



# 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)

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST DECEMBER 2014

### 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.

*Hong Kong Exchanges and Clearing Limited and the Exchange take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

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

\* For identification purposes only



# 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)

## ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST DECEMBER 2014

### HIGHLIGHTS FOR THE YEAR ENDED 31ST DECEMBER 2014

- For the year ended 31st December 2014, turnover of the Group decreased by 16.5% to approximately HK\$520.5 million as compared with last year.
- For the year ended 31st December 2014, gross profit of the Group increased by 0.9% to approximately HK\$65.2 million as compared with last year.
- Profit attributable to owners of the parent for the year ended 31st December 2014 amounted to approximately HK\$31.0 million (2013: approximately HK\$2,167.4 million).
- The Group recorded a loss in fair value adjustments to derivative financial instruments in connection with the Repurchase(s) of approximately HK\$261.2 million for the year ended 31st December 2014. Without considering these adjustments, the Group will record a profit attributable to owners of the parent of approximately HK\$292.2 million for the year ended 31st December 2014.
- Basic earnings per share for the year ended 31st December 2014 was HK\$0.02 (2013: HK\$1.22). Without considering a loss in fair value adjustments to derivative financial instruments in connection with the Repurchased(s) of approximately HK\$261.2 million, the basic earnings per share for the year ended 31st December 2014 would be HK\$0.16.
- Total equity attributable to owners of the parent as at 31st December 2014 was approximately HK\$2,315.9 million (2013: approximately HK\$2,145.0 million) or net assets per share of HK\$1.3 (2013: HK\$1.2). Therefore, the net assets per share increased by HK\$0.1 as compared with last year.
- The Board recommends the payment of a final dividend of HK\$0.05 per share for the year ended 31st December 2014 (2013: an interim dividend of HK\$0.05 per share and a final dividend of HK\$0.05 per share totaling approximately HK\$89.6 million and HK\$89.6 million respectively were declared and distributed).

## RESULTS

The board of Directors of the Company (the “Board”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31st December 2014, together with the comparative figures for the previous year, prepared in accordance with generally accepted accounting principles in Hong Kong, as follows:

### CONSOLIDATED INCOME STATEMENT

*For the year ended 31st December 2014*

	<i>Notes</i>	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Turnover	3	<b>520,541</b>	623,136
Cost of sales		<b>(455,382)</b>	(558,563)
Gross profit		<b>65,159</b>	64,573
Other revenue and net income	4	<b>370,217</b>	29,855
Distribution and selling expenses		<b>(14,073)</b>	(16,640)
General and administrative expenses		<b>(80,721)</b>	(151,415)
Other operating expenses		<b>(18,973)</b>	(5,489)
Fair value gains on investment properties		<b>400</b>	3,120
Change in fair value of derivative financial instruments in connection with the Repurchase(s) (as defined in “Financial Review” section)		<b>(261,217)</b>	–
Gain on disposal of a subsidiary		–	2,425,977
Profit from operations	5	<b>60,792</b>	2,349,981
Finance costs	6	<b>(8,050)</b>	(36,693)
Share of results of a joint venture		–	25,952
Profit before taxation		<b>52,742</b>	2,339,240
Taxation	7	<b>(22,050)</b>	(174,276)
Profit for the year		<b>30,692</b>	2,164,964
<b>Profit/(Loss) attributable to:</b>			
Owners of the parent		<b>31,012</b>	2,167,412
Non-controlling interests		<b>(320)</b>	(2,448)
		<b>30,692</b>	2,164,964
		<i>HK\$</i>	<i>HK\$</i>
Earnings per share	9		
– Basic		<b>0.02</b>	1.22
– Diluted		<b>0.02</b>	1.21

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December 2014

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit for the year	30,692	2,164,964
Other comprehensive income/(loss)		
Item that will not be reclassified to profit or loss:		
Revaluation of property, plant and equipment upon transfer to investment properties (net of tax)	16,023	–
Items that are reclassified or may be reclassified subsequently to profit or loss:		
Available-for-sale financial assets		
Change in fair value during the year	346,201	–
Less: Reclassification of net changes in fair value to profit or loss upon disposal	(103,251)	–
Exchange differences arising on translation of PRC subsidiaries	(971)	71,163
Share of other comprehensive loss arising from interest in a joint venture (net of tax)	–	(45,993)
Release of translation reserves upon disposal of a subsidiary	–	(678,863)
Release of investment revaluation reserves upon disposal of a subsidiary	–	(1,636,829)
Other comprehensive income/(loss) for the year	<u>258,002</u>	<u>(2,290,522)</u>
Total comprehensive income/(loss) for the year	<u><u>288,694</u></u>	<u><u>(125,558)</u></u>
<b>Total comprehensive income/(loss) attributable to:</b>		
Owners of the parent	289,014	(123,110)
Non-controlling interests	(320)	(2,448)
	<u><u>288,694</u></u>	<u><u>(125,558)</u></u>

**CONSOLIDATED BALANCE SHEET***As at 31st December 2014*

	<i>Notes</i>	As at <b>31st December 2014</b> <i>HK\$'000</i>	As at 31st December 2013 <i>HK\$'000</i>
<b>NON-CURRENT ASSETS</b>			
Investment properties		117,976	49,600
Property, plant and equipment		50,309	92,580
Prepaid lease payments		12,714	13,150
Available-for-sale financial assets	10	477,704	–
Financial assets at fair value through profit or loss		–	323
		<b>658,703</b>	155,653
<b>CURRENT ASSETS</b>			
Inventories		44,200	79,769
Trade and other receivables	11	227,100	216,240
Consideration receivable for disposal of a subsidiary		–	1,782,994
Prepaid lease payments		392	394
Financial assets at fair value through profit or loss		1,394,399	363,639
Income tax recoverable		2,636	644
Pledged bank deposits		380	1,811
Cash and bank balances		349,207	121,364
		<b>2,018,314</b>	2,566,855
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	132,155	280,279
Dividend payables		17	10
Bank and other loans		181,803	84,075
Financial liabilities at fair value through profit or loss		–	25,001
Income tax payable		22,900	177,078
		<b>336,875</b>	566,443
<b>NET CURRENT ASSETS</b>		<b>1,681,439</b>	2,000,412
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>2,340,142</b>	2,156,065
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		13,448	–
<b>NET ASSETS</b>		<b>2,326,694</b>	2,156,065
<b>CAPITAL AND RESERVES</b>			
Share capital	13	44,803	44,803
Reserves	14	2,271,105	2,100,156
Equity attributable to owners of the parent		2,315,908	2,144,959
Non-controlling interests		10,786	11,106
<b>TOTAL EQUITY</b>		<b>2,326,694</b>	2,156,065

## Notes:

### 1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), and accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance (“HKCO”) concerning the preparation of financial statements, which for this financial year and the comparative year continue to be those of the predecessor HKCO (Cap. 32), in accordance with the transitional and saving arrangements for Part 9 of the HKCO (Cap. 622), “Accounts and Audit”, which are set out in sections 76 to 87 of Schedule 11 to that ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing The Listing of Securities on the GEM.

