



(INCORPORATED IN BERMUDA WITH LIMITED LIABILITY) STOCK CODE: 8005

First Quarterly Report 2009



*for identification purposes only

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

HIGHLIGHTS

For the three months ended 31st March 2009, turnover of the Group decreased by 41.5% to approximately HK\$23.0 million as compared to the corresponding period last year.

For the three months ended 31st March 2009, gross profit of the Group decreased by 66.0% to approximately HK\$3.6 million as compared to the corresponding period last year.

Loss of the Group for the three months ended 31st March 2009 decreased by 34.0% to approximately HK\$12.3 million as compared to the corresponding period last year.

Basic loss per share for the three months ended 31st March 2009 was HK0.76 cent (three months ended 31st March 2008: HK1.15 cents).

The Board of the Company does not recommend the payment of a dividend for the three months ended 31st March 2009.

THREE-MONTH RESULTS

The board of Directors (the "Board") of Yuxing InfoTech Holdings Limited (the "Company") announces the unaudited consolidated results of the Company and its subsidiaries (collectively the "Group") for the three months ended 31st March 2009, together with the comparative unaudited figures for the corresponding period in 2008, prepared in accordance with generally accepted accounting principles in Hong Kong, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

		For the three mor 31st Mar	
		2009	2008
	Notes	HK\$'000	HK\$'000
Turnover	2	22,950	39,199
Cost of sales		(19,345)	(28,595)
Gross profit		3,605	10,604
Other revenue and net income		1,503	1,214
Distribution and selling expenses		(2,115)	(1,842)
General and administrative expenses		(14,744)	(20,174)
Other operating expenses		(444)	(7,459)
Loss from operations		(12,195)	(17,657)
Finance costs		(117)	(871)
Loss before taxation		(12,312)	(18,528)
Taxation	3	-	(127)
Loss attributable to equity holders of the Company	4	(12,312)	(18,655)
Loss per share – Basic	4	(0.76) cent	(1.15) cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	For the three months ended		
	31st Mar	ch	
	2009	2008	
	HK\$'000	HK\$'000	
Loss attributable to equity holders			
of the Company	(12,312)	(18,655)	
Other comprehensive income:			
Available-for-sale financial assets:			
Change in fair value	610,579	(2,040,838)	
Exchange differences arising on translation			
of PRC subsidiaries	522	154,266	
Deferred tax	(153,838)	(466,435)	
Other comprehensive income attributable			
to equity holders of the Company, net of tax	457,263	(2,353,007)	
Total comprehensive income attributable			
to equity holders of the Company	444,951	(2,371,662)	
to equity notacly of the company		(2,3, 1,002)	

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

						Other comp inco				
	Share capital HK\$'000	Share premiun HK\$'000	Statutory reserves HK\$'000	Contributed surplus HK\$'000		Investment revaluation reserves HK\$'000	Translation reserves HK\$'000	Retained profits/ (Accumulated losses) HK\$'000	Total equity HK\$'000	
At 1st January 2009	40,720	7,269	20,190	234,621	27,567	386,309	324,961	81,696	1,123,333	
Total comprehensive income attributable to equity holders of the Company	_	_	_	-	-	457,935	(672)	(12,312)	444,951	
Equity-settled share-based payment	_	_	_	_	1,201	-		-	1,201	
									_	
At 31st March 2009	40,720	7,269	20,190	234,621	28,768	844,244	324,289	69,384	1,569,485	
							prehensive ome			
	Share capital HK\$'000	Share premiun HK\$'000	Statutory reserves HK\$'000	Contributed surplus HK\$'000	Share option reserves HK\$'000	Investment revaluation reserves HK\$'000	Translation reserves HK\$'000	Retained profits/ (Accumulated losses) HK\$'000	Total equity HK\$'000	
At 1st January 2008	40,528	4,246	20,190	234,621	16,998	3,585,077	176,370	118,273	4,196,303	
Total comprehensive income attributable to equity holders of									3	
the Company Issue of shares under	-	-	-	-	-	(2,426,898)	73,891	(18,655)	(2,371,662)	
share option scheme Equity-settled share-based	156	1,701	-	-	-	-	-	-	1,857	
payment					3,496				3,496	
At 31st March 2008, as restated	40,684	5,947	20,190	234,621	20,494	1,158,179	250,261	99,618	1,829,994	

Notes:

1. Basis of preparation

The unaudited consolidated results have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited. The accounts are unaudited but have been reviewed by the Company's audit committee.

