent Valuer”	an independent property valuer in Hong Kong
“Land and Property”	<p>the property, consist of:</p> <ul style="list-style-type: none">(a) the real estate situated at 6580 Via Del Oro, San Jose, California 95119 and with an area of approximately 4.725 acres; and(b) one story mission critical data center building with an area of approximately 80,158 square feet located on the land
“Latest Practicable Date”	21 June 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information included in this circular
“PRC” or “China”	the People’s Republic of China, which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Prime Date Centers, LLC, a limited liability company incorporated in Delaware
“Remaining Group”	the Company and its subsidiaries after completion of the Disposal
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“SGM”	the special general meeting of the Company to be convened at Unit 5-6, 9/F, Enterprise Square Three, No. 39 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong on Wednesday, 12 July 2023 at 11:00 a.m. to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Survival Period”	a period of nine (9) months after the Completion Date
“US\$”	United States dollars, the lawful currency of the United States of America
“Vendor”	RiCloud Corp., a Delaware incorporated company with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

* *For identification purpose only*

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:

Mr. Li Qiang (*Chairman*)
Mr. Cong Yu (*Chief Executive Officer*)
Mr. Chen Biao
Mr. Gao Fei
Mr. Shi Guangrong
Mr. Zhu Jiang

Independent non-executive Directors:

Ms. Shen Yan
Ms. Dong Hairong
Ms. Huo Qiwei

Registered office:

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business in Hong Kong:

Unit 5-6, 9/F
Enterprise Square Three
No. 39 Wang Chiu Road
Kowloon Bay
Kowloon

23 June 2023

To the Shareholders

Dear Sir or Madam,

**(1) VERY SUBSTANTIAL DISPOSAL RELATING TO
DISPOSAL OF LAND AND PROPERTY
AND
(2) NOTICE OF SPECIAL GENERAL MEETING**

INTRODUCTION

Reference is made to the Announcement.

The purpose of this circular is to provide you with, among other things, (i) further details of the Disposal; (ii) the financial information of the Group and the Land and Property; (iii) the unaudited pro forma information of the Remaining Group; and (iv) the notice convening the SGM.

* For identification purpose only

LETTER FROM THE BOARD

THE AGREEMENT

On 29 May 2023 (after trading hours), the Vendor (an indirect wholly-owned subsidiary of the Company) and the Purchaser entered into the Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Land and Property at the consideration of US\$110.0 million (equivalent to approximately HK\$858.0 million).

Upon execution of the Agreement, the Escrow Agent shall countersign the Agreement as the escrow holder for acceptance and performance of the escrow instructions contemplated under the Agreement.

The principal terms of the Agreement are as follows:

1. Date

29 May 2023 (after trading hours)

2. Parties

The Vendor: RiCloud Corp., an indirect wholly owned subsidiary of the Company

The Purchaser: Prime Data Centers, LLC

3. The Land and Property to be disposed

The Land and Property to be disposed consists of:

- (a) the real estate situated at 6580 Via Del Oro, San Jose, California 95119 and with an area of approximately 4.725 acres (the “**Land**”); and
- (b) one story mission critical data center building with an area of approximately 80,158 square feet located on the Land (the “**Data Centre**”).

The Data Centre is the first internet data centre (the “**IDC**”) project of the Group in the United States. The Group acquired the Land in April 2017. In April 2019, the Group entered in to the construction agreement with an Independent Third Party contractor in relation to the construction of Phase I of the Data Centre, details of which are set out in the announcement of the Company dated 1 June 2021 and the circular of the Company dated 25 June 2021. The construction of Phase 1 of the Data Centre commenced in 2020 and completed in the third quarter of 2022. The certificate of occupancy of the Land and Property, representing the authorisation of use and occupancy of the Land and Property from the US authority, has been obtained by the Vendor in February 2022. As at the Latest Practicable Date, construction of Phase 2 of the Data Centre has not commenced. As at the Latest Practicable Date, the Data Centre has not been put into operation or rent out.

LETTER FROM THE BOARD

4. Consideration

The consideration (the “**Consideration**”) for the sale and purchase of the Land and Property as agreed among the Vendor and the Purchaser under the Agreement is US\$110.0 million (equivalent to approximately HK\$858.0 million).

The Consideration was arrived at after arm’s length negotiations between the Vendor and the Purchaser after taking into account, among other things, (i) the fair value of the Land and Property as at 30 April 2023 of approximately US\$109.0 million (equivalent to approximately HK\$850.2 million) according to the valuation report prepared by the Independent Valuer on the market value basis (the “**Valuation**”); (ii) the carrying amount of the Land and Property of approximately US\$109.0 million (equivalent to approximately HK\$850.2 million) as at 31 December 2022; and (iii) the factors as set out in the paragraph headed “Reasons for the Benefits of the Disposal” below.

The carrying amount of the Land and Property as at 31 December 2022 was the valuation results of the Land and Property as at 31 December 2022. It is infeasible to further breakdown the carrying amount into each of the Land and the Property, as the valuation of the Land and Property was conducted as a whole as an investment property of the Group at the time of the valuation. The valuer had adopted the market approach in the valuation and the valuer did not select market comparables of the Land and the Property separately but as a whole.

The Consideration represents a premium of approximately 0.9% to the unaudited net asset value of the Land and Property as at 31 December 2022 of approximately HK\$850.2 million; and a premium of approximately 0.9% to the Valuation of approximately US\$109.0 million (equivalent to approximately HK\$850.2 million).

The valuation report of the Land and Property as at 30 April 2023 has been prepared by the Independent Valuer, the text of which is set out in Appendix IV to this circular.

In addition to the Consideration, the Purchaser shall pay the Vendor immediately available funds in the amount of US\$100 (equivalent to approximately HK\$780) as consideration (the “**Independent Consideration**”) for the Purchaser’s right to purchase and inspect the Land and Property pursuant to the Agreement. Such Independent Consideration is in addition to and independent of all other consideration provided in the Agreement, and is non-refundable in all events.

5. Payment mechanism

The Consideration will be satisfied in cash by the Purchaser to the Vendor in the following manners:

- (a) The Purchaser shall place a deposit (the “**Deposit**”) of US\$3.0 million (equivalent to approximately HK\$23.4 million) with the Escrow Agent within four (4) business days after the date of the Agreement in immediate available funds which shall be held and disbursed by the Escrow Agent in the following manner:
 - (i) if the Purchaser shall elect to terminate (or deemed to have elected to terminate) the Agreement on or prior to the Inspection Period (as defined below), the Escrow Agent shall immediately return the Deposit to the Purchaser;

LETTER FROM THE BOARD

- (ii) the Escrow Agent shall promptly release the Deposit to the Vendor upon the later to occur of: (a) the date on which the Purchaser elects (or is deemed to have elected) not to terminate the Agreement on or prior to the Inspection Period; (b) the date on which the Purchaser delivers a written notice of the Purchaser's election to waive its right to terminate the Agreement to the Vendor; and (c) the date on which the Vendor delivers the Closing Notice (as defined below) and, thereafter, except as provided in sub-paragraph (iii) below, such Deposit shall be non-refundable to the Purchaser;
- (iii) if the Agreement shall be terminated by Buyer after the last day of the Inspection Period due to the reasons that (1) the Vendor is unable to or unwilling to cure certain exceptions or encumbrances to title of the Land and Property in accordance with the terms of the Agreement; (2) there occurs Changed Fact(s) (as defined below) which is disclosed to the Purchaser following the date that is ten (10) business days before the last day of the Inspection Period (individually, or in the aggregate with all other Changed Facts disclosed to the Purchaser following the date that is ten (10) business days before the last day of the Inspection Period) that would cause a reduction in the fair market value of the Land and Property that exceeds the US\$2.0 million or would otherwise have a material adverse effect on the Purchaser's ability to use the Land and Property as a mission critical data center facility; (3) a Material Event (as defined below) has occurred, to the extent such Material Event was not caused (directly or indirectly) by the acts or omissions of the Purchaser or any of Purchaser's officers, directors, shareholders, members, constituent members, managers, agents, contractors or employees; (4) Completion does not occur as a result of any failure of Vendor to satisfy any of the conditions precedent and the Agreement is terminated accordingly; or (5) if the Agreement is terminated (or deemed terminated) by Purchaser as remedies due to the failure of the Vendor to complete the Disposal, then Vendor shall immediately return the Deposit to Purchaser;
- (iv) if the Disposal contemplated by the Agreement is successfully completed, then the Deposit shall be applied as a credit to the Consideration at Completion; and
- (v) if Completion does not take place as a result of any matter or reason other than those described in sub-paragraphs (i) or (iii) above, the Deposit shall be retained by the Vendor as liquidated damages.

“Inspection Period” means the period commencing from the date of the Agreement and ending on the Contingency Date. Pursuant to the Agreement, the Purchaser may terminate the Agreement for any reason or no reason by giving written notice of termination on or before 5:00 pm (Pacific Time) on the last day of the Inspection Period.

“Changed Fact” means any fact, matter or circumstance that would make any of Vendor's representations or warranties in the Agreement untrue, incomplete or incorrect in any material respect, or that actually causes the Vendor to believe in good faith, that any such representation or warranty is untrue, incomplete or incorrect in any material respect; provided, however, to the extent that any of the foregoing occurrences is directly or indirectly caused by the acts or omissions of the Purchaser or any of its agents, employees, contractors, consultants or representatives, then any such occurrence shall not be deemed a Changed Fact.

LETTER FROM THE BOARD

“**Material Event**” means any interruptive event to the Land and Property that (a) would result in restoration costs necessary to fully restore all damages to the Land and Property be in excess of the Material Loss Threshold or (b) in the case of a condemnation, if in the commercially reasonable judgment of Purchaser such condemnation is material and would frustrate the intended use of the Land and Property or (c) would result in any long term or indefinite material reduction in the amount of electrical power that is available to the Land and Property and that in the commercially reasonable judgment of the Purchaser would frustrate the intended use of the Land and Property.

“**Material Loss Threshold**” means: (i) with respect to any damage or loss that is covered by insurance, an amount equal to US\$5.0 million; and (ii) with respect to any damage or loss that is not covered by insurance, an amount equal to US\$1.0 million.

- (b) The remaining balance of the Consideration of US\$107.0 million (equivalent to approximately HK\$834.6 million) (the “**Remaining Balance**”) shall be delivered by the Purchaser to the Escrow Agent on or before the Completion and shall be disbursed to the Vendor in the following manner:
- (i) as to approximately US\$3.9 million (equivalent to approximately HK\$30.0 million) (the “**Holdback Escrow Amount**”) shall be deducted from the Remaining Balance and shall be held and distributed by the Escrow Agent in accordance with the holdback escrow agreement to be executed by the Vendor, the Purchaser and the Escrow Agent upon Completion (“**Holdback Escrow Agreement**”); and
 - (ii) as to the remaining approximately US\$103.2 million (equivalent to approximately HK\$804.6 million) shall be released by the Escrow Agent to the Vendor immediately upon Completion.