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2013 consolidated financial statements. The adoption of the new/revised HKFRSs which are relevant to the Group and effective from the current year had no significant effects on the results and financial position of the Group and the Company for the current and prior years, except that certain presentation and disclosures of the financial statements items have been revised.

### 2. FUTURE CHANGES IN HKFRSs

At the date of authorisation of these consolidated financial statements, the HKICPA has issued a number of new/revised HKFRSs that are not yet effective for the current year, which the Group has not early adopted. The Group is in the process of assessing the possible impact on the future adoption of these new/revised HKFRSs, but is not yet in a position to reasonably estimate their impact on the Group’s consolidated financial statements.

#### **Adoption of new/revised HKFRSs**

##### *Amendments to HKAS 32: Presentation – Offsetting Financial Assets and Financial Liabilities*

The amendments to HKAS 32 clarify the requirements for offsetting financial instruments. The application of the amendments does not have an impact on the amounts recognised as they are consistent with the accounting policies already adopted by the Group.

##### *Amendments to HKAS 36: Recoverable Amount Disclosures for Non-Financial Assets*

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, additional information is required to be disclosed when the recoverable amount of impaired assets is based on fair value less costs of disposal. These amendments do not have an impact on the consolidated financial statements.

### 3. SEGMENT INFORMATION

For management purposes, the current major operating segments of the Group are information home appliances, investing and trading.

The information home appliances segment is principally engaged in manufacture, sales and distribution of information home appliances and complementary products to consumer markets.

The investing segment comprises trading of securities and investing in available-for-sale financial assets.

The trading segment is principally engaged in selling electronic components, plastic and miscellaneous products.

Other operations of the Group mainly comprise leasing out of properties.

For the purpose of assessing the performance of the operating segments and allocating resources between segments, the Executive Directors assess segment profit or loss before income tax without allocation of finance costs, Directors' emoluments, head office staff salaries, legal and professional fees and other administrative costs and the basis of preparing such information is consistent with that of the consolidated financial statements.

All assets are allocated to reportable segments other than head office bank balances and other unallocated financial and corporate assets which are managed on a group basis. All liabilities are allocated to reportable segments other than unallocated head office and corporate liabilities which are managed on a group basis.

Inter-segment sales transactions are charged at prevailing market rates.

### Business segments

Turnover represents net invoiced value of goods sold to customers less returns and allowance. An analysis of the Group's turnover, other revenue and net income, changes in fair value of investment properties, share of results of a joint venture, gain on disposal of a subsidiary, segment results and segment assets and liabilities by business segments is as follows:

#### For the year ended 31st December 2014

	Information home appliances HK\$'000	Investing HK\$'000	Trading HK\$'000	Other operations HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
<b>TURNOVER</b>						
External sales	520,010	-	531	-	-	520,541
Inter-segment sales	-	-	4,910	-	(4,910)	-
<b>OTHER REVENUE AND NET INCOME</b>	<b>3,463</b>	<b>354,702</b>	<b>208</b>	<b>9,151</b>	<b>(2,722)</b>	<b>364,802</b>
<b>FAIR VALUE GAINS ON INVESTMENT PROPERTIES</b>						
	-	-	-	400	-	400
Total	<u>523,473</u>	<u>354,702</u>	<u>5,649</u>	<u>9,551</u>	<u>(7,632)</u>	<u>885,743</u>
<b>RESULTS</b>						
Segment results	<u>3,097</u>	<u>67,490</u>	<u>(102)</u>	<u>786</u>	<u>-</u>	71,271
Unallocated corporate income						153
Interest income from bank deposits						5,262
Other unallocated corporate expenses						<u>(15,894)</u>
Finance costs						<u>60,792</u> <u>(8,050)</u>
Profit before taxation						52,742
Taxation						<u>(22,050)</u>
Profit for the year						<u>30,692</u>

*As at 31st December 2014*

	Information home appliances HK\$'000	Investing HK\$'000	Trading HK\$'000	Other operations HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
<b>ASSETS</b>						
Segment assets	280,246	2,241,255	5,750	130,264	–	2,657,515
Unallocated corporate assets					19,502	19,502
Consolidated total assets						<u>2,677,017</u>
<b>LIABILITIES</b>						
Segment liabilities	141,372	175,554	1,972	24,307	–	343,205
Unallocated corporate liabilities					7,118	7,118
Consolidated total liabilities						<u>350,323</u>
<b>OTHER INFORMATION</b>						
Capital additions	5,204	–	–	–	96	5,300
Depreciation and amortisation	7,699	–	436	594	358	9,087
Write-down of inventories	176	–	47	–	–	223
Reversal of write-down of inventories	(6,564)	–	–	–	–	(6,564)
Reversal of impairment on other receivables	–	–	(208)	–	–	(208)
Change in fair value of derivative financial instruments in connection with the Repurchase(s)	–	261,217	–	–	–	261,217
	<u>–</u>	<u>261,217</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>261,217</u>



For the year ended 31st December 2013

	Information home appliances HK\$'000	Investing HK\$'000	Trading HK\$'000	Other operations HK\$'000	Elimination HK\$'000	Consolidated HK\$'000
<b>TURNOVER</b>						
External sales	622,664	–	472	–	–	623,136
Inter-segment sales	–	–	7,321	–	(7,321)	–
<b>OTHER REVENUE AND NET INCOME</b>	5,674	9,697	83	8,608	(2,766)	21,296
<b>FAIR VALUE GAINS ON INVESTMENT PROPERTIES</b>	–	–	–	3,120	–	3,120
<b>SHARE OF RESULTS OF A JOINT VENTURE</b>	–	25,952	–	–	–	25,952
<b>GAIN ON DISPOSAL OF A SUBSIDIARY</b>	–	2,425,977	–	–	–	2,425,977
Total	<u>628,338</u>	<u>2,461,626</u>	<u>7,876</u>	<u>11,728</u>	<u>(10,087)</u>	<u>3,099,481</u>
<b>RESULTS</b>						
Segment results	<u>(6,180)</u>	<u>2,457,789</u>	<u>(538)</u>	<u>6,754</u>	<u>–</u>	2,457,825
Unallocated corporate income						7,269
Interest income from bank deposits						1,290
Other unallocated corporate expenses						<u>(90,451)</u>
Finance costs						<u>2,375,933</u> <u>(36,693)</u>
Profit before taxation						2,339,240
Taxation						<u>(174,276)</u>
Profit for the year						<u>2,164,964</u>