The accounting policies and methods of computation adopted in the preparation of the unaudited financial statements are consistent with those adopted in preparing the annual audited financial statements for the year ended 31st December 2008 except for the following amendments and interpretations ("new HKFRSs") issued by HKICPA which are or have become effective.

HKFRSs (Amendments)	Improvements to HKFRSs
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation
HKFRS 1 and HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Share-based Payment – Vesting Conditions and Cancellations
HKFRS 7 (Amendment)	Improving Disclosure about Financial Instruments
HKFRS 8	Operating Segments
HK(IFRIC) – INT 13	Customer Loyalty Programmes
HK(IFRIC) – INT 15	Agreements for the Construction of Real Estate
HK(IFRIC) – INT 16	Hedges of a Net Investment in a Foreign Operation

The adoption of the above New HKFRSs has no material impact on the accounting policies of the Group and the methods of computation in the Group's unaudited consolidated financial statements.

2. Turnover

Turnover, which is stated net of value added tax where applicable, is recognised when goods are delivered and the related risks and rewards of ownership have passed.

The Group is principally engaged in manufacture, sales and distribution of information home appliances, audio-visual products and complementary products to the consumer market.

3. Taxation

The

The taxation charged to the income statement represents:

	For the three mo 31st Mai	
	2009 HK\$'000	2008 HK\$'000
he People's Republic of China, other than Hong Kong		
and Macau (the "PRC") Enterprise Income Tax		127

No Hong Kong Profits Tax has been provided for the three months ended 31st March 2009 as the Group did not have any assessable profit in Hong Kong for the period (three months ended 31st March 2008: Nil).

No income tax provision in respect of operations in the PRC was made as the PRC subsidiaries of the Group were loss-making for the three months ended 31st March 2009. The income tax provision for the three months ended 31st March 2008 in respect of operations in the PRC is calculated at the applicable tax rates of 18% to 25% on the estimated assessable profits for the period based on existing legislation, interpretations and practices in respect thereof.

4. Loss per share

The calculation of the basic loss per share attributable to equity holders of the Company is based on the following data:

	For the three months er 31st March	
	2009 HK\$'000	2008 <i>HK\$'000</i>
Loss attributable to equity holders of the Company	(12,312)	(18,655)
	For the three n 31st M	
	2009 <i>'000</i>	2008 <i>'000</i>
lssued ordinary shares at 1st January Effect of share options exercised	1,628,808	1,621,132 5,104
Weighted average number of ordinary shares for basic loss per share	1,628,808	1,626,236
Loss per share: – Basic	HK(0.76) cent	HK(1.15) cents

No diluted loss per share for the three months ended 31st March 2009 and 31st March 2008 has been shown because the potential ordinary shares were anti-dilutive and would decrease the loss per share for both periods.

RESERVES

Movements in the reserves of the Group during the period are set out in the unaudited condensed consolidated statement of changes in equity of the financial statements.

DIVIDENDS

The Board of the Company does not recommend the payment of a dividend for the three months ended 31st March 2009 (for the three months ended 31st March 2008: Nil).

FINANCIAL AND BUSINESS REVIEW

During the period under review, the Group's core business, the Information Appliances division, was hit by the current global economic downturn. Although the turnover of the Group in European and the PRC markets increased by 73.4% to approximately HK\$7.2 million and 100% to approximately HK\$10.7 million respectively for the three months ended 31st March 2009 (the "Period") as compared to the same period of last year, the marketing activities of a major customer of the Group which was dominated in Hong Kong market have been slowing down. As such, the turnover in Hong Kong had dropped drastically to approximately HK\$3.0 million for the Period, representing a decrease of 88.3% as compared to the same period of last year. As a result, the overall turnover and gross profit of the Group decreased significantly to approximately HK\$2.0 million and approximately HK\$3.6 million respectively for the first quarter of 2009, representing a decrease of 41.5% and 66.0% respectively as compared to the same period of last year.