Pursuant to the Holdback Escrow Agreement, the Holdback Escrow Amount shall be deposited by the Escrow Agent in an account with the Escrow Agent (“**Holdback Escrow Account**”). The Holdback Escrow Amount (plus any earnings and less the expenses thereon from the investment in the Holdback Escrow Account as the “**Escrow Funds**”) shall be distributed in the following manner:

- (i) at any time prior to the last day of the Survival Period, the Purchaser may serve upon Escrow Agent and the Vendor a written notice demanding release of funds from the Escrow Funds in connection with a claim under the Agreement or any other transaction document delivered in connection with the Agreement (each such notice, an “**Escrow Demand**”) by providing a reasonably detailed description of the basis of such claim;
- (ii) the Vendor may reply to any Escrow Demand by delivery of written notice to the Purchaser and the Escrow Agent (a “**Response to Escrow Demand**”) within five (5) business days following its receipt of the applicable Escrow Demand by stating whether Vendor agrees or disagrees that the claim asserted in the applicable Escrow Demand. If the Vendor shall not deliver a Response to Escrow Demand to the Purchaser and the Escrow Agent within five (5) business days after the date of receipt of the Escrow

LETTER FROM THE BOARD

Demand, and such failure continues for two (2) business days following the Purchaser's delivery of written notice thereof to the Vendor and the Escrow Agent, the Vendor shall be deemed to have acknowledged the validity of such Escrow Demand;

- (iii) if the Vendor acknowledges the validity of (or is deemed to have acknowledged the validity of) all or a portion of an Escrow Demand, the Escrow Agent shall release to the Purchaser from the Holdback Escrow Account, an amount equal to the amount specified in such Escrow Demand or the portion of amount so agreed by the Vendor;
- (iv) if the Vendor disputes the validity of all or any portion of the Escrow Demand, then the amount of the applicable Escrow Demand (less the amount (if any) that is not so disputed by the Vendor in such Response to Escrow Demand), shall be treated as a disputed Escrow Demand (a "**Disputed Escrow Demand**") and the amount of such Disputed Escrow Demand shall be held by the Escrow Agent as an undivided portion of the Escrow Funds until such amount is required to be disbursed in accordance with sub-paragraph (v) below;
- (v) the aggregate amount from the Escrow Funds retained by Escrow Agent in connection with all Disputed Escrow Demands is referred to herein as the "**Reserve**". Funds from the Reserve shall be released by the Escrow Agent only upon the Escrow Agent's receipt of either: (i) a joint direction executed by the Vendor and the Purchaser or (ii) a final, non-appealable judgment, order or decree of a court or other judicial body of competent jurisdiction issuing a determination as to an Escrow Demand to which any portion of the Reserve is attributable; and
- (vi) on the last day of the Survival Period, the Escrow Agent shall disburse to the Vendor the then remaining Escrow Funds deducting any amount that the Escrow Agent and the Purchaser is entitled to pursuant to the Holdback Escrow Agreement (including any Reserve as of the last day of the Survival Period and the fees and expenses payable to the Escrow Agent by the Purchaser and the Vendor).

6. Conditions precedent

Completion is conditional upon the following conditions being satisfied (and/or waived as the case may be) on or before the Completion Date:

- (a) the title insurance division or affiliate of the Escrow Agent shall be irrevocably committed to issue a title policy which shall insure the Purchaser's title interest in the Land and Property in the amount of the Consideration at and as of the Completion Date;
- (b) the Vendor shall have delivered or caused to be delivered to the Escrow Agent all Completion deliverables required to be delivered by the Vendor prior to Completion pursuant to the Agreement;
- (c) the Vendor shall not be in material default under any of, and shall have otherwise performed in full all of, its material obligations to be performed under the Agreement at or prior to the Completion Date;

LETTER FROM THE BOARD

- (d) with the exception of any representations and warranties that are expressly made as of a specific date, which will be true and correct in all material respects as of the specified date, each and every representation and warranty of the Vendor set forth in the Agreement shall be true, complete and correct in all material respects as of the Completion Date;
- (e) the Vendor shall not have filed (or have had filed against it) any proceeding in bankruptcy, receivership or any similar proceeding;
- (f) the escrow for holding the Holdback Escrow Amount shall have been established in accordance with the Holdback Escrow Agreement, and the Holdback Escrow Amount (together with the buyer's deposit) shall have been deposited therein;
- (g) the Purchaser shall have delivered or caused to be delivered to the Escrow Agent all Completion deliverables required to be delivered by the Purchaser prior to Completion pursuant to the Agreement;
- (h) the Purchaser shall not be in material default under any of, and shall have otherwise performed in full all of, its material obligations to be performed under the Agreement at or prior to the Completion Date;
- (i) each and every representation and warranty of the Purchaser set forth in the Agreement shall be true, complete and correct in all material respects as of the Completion Date; and
- (j) the approval by the Shareholders at the SGM of the Agreement and the transactions contemplated thereunder, and compliance by the Company of all applicable requirements under the GEM Listing Rules in relation to the Agreement and the transaction contemplated thereunder.

The Purchaser has the right to waive any conditions precedent (a) to (f) above at any time after the date of the Agreement by notice in writing to the Vendor. The Vendor has the right to waive any conditions precedent (g) to (i) above at any time after the date of the Agreement by notice in writing to the Purchaser. Condition precedent (j) shall not be waived in any event. Any waiver of conditions precedent (a) to (i) will not affect the substance of the Disposal. As at the Latest Practicable Date, none of the conditions precedent had been waived or fulfilled.

7. Completion

Completion shall take place at the offices of Escrow Agent on the earlier to occur of: (a) the Scheduled Closing Date (as defined below) or (b) such earlier date as the Purchaser may determine, provided that the Purchaser shall provide seven (7) business days' prior written notice to the Vendor and the Escrow Agent of such accelerated Completion Date. Completion is subject to the fulfillment (or wavier as the case may be) of all conditions precedent under the Agreement.

If the Vendor has not delivered a Closing Notice on or before the date that is six (6) months after the date of the Agreement, then the Purchaser may terminate the Agreement upon written notice to the Vendor at any time prior to the date on which the Vendor delivers the Closing Notice.

LETTER FROM THE BOARD

“**Scheduled Closing Date**” means the date to be designated by the Vendor, upon no less than thirty (30) days prior written notice to the Purchaser (the “**Closing Notice**”), that is no less than thirty (30) days after the Contingency Date; provided that the Purchaser shall have the right, exercisable by written notice thereof given no less than five (5) business days prior to the date on which the Scheduled Closing Date would otherwise occur, to the extend the Scheduled Closing Date by up to thirty (30) days; provided that, in either case, if the applicable date falls on a Monday or a day after a holiday, then the Scheduled Closing Date shall occur on the following business day thereafter.

ESCROW PERIOD LEASE

As part of the Agreement, the Vendor (as landlord) and the Purchaser (as tenant separately) entered into the Escrow Period Lease in relation to the leasing of the Land and Property by the Vendor to the Purchaser. The Escrow Period Lease and the Agreement are inter-conditional. The Escrow Period Lease shall be automatically terminated if the Agreement is terminated prior to the expiry of the Escrow Period. The Agreement shall automatically terminate if the Escrow Period Lease is terminated other than as a result of Completion. Upon Completion, the Escrow Period Lease shall expire in accordance with its terms.

Pursuant to the Escrow Period Lease, among others, during the Escrow Period the Vendor shall lease the Land and Property to the Purchaser at a monthly rate of approximately US\$0.3 million (equivalent to approximately HK\$2.5 million). The Land and Property shall be used by the Purchaser only for (a) access and inspection purposes as provided in the Agreement; (b) alterations to the Land and Property to the extent permissible by the Escrow Period Lease; (c) storage and installation and commissioning of computer, switch and/or communications equipment and related infrastructure, such as cabinets, containment, ladder rack and cabling; or (d) ancillary use related thereto (including staffing to perform, monitor and coordinate the foregoing), and for no other use or purpose.

INFORMATION ON THE VENDOR AND THE GROUP

The Vendor is a company incorporated in the Delaware with limited liability and is an indirect wholly-owned subsidiary of the Company. The Vendor is principally engaged in leasing of data centre.

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.

INFORMATION ON THE PURCHASER AND THE ESCROW AGENT

The Purchaser is incorporated in Delaware with limited liability and is principally engaged in the development and operation of data centres. The ultimate beneficial owner of the Purchaser is Nicholas Laag, who is an entrepreneur and the founder and chief executive officer of the Purchaser.

The Escrow Agent is incorporated in Florida and is principally engaged in the provision of property insurance and title and deed services. It is a subsidiary of Old Republic International Corporation, a company listed on the New York Stock Exchange (Stock Code: ORI).

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Purchaser, the Escrow Agent and their respective ultimate beneficial owner(s) are Independent Third Parties.

LETTER FROM THE BOARD

FINANCIAL EFFECTS OF THE DISPOSAL

Earnings

The Company expects to record a gain on the Disposal of approximately HK\$79.6 million before taxation, which is calculated with reference to the Consideration, as adjusted by, amongst other things, (i) legal and professional fees of approximately HK\$5.7 million; (ii) transfer tax, escrow fee and other closing costs of approximately HK\$9.0 million; and (iii) carrying amount of the Land and Property as at 31 December 2022 of approximately US\$109.0 million (equivalent to approximately HK\$850.2 million) and release of the revaluation reserves and deferred tax upon the Disposal of approximately HK\$86.5 million. The estimated gain to be derived from the Disposal has not taken into account the potential tax impact upon completion of the Disposal, which is estimated to be approximately HK\$19.1 million.

However, the actual amount of net gain from the Disposal can only be determined on the last day of the Survival Period where the remaining balance of the Holdback Escrow Amount is released to the Vendor.

Assets and liabilities

The audited consolidated total assets and total liabilities of the Group as at 31 December 2022 were approximately HK\$2,255.1 million and HK\$429.1 million, respectively as disclosed in the annual report of the Company for the year ended 31 December 2022. Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to this circular, assuming completion of the Disposal had taken place on 31 December 2022, the unaudited pro forma consolidated total assets and total liabilities of the Remaining Group as at 31 December 2022 would be approximately HK\$2,229.1 million and HK\$401.6 million, respectively.

Shareholders should note that the financial impact set out above is for illustrative purpose only, which will have to be ascertained at the time of preparation of the Company's consolidated financial statements with reference to, among other things, the actual costs and expenses associated with the Disposal, and is subject to audit.

Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix III to this circular, assuming completion of the Disposal had taken place on 1 January 2022, the unaudited pro forma consolidated loss of the Remaining Group for the year ended 31 December 2022 would be approximately HK\$228.5 million.