As at 31st December 2013

	Information home appliances HK\$'000	Investing HK\$'000	Trading HK\$'000	Other operations HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
<b>ASSETS</b>						
Consideration receivable for disposal of a subsidiary	–	1,782,994	–	–	–	1,782,994
Other assets	371,725	405,363	6,925	66,477	–	850,490
	<u>371,725</u>	<u>405,363</u>	<u>6,925</u>	<u>66,477</u>	<u>–</u>	<u>850,490</u>
Segment assets	371,725	2,188,357	6,925	66,477	–	2,633,484
Unallocated corporate assets					89,024	89,024
					<u>89,024</u>	<u>89,024</u>
Consolidated total assets						<u><u>2,722,508</u></u>
<b>LIABILITIES</b>						
Segment liabilities	217,993	261,846	2,613	10,995	–	493,447
Unallocated corporate liabilities					72,996	72,996
					<u>72,996</u>	<u>72,996</u>
Consolidated total liabilities						<u><u>566,443</u></u>
<b>OTHER INFORMATION</b>						
Capital additions	3,256	–	–	–	887	4,143
Depreciation and amortisation	7,800	–	597	589	306	9,292
Write-down of inventories	6,627	–	8	–	–	6,635
Reversal of write-down of inventories	(142)	–	–	–	–	(142)
Reversal of impairment on other receivables	–	–	(83)	–	(316)	(399)
Write-off of other receivables	–	–	–	–	525	525
	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>525</u>	<u>525</u>

## Geographical information

The Group operates in the following principal geographical areas: the People's Republic of China (other than Hong Kong, Taiwan and Macau) (the "PRC"), Hong Kong and Australia (2013: *the PRC, Hong Kong and Australia*).

The following table sets out information about the geographical location of (i) the Group's revenue from external customers; and (ii) the Group's non-current assets other than financial assets at fair value through profit or loss and available-for-sale financial assets. The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the non-current assets is based on the physical location of the assets.

	Revenue from external customers		Non-current assets	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
The PRC	312,482	412,082	128,462	102,809
Hong Kong	49,122	85,733	52,537	52,521
Australia	120,199	67,760	–	–
Other overseas markets	38,738	57,561	–	–
	<b>520,541</b>	<b>623,136</b>	<b>180,999</b>	<b>155,330</b>

In addition to the information disclosed above, the Group generated other revenue and net income from information home appliances segment of approximately HK\$3,463,000 (2013: *approximately HK\$5,674,000*) in the PRC, and the Group generated other revenue and net income from investing segment of approximately HK\$350,774,000 (2013: *approximately HK\$8,486,000*) and approximately HK\$3,928,000 (2013: *approximately HK\$1,211,000*) in the PRC and Hong Kong respectively.

The Group also generated other revenue and net income from trading segment of approximately HK\$208,000 (2013: *approximately HK\$83,000*) in the PRC, and the Group generated other revenue and net income from other operations segment of approximately HK\$4,867,000 (2013: *approximately HK\$4,450,000*) and approximately HK\$1,562,000 (2013: *approximately HK\$1,392,000*) in the PRC and Hong Kong respectively.

## Information about major customers

Revenues from external customers contributing over 10% of the total revenue from the Group's information home appliances segment are as follows:

	2014 HK\$'000	2013 HK\$'000
Customer A	312,103	408,805
Customer B	120,199	67,760
Customer C	N/A	82,285
	<b>432,302</b>	<b>558,850</b>

#### 4. OTHER REVENUE AND NET INCOME

	2014 HK\$'000	2013 HK\$'000
<b>Other revenue</b>		
Dividend income from listed securities	20,133	83
Interest income from bank deposits	5,262	1,290
Interest income from other loans and receivables	–	3,287
Consultancy fee income	–	5,831
Rental income from investment properties	1,562	1,392
Rental income from buildings	4,867	4,450
Sundry income	3,325	1,055
	<u>35,149</u>	<u>17,388</u>
<b>Other net income</b>		
Foreign exchange gain, net	–	498
Net unrealised gain on financial assets at fair value through profit or loss		
– held for trading	12,432	–
– designated upon initial recognition	3,727	421
Gain on disposal of financial assets at fair value through profit or loss		
– held for trading	180,322	5,911
– designated upon initial recognition	1,772	–
Gain on disposal of available-for-sale financial assets	136,607	–
Reversal of impairment on other receivables	208	399
Write-off of long outstanding trade payables	–	5,238
	<u>335,068</u>	<u>12,467</u>
	<u>370,217</u>	<u>29,855</u>

#### 5. PROFIT FROM OPERATIONS

Profit from operations have been arrived at after charging/(crediting):

	2014 HK\$'000	2013 HK\$'000
Auditor's remuneration	1,155	1,100
Write-off of other receivables	–	525
Amortisation of prepaid lease payments	390	387
Depreciation of property, plant and equipment	8,697	8,905
Cost of inventories	455,382	558,563
Foreign exchange loss/(gain)	6,266	(498)
Loss on disposal of property, plant and equipment	22	134
Reversal of write-down of inventories*	(6,564)	(142)
Reversal of impairment on other receivables	(208)	(399)
Write-down of inventories	223	6,635
Net unrealised (gain)/loss on financial assets at fair value through profit or loss – held for trading	(12,432)	3,729
Direct outgoings from leasing of investment properties	5	5
Operating lease charges on premises	5,061	3,950
Research and development costs	102	36
	<u>67,469</u>	<u>138,440</u>
Staff costs (including Directors' emoluments):		
Salaries and allowances	5,371	6,614
Retirement benefits scheme contributions	–	–
	<u>72,840</u>	<u>145,054</u>

\* The reversal of write-down of inventories arose from disposal of inventories which had been written down in previous years.

## 6. FINANCE COSTS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interest on bank loans wholly repayable within five years	5,988	10,137
Interest on bank loans wholly repayable over five years	132	287
Interest on loan advanced from a joint venture	–	4,043
Interest on other loan	1,930	–
	<u>8,050</u>	<u>14,467</u>
Total borrowing costs	8,050	14,467
Amortised interest expenses in respect of settlement fee payable	–	22,226
	<u>8,050</u>	<u>36,693</u>

## 7. TAXATION

The taxation charged to profit or loss represents:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Current tax		
PRC enterprise income tax		
Current year	22,050	177,056
Overprovision in prior year	–	(2,780)
	<u>22,050</u>	<u>174,276</u>
Deferred taxation		
Origination and reversal of temporary difference	–	(17)
Benefit of tax losses recognised	–	17
	<u>–</u>	<u>–</u>
Charge for the year	<u>22,050</u>	<u>174,276</u>

For the years ended 31st December 2014 and 2013, Hong Kong Profits Tax has not been provided as the Group did not have any assessable profit from Hong Kong.

The income tax provision in respect of operations in the PRC is calculated at the applicable tax rate of 25% on the estimated assessable profits for 2014 and 2013 based on existing legislation, interpretations and practices in respect thereof. Two operating subsidiaries (2013: two) of the Company have been officially designated by the local tax authority as “New and High Technology Enterprise” and another operating subsidiary (2013: Nil) of the Company has been officially designated by the local tax authority as “Participant of Development in Western China”. As a result, the effective tax rate for these subsidiaries is 15% for 2014 (2013: 15%).