Due to the significant decrease in the overall turnover, the Group recorded a loss attributable to equity holders of the Company of approximately HK\$12.3 million for the Period. However, this loss representing a decrease of 34.0% when compared to a loss of approximately HK\$18.7 million for the same period of last year. The main reasons for this improvement are set out below. Firstly, the Group recorded net gains on certain financial assets of approximately HK\$0.3 million for the Period, when compared to net losses on certain financial assets recorded in its other operating expenses of approximately HK\$7.1 million for the same period of last year. Secondly, due to the decrease in legal and professional fee, the general and administrative expenses decreased by 26.9% to approximately HK\$14.7 million for the Period when compared to the corresponding period of 2008.

FINANCIAL AND BUSINESS REVIEW (Continued)

As detailed above, since the marketing activities of a major customer of the Group in Hong Kong have been slowing down due to the global economic downturn, the turnover of the Group in the Hong Kong market plunged 88.3% from the corresponding period of last year to approximately HK\$3.0 million for the Period. Consequently, the overall turnover of the Group for the Period dropped by 41.5% compared with the corresponding period last year to approximately HK\$23.0 million.

During the Period, although the turnover in the Hong Kong market dropped dramatically as compared to the same period of last year, however, as the Internet Protocol Television ("IPTV") business further expanded in the PRC market, and the Group has been exploring regional markets actively since 2008, the Group has entered into Shanghai and Liaoning markets successfully and has achieved satisfactory results in penetrating into other major districts in the PRC. As a result, the Group's turnover in the PRC market increased by 100% to approximately HK\$10.7 million. On the other hand, to capture the opportunities arising from the large-scale launch of interactive cable set-top boxes by cable TV operators, the Group is developing new products and has launched "HD Interactive Digital Cable Set-top Box". Pilot runs have been carried out in some districts of the PRC.

In order to expand its business globally, the Group has been aggressively strengthening its connections with the leading telecom operators in many parts of the world by getting involved in various tests and evaluations organized by them and establishing partnership with them. During the period under review, turnover of the Group in European market amounted to approximately HK\$7.2 million, represents an increase of 73.4% over the corresponding period last year. Through the enhanced cooperation with its partners, the Group believes that its sales in Europe will grow stably.

Since the Group focused on expanding the PRC and European markets, the distribution and selling expenses for the Period increased by 14.8% to approximately HK\$2.1 million when compared to the corresponding period of last year. In addition to broadening its income sources, the Group also adopted expenditure saving measures. A series of operational administration policies were implemented to cut expenses.

FINANCIAL AND BUSINESS REVIEW (Continued)

As mentioned in the announcement dated 18th December 2008 and 13th January 2009 as well as the annual report of 2008 regarding the pending litigations in respect of the iudgements and summons issued by the People's Court of San Shui District, Foshan City, Guangdong Province (the "Court of San Shui") dated 9th December 2008, which stated that, on application by Guangdong Jianlibao Group Company Limited, the Court of San Shui made orders of (1) freezing the bank deposits of Mr. Zhang Hai and Foshan Zhixing Technology Co., Limited amounting to RMB10,100,000 or sealing up and distraining its assets of such equivalent amount; (2) freezing the bank deposits of Mr. Zhang Hai and Sheng Bang Ojang Dian Electronics (Shenzhen) Co., Ltd. amounting to RMB40.620.000 or sealing up and distraining its assets of such equivalent amount; and (3) freezing the bank deposits of Mr. Zhang Hai and Beijing Golden Yuxing Electronics and Technology Company Limited ("Golden Yuxing") amounting up to RMB46,000,000 or sealing up and distraining its assets of an equivalent amount, together with a standby moratorium dated 13th January 2009 referring to Golden Yuxing's 36.66% equity interest in Shenzhen Jiangnan Industrial Development Co., Ltd. from the Court of San Shui, The Group has not received any trial or judgement from the Court of San Shui as at the date of this report.