LETTER FROM THE BOARD

USE OF PROCEEDS

The net cash proceeds from the Disposal after deducting the relevant expenses and tax are estimated to be approximately HK\$843.3 million. The Group intends to use the net cash proceeds as to (1) approximately HK\$200.0 million (i.e. approximately 24% of the net cash proceeds) on general corporate purpose, including approximately HK\$93.0 million on the payment of salaries, approximately HK\$62.0 million on expenses incurred in research and development activities and approximately HK\$45.0 million on daily business operation; (2) approximately HK\$45.3 million (i.e. approximately 5% of the net cash proceeds) on further investments on financial instruments as and when the opportunities arise; (3) approximately HK\$540.0 million (i.e. approximately 64% of the net cash proceeds) on the construction or acquisition of internet data centre in Asia-Pacific region and development of cloud technology for the IDC business; (4) approximately HK\$20.0 million (i.e. approximately 2% of the net cash proceeds) on research and development of the information home appliances business of the Group; (5) approximately HK\$30.0 million (i.e. approximately 4% of the net cash proceeds) on the expansion of the leasing business of the Group; and (6) approximately HK\$8.0 million (i.e. approximately 1% of the net cash proceeds) on repayment of outstanding bank borrowings. As at the Latest Practicable Date, the Group's investment portfolio on financial instruments includes listed and unlisted securities and digital assets. As at the Latest Practicable Date, the Group has not identified any other new investment opportunities.

The Group decided to dispose the Data Centre in the US having considered the specific and exceptional circumstances as explained in the paragraph headed "Reasons for the Benefits of the Disposal" below. However, the Group does not have any intention to terminate its IDC business, which has been one of the core business segments of the Group since 2016. The Group considers that the IDC business and cloud computing are still among the promising sectors in China and other countries, and will be beneficial to the Group and thereby creating values to the Company and its Shareholders. As such, the Group intends to apply approximately HK\$540.0 million among the net proceeds from the Disposal to the construction or acquisition of internet data centre and development of cloud technology for the IDC business. As at the Latest Practicable Date, the Group had not have any concrete plan for the construction of any internet data centre and had not identified any potential acquisition target of internet data centre. Cloud technology is an essential computing technology to support and maintain the operation of internet data centres. The Group had engaged in the research and development of high-performance distributed cluster storage system, video codec technology and high-density liquid-cooled computing technology since 2022. As at the Latest Practicable Date, the cloud technology developed by the Group is at the experimental stage.

REASONS FOR AND BENEFITS OF THE DISPOSAL

As disclosed in the annual report of the Company for the year ended 31 December 2018, the Group considered that IDC is an important carrier of information technology infrastructure and cloud computing in the era of big data. The Group has planned to continue to internationalise its IDC business through new constructions or mergers and acquisitions in core cities and regions to provide targeted, customisable and high value-added services, establish an international cloud computing data centre for large enterprises and provide small and medium-sized enterprises in Greater China with integrated international cloud computing solutions. The establishment of the Data Centre in the United States was an important step towards expanding the global IDC business of the Group and show the determination of the Group to vigorously develop its IDC business.

LETTER FROM THE BOARD

It was originally intended that the Data Centre would be leased to large telecommunication enterprises based in the PRC and that our Group would provide technical support. However, due to US-China's political tensions the continuous scrutting and tightening of regulations regarding internet and data-related businesses and overall risk assessment of the economy, the plans had not materialised and subsequently the Board had changed the intended use of the Data Centre to solely leasing out or sell for profit if appropriate and believed that it is in the interest of the Group for sustainable development. The Board considers that the Disposal represents a valuable opportunity for the Group to accelerate the return of the investment in the Land and Property at a considerable profit and also to generate substantial cash inflow upon Completion.

After Completion, the Group will continue with the IDC business under a sale and leaseback arrangement of data centre assets (comprising machines, equipment, fixtures, furniture, supplies, tools and other tangible assets) in the Shatin data centre in Hong Kong (the “**Data Centre Assets**”) entered into between the Group and a lessee on 29 April 2020 (for details, please refer to the announcements of the Company dated 29 April 2020 and 5 May 2020). Under the sale and leaseback arrangement, the Group has acquired and leased back the Data Centre Assets to an Independent Third Party for operation for a term of five years. The Group receives rental income from the leasing of the Data Centre Assets, which shall be paid by the lessee on a quarterly basis over the five-year term in a total of 20 installments in the following manner: (a) installments 1–8: HK\$3.0 million/installment; (b) installments 9–12: HK\$4.0 million/installment; and (c) installments 13–20: HK\$5.0 million/installment. While the above sale and leaseback arrangement shall expire on 31 March 2025, the Group intends to continue the IDC business afterwards by either continuing to lease the Data Centre Assets to the existing lessee or a new lessee or to engage in the operation of the Data Centre Assets directly. As at the Latest Practicable Date, the Group does not expect there will be material difficulty in sourcing lessee of the Data Centre Assets after the expiry of the above sale and leaseback arrangement.

Save for the leasing of the Shatin data centre, the Group is also actively exploring the opportunities to establish new IDC base(s) in the PRC or globally. As at the Latest Practicable Date, the Group has not identified any potential opportunities for establishing new IDC base(s). The Group is also concentrating its efforts on evolving itself into an international recognised leading cloud computing enterprise in the era of big data.

The Group will also continue with its other existing businesses after Completion, which include information home appliances, investing and leasing. The Company does not have any intention, arrangement, agreement, understanding or negotiation (concluded or otherwise) on any disposal or termination or scaling-down of its existing businesses or material assets, or any injection of new businesses to the Group.

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

LETTER FROM THE BOARD

GEM LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in the GEM Listing Rules) in respect of the Disposal is above 75%, the Disposal constitutes a very substantial disposal of the Company and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

As the transactions contemplated under the Escrow Period Lease are of a revenue nature in the ordinary and usual course of IDC business of the Company, the transactions contemplated under the Escrow Period Lease do not constitute "transaction" under Chapter 19 of the GEM Listing Rules.

SGM

A notice convening the SGM is set out on pages SGM-1 to SGM-2 of this circular for the purpose of considering and, if thought fit, passing the ordinary resolution in relation to the Agreement and the transactions contemplated thereunder.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder has a material interest in the Disposal and therefore no Shareholder will be required to abstain from voting on the resolution(s) to be proposed at the SGM to approve, among other things, the Disposal.

Whether or not you are able to attend the SGM in person, please complete the accompanying proxy form in accordance with the instructions printed thereon and return the same to the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time fixed for the SGM or any adjourned meeting. Completion and delivery of the proxy form will not preclude you from attending and voting in person at the SGM or any adjourned meeting if you so wish.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 7 July 2023 to Wednesday, 12 July 2023 (both dates inclusive) for determining the identity of the Shareholders who are entitled to attend and vote at the SGM. No transfer of Shares will be registered during this period. In order to be eligible to attend and vote at the SGM, unregistered holders of the Shares should ensure that all Share transfer documents accompanied by the relevant Share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 6 July 2023.

LETTER FROM THE BOARD

RECOMMENDATION

Having considered the reasons set out herein, the Directors are of the view that the Agreement and the transactions contemplated thereunder, although are not entered into and carried out in the ordinary and usual course of business of the Company, are on normal commercial terms, and the terms of the Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend all Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Agreement and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

By order of the Board
Yuxing InfoTech Investment Holdings Limited
Cong Yu
Executive Director and Chief Executive Officer

1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for the three years ended 31 December 2020, 2021 and 2022 are disclosed in the following annual reports of the Company for the years ended 31 December 2020, 2021 and 2022, respectively, which have been published and are available on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.yuxing.com.cn):

- (i) the annual report 2020 of the Company for the year ended 31 December 2020 which is published on 20 March 2021, please refer to pages 58 to 147 in particular;

(<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0330/2021033001463.pdf>)

- (ii) the annual report 2021 of the Company for the year ended 31 December 2021 which is published on 30 March 2022, please refer to pages 74 to 171 in particular;

(<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0330/2022033000892.pdf>)

- (iii) the annual report 2022 of the Company for the year ended 31 December 2022 which is published on 31 March 2023, please refer to pages 74 to 169 in particular.

<https://www1.hkexnews.hk/listedco/listconews/gem/2023/0331/2023033101455.pdf>)

The said financial statements are hereby incorporated by reference in, and form an integral part of, this circular.

2. INDEBTEDNESS**Borrowings**

As at 30 April 2023, the Group had total outstanding borrowings of approximately HK\$12.9 million, comprising secured bank borrowings of approximately HK\$12.9 million in aggregate. As at 30 April 2023, all bank borrowings of the Group and other unutilised facilities were secured by the Group's certain investment properties, leasehold improvements, right-of-use assets, financial assets at fair value through profit or loss and bank deposits with an aggregate carrying amount of approximately HK\$135.0 million.

Lease liabilities

As at 30 April 2023, the Group had outstanding lease liabilities of approximately HK\$5.0 million in respect of the Group's operating leases with fixed lease payment terms.

Commitments

As at 30 April 2023, the Group had capital commitments of approximately HK\$7.8 million in respect of capital expenditure contracted but not provided for.

Contingent liabilities

As at 30 April 2023, the Group had no contingent liabilities.

Disclaimer

As at 30 April 2023, save as disclosed above and apart from intra-group liabilities and normal trade and other payables in the ordinary course of business, the Group did not have any other debt securities issued and outstanding or authorised but unissued, 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.

3. MATERIAL ADVERSE CHANGE

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the Latest Practicable Date, the Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

4. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that the Group has sufficient working capital for its present requirements and for at least 12 months from the date of this circular in the absence of any unforeseeable circumstances after taking into account its present internal resources and available banking facilities together with the estimated net proceeds of the Disposal.

5. FINANCIAL AND TRADING PROSPECTS

As disclosed in the annual report for the year ended 31 December 2022 of the Company, the Group is principally engaged in the businesses of information home appliances ("IHA"), IDC, investing and leasing.

IHA Business

Together with the nearing supply of microchips and prudent inventory management, the sales volume remains steady during the year ended 31 December 2022. After the accelerated vaccination rollout programs and easing of widespread lockdowns in mainland China, capacity is being freed up due to the recovered consumer sentiment in the end markets. Segment performance improved with the rebound of sales orders and a series cost controls across the business. Considering the pressure from inflation and uncertainty posted by the economic recession of post-pandemic, the Group will continue a cautious attitude on costing and treasury management in respect of the IHA Business.

IDC Business

After the disposal of Shanghai IDC, due to the delay in obtaining the relevant certificates for the construction project of the land and property under Shanghai IDC held by Shanghai Indeed Technology Co., Ltd. and obtaining the renewed real property certificate from the relevant land authority in the PRC (the “**Reconstruction Registration**”), the weighted distribution of the possible outcomes (i.e. the likelihood of receiving the contingent consideration) was reduced, leading to a further loss from the fair value of the contingent consideration receivable causing a significant impact to the segment result of the year ended 31 December 2022. The Group continues to collaborate with the local authority on Reconstruction Registration which is expected to be completed by the second quarter of 2023. On the other hand, the senior management has closely monitored the progress and proactively negotiated with the purchaser of the Shanghai IDC, in the extension of the registration deadline.