According to applicable PRC tax regulations, Renminbi Qualified Foreign Institutional Investors (“RQFII”) are temporarily exempt from the PRC enterprise income tax in respect of the PRC sourced gains derived from the transfer of shares on or after 17th November 2014. A subsidiary incorporated in Hong Kong is subject to the PRC enterprise income tax rate of 10% on the PRC sourced gains derived by RQFII from transfer of shares prior to 17th November 2014.

In 2013, a subsidiary of the Company incorporated in British Virgin Islands was subject to the withholding tax rate of 10% on the capital gain from the disposal of investment in the PRC.

## 8. DIVIDENDS

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interim dividend of HK\$Nil (2013: HK\$0.05) per share (Note (a))	—	89,606
Proposed final dividend of HK\$0.05 (2013: HK\$0.05) per share based on issued share capital at 31st December (Note (b))	<b>89,606</b>	89,606
Less: Proposed final dividend for shares held for share award scheme (the “Share Award Scheme”) at 31st December (Note (b))	<b>(1,115)</b>	—
	<b>88,491</b>	89,606
	<b>88,491</b>	179,212

### Notes:

- (a) On 10th May 2013, the Board declared an interim dividend of HK\$0.05 per share in respect of the financial year ended 31st December 2013. This interim dividend was distributed on 24th June 2013.
- (b) On 20th March 2015, the Board proposed the payment of a final dividend of HK\$0.05 per share. The proposed final dividend has not been recognised as dividend payables in the balance sheet as at 31st December 2014, but will be reflected as an appropriation of reserves in the year ending 31st December 2015 if it is approved by the shareholders of the Company (the “Shareholders”) in the forthcoming annual general meeting (“AGM”). The proposed final dividend for shares held for the Share Award Scheme will be deducted from the total proposed final dividend.

The proposed final dividend of HK\$0.05 per share in respect of the financial year ended 31st December 2013 was approved by the Shareholders at the AGM on 16th May 2014 and was distributed on 13th June 2014.

## 9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the parent is based on the following data:

	<b>2014</b> <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit attributable to owners of the parent	<b>31,012</b>	2,167,412
	<b>2014</b> <b>'000</b>	2013 <b>'000</b>
Issued ordinary shares at 1st January	<b>1,792,117</b>	1,747,506
Effect of share options exercised	–	32,221
Weighted average number of ordinary shares for basic earnings per share	<b>1,792,117</b>	1,779,727
Effect of dilutive potential ordinary shares:		
Exercise of share options	N/A	7,753
Weighted average number of ordinary shares for diluted earnings per share	<b>1,792,117</b>	1,787,480
	<i>HK\$</i>	<i>HK\$</i>
Earnings per share:		
– Basic	<b>0.02</b>	1.22
– Diluted ( <i>Note</i> )	<b>0.02</b>	1.21

*Note:* Diluted earnings per share is the same as the basic earnings per share for the year ended 31st December 2014 because no potential dilutive share outstanding during the year.

The calculation of diluted earnings per share for the year ended 31st December 2013 is based on the profit attributable to owners of the parent of approximately HK\$2,167,412,000, and the weighted average number of ordinary shares issued during the year after adjusting for the number of dilutive potential ordinary shares arising from the outstanding share options granted under the Company's previous share option scheme of approximately 1,787,480,000.

## 10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
At fair value		
Equity securities – listed		
Listed outside Hong Kong	<b>477,704</b>	–

The fair values of the listed securities are determined based on the quoted market bid price available on the relevant stock exchanges.

Details of the equity investee of which the carrying amount exceeds 10% of the total assets of the Group as at 31st December 2014 were as follows:

Company name	Place of incorporation	Class of shares held	Proportion of the nominal value of issued ordinary shares held by the Group
Ping An Insurance (Group) Company of China, Ltd.	The PRC	Ordinary share	0.06%

## 11. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade and bills receivables	<b>124,680</b>	161,313
Less: Impairment in respect of trade receivables	<b>(2,540)</b>	(2,545)
	<b>122,140</b>	158,768

The Group grants its trade customers an average credit period from 30 days to 18 months (2013: 30 days to 18 months). The ageing analysis of trade and bills receivables (net of impairment) by delivery date at the balance sheet date is as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0-30 days	<b>66,549</b>	84,875
31-60 days	<b>35,439</b>	48,881
61-90 days	<b>16,464</b>	18,813
Over 90 days	<b>3,688</b>	6,199
	<b>122,140</b>	158,768



## 12. TRADE AND OTHER PAYABLES

	2014 HK\$'000	2013 HK\$'000
Trade payables ( <i>Note</i> )	93,149	133,052
Other payables	8,146	15,347
Accruals	30,860	93,722
Refundable deposit for disposal of a subsidiary	–	38,158
	<u>132,155</u>	<u>280,279</u>

*Note:* The ageing analysis of trade payables at the balance sheet date is as follows:

	2014 HK\$'000	2013 HK\$'000
0-30 days	23,253	45,415
31-60 days	21,851	36,534
61-90 days	21,131	18,446
Over 90 days	26,914	32,657
	<u>93,149</u>	<u>133,052</u>

## 13. SHARE CAPITAL

	Number of shares		Amount	
	2014 '000	2013 '000	2014 HK\$'000	2013 HK\$'000
<b>Authorised:</b>				
At beginning of year and at end of year				
Ordinary shares of HK\$0.025 each	<u>8,000,000</u>	<u>8,000,000</u>	<u>200,000</u>	<u>200,000</u>
<b>Issued and fully paid:</b>				
At beginning of year				
Ordinary shares of HK\$0.025 each	1,792,117	1,747,506	44,803	43,688
Exercise of share options ( <i>Note</i> )	<u>–</u>	<u>44,611</u>	<u>–</u>	<u>1,115</u>
At end of year				
Ordinary shares of HK\$0.025 each	<u>1,792,117</u>	<u>1,792,117</u>	<u>44,803</u>	<u>44,803</u>

*Note:*

During the year ended 31st December 2013, 44,611,000 ordinary shares of HK\$0.025 each were issued at total amount of approximately HK\$13,272,000 as a result of the exercise of share options of the Company.