BUSINESS PROSPECTS

Notwithstanding the adverse impacts of the global financial crisis and continuing uncertainties, the Group expects IPTV business will develop steadily because: (1) targeting emerging markets in the world, IPTV is now undergoing fast expansion, thus promising a huge potential for growth from the view point of market demand, and when the industry is more established, the relevant technologies will be applied in more areas; and (2) the sales of the Group's products in the PRC are expected to continue to edge up, driven by the expansion of the mainland China market and the favorable macro-economic control measures imposed by the PRC government.

BUSINESS PROSPECTS (Continued)

For the PRC market, the popularity of digital TV in the nation, the acceleration of the enforcement of overall planning and policies in promoting HDTV development, the macro-economic control measures and the 3G business had, to different extents, driven the development of IPTV business. As the telecom operators are promoting IPTV business and The State Administration of Radio Film and Television is deploying the use of Digital Video Broadcasting-Cable (DVB-C) set-top boxes, the Group will seize this opportunity to increase its market share by developing relevant products with advantages in terms of both technology and price, as well as working closely with its partners.

For the European market, the Group maintains good relationships with its existing partners and the supply to them are stable. The cooperation with Orca Interactive Ltd and Viaccess is satisfactory. The Group is active in developing system solutions which are applicable to a wider range of telecom operators and thereby laying a solid foundation for cooperating with small to medium European operators in the future.

As one of the pioneers worldwide in developing broadband set-top boxes, the Group will continue to explore overseas markets and develop new technologies. While working more closely with the existing clients, we will also further explore emerging markets, aiming to provide products with greatest value to the clients all over the world.

In terms of the Group's most valuable indirect investments of 51 million A shares in Ping An Insurance (Group) Company of China Limited, the Group is confident that it will generate satisfactory returns to the Group in the near future.

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31st March 2009, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meanings of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as required, pursuant to the minimum standards for dealing by the Directors as referred to in rule 5.46 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules"), to be notified to the Company and the Exchange were as follows:

Name of Director	Nature of interests	Number of ordinary shares	Capacity	Percentage to the issued share capital of the Company
Mr. Zhu Wei Sha	Corporate (Note 1)	660,000,000	Interest of a controlled corporation	40.52%
	Personal (Note 2)	300,000	Beneficial owner	0.02%
Mr. Chen Fu Rong	Corporate (Note 1)	660,000,000	Interest of a controlled	40.52%
	1/		corporation	
Mr. Shi Guang Rong	Personal (Note 2)	25,400,000	Beneficial owner	1.56%
Mr. Wang An Zhong	Personal (Note 2)	5,136,756	Beneficial owner	0.32%

(1) Long positions in the shares of the Company

Notes:

- Messrs. Zhu Wei Sha and Chen Fu Rong held these shares through Super Dragon Co., Ltd. ("Super Dragon"), a company in which Messrs. Zhu Wei Sha and Chen Fu Rong held 63.6% and 36.4% of the entire issued share capital respectively. Both Mr. Zhu Wei Sha and Mr. Chen Fu Rong are directors of Super Dragon.
- Dragon Treasure Ltd. ("Dragon Treasure") is a nominee company and acts as a trustee for holding the shares in the Company on behalf of the past and present employees of the Group, including Messrs. Shi Guang Rong, Wang An Zhong and Zhu Wei Sha.