The IDC in the United States (i.e. the Data Centre) had commenced sourcing potential customers after obtaining the certificate of occupancy during the year ended 31 December 2022. Prior to entering into the Agreement with the Purchaser, the Data Centre had approached a number of potential lessees of the Data Centre since the we have obtained the certificate of occupancy in February 2022. The discussion with these potential lessees were at preliminary stage only and had not been further materialised. After cautious consideration on US-China’s political tensions and overall risk assessment of the economy, the Board had changed its intended use of such property to entirely leasing out or sell for profit if appropriate and believed that it is in the interest of the Group for sustainable development. The Board considers that the Disposal represents a valuable opportunity for the Group to accelerate the return of the investment in the Land and Property at a considerable profit and also to generate substantial cash flow upon Completion.

Investing Business

In light of the widespread infection of COVID-19, the aircraft industry was struck by the quarantine and flight restriction across the world, resulting in a negative impact on the performance and comparable indicators to the fair value of the Group’s investment in the aircraft industry during the year ended 31 December 2022. Other than suffering from the market condition of aircraft industry, the markets of digital assets is also under pressure of prevailing market price, resulting in fair value loss of the Group’s investment in digital assets and private equity in the high-tech sector. Notwithstanding the foregoing, there is no material impact on the Group’s cash flows and business operations.

Following the prevailing market price of digital assets, the Group recorded a write-down of cryptocurrencies of approximately HK\$50.4 million for the year ended 31 December 2022. The cryptocurrencies (inclusive of Bitcoin and Ethereum) were mainly generated from the hash-rate capacity and cryptocurrency mining machines acquired in 2021 and 2022, respectively. The volatility of digital assets is price sensitive to the market conditions compared to other equity and commodity markets. Other than such volatility, the adoptions of blockchain and digital assets by the financial institutions and the open-attitudes of the government have indicated the potential room for future growth. As consistent with how the Group manage its investment and fiat-based cash and cash equivalents, the Group may increase or decrease the holding of digital assets at any time based on the view of the market and macroeconomic conditions. The Group will also continue in closely monitoring the potential regulatory influence and the market sentiment for the blockchain technology and digital assets.

To seize the investing opportunities from up and downs in the stock market and hedge the loss in other private equity and fund investments mentioned, the Group expanded its listed securities investment portfolio to include Tencent Holdings Limited and Apple Inc., etc.

Leasing Business

The leasing segment of the Group comprises leasing out of properties. On 23 March 2022, the Group entered into a sales and purchase agreement with an independent third party for the acquisition of properties located in Meishan, Sichuan to earn stable income or sell for a profit if considered appropriate. The acquisition was completed on 20 March 2023. Following the acquisition of the properties, it is believed that the Group will be able to expand the revenue stream of leasing business to achieve diversified and sustainable development.

6. MANAGEMENT DISCUSSION AND ANALYSIS OF THE REMAINING GROUP

Set out below are the management discussion and analysis on the Remaining Group for the three years ended 31 December 2020, 2021 and 2022.

Business review

IHA Business

The Remaining Group's core business is the IHA sector. The IHA business is principally engaged in sales and distribution of IHA and complementary products. Products launched by the Group in the markets include high digital set-top boxes ("STB"), hybrid dual-STB, over-the-top/Internet Protocol Television STB, STB equipment with Android systems, etc. The Group has extensive experience in designing and manufacturing networked audio and video products, from hardware to software, from operating systems to business integration, covering a wide range of vertical applications.

For the year ended 31 December 2020, due to COVID-19 suddenly broke out during 2020, the global economy experienced a severe recession. The revenue of the Remaining Group's IHA business was approximately HK\$271.4 million for the year ended 31 December 2020, representing a decrease of 16.6% against the year ended 31 December 2019. The segment loss increased by 92.0% to approximately HK\$9.6 million.

For the year ended 31 December 2021, due to the impact from the tightened supply of microchips as the raw materials of the distributed products of the business, the revenue of the Remaining Group's IHA business was approximately HK\$140.3 million for the year ended 31 December 2021, representing a decrease of 48.3% against the year ended 31 December 2020. The segment loss increased by 246.8% to approximately HK\$33.4 million in line with the significant drop in the revenue.

For the year ended 31 December 2022, together with the nearing supply of microchips and prudent inventory management, the sales volume remains steady. The revenue of the Remaining Group's IHA business was approximately HK\$208.2 million for the year ended 31 December 2022, representing an increase of 48.4% against the year ended 31 December 2021. The segment loss decreased by 84.1% to approximately HK\$5.3 million as a result of the tightened cost measures on staff costs and other administrative expenses.

After the accelerated vaccination rollout programs and easing of widespread lockdowns in mainland China, capacity is being freed up due to the recovered consumer sentiment in the end markets. Segment performance improved with the rebound of sales orders and a series cost controls across the business. Considering the pressure from inflation and uncertainty posted by the economic recession of post-pandemic, the Group will continue a cautious attitude on costing and treasury management. The Remaining Group will maintain its strong market competitiveness through consistent investment in technology and R&D innovation and will continue to improve the profitability of the IHA business.

IDC Business

The Remaining Group's IDC business comprises the development, construction, operation, mergers, acquisitions and leasing out of properties used as IDC and facilities used in IDC.

For the year ended 31 December 2020, the revenue of the Remaining Group's IDC business approximately HK\$36.0 million, representing a decrease of 31.9% against the year ended 31 December 2019. The segment profit decreased by 36.9% to approximately HK\$14.0 million for the year ended 31 December 2020.

For the year ended 31 December 2021, the revenue of the Remaining Group's IDC business was approximately HK\$31.4 million, representing a decrease of 12.6% against the year ended 31 December 2020. The decline of the revenue was caused by the cease of rental income recorded from the Shanghai IDC following the completion of the disposal. The segment profit decreased by 18.8% to approximately HK\$11.4 million for the year ended 31 December 2021.

For the year ended 31 December 2022, after the disposal of Shanghai IDC, the revenue of the Remaining Group's IDC business was approximately HK\$15.0 million, representing a decrease of 52.3% against the year ended 31 December 2021. The segment loss of approximately HK\$11.8 million was recorded as compared to a segment profit of approximately HK\$11.4 million for the year ended 31 December 2021. The underperformance was attributed to the fair value losses on contingent consideration receivable from the disposal of Shanghai IDC during the year ended 31 December 2021.

As the Board had changed the intended use of the Land and Property (i.e. the Data Centre) to entirely leasing out or sell for profit, a revaluation gain of approximately HK\$53.3 million was recorded for the year ended 31 December 2022 as a result.

Investing Business

The Group's investing segment was principally engaged in the trading of securities, investing in financial instruments including unlisted equity securities and digital assets.

For the year ended 31 December 2020, the Remaining Group's investing business recorded net gains on financial assets/liabilities at fair value through profit or loss of approximately HK\$32.0 million.

For the year ended 31 December 2021, the Remaining Group's investing business recorded a net fair value loss on financial assets at fair value through profit or loss (excluding contingent consideration receivable) of approximately HK\$56.7 million in light of the adverse capital market conditions. During the year under review, the Group reduced the percentage of financial instrument to the investment portfolio through conducting a series of transactions to dispose of its investments in listed securities including Ping An Insurance (Group) Company of China, Ltd. (H-shares), ZhongAn Online P&C Insurance Co., Ltd. (H-shares), Guangzhou Automobile Group Co., Ltd. (A-shares and H-shares) and Honbridge Holdings and other financial instruments considering the uncertainties of the stock market as a result of economic recession.

For the year ended 31 December 2022, the Remaining Group's investing business recorded a net fair value loss on financial assets (excluding contingent consideration receivable) at fair value through profit or loss of approximately HK\$32.3 million, mainly resulting from the unrealised fair value loss from the investment in a private equity company, which engaged in global aircraft leasing, trading and other related business, and the realised fair value loss on a private investment fund, which principally invested in digital assets and private equity in the high-tech sector.

Leasing Business

The leasing segment of the Group comprises leasing out of properties.

For the year ended 31 December 2020, the Remaining Group's leasing business recorded a loss of approximately HK\$0.5 million.

For the year ended 31 December 2021, the Remaining Group's leasing business recorded a profit of approximately HK\$0.3 million.

For the year ended 31 December 2022, the Remaining Group's leasing business recorded a profit of approximately HK\$5.7 million.

Liquidity and Financial Resources

As at 31 December 2020, 31 December 2021 and 31 December 2022, the Remaining Group had net current assets of approximately HK\$507.2 million, HK\$858.2 million and HK\$494.4 million respectively, cash and bank balances of approximately HK\$122.8 million, HK\$335.5 million and HK\$177.1 million respectively, and pledged bank deposits of approximately HK\$58.0 million, HK\$8.8 million and HK\$0.2 million respectively.

The current ratio, as calculated by dividing current assets by current liabilities, was 2.8, 3.2 and 2.3 times as at 31 December 2020, 31 December 2021 and 31 December 2022 respectively. The gearing ratio, as measured by total liabilities divided by total equity, was 14.8%, 19.9% and 23.5% as at 31 December 2020, 31 December 2021 and 31 December 2022 respectively.

Capital Commitment

There was no capital commitment as at 31 December 2020 and 31 December 2022.

As at 31 December 2021, an indirect wholly-owned subsidiary, Tibetan Crane (Shenzhen) Investment Company Limited* (黑頸鶴(深圳)投資有限公司) and Chengdu Hong Sheng Property Technology Company Limited* (成都洪盛產城科技有限公司), an independent third party, entered into a provisional agreement to acquire a property located in the PRC at a consideration of approximately RMB32.8 million. As at 31 December 2021, approximately RMB3.3 million (equivalent to approximately HK\$4.0 million) was paid to Chengdu Hong Sheng Property Technology Company Limited and recognised as prepayment under non-current assets. As at 31 December 2021, the Remaining Group had remaining capital commitment in respect of the aforesaid acquisition of approximately RMB29.6 million (equivalent to approximately HK\$36.2 million). The provisional agreement was terminated during the year ended 31 December 2022.

Contingent Liabilities

The Remaining Group had no contingent liabilities as at 31 December 2020, 31 December 2021 and 31 December 2022.

Treasury Policies

The Remaining Group adopts a conservative approach towards its treasury policies. It strives to reduce its exposure to credit risk by performing ongoing credit evaluations of the financial conditions of its customers. To manage liquidity risk, the Board closely monitors the Remaining Group's liquidity position to ensure that the liquidity structure of the Remaining Group's assets, liabilities and commitments can meet its funding requirements.

Charges on Assets

As at 31 December 2020, 2021 and 2022, the Remaining Group had pledged the following assets to secure the loan facilities:

	As at 31 December		
	2020	2021	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(a) Investment properties	71,780	70,682	66,652
(b) Leasehold improvements	93	77	53
(c) Right-of-use assets	73,746	70,695	67,001
(d) Financial assets at fair value through profit or loss	294,909	3,950	1,377
(e) Bank deposits	57,974	8,827	200

Capital Structure

As at 31 December 2020, 31 December 2021 and 31 December 2022, the Remaining Group had shareholder's capital of approximately HK\$51.8 million, HK\$62.2 million and HK\$62.2 million respectively, constituted of 2,073,088,800 shares, 2,487,704,800 shares and 2,487,704,800 shares respectively.