## 14. RESERVES

	Share premium HK\$'000	Shares held for share award scheme HK\$'000	Statutory reserves HK\$'000	Contributed surplus HK\$'000	Share option reserve HK\$'000	Investment revaluation reserves HK\$'000	Property revaluation reserves HK\$'000	Translation reserves HK\$'000	Other reserves HK\$'000	Retained profits/(Accumulated losses) HK\$'000	Total HK\$'000
As at 1st January 2013	41,693	-	20,435	234,621	29,021	1,682,822	-	687,064	-	(393,828)	2,301,828
<b>Profit for the year</b>	-	-	-	-	-	-	-	-	-	2,167,412	2,167,412
<b>Other comprehensive loss:</b>											
Exchange differences arising on translation of PRC subsidiaries	-	-	-	-	-	-	-	71,163	-	-	71,163
Share of other comprehensive loss arising from interest in a joint venture (net of tax)	-	-	-	-	-	(45,993)	-	-	-	-	(45,993)
Release of reserves upon disposal of a subsidiary	-	-	-	-	-	(1,636,829)	-	(678,863)	-	-	(2,315,692)
<b>Total other comprehensive loss</b>	-	-	-	-	-	(1,682,822)	-	(607,700)	-	-	(2,290,522)
<b>Total comprehensive loss for the year</b>	-	-	-	-	-	(1,682,822)	-	(607,700)	-	2,167,412	(123,110)
<b>Release of statutory reserves upon disposal of a subsidiary</b>	-	-	(11,767)	-	-	-	-	-	-	11,767	-
<b>Transactions with owners:</b>											
<i>Contributions and distributions</i>											
Issue of shares under share option scheme	15,572	-	-	-	(3,415)	-	-	-	-	-	12,157
Share options expired	-	-	-	-	(25,606)	-	-	-	-	25,606	-
Interim dividend	-	-	-	-	-	-	-	-	-	(89,606)	(89,606)
<i>Changes in ownership interests</i>											
Change in ownership interest in a subsidiary that does not result in a loss of control	-	-	-	-	-	-	-	-	(1,113)	-	(1,113)
<b>Total transactions with owners</b>	15,572	-	-	-	(29,021)	-	-	-	(1,113)	(64,000)	(78,562)
As at 31st December 2013 and as at 1st January 2014	57,265	-	8,668	234,621	-	-	-	79,364	(1,113)	1,721,351	2,100,156
<b>Profit for the year</b>	-	-	-	-	-	-	-	-	-	31,012	31,012
<b>Other comprehensive income:</b>											
Revaluation of property, plant and equipment upon transfer to investment properties (net of tax)	-	-	-	-	-	-	16,023	-	-	-	16,023
Change in fair value of available-for-sale financial assets	-	-	-	-	-	346,201	-	-	-	-	346,201
Reclassification of net changes in fair value of available-for-sale financial assets to profit and loss upon disposal	-	-	-	-	-	(103,251)	-	-	-	-	(103,251)
Exchange differences arising on translation of PRC subsidiaries	-	-	-	-	-	-	-	(971)	-	-	(971)
<b>Total other comprehensive income</b>	-	-	-	-	-	242,950	16,023	(971)	-	-	258,002
<b>Total comprehensive income for the year</b>	-	-	-	-	-	242,950	16,023	(971)	-	31,012	289,014
<b>Transactions with owners:</b>											
<i>Contributions and distributions</i>											
Final dividend in respect of the financial year ended 31st December 2013	-	-	-	-	-	-	-	-	-	(89,606)	(89,606)
Shares purchased for share award scheme	-	(28,459)	-	-	-	-	-	-	-	-	(28,459)
<b>Total transactions with owners</b>	-	(28,459)	-	-	-	-	-	-	-	(89,606)	(118,065)
<b>As at 31st December 2014</b>	<b>57,265</b>	<b>(28,459)</b>	<b>8,668</b>	<b>234,621</b>	<b>-</b>	<b>242,950</b>	<b>16,023</b>	<b>78,393</b>	<b>(1,113)</b>	<b>1,662,757</b>	<b>2,271,105</b>

## 15. PLEDGE OF ASSETS

As at 31st December 2014, the Group had pledged the following assets to secure the loan facilities:

- (a) Investment properties of the Group with carrying value of approximately HK\$117,976,000 (2013: HK\$49,600,000);
- (b) Prepaid lease payments, buildings and leasehold improvements of the Group with carrying values of approximately HK\$13,106,000 (2013: approximately HK\$13,544,000), approximately HK\$24,420,000 (2013: approximately HK\$66,068,000) and approximately HK\$266,000 (2013: approximately HK\$292,000) respectively;
- (c) The trade receivables from third parties of the Group with carrying value of approximately HK\$160,000 (2013: approximately HK\$10,196,000);
- (d) A leasehold property of the Group with carrying value of approximately HK\$2,435,000 (2013: approximately HK\$2,534,000);
- (e) Bank deposit of the Group with carrying value of approximately HK\$380,000 (2013: approximately HK\$1,811,000); and
- (f) 20% shares of a wholly-owned subsidiary of the Company (2013: Nil).

## 16. FINANCIAL GUARANTEE ISSUED

Reference is made to the announcement of the Company dated 27th October 2014. On 24th October 2014, the Company was informed by Guangdong Jianlibao Group Company Limited (“JLB Group”) that Beijing Golden Yuxing Electronics and Technology Company Limited (“Golden Yuxing”) had made its final payment of RMB150 million (equivalent to approximately HK\$190.1 million) as the remaining settlement fee under the final settlement agreement. Therefore, the Company’s obligation under the guarantee issued to Golden Yuxing in favour of JLB Group in respect of the payment obligations of Golden Yuxing under the final settlement agreement has been ceased.

As at 31st December 2014, the maximum liability of the Company under the financial guarantee arrangement relating to a short-term loan granted by a financial institution to one of its subsidiaries amounted to HK\$127,500,000 (2013: HK\$Nil).

## **DIVIDENDS**

The Board recommends the payment of a final dividend of HK\$0.05 per share for the year ended 31st December 2014 (the “Year”) (2013: an interim dividend of HK\$0.05 per share and a final dividend of HK\$0.05 per share totaling approximately HK\$89.6 million and HK\$89.6 million respectively were declared and distributed). Subject to the approval of the shareholders of the Company (the “Shareholders”) at the forthcoming annual general meeting on 15th May 2015 (the “AGM”), the proposed final dividend will be distributed on or about 12th June 2015 to the shareholders whose names appear on the register of members of the Company as at the close of business on 27th May 2015.

## **CLOSURE OF REGISTER OF MEMBERS**

### **(a) Entitlement to Attend and Vote at the AGM**

The register of members of the Company will be closed on the following time period during which no transfer of shares of the Company will be registered:

For entitlement to attend and vote at the AGM:	13th May 2015 – 15th May 2015, both dates inclusive (record date being 15th May 2015)
--	---

In order to qualify for entitlement to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s registrar Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on 12th May 2015.

### **(b) Entitlement to the Proposed Final Dividend**

The register of members of the Company will be closed on the following time period during which no transfer of shares of the Company will be registered:

For entitlement to the proposed final dividend:	21st May 2015 – 27th May 2015, both dates inclusive (record date being 27th May 2015)
---	---

In order to qualify for entitlement to the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s registrar Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on 20th May 2015.