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

Pursuant to the share option scheme approved by the shareholders of the Company on 18th May 2003, the Directors in the capacity as beneficial owners were granted unlisted and physically settled share options to subscribe for shares of the Company, details of which as at 31st March 2009 were as follows:

					Numbe	er of share opti	ons	
Name of Director	Date of grant	Exercise price per share	Exercisable period	At 1st January 2009	Exercised during the period	Granted during the period	Cancelled/ lapsed during the period	At 31st March 2009
Mr. Wang An Zhong	26th December 2006	НК\$ 0.2975	26th December 2006 – 17th May 2013	1,600,000	-		-	1,600,000
Mr. Shi Guang Rong	26th December 2006	0.2975	26th December 2006 – 17th May 2013	600,000	-	-	-	600,000
Mr. Wu Jia Jun	26th December 2006	0.2975	26th December 2006 – 17th May 2013	960,000	-	A	-	960,000
Mr. Zhong Peng Rong	26th December 2006	0.2975	26th December 2006 – 17th May 2013	1,600,000	-			1,600,000
Ms. Shen Yan	26th December 2006	0.2975	26th December 2006 – 17th May 2013	960,000			1.	960,000

Save as disclosed above, none of the Directors or chief executive of the Company had, as at 31st March 2009, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as required to be notified to the Company and the Exchange pursuant to the minimum standards for dealing by Directors as referred to in rule 5.46 to the GEM Listing Rules.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

So far as is known to any Director or chief executive of the Company, as at 31st March 2009, the following is a list of the substantial shareholders (other than Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Long positions in the shares of the Company

Name of shareholders	Nature of interests	Number of ordinary shares	Capacity	Percentage to the issued share capital of the Company
Super Dragon (Note 1)	Corporate	660,000,000	Beneficial owner	40.52%
Dragon Treasure (Note 2)	Corporate	310,000,000	Trustee	19.03%

Notes:

- Super Dragon is beneficially owned by Mr. Zhu Wei Sha, as to 63.6%, and Mr. Chen Fu Rong, as to 36.4% respectively. Both Mr. Zhu Wei Sha and Mr. Chen Fu Rong are directors of Super Dragon.
- 2. Dragon Treasure is a nominee company and acts as a trustee for holding the shares in the Company on behalf of the past and present employees of the Group, including Messrs. Shi Guang Rong, Wang An Zhong and Zhu Wei Sha, whose interests in the shares and underlying shares of the Company are disclosed in the section "Interests and short positions of Directors and chief executive in the shares, underlying shares and debentures" above.

Save as disclosed above, as at 31st March 2009, the Company had not been notified by any person (other than Directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the three months ended 31st March 2009.

COMPETING INTERESTS

None of the Directors or the management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) had an interest in a business which competes or may compete with the business of the Group or has any other conflict of interest with the Group during the three months ended 31st March 2009.

AUDIT COMMITTEE

The Company established an audit committee on 20th November 1999 with written terms of reference in compliance with the GEM Listing Rules.

The primary duties of the audit committee are to review and supervise the financial reporting process of the Group. It also reviews the effectiveness of both the external audit and of internal controls and risk evaluation. The audit committee comprises of three independent non-executive Directors, namely Mr. Wu Jia Jun, Mr. Zhong Peng Rong and Ms. Shen Yan (chairman of audit committee).

The Group's unaudited consolidated results for the three months ended 31st March 2009 have been reviewed by the audit committee.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the three months ended 31st March 2009.

COMPLIANCE ADVISER'S INTEREST

As at 31st March 2009, neither Anglo Chinese Corporate Finance, Limited (the "Compliance Adviser") nor any of its directors, employees or associates had any interests in the Company's share capital.

Pursuant to the agreement dated 17th May 2007 entered into between the Company and the Compliance Adviser, the Compliance Adviser will receive a fee for acting as the Compliance Adviser for the period from 22nd May 2007 to 21st May 2009.

SECURITIES TRANSACTIONS BY THE DIRECTORS

Although the Company has not adopted any code of conduct regarding the Directors' securities transactions, it has made specific enquiry with all Directors and all Directors have confirmed that they have complied with all the required standard of dealings set out in rules 5.48 to 5.67 of the GEM Listing Rules during the three months ended 31st March 2009.

By Order of the Board Yuxing InfoTech Holdings Limited Zhu Wei Sha Chairman

Hong Kong, 13th May 2009

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