Significant Investments/Material Acquisitions and Disposals

On 29 April 2020, the Remaining Group entered into a sale and leaseback agreement with a lessee, pursuant to which the lessee agreed to (i) sell the leased assets to the Remaining Group at a consideration of HK\$60.0 million and (ii) leaseback the leased assets from the Remaining Group for a term of 5 years. Details of the sale and leaseback arrangement are set out in the announcements of the Company dated 29 April 2020 and 5 May 2020 respectively.

On 28 April 2021, Indeed Holdings Limited, an indirect wholly-owned subsidiary of the Company, and guarantor of Indeed Holdings Limited, entered into a sale and purchase agreement with Empress Investments Pte. Ltd., in respect of the disposal of the entire equity interest of Shanghai Indeed Technology Co., Ltd., an indirect wholly-owned subsidiary of the Company to the Empress Investments Pte. Ltd. at a consideration of US\$68.0 million (equivalent to approximately HK\$530.4 million) subject to adjustments. The above disposal has been completed in September 2021. Details of the disposal are set out in the Company's announcement dated 28 April 2021, the circular dated 26 May 2021 and the poll result announcement dated 10 June 2021.

On 14 May 2021, Grand Choice Development Limited, a direct wholly-owned subsidiary of the Company, entered into a procurement agreement with Wuhan Quanyaocheng Technology Co., Ltd.* (武漢全耀成科技有限公司) in respect of the procurement of hash-rate capacity for a term of three years at a total consideration of RMB290.0 million. During the year ended 31 December 2021, Wuhan Quanyaocheng Technology Co., Ltd.* (武漢全耀成科技有限公司) had delivered the corresponding hash-rate capacity of RMB92.0 million (equivalent to approximately HK\$108.9 million) to Grand Choice Development Limited. The remaining procurement was terminated subsequently after careful consideration of the market volatility imposed by the uncertainty of the regulatory environment. Details of the procurement of hash-rate capacity and the termination of the remaining procurement are set out in the Company's announcements dated 7 May 2021, 14 May 2021, 31 May 2021, 2 June 2021 and 9 August 2021 respectively.

On 4 April 2019, RiCloud Corp., an indirect wholly-owned subsidiary of the Company, entered into a construction agreement with Concept Construction Services, Inc. in relation to the construction of Phase I of the IDC in the US at an aggregate consideration of approximately US\$62.5 million. Details of the construction agreement are set out in the Company's announcement dated 1 June 2021, the circular dated 25 June 2021 and the poll results announcement dated 13 July 2021.

During the year ended 31 December 2021, the Remaining Group has disposed of Ping An H-shares and ZhongAn H-shares for an aggregate consideration of approximately HK\$293.9 million (exclusive of transaction costs), representing a net loss of approximately HK\$48.1 million, which is calculated based on the difference between the carrying amount of the disposed shares as at 31 December 2020 and the sales proceeds (after deduction of transaction costs). Details of the disposals are set out in the Company's announcements dated 12 July 2021 and 24 August 2021.

On 14 September 2021, Rich Universe International Limited, a direct wholly-owned subsidiary of the Company, conducted a series of transactions in the open market to acquire an aggregate of approximately 10,757,635.78 units of USD Coin at an average price of HK\$7.825 per unit for an aggregate consideration of approximately HK\$84.2 million (exclusive of transaction costs). On the same date, Rich Universe International Limited agreed to purchase cryptocurrencies mining machines from Inno Century Limited at a consideration of approximately HK\$84.2 million, which is settled by transferring the equivalent value of USD Coin. Details of the purchase of mining machines are set out in the Company's announcement dated 14 September 2021.

On 16 May 2022, Rich Universe International Limited agreed to purchase 6,832 sets of cryptocurrency mining machines from Inno Century Limited at a consideration of approximately HK\$60.1 million. The cryptocurrency mining machines together with the previous acquisition on 14 September 2021 in total of 14,437 sets were delivered on May 2022. Details of the further purchase of mining machines are set out in the Company's announcement dated 16 May 2022.

During the period between 28 October 2022 and 28 November 2022, the Remaining Group acquired an aggregate of 100,000 shares of Tencent Shares for an aggregate consideration of approximately HK\$20.68 million (exclusive of transaction costs). Further to such acquisition, the Remaining Group acquired an aggregate of 75,100 Tencent Shares for an aggregate consideration of approximately HK\$25.5 million (exclusive of transaction costs) during the period between 29 December 2022 and 30 December 2022. Details of the acquisitions of listed securities are set out in the Company's announcements dated 28 November 2022 and 30 December 2022, respectively.

Saved as disclosed above, the Remaining Group had no significant investment and no material acquisition or disposal during the year 2020, 2021 and 2022.

Future Plans for Material Investment and Capital Assets

There is no other plan for material investments or capital assets as at 31 December 2020, 31 December 2021 and 31 December 2022.

Exposure to Fluctuations in Exchange Rates

Most of the trading transactions of the Remaining Group were denominated in RMB and the US\$. The assets of the Group mainly denominated in RMB and the remaining portions were denominated in US\$ and HK\$. The exchange rates for US\$ to HK\$ have been relatively stable for the year. Therefore, the Remaining Group is only exposed to foreign exchange risk arising from RMB exposures, primarily concerning the HK\$ and US\$. During the year ended 31 December 2020, 31 December 2021 and 31 December 2022, the Remaining Group recorded net exchange losses of approximately HK\$1.9 million, net exchange losses of approximately HK\$8.0 million and net exchange gains of approximately HK\$0.1 million respectively. As at 31 December 2020, 31 December 2021 and 31 December 2022, the Remaining Group had not used any forward contracts, currency borrowings or other means to hedge its foreign currency exposure. However, the Group will constantly monitor and manage its exposure to foreign exchange risk.

Human Resources and Relations with the Employees

As at 31 December 2020, 31 December 2021 and 31 December 2022, the Remaining Group had over 160, 150 and 130 full-time employees respectively in Hong Kong, the PRC and the United States. Staff costs of the Remaining Group amounted to approximately HK\$51.1 million, HK\$63.8 million and HK\$59.1 million for the year ended 31 December 2020, 31 December 2021 and 31 December 2022 respectively. The employees of the Company's subsidiaries are employed and promoted based on their suitability for the positions offered. The salary benefit levels of the Remaining Group's employees are in line with the market rates. Employees are rewarded on a performance-related basis within the general framework of the Remaining Group's remuneration system which is reviewed annually. In addition to basic salaries, staff benefits also include medical schemes, various insurance schemes and share option schemes.

In accordance with Rule 19.68(2)(b)(i) of the GEM Listing Rules, the Company is required to include in this circular a profit and loss statement for the three years ended 31 December 2020, 2021 and 2022 (the “**Relevant Periods**”) on the identifiable net income stream in relation to the Land and Property which must be reviewed by the reporting accountants to ensure that such information has been properly compiled and derived from the underlying books and records.

The unaudited profit and loss statements of the identifiable net income stream attributable to the Land and Property to be disposed of for the Relevant Periods (the “**Unaudited Financial Information**”) prepared by the Directors are set out below:

	Year ended 31 December		
	2020	2021	2022
	<i>HK'000</i>	<i>HK'000</i>	<i>HK'000</i>
Other income	–	–	9,461
General and administrative expenses	(5,301)	(13,912)	(11,007)
Net changes in fair value of investment property	–	–	53,268
	<u>–</u>	<u>–</u>	<u>53,268</u>
(Loss)/Profit before tax	(5,301)	(13,912)	51,722
Income tax expenses	–	–	(24,990)
	<u>–</u>	<u>–</u>	<u>(24,990)</u>
(Loss)/Profit for the year	<u>(5,301)</u>	<u>(13,912)</u>	<u>26,732</u>

The Company has engaged Mazars CPA Limited, *Certified Public Accountants*, Hong Kong, the reporting accountants of the Company, to conduct the agreed-upon procedures engagement on the compilation of the Unaudited Financial Information in accordance with the Hong Kong Standard on Related Services 4400 (Revised) “*Agreed-Upon Procedures Engagements*” issued by the Hong Kong Certified Public Accountants (the “**HKICPA**”). Mazars CPA Limited has (i) obtained the profit or loss statements on the identifiable net income stream and the valuation report in relation to the Land and Property for the Relevant Periods; (ii) checked casting of the Unaudited Financial Information and found the casting correct; (iii) compared the profit or loss items shown on the Unaudited Financial Information to the relevant amounts in the underlying books and records of the Vendor provided by the Directors for the Relevant Periods and found them to be in agreement; and (iv) reported their factual findings based on the agreed-upon procedures to the Directors. Since the agreed-upon procedures were agreed by the Directors and Mazars CPA Limited and the findings on the agreed-upon procedures were reported solely for the information of the Directors, they should not be used or relied upon by any other parties for any other purposes.

I. INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**MAZARS CPA LIMITED**

中審眾環(香港)會計師事務所有限公司
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The Directors

Yuxing InfoTech Investment Holdings Limited

Unit 5-6, 9/F, Enterprise Square Three
39 Wang Chiu Road
Kowloon Bay
Kowloon
Hong Kong

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of Yuxing InfoTech Investment Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) prepared by the directors of the Company (the “**Directors**”) for illustrative purpose only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated net assets statement as at 31 December 2022 and the unaudited pro forma consolidated profit and loss statement for the year ended 31 December 2022 and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out on pages III-5 to III-8 of the circular in connection with the proposed disposal of the internet data centre located at 6580 Via Del Oro, San Jose, California, the United States (the “**Disposal**”) dated 23 June 2023 (the “**Circular**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on page III-4 of the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Disposal on the Group’s net assets as at 31 December 2022 and its financial performance for the year ended 31 December 2022 as if the Disposal had taken place on 31 December 2022 and 1 January 2022 respectively. As part of this process, information about the Group’s audited consolidated statement of financial position as at 31 December 2022 and audited consolidated profit and loss statement for the year ended 31 December 2022 has been extracted by the Directors from the Company’s annual report for the year ended 31 December 2022, on which an audit report has been published.

Directors' responsibility for the unaudited pro forma financial information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**GEM Rules**”) and with reference to Accounting Guideline 7 “*Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars*” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Reporting accountant's independence and quality management

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Management 1 “*Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*” which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountant's responsibilities

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the GEM Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “*Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*” issued by the HKICPA. This standard requires that the reporting accountant plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the GEM Rules and with reference to AG 7.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Disposal at 31 December 2022 or 1 January 2022 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the entity, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Rules.