## MANAGEMENT DISCUSSION AND ANALYSIS

### *FINANCIAL REVIEW*

#### **Turnover and Gross Profit**

During the year under review, the Group's overall turnover and gross profit amounted to approximately HK\$520.5 million and HK\$65.2 million respectively for the Year, representing a decrease of 16.5% and an increase of 0.9% respectively as compared with last year. This decrease in overall turnover of the Group was mainly attributable to the weakened order procurement sentiment of the People's Republic of China (other than Hong Kong, Taiwan and Macau) (the "PRC") and Hong Kong customers, and more intense competition in 2014, which have contributed to a softened demand for the Group's products for the Year. As a result, the Group's turnover under information home appliances ("IHA") segment derived from the PRC and Hong Kong markets for the Year decreased by 24.2% and 42.7% to approximately HK\$312.0 million and HK\$49.1 million respectively as compared with last year, although the turnover of the Group's overseas markets for the Year increased significantly by 26.8% to approximately HK\$158.9 million as compared with last year.

#### **Operating Results**

##### *Other Revenue and Net Income*

Other revenue and net income of the Group increased significantly to approximately HK\$370.2 million for the Year (2013: approximately HK\$29.9 million). This increase for the Year was mainly attributable to the following reasons: (1) the realised and unrealised gains on financial assets at fair value through profit or loss of totaling approximately HK\$198.3 million for the Year (2013: approximately HK\$6.3 million); (2) the realised gains on available-for-sale financial assets of approximately HK\$136.6 million for the Year (2013: HK\$Nil); and (3) dividend income from the Group's investment in A shares of Ping An Insurance (Group) Company of China, Ltd. ("Ping An Shares") of approximately HK\$19.7 million (2013: HK\$Nil). However, the Group recognised the dividend income from its indirect investment in 51 million Ping An Shares through its 36.66% equity interest in Gongbujiangda Jiangnan Industrial Development Company Limited ("JI") in the share of results of a joint venture of approximately HK\$26.0 million for the year ended 31st December 2013 and the Group had ceased to recognise JI as a joint venture immediately upon the completion of the disposal of one of its wholly-owned subsidiaries of Beijing Golden Yuxing Electronics and Technology Company Limited ("Golden Yuxing") on 31st December 2013.

##### *Change in Fair Value of Investment Properties*

The Group recognised a revaluation gain of approximately HK\$0.4 million on its investment properties for the Year (2013: approximately HK\$3.1 million).

### *Operating Expenses*

With the decrease of the Group's overall turnover in 2014, the Group's overall selling expenses decreased by 15.4% to approximately HK\$14.1 million for the Year as compared with last year. At the same time, the Group's general and administrative expenses for the Year also significantly decreased by 46.7% to approximately HK\$80.7 million as compared with last year. This decrease in the Group's general and administrative expenses during the year under review was mainly due to no distribution of a discretionary bonus to the Directors and the Group's staff for the Year (2013: approximately HK\$64.1 million upon the Group recognised a significant gain from the disposal of the entire equity interest of Golden Yuxing).

### *Other Operating Expenses*

Other operating expenses increased to approximately HK\$19.0 million for the Year (2013: approximately HK\$5.5 million). The main reason for this increase was that the Group recorded exchange losses and management and custody fee for investing in the PRC securities market through Renminbi Qualified Foreign Institutional Investors ("RQFII") of approximately HK\$6.3 million and HK\$10.1 million respectively for the Year (2013: HK\$Nil and HK\$Nil respectively).

### *Change in fair value of derivative financial instruments in connection with the Repurchase(s)*

During the year under review, the Group recorded a loss in fair value adjustments to derivative financial instruments of approximately HK\$261.2 million for the Year (2013: HK\$Nil), which was related to the call options and put options in connection with the Group's repurchase of no more than 41 million but no less than 27 million Ping An Shares at the repurchase price of RMB37.29 per share from JI during 90 days after the final payment date of the disposal agreement (the "Repurchase(s)"). The fair value of the derivative financial instruments in connection with the Repurchase(s) were re-measured by an independent professional valuer at each repurchase date during the repurchase period up to 2nd April 2014. For further details, the Directors request the shareholders and investors of the Company to refer to the note 25(c) to the financial statements of the Company's annual report 2014 in relation to the fair value adjustments of such call options and put options and the circular dated 31st October 2013 (the "Circular").

### *Finance Costs*

As there was no amortised interest expenses recorded for the Year in respect of the settlement fee payable to the Guangdong Jianlibao Group Company Limited ("JLB Group") or its designated entities, the finance costs of the Group decreased significantly to approximately HK\$8.1 million for the Year (2013: approximately HK\$36.7 million).

### *Profit for the Year*

Due to the above-mentioned reasons, the Group recorded a profit attributable to owners of the parent of approximately HK\$31.0 million for the Year (2013: approximately HK\$2,167.4 million which was mainly attributable to a gain on the disposal of a subsidiary). This profit was mainly attributable to the substantial increase in other revenue and net income of the Group during the year under review.

## **Liquidity and Financial Resources**

As at 31st December 2014, the Group had net current assets of approximately HK\$1,681.4 million. The Group had cash and bank balances of approximately HK\$349.2 million. The Group's financial resources were funded mainly by short-term bank loans and mortgage loans totaling approximately HK\$181.8 million and its shareholders' funds. As at 31st December 2014, the Group's current ratio, as calculated by dividing current assets by current liabilities, was 6.0 time and the gearing ratio, as measured by total liabilities divided by total equity, was 15.1%. Hence, as at 31st December 2014, the overall financial and liquidity positions of the Group remained at a stable and healthy level.

## **Charges on Group Assets**

Details of charges on the Group assets are set out in note 15 to the consolidated financial statements in this announcement.

## **Capital Structure**

The shares of the Company were listed on GEM on 31st January 2000. The changes in the capital structure of the Company are set out in note 13 to the consolidated financial statements in this announcement.

## **Significant Investments/Material Acquisitions and Disposals**

Apart from the Repurchase(s), during the year under review, the Group disposed of totalling approximately 8.0 million Ping An Shares in a series of transactions on the market for aggregate gross sale proceeds of approximately RMB405.5 million (equivalent to approximately HK\$506.9 million) (including transaction costs). The disposed Ping An Shares were part of 13 million Ping An Shares held by the Group which was classified as available-for-sale financial assets under non-current assets. The above disposals are detailed in the Company's announcements dated 28th November 2014 and 1st December 2014.

Save as disclosed above, the Group had no other significant investment and no material acquisition or disposal during the year under review.

## **Segment Information**

The Group's star business segment is IHA. The total turnover of the IHA segment for the Year decreased by 16.5% to approximately HK\$520.0 million as compared with last year. Due to the weakened order procurement sentiment of a PRC customer in 2014, the overall sales of the IHA segment in the PRC for the Year decreased by 24.2% to approximately HK\$312.0 million as compared with last year. In the Hong Kong market, due to the significant reduction in sales orders from a Hong Kong customer during the year under review, resulting in the Group's turnover in Hong Kong market to decrease significantly by 42.7% to approximately HK\$49.1 million for the Year as compared with last year. For the overseas markets, although the reduction in sales orders from a few overseas customers during the year under review, sales in Australia for the Year significantly increased by 77.4% to approximately HK\$120.2 million as compared with last year. Consequently, overall overseas turnover increased significantly by 26.8% to approximately HK\$158.9 million for the Year as compared with last year. As such, the Group recorded a significant improvement in the results of the IHA segment for the Year with a profit of approximately HK\$3.1 million as compared with last year (2013: a loss of approximately HK\$6.2 million).