Mazars CPA Limited

Certified Public Accountants

Hong Kong, 23 June 2023

II. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP**1. Introduction**

The following is a summary of the illustrative unaudited pro forma financial information, consisting of the unaudited pro forma net assets statement and the unaudited pro forma profit and loss statement of the Remaining Group, in connection with the Disposal. The unaudited pro forma financial information presented below is prepared to illustrate (i) the financial position of the Remaining Group as at 31 December 2022 as if the Disposal had been completed on 31 December 2022; and (ii) the financial performance of the Remaining Group for the year ended 31 December 2022 as if the Disposal had been completed on 1 January 2022.

The unaudited pro forma financial information is prepared based on (i) the audited consolidated statement of financial position of the Group as at 31 December 2022 as extracted from the annual report of the Company for the year ended 31 December 2022 after taking into account the pro forma adjustments relating to the Disposal as if the Disposal had been completed on 31 December 2022; and (ii) the audited consolidated statement of comprehensive income of the Group for the year ended 31 December 2022 as extracted from the annual report of the Company for the year ended 31 December 2022 after taking into account the pro forma adjustments relating to the Disposal as if the Disposal had been completed on 1 January 2022 (together as the “**Unaudited Pro Forma Financial Information**”).

The Unaudited Pro Forma Financial Information is prepared after making pro forma adjustments that are clearly shown and explained, directly attributable to the Disposal and not relating to future events or decisions, factually supportable and clearly identified as to those which are expected to have a continuing effect on the Remaining Group and those which are not.

The Unaudited Pro Forma Financial Information has been prepared by the Directors in accordance with paragraph 7.31(1) of the GEM Listing Rules, for the purposes of illustrating the effect of the Disposal based on a number of assumptions, estimates and uncertainties. As a result of these assumptions, estimates and uncertainties, it may not give a true picture of the financial position and financial performance of the Remaining Group had the Disposal been completed as of 31 December 2022 or 1 January 2022, where applicable, or any future date.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group as set out in the annual report of the Company for the year ended 31 December 2022 and other financial information included elsewhere in the Circular.

2. Unaudited Pro Forma Consolidated Statement of Profit and Loss of the Remaining Group

For the year ended 31 December 2022

	The Group HK\$'000 (Note 1)	Pro forma adjustments for the Disposal		The Remaining Group HK\$'000
		HK\$'000 (Note 2)	HK\$'000 (Note 3)	
Revenue	223,237			223,237
Cost of sales	<u>(195,408)</u>			<u>(195,408)</u>
Gross profit	27,829			27,829
Other revenue and net loss	(84,783)	(9,461)		(94,244)
Distribution and selling expenses	(6,439)			(6,439)
General and administrative expenses	(111,182)	11,007		(100,175)
Write-down of cryptocurrencies	(50,356)			(50,356)
Other operating expenses	(1,779)			(1,779)
Net changes in fair value of investment properties	53,769	(53,268)		501
Loss allowance on loans receivable	(83,079)			(83,079)
Loss on disposal of subsidiaries	(3,693)			(3,693)
Gain on disposal of investment property	<u>–</u>		89,314	<u>89,314</u>
Loss from operations	(259,713)			(222,121)
Finance costs	<u>(2,350)</u>			<u>(2,350)</u>
Loss before tax	(262,063)			(224,471)
Income tax expenses	<u>(29,002)</u>	24,990		<u>(4,012)</u>
Loss for the year	<u>(291,065)</u>			<u>(228,483)</u>
Loss attributable to:				
Owners of the Company	(290,118)	(26,732)	89,314	(227,536)
Non-controlling interests	<u>(947)</u>			<u>(947)</u>
	<u>(291,065)</u>			<u>(228,483)</u>

3. Unaudited Pro Forma Consolidated Statement of Net Assets of the Remaining Group

As at 31 December 2022

	The Group <i>HK\$'000</i> <i>(Note 1)</i>	Pro forma adjustments for the Disposal <i>HK\$'000</i> <i>(Note 4)</i>	The Remaining Group <i>HK\$'000</i>
NON-CURRENT ASSETS			
Investment properties	934,696	(850,200)	84,496
Property, plant and equipment	179,522		179,522
Right-of-use assets	74,402		74,402
Intangible assets	48,686		48,686
Deposits paid	33,459		33,459
Prepayment for construction	648		648
Financial assets at fair value through profit or loss	113,160		113,160
	<u>1,384,573</u>		<u>534,373</u>
CURRENT ASSETS			
Cryptocurrencies	61,967		61,967
Inventories	16,897		16,897
Loans receivable	103,180		103,180
Trade and other receivables	423,581		423,581
Financial assets at fair value through profit or loss	87,001		87,001
Income tax recoverable	567		567
Pledged bank deposits	200		200
Cash and bank balances	177,089	824,201	1,001,290
	<u>870,482</u>		<u>1,694,683</u>

	The Group <i>HK\$'000</i> <i>(Note 1)</i>	Pro forma adjustments for the Disposal <i>HK\$'000</i> <i>(Note 4)</i>	The Remaining Group <i>HK\$'000</i>
CURRENT LIABILITIES			
Trade and other payables	361,037		361,037
Dividend payables	31		31
Bank and other loans	12,888		12,888
Lease liabilities	2,145		2,145
	<u>376,101</u>		<u>376,101</u>
NET CURRENT ASSETS	<u>494,381</u>		<u>1,318,582</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
	1,878,954		1,852,955
NON-CURRENT LIABILITIES			
Deferred tax liabilities	43,146	(27,567)	15,579
Income tax payable	8,532		8,532
Lease liabilities	1,339		1,339
	<u>53,017</u>		<u>25,450</u>
NET ASSETS	<u><u>1,825,937</u></u>		<u><u>1,827,505</u></u>

4. Notes to the Unaudited Pro Forma Financial Information of the Remaining Group*Notes:*

- (1) The unaudited pro forma consolidated net assets statement of the Group as at 31 December 2022 and the unaudited pro forma consolidated profit and loss statement of the Group for the year ended 31 December 2022 are extracted from the published annual report of the Company for the year ended 31 December 2022.
- (2) The adjustments represent the exclusion of the operating results of the Land and Property for the year ended 31 December 2022, which were extracted from the unaudited profit and loss statement of the Land and Property for the year ended 31 December 2022 as set out on page II-1 of this Circular, as if the Disposal had been completed on 1 January 2022.
- (3) Pursuant to the Agreement, the Group has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Land and Property at a consideration of US\$110.0 million in cash. The adjustments represent the estimated pro forma gain on Disposal as if the Disposal had been taken place on 1 January 2022.

	<i>Note</i>	<i>HK\$'000</i>
Cash consideration		858,000
Less: Carrying value of the Land and Property as at 1 January 2022		<u>(734,887)</u>
Gain on disposal before direct expenses and taxes		123,113
Less: Estimated direct expenses and taxes in relation to the Disposal	<i>(a)</i>	<u>(33,799)</u>
Gain on Disposal		<u><u>89,314</u></u>

Note:

- (a) The amounts represent the estimated direct expenses and taxes incurred by the Group in relation to the Disposal which are assumed to be settled in cash.
- (4) The adjustments represent the pro forma gain on Disposal as if the Disposal had been taken place on 31 December 2022.

	<i>Note</i>	<i>HK\$'000</i>
Cash consideration		858,000
Less: Carrying value of the Land and Property as at 31 December 2022		(850,200)
Release of accumulated property valuation reserve		<u>58,879</u>
Gain on disposal before direct expenses and taxes		66,679
Less: Estimated direct expenses and taxes in relation to the Disposal	<i>(a)</i>	(33,799)
Release of deferred tax liabilities		<u>27,567</u>
Gain on Disposal		<u><u>60,447</u></u>

Note:

- (a) The amounts represent the estimated direct expenses and taxes incurred by the Group in relation to the Disposal which are assumed to be settled in cash.
- (5) The above adjustments are not expected to have a continuing effect on the unaudited pro forma consolidated statement of comprehensive income of the Remaining Group, except otherwise indicated.

The following is the text of a report prepared for the purpose of incorporation in this circular received from Roma Appraisals Limited, an independent valuer, in connection with its valuations as at 30 April 2023 of the property.



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39 Gloucester Road, Wan Chai, Hong Kong
Tel (852) 2529 6878 Fax (852) 2529 6806
E-mail inforomagroup.com
<http://www.romagroup.com>

23 June 2023

Yuxing Infotech Investment Holdings Limited

Unit 5-6, 9/F,
Enterprise Square Three,
No. 39 Wang Chiu Road,
Kowloon Bay, Kowloon,
Hong Kong

Dear Sir/Madam,

Re: Property Valuation of the Internet Data Center in San Jose, California, the USA

In accordance with your instructions for us to value the captioned property held by Yuxing Infotech Investment Holdings Limited (the “**Company**”) and/or its subsidiaries (together with the Company referred to as the “**Group**”) in San Jose, California, the USA. We confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property as at 30 April 2023 (the “**Date of Valuation**”) for the purpose of incorporation in the circular of the Company date 23 June.

1. BASIS OF VALUATION

Our valuation of the property is our opinion of the market value of the concerned property which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

2. VALUATION METHODOLOGY

We have valued the property by the direct comparison approach assuming sale of the property in its existing state with the benefit of vacant possession and by making reference to comparable property sales transactions of similar type and characteristics to the property as available in the relevant market. Appropriate adjustments were made on various aspects to reflect the difference between the subject property and the comparable property.

In arriving our valuation, we have adopted three recent similar sales transactions in the market based on selection criteria involving among others, that (i) sales of relevant data centers were conducted in 2022 and 2023; and (ii) similar to the subject property with same usage, which are comparable to that of the property. These criteria are relatively most significant in affecting the value of a data centers and therefore those selected comparables are the most suitable for comparison on exhaustive basis among those recently transacted data centers.

The details of the comparable data centers we have made referenced are summarized as below:

Property Address	Consideration (USD)	Transaction Date	Year of Completion	Gross Floor Area (sq.ft.)
9651 Hornbaker Road, Manassas, West Virginia, USA	222,500,000	January 2022	2010	243,000
2480 Rock House Road, Lithia Springs, Georgia, USA	101,000,000	January 2022	2009	79,650
43915 Devin Shafron Drive, Ashburn, Virginia, USA	150,000,000	March 2023	2010	132,280

Adjustments factors including time, location, building age, quantum and adjustments were made and adjustment ranges between -5% and +15%.

Time	:	-5%	-	+15%
Location	:	+0%	-	+5%
Building Age	:	+0%	-	+5%
Quantum	:	+0%	-	+5%

After making appropriate adjustments to address the differences between the subject property and the comparable data properties, we have applied equal weighting on the adjusted value on the comparable properties and arrived at the market value conclusion of the subject property.

3. VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the property in the market in its existing state without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the value of such property. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property and no allowance has been made for the property to be sold in one lot or to a single purchaser.

4. TITLE INVESTIGATION

We have carried out land searches at the Office of the Assessor, County of Santa Clara. However, we have not scrutinized all the original documents to verify ownership or to ascertain the existence of any lease amendments which may not appear on the copies handed to us.

5. SOURCE OF INFORMATION

In the course of our valuation, we have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us on such matters as location, time, floor areas, age of building and all other relevant matters which can affect the value of the property. All documents have been used for reference only.

We have no reason to doubt the truth and accuracy of the information provided to us. We have also been advised that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

6. VALUATION CONSIDERATION

No structural survey has been made in respect of the property. However, in the course of our inspections, we did not note any serious defects. We are not, however, able to report that the property is free from rot, infestation or any other structural defects. No tests were carried out on any of the building services.

We have not carried out on-site measurement to verify the floor areas of the property under consideration but we have assumed that the floor areas shown on the documents handed to us are correct. Except as otherwise stated, all dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us by the Group and are therefore approximations.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

In valuing the property, we have complied with the requirements set out in Chapter 8 and Notes of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited and in accordance with the RICS Valuation – Professional Standards Published by the Royal Institution of Chartered Surveyors and the International Valuation Standards published by the International Valuation Standards Council.

7. REMARKS

Unless otherwise stated, all monetary amounts stated in our valuation are in US Dollars (USD).

Our Valuation Certificate is attached.

Yours faithfully,

For and on behalf of

Roma Appraisals Limited

Frank F Wong

BA (Business Admin in Acct/Econ) MSc (Real Est)

MRICS Registered Valuer MAusIMM ACIPHE

Director, Head of Property and Asset Valuation

Note: Mr. Frank F Wong is a Chartered Surveyor, Registered Valuer, Member of the Australasian Institute of Mining & Metallurgy and Associate of Chartered Institute of Plumbing and Heating Engineering. He has over 24 years' valuation, transaction advisory and project consultancy of property experience in Hong Kong and over 16 years' experience in valuation of properties in China as well as relevant experience in the Asia-Pacific region, Australia and Oceania-Papua New Guinea, France, Germany, Poland, United Kingdom, United States, Abu Dhabi (UAE) and Jordan.

VALUATION CERTIFICATE

Property held by the Group for investment purpose in the USA

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 30 April 2023
RiCloud Data Center, 6580 Via Del Oro, San Jose, CA 95119, USA	<p>The property is operating as data center which is situated at the southeast of the Silicon Valley, the southern part of the San Francisco Bay Area, the property completed in 1984 and renovated in 2021.</p> <p>The property has a floor area of approximately 80,158 sq.ft., erected on a parcel of land with a site area of approximately 206,910 sq.ft.</p> <p>The property is held under freehold ownership.</p>	The property is owner occupied as data center use as at the Date of Valuation.	USD\$109,000,000

Notes:

1. The registered owner of the property is RiCloud Corp., a wholly whole subsidiary of the Company, vide Grant Deed file number NCS-714660-B-SC (DKLZ) dated 5 April 2017.
2. The property is surrounded by data centers, offices with high technology and innovation firms, public infrastructures. The property is reachable from 15 minutes' drive from San Jose Downtown and 20 minutes' drive from San Jose International Airport.
3. The property lies within an area zoned "Industrial Park Zone".

PROPERTY VALUE RECONCILIATION

Roma Appraisals Limited valued the property interests of Target Group as of Yuxing InfoTech Investment Holdings Limited. Particulars of Target Group's property interest and valuation certificate issued by Roma Appraisals Limited are included in Appendix IV to this circular. The table below sets forth the reconciliation of aggregate amounts of buildings from Target Group's audited combined financial statements as of 31 December 2022 to the unaudited net book value of Target Group's property interests as of 30 April 2023:

	<i>USD' 000</i>
Net book value of property interests of the Target Group as at 31 December 2022	109,000
Revaluation surplus	—
Reference value of property interests of the Target Group as at 30 April 2023	<u>109,000</u>

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

A. Directors' and chief executives' interests and short positions in shares, underlying shares and debentures of the Company

(1) Long positions in the shares of the Company

As at the Latest Practicable Date, interests or short positions of the Directors, chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

Name of Directors	Nature of interests	Capacity	Number of shares held	Approximate percentage of the total issued share capital of the Company
Mr. Li Qiang	Personal	Beneficial owner	4,604,000	0.19%
Mr. Cong Yu (<i>Note 1</i>)	Personal	Interest of controlled corporation	741,379,800	29.80%
Mr. Gao Fei	Personal	Beneficial owner	2,190,000	0.09
Mr. Shi Guangrong	Personal	Beneficial owner	22,660,000	0.91
Mr. Zhu Jiang	Personal	Beneficial owner	7,926,756	0.32
Ms. Shen Yan	Personal	Beneficial owner	324,000	0.01

Note:

1. Mr. Cong Yu is an executive Director and owns the entire equity interest in Cong Yu Company Limited. As Cong Yu Company Limited holds 55% interest in Unicorn Resources Inc., Mr. Cong Yu is therefore deemed to be interested in the 741,379,800 Shares held by Unicorn Resources Inc. Mr. Cong is a director of Cong Yu Company Limited and Unicorn Resources Inc.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or an employee of a company which 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.

B. Substantial Shareholders' interest and short positions in shares and underlying shares

Long positions in the shares of the Company

As at the Latest Practicable Date, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company), had interest or short position in shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

Name of Shareholders	Nature of interests	Capacity	Number of shares held	Percentage of shareholding
Unicorn Resources Inc. ("Unicorn") (Note 1)	Corporate	Beneficial owner	741,379,800	29.80%
Cong Yu Company Limited ("CYCL") (Note 1)	Corporate	Interest of a controlled corporation	741,379,800	29.80%
Mr. Zhu Weisha (Note 2)	Personal	Interest of a controlled corporation	741,379,800	29.80%
		Beneficial owner	19,000,000	0.76%
Honbridge Holdings Limited (Stock Code: 8137) ("Honbridge") (Note 3)	Corporate	Beneficial owner	351,867,200	14.14%

Name of Shareholders	Nature of interests	Capacity	Number of shares held	Percentage of shareholding
Hong Bridge Capital Limited (“ Hong Bridge ”) (Note 3)	Corporate	Interest of a controlled corporation	351,867,200	14.14%
Geely Group Limited (“ Geely Group ”) (Notes 3)	Corporate	Interest of a controlled corporation	351,867,200	14.14%
Mr. Li Shu Fu (Note 3)	Personal	Interest of a controlled corporation	351,867,200	14.14%

Notes:

1. Unicorn is the beneficial owner of 741,379,800 Shares. CYCL holds 55% interest in Unicorn and it is deemed to be interested in the 741,379,800 Shares held by Unicorn.
2. Mr. Zhu Weisha holds 45% interest in Unicorn and he is deemed to be interested in the 741,379,800 Shares held by Unicorn. The remaining interest in 19,000,000 Shares is beneficially owned by Mr. Zhu Weisha, representing 19,000,000 underlying shares in respect of the share options granted by the Company on 30 August 2019.
3. Honbridge is the beneficial owner of 351,867,200 Shares. 41.25% shares of Honbridge are held by Hong Bridge, which in turn 68.86% held by Geely Group (which 100% held by Mr. Li Shu Fu). By virtue of the provisions of Part XV of the SFO, each of Hong Bridge, Geely Group and Mr. Li Shu Fu was deemed to be interested in the shares of the Company in which Honbridge was interested.
4. Based on a total of 2,487,704,800 Shares as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executives of the Company) who had interests or short positions in the shares or underlying shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

3. SERVICE CONTRACTS

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

4. INTEREST IN ASSETS OR CONTRACTS

- (a) As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been acquired, disposed of or leased to or which are proposed to be acquired, disposed of or leased to any member of the Group since 31 December 2022, being the date to which the latest published audited accounts of the Company were made up.
- (b) As at the Latest Practicable Date, none of the Directors is materially interested in any contract or arrangement subsisting at the date of this circular which is significant in relation to the business of the Group.

5. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, to the best knowledge and belief of the Directors after having made all reasonable enquiries, none of the Directors, controlling Shareholders or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

6. LITIGATION

Save as disclosed in this circular, as at the Latest Practicable Date, so far as known to the Directors, there is no litigation, arbitration or claim of material importance in which the Group is engaged or pending or threatened against the Group.

7. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the Group within the two (2) years immediately preceding the date of this circular which are or may be material:

- (a) the Agreement;
- (b) the third supplemental loan agreement dated 31 March 2023 for amending the terms of the loan agreement dated 1 October 2022 (with details as set out in paragraph (f) below) in respect of extension of the maturity date of the loan in the principal amount of HK\$60.0 million for six months to be repayable on or before 30 September 2023;
- (c) the disposals of an aggregate of 87,900 shares of Tencent Holdings Limited which are listed on the Stock Exchange (the “**Tencent Shares**”) (representing approximately 0.0009% of the total issued Tencent Shares) during the period between 28 October 2022 to 2 March 2023 at an average price of approximately HK\$297 per Tencent Share for an aggregate consideration of approximately HK\$26.1 million (exclusive of transaction costs);
- (d) the further acquisition of an aggregate of 75,100 Tencent Shares (representing approximately 0.00078% of the total issued Tencent Shares) at an average price of approximately HK\$340 per Tencent Share during the period between 29 December 2022 and 30 December 2022 for an aggregate consideration of approximately HK\$25.5 million (exclusive of transaction costs);

- (e) the acquisition of (i) an aggregate of 100,000 Tencent Shares (representing approximately 0.00104% of the total issued Tencent Shares) at an average price of HK\$206.80 per Tencent Share for an aggregate consideration of approximately HK\$20.68 million (exclusive of transaction costs); and (ii) an aggregate of 1,400 put options of Tencent at an aggregate consideration of approximately HK\$0.51 million (exclusive of transaction costs); and (iii) an aggregate of 980 call options of Tencent at an aggregate consideration of approximately HK\$0.13 million (exclusive of transaction costs) during the period between 28 October 2022 and 28 November 2022. The total consideration of the acquisitions amounts to HK\$21.32 million;
- (f) the second supplemental loan agreement dated 1 October 2022 for amending the terms of the loan agreement dated 30 September 2021 (with details as set out in paragraph (k) below) in respect of extension of the maturity date of the loan in the principal amount of HK\$60.0 million for six months to be repayable on or before 31 March 2023;
- (g) the fourth supplemental loan agreement dated 30 September 2022 for amending the terms of the loan agreement dated 31 December 2021 (with details as set out in paragraph (i) below) in respect of extension of the maturity date of the remaining loan in the principal amount of HK\$41.0 million for nine months to be repayable on or before 30 June 2023;
- (h) the acquisition of machines agreement dated 16 May 2022 entered into between Rich Universe International Limited (a direct wholly-owned subsidiary of the Company, as purchaser) and Inno Century Limited (as vendor) in respect of the purchase of 6,832 sets of Bitmain Antminer T17E machines at the consideration of approximately HK\$60.1 million;
- (i) the third supplemental loan agreement dated 31 December 2021 for amending the terms of the loan agreement dated 31 December 2020 between Yuxing Technology Company Limited (the lender) and Daily-Tech HongKong Co., Limited (the borrower) in respect of extension of the maturity date of the remaining loan in the principal amount of HK\$41.0 million for nine months to be repayable on or before 30 September 2022;
- (j) the third supplemental loan agreement dated 16 December 2021 for amending the terms of the loan agreement dated 18 September 2020 between Beijing E-rich Investment Management Co., Ltd. (北京裕睿投資管理有限公司) (the lender) and Beijing Aihuan Times Technology Limited (北京愛換時代科技股份有限公司) (the borrower) in respect of extension of the maturity date of the remaining loan in the principal amount of RMB90.0 million for nine months to be repayable on or before 15 September 2022 at the interest rate of 8%;