The Group's investing segment is principally engaged in investing in trading securities and available-for-sale financial assets. This segment recorded a profit of approximately HK\$67.5 million for the Year (2013: approximately HK\$2,457.8 million) after deducting the change in fair value of derivative financial instruments in connection with the Repurchase(s) of approximately HK\$261.2 million. The main reason for this profit was that the Group recorded the realised and unrealised gains on financial assets at fair value through profit or loss and available-for-sale financial assets of approximately HK\$198.3 million (2013: approximately HK\$6.3 million) and HK\$136.6 million (2013: HK\$Nil) respectively for the Year, amongst realised gains of approximately HK\$218.9 million (2013: HK\$Nil) from the disposal of Ping An Shares.

In respect of the Group's trading segment, because of the lack of new breakthrough in recent years, the Group recorded a loss of approximately HK\$0.1 million for this segment for the Year (2013: approximately HK\$0.5 million). The other operations segment of the Group mainly comprises leasing out of properties. This segment recorded a profit of approximately HK\$0.8 million from the leasing out of properties for the Year (2013: approximately HK\$6.8 million), amongst fair value gain from investment properties of approximately HK\$0.4 million (2013: approximately HK\$3.1 million).

Geographical markets of the Group were mainly located in the PRC during the year under review. The turnover for the Year generated from the PRC market decreased by 24.2% to approximately HK\$312.5 million as compared with last year. As to overseas markets, although the reduction in sales orders from a few overseas customers during the year under review, sales in Australia for the Year significantly increased by 77.4% to approximately HK\$120.2 million as compared with last year. Consequently, overall overseas turnover increased significantly by 26.8% to approximately HK\$158.9 million for the Year as compared with last year. While the turnover generated from Hong Kong market significantly decreased by 42.7% to approximately HK\$49.1 million for the Year as compared with last year. As such, the overall turnover of the Group decreased by 16.5% to approximately HK\$520.5 million for the Year as compared with last year.

### **Exposure to Fluctuations in Exchange Rates**

Most of the trading transactions of the Group were denominated in Renminbi ("RMB") and in United States dollars. The assets of the Group were mainly denominated in RMB and the remaining portions were denominated in Hong Kong dollars. The official exchange rates for United States dollars, Hong Kong dollars and RMB have been relatively stable for the Year and no hedging or other alternative measure has been implemented by the Group. As at 31st December 2014, the Group had no significant exposure under foreign exchange contracts, interest or currency swaps or other financial derivatives.

### **Human Resources**

As at 31st December 2014, the Group had over 600 (2013: over 760) full time employees, of which 12 (2013: 11) were based in Hong Kong and the rest were in the PRC. Staff costs of the Group amounted to approximately HK\$72.8 million for the Year (2013: approximately HK\$145.1 million). Decrease in staff costs was mainly due to no distribution of a discretionary bonus to the Directors and the staff of the Group for the Year. All employees of the Company's subsidiaries are selected and promoted based on their suitability for the position offered. The salary and benefit levels of the Group's employees are in line with the market. Employees are rewarded on a performance-related basis within the general framework of the Group's remuneration system which is reviewed annually. In addition to the basic salaries, staff benefits also include medical scheme, various insurance schemes, share option schemes and share award scheme.



## ***BUSINESS REVIEW***

After twelve years of development and under the steady growth of the global Internet Protocol Television (“IPTV”) market, the Group’s IPTV set-top boxes (“STB”) business has entered into a period of steady growth. However, under the intense market competition condition, the Group is facing many opportunities as well as confronting severe challenges. With the accumulation of technological expertise over the years and own intermediary software platform, the Group could meet needs of different customers, finish the work of integrating with termination systems and customizing end products. Products launched by the Group in the markets include standard-definition STB, high digital STB, dual mode STB, Over-the-Top TV (“OTT”)/IPTV STB, as well as STB equipped with an Android system, etc. In 2014, due to the weakened order procurement sentiment of a PRC customer and a Hong Kong customer and fierce market competition, there was a significant decrease of turnover of the Group in the PRC, Hong Kong and a few overseas markets. As such, during the year under review, the Group’s overall turnover decreased by 16.5% to approximately HK\$520.5 million, while the overall gross profit slightly increased by 0.9% to approximately HK\$65.2 million for the Year as compared with 2013.

In the PRC market, the Group had successfully launched, through cooperation with one of the largest PRC telecom equipment and system providers, various types of STB into areas including, Guangdong Province, Hubei Province, Sichuan Province, Shanxi Province, Liaoning Province, Anhui Province, Jilin Province, Jiangsu Province and Tianjin Municipalities, etc. Some operators cooperating with the Group started planning to deploy smart STB in large scale and the Group had deployed smart STB equipped with an Android system in many provinces across the PRC. However, due to the weakened order procurement sentiment of this PRC customer in 2014 and the further market competition, this led to a decrease in both the sales quantity and selling price of STB in the PRC as compared with last year. Therefore, the turnover of the Group in the PRC market for the Year decreased by 24.2% to approximately HK\$312.5 million as compared with last year.

In overseas market, the Group’s products provided quality new entertainment experience to the end users not only in the IPTV sector, but also in the music and video sector. Meanwhile, the Group keeps on maintaining good cooperation relationships with various existing telecom operators and system integration suppliers. The Group has managed to forward continuous shipments of its products to customers in Australia, Spain, Brazil, Romania and Czechoslovakia, etc. At the same time, the Group was actively exploring new markets in Africa, the United Kingdom, Germany and Denmark, etc. Although there was a reduction in sales orders from a few overseas customers during the year under review, sales in Australia for the Year increased significantly by 77.4% to approximately HK\$120.2 million as compared with last year. Consequently, overall overseas turnover for the Year increased significantly by 26.8% to approximately HK\$158.9 million as compared with last year.

As one of the leading suppliers of IPTV STB in Hong Kong, the Group still maintained great cooperation relationship with a Hong Kong telecommunication operator in its marketing activities. However, due to the significant reduction in sales orders from this Hong Kong customer in 2014, it resulted in a significant decrease in the Group’s turnover in Hong Kong market by 42.7% to approximately HK\$49.1 million as compared with last year.