- (k) the extension agreement dated 30 September 2021 between Cloud Digit Investment LP (the lender), High Sharp Electronic Limited (the borrower) and Beijing Jinshuo Jiyuan Technology Development Co., Ltd. (北京金碩紀元科技發展有限公司) (the new guarantor), in respect of extension of the maturity date of the loan for one year from 1 October 2021 to 1 October 2022 and the new guarantor had undertaken to provide guarantee to the payment obligations under the loan agreement and the extension agreement;
- (l) the acquisition of an aggregate of approximately 10,757,635.78 units of USDC at an average price of HK\$7.825 per unit for an aggregate consideration of approximately HK\$84.2 million by Rich Universe International Limited (a direct wholly-owned subsidiary of the Company) on 14 September 2021, and the agreement dated 14 September 2021 entered between Rich Universe International Limited (the purchaser) and Inno Century Limited (the vendor) in relation to the acquisition of 10,500 sets of Bitmain Antminer T17E (the “**Acquisition of Machines**”) at the consideration of approximately HK\$84.2 million and disposal of USDC in the equivalent amount of approximately HK\$84.2 million for settlement of the Acquisition of Machines;
- (m) the disposals of an aggregate of 1,552,700 H shares of ZhongAn Online P&C Insurance Co., Ltd. (the “**ZhongAn H-Shares**”) (representing approximately 0.109% of the total issued ZhongAn H-Shares and approximately 0.106% of the total issued shares of ZhongAn) during the period between 20 May 2021 to 24 August 2021 at an average price of approximately HK\$40.02 per ZhongAn H-Share for an aggregate consideration of approximately HK\$62.1 million (exclusive of transaction costs);
- (n) the termination of the procurement agreement dated 2 June 2021 (with details as set out in paragraph (p) below) on 8 August 2021;
- (o) the disposals of an aggregate of 3,000,000 H shares of Ping An Insurance (Group) Company of China, Ltd. (the “**Ping An H-Shares**”) (representing approximately 0.040% of the total issued Ping An H-Shares and approximately 0.016% of the total issued shares of Ping An) during the period between 21 May 2021 to 2 July 2021 at an average price of approximately HK\$77.25 per Ping An H-Share for an aggregate consideration of approximately HK\$231.7 million (exclusive of transaction costs); and
- (p) the supplemental agreement dated 2 June 2021 for amending the terms of the procurement agreement dated 14 May 2021 entered into between Grand Choice Development Limited (the purchaser) and Wuhan Quanyaocheng Technology Co., Ltd. (武漢全耀成科技有限公司) in respect of the procurement of hashrate capacity of the machines for a term of three years at the total consideration of RMB290.0 million.

8. EXPERT AND CONSENT

The following is the qualification of each of the expert who has given its opinions or advice for inclusion in this circular:

Name	Qualification
Roma Appraisals Limited	Independent Valuer
Mazars CPA Limited	Certified Public Accountants

Each of the above experts has given and has not withdrawn its respective written consent to the issuer of this circular with the inclusion of its letters, reports and/or opinion, as the case may be, and references to its name in the form and context in which they respectively appear.

As the Latest Practicable Date, the above experts did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As the Latest Practicable Date, the above experts did not have, directly or indirectly, any interest in any assets which had since 31 December 2022 (being the date to which the latest published audited consolidated accounts of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any members of the Group.

9. MISCELLANEOUS

- (a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The head office and principal place of business in Hong Kong of the Company is situated at Unit 5-6, 9/F, Enterprise Square Three, No. 39 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong.
- (c) The Hong Kong branch share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen' s Road East, Wan Chai, Hong Kong.
- (d) The company secretary of the Company is Dr. Liu Wei. He has a PRC lawyer qualification and is a solicitor qualified to practice law in Hong Kong and in England.
- (e) The compliance officer of the Company is Mr. Shi Guangrong pursuant to Rule 5.19 of the GEM Listing Rules.

- (f) The audit committee of the Company comprises three independent non-executive Directors, namely, Ms. Shen Yan (*Chairlady*), Ms. Dong Hairong and Ms. Huo Qiwei, the biographical details of whom are set out below:

Ms. Shen Yan (沈燕), aged 59, holds a bachelor's degree in accounting and has over 27 years of accounting experience and 24 years of auditing experience. Ms. Shen worked with Beijing Zhonggongxin Certified Public Accountants* (北京中公信會計師事務所), where she presided over audit works for local and international renowned enterprises in manufacturing, professional affairs and services and has accumulated solid experience in corporate finance management and auditing. Ms. Shen has successively held key positions in numerous corporations in the PRC and possesses good expertise in financial accounting, budgetary control and financial management. She also took part in the researches, editing and publication of books on financial management subjects. Ms. Shen had also been a staff of Beijing University of Technology. Currently, Ms. Shen is the financial controller of a PRC firm. Ms. Shen was appointed to the Board as an independent non-executive Director on 12 January 2005. Ms. Shen is currently the chairlady of each of the audit committee, the nomination committee and the remuneration committee of the Board.

Ms. Dong Hairong (董海榮), aged 48, is a deputy director of National Engineering Research Center of Rail Transportation Operation and Control System of Beijing Jiaotong University, a professor and PhD student tutor of State Key Laboratory of Rail Traffic Control and Safety of Beijing Jiaotong University. Ms. Dong graduated from Peking University with a doctorate degree in Science. Ms. Dong was appointed to the Board as an independent non-executive Director on 6 June 2018. Ms. Dong is currently a member of each of the audit committee, the nomination committee and the remuneration committee of the Board.

Ms. Huo Qiwei (霍琦瑋), aged 51, is currently the chief financial officer of Beijing Zhongjin Guorong Culture Media Co., Ltd. She possesses over 15 years of experience in corporate finance, accounting, and audit consulting. Ms. Huo possesses the professional qualifications of certified public accountant, certified tax agent and senior accountant in the PRC. Ms. Huo graduated from the Chinese University of Hong Kong with a master's degree in professional accountancy and graduated from Henan University of Science and Technology majoring in accountancy. Ms. Huo was appointed to the Board as an independent non-executive Director on 5 September 2019. Ms. Huo is currently a member of each of the audit committee, the nomination committee and the remuneration committee of the Board.

The primary duties of the audit committee are mainly: (a) to review the Group's annual reports, consolidated financial statements, interim reports and quarterly reports; (b) to review and supervise the financial reporting process, risk management and the internal control procedures of the Group; and (c) to liaise with the external auditor at least twice a year and provide advice and comments thereon to the board of Directors. Further details on the terms of reference of the audit committee are available on the website of the Company and the website of the Stock Exchange.

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

10. DOCUMENTS ON DISPLAY

Copies of the following documents are available on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (www.yuxing.com.cn) from the date of this circular up to 14 days thereafter:

- (a) the Agreement;
- (b) the unaudited profit and loss statements of identifiable net income stream attributable to the Land and Property as set out in Appendix II to this circular;
- (c) the letter from Mazars CPA Limited in respect of the unaudited pro forma financial information of the Remaining Group, the text of which is set out in Appendix III to this circular; and
- (d) the valuation report of the Land and Property issued by Roma Appraisals Limited, the text of which is set out in Appendix IV of this circular.

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 5-6, 9/F, Enterprise Square Three, No. 39 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong on Wednesday, 12 July 2023 at 11:00 a.m. for the purpose of considering and, if thought fit, passing, with or without amendments, the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

“**THAT**

- (a) the real property purchase and sale and escrow agreement dated 29 May 2023 entered into between RiCloud Corp (the “**Vendor**”) (an indirect wholly-owned subsidiary of the Company, as vendor) and Prime Data Centers, LLC (the “**Purchaser**”) (as purchaser) (the “**Agreement**”) and all the transactions contemplated under the Agreement, including the sale by the Vendor to the Purchaser of the property consisting of (i) the real estate situated at 6580 Via Del Oro, San Jose California 95119 and with an area of approximately 4.725 acres, and (ii) one story mission critical data center building with an area of approximately 80,158 square feet located on the land, at the consideration of US\$110.0 million (a copy of the Agreement has been produced to the meeting marked “A” and has been signed by the Chairman of the meeting for purpose of identification) be and are hereby approved, confirmed and ratified;
- (b) any director(s) of the Company or any person(s) authorised by the board of directors of the Company, acting singly, be and is authorised to execute, on behalf of the Company, all other documents (the “**Ancillary Documents**”) as may in the opinion and sole discretion of the director(s) or the authorised person(s) of the board of directors of the Company be considered necessary or desirable for the purpose of consummating or completing or procuring the performance and completion of all or any of the transactions contemplated under the Agreement; and

* *For identification purpose only*

NOTICE OF SGM

- (c) any director(s) of the Company or any person(s) authorised by the board of directors of the Company, acting singly, be and is authorised to agree, approve and initial any amendments, variations or supplements to, and to sign, affix the common seal of the Company on, deliver and perfect, for and on behalf of the Company, the Agreement, all Ancillary Documents and all such other instruments and documents, and to do all such further acts, deeds, matters and things for and on behalf of the Company as such person may in his/her absolute and unfettered discretion think fit in connection with the Agreement and the Ancillary Documents and the transactions contemplated thereunder.”

By order of the Board
Yuxing InfoTech Investment Holdings Limited
Cong Yu
Executive Director and Chief Executive Officer

Hong Kong, 23 June 2023

Notes:

1. The ordinary resolution to be considered at the meeting will be decided by poll. On voting by poll, each member shall have one vote for each share held in the Company.
2. A member entitled to attend and vote at the meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member may appoint a proxy in respect of part only of his holding of shares in the Company. A proxy need not be a member of the Company.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer, attorney or other person authorised to sign the same.
4. To be valid, the proxy form, together with the power of attorney or other authority (if any) under which it is signed or a certified copy thereof must be lodged at the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjourned meeting thereof (as the case maybe) and in default thereof the proxy form and such power or authority shall not be treated as valid.
5. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting convened and in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. Where there are joint registered holders of any shares of the Company, any one of such persons may vote at any meeting, either in person or by proxy, in respect of such shares as if the shareholder was solely entitled thereto, but if more than one of such joint holders be present at the meeting the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of the Company in respect of the joint holding.