As for investment business, based on the principles of scientific analysis and prudent determination, the Group mainly focused on some software, hardware companies and Internet companies which master the core and leading technology in the convergence of television, telecom and Internet fields. Meanwhile, the Group also focused on some companies in the field of commercial STB and Online to Offline (“O2O”) Electronic Commerce and deployed investment in preparation and integration of the industry ecosystem. During the year under review, the Group conducted some useful attempts in the secondary market investment. Based on value investment, the Group selected the investment with lower risk in the secondary market by taking risk control and reasonable earning expectation as its investment strategy, maintenance and appreciation of asset value are the long-term investment commitment of the Group. As such, the Group recorded the realised and unrealised gains on financial assets at fair value through profit or loss and available-for-sale financial assets of approximately HK\$198.3 million (2013: approximately HK\$6.3 million) and HK\$136.6 million (2013: HK\$Nil) respectively for the Year, amongst realised gains of approximately HK\$218.9 million (2013: HK\$Nil) from the disposal of Ping An Shares.

References are made to the announcements of the Company dated 30th January 2013, 4th February 2013, 18th March 2013, 27th March 2013, 27th September 2013, 11th October 2013, 23rd October 2013, 28th October 2013, 15th November 2013, 2nd January 2014, 2nd April 2014 and 27th October 2014 and the circular dated 28th February 2013 and the Circular in relation to, inter alia, the Settlement Agreement, the Final Settlement Agreement, the Guarantee, the Agreement, the Proposed Disposal, the Proposed Repurchase(s) and the Major Transaction in relation to the New Disposal Mandate (as such capitalised terms are defined in the Circular). On 2nd January 2014, being the final payment date of the Agreement, 華浩信聯(北京)投資有限公司 (Hua Hao Xin Lian (Beijing) Investment Co., Ltd.\*), had fully paid the total consideration in accordance with the terms of the Agreement. The repurchase period commenced on 2nd January 2014 and ended on 2nd April 2014. On 2nd April 2014, the Group had repurchased 41 million Ping An Shares from JI at the price of RMB37.29 per share pursuant to the Agreement and completed the Repurchase(s) in accordance with the requirements under the Agreement during the repurchase period. On 24th October 2014, the Company was informed by JLB Group that Golden Yuxing had made its final payment of RMB150 million (equivalent to approximately HK\$190.1 million) as the remaining Settlement Fee under the Final Settlement Agreement, therefore the Settlement Fee had been fully paid and the Company’s obligation under the Guarantee had ceased. Further, on 30th October 2014, the pledge of 6 million Ping An Shares provided by JI in favour of the Company had also been released in accordance with the terms of the Agreement.

## ***BUSINESS PROSPECT***

The global IPTV market reaches a mature stage. Being one of the initial companies developing in broadband STB in the world, the Group, with efforts in over ten years and based on its accumulation of technological expertise over the years and its own research and development (“R&D”) capability, will continue changing the traditional model by working hard on exploring the linkage of Internet and television. Meanwhile, in order to acquire more sophisticated competitive advantages to improve innovation capabilities and to meet the different needs of customers, the Group will put a high proportion of investment in R&D, the Group has to keep continuing upgrading its products and also actively develops new products to adopt to new market opportunities. The Group expects to achieve a better performance in the near future.

Regarding its investment business, the Group will continue focusing on the convergence of television, telecom and Internet fields. These fields are emerging the opportunities of huge convergence and great development. It is believed that the existing and the accumulated experiences of the IHA of the Group will help to efficiently complete the value evaluation, the resources integration and the value upgrade of the invested companies. Meanwhile, the Group will also focusing on home living Internet field and security cloud field based on the development of the convergence of computer, communication and consumer electrics, intelligent Internet and security technology. On the other hand, the Group's secondary market investment strategy will continue, based on the value investment, selecting investment products with lower risk to control risk and maintain reasonable earning expectation. Maintenance and appreciation of asset value are still the long-term investment commitments of the Group.

## **AUDIT COMMITTEE**

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

The Committee provides an important link between the Board and the Company's auditor in matters coming within the scope of the Group's audit. The primary duties of the 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 system. The Committee comprises three Independent Non-executive Directors of the Company, namely Mr. Wu Jia Jun, Mr. Zhong Peng Rong and Ms. Shen Yan. Ms. Shen was appointed as the chairman of the Committee and she has appropriate professional qualifications in accounting and auditing experience. The Committee held four meetings during the current financial year. The Group's audited annual results for the year ended 31st December 2014 have been reviewed by the Committee.

## **SCOPE OF WORK OF MAZARS CPA LIMITED**

The figures in respect of the preliminary announcement of the Group's results for the year ended 31st December 2014 have been agreed by the Group's auditor, Mazars CPA Limited ("Mazars"), to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Mazars in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Mazars on this preliminary announcement.

## **PURCHASE, SALE OR REDEMPTION OF THE LISTED SHARES**

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's shares during the year under review, except the trustee of a share award scheme adopted on 6th October 2014 by the Company (the "Share Award Scheme"), pursuant to the rules and trust deed of the Share Award Scheme, purchased an aggregate of approximately 22.3 million shares of the Company's existing shares on the market at a total consideration of approximately HK\$28.5 million.

## **SECURITIES TRANSACTIONS BY DIRECTORS**

Although the Company has not adopted any code of conduct regarding the Directors' securities transactions, it has made specific enquiries with all Directors and all Directors have confirmed that they have complied with all the required standards of dealings set out in rules 5.48 to 5.67 of the GEM Listing Rules during the year under review.

## CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance. The Directors believe that sound and reasonable corporate governance practices are essential for the continued growth of the Group and for safeguarding and maximizing shareholders' interests.

The Group has adopted a set of Code on Corporate Governance ("Company Code") which sets out the corporate standards and practices used by the Group to direct and manage its business affairs. It is prepared by referencing to the principles, code provisions and recommended best practices set out in the Code on Corporate Governance Practices ("GEM Code") contained in Appendix 15 to the GEM Listing Rules. The Board will continue to monitor and revise the Company Code and assess the effectiveness of corporate governance practices in tandem with changes in the environment and requirements under the GEM Code, to ensure the Company Code is in line with the expectations and interests of shareholders and comply with the GEM Code and the GEM Listing Rules.

Subject to the deviation as disclosed hereof, the Company has complied with all the provisions of the GEM Code during the year under review.

Under provision A.2.1 of the GEM Code, the role of the chairman and chief executive officer should be separated and should not be performed by the same individual. The responsibilities between the chairman and the chief executive officer should be clearly established and set out in writing. Mr. Zhu Wei Sha is the chairman of the Board and the chief executive officer of the Group. As such, such dual role constitutes a deviation from Code Provisions A.2.1. However, the Board is of the view that: (i) the Company has sufficient internal controls to provide checks and balances on the functions of the chairman and chief executive officer; (ii) Mr. Zhu Wei Sha as the chairman of the Board and the chief executive officer of the Group is responsible for ensuring that all Directors act in the best interests of the shareholders. He is fully accountable to the shareholders and contributes to the Board and the Group on all top-level and strategic decisions; and (iii) this structure will not impair the balance of power and authority between the Board and the management of the Company.

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

Hong Kong, 20th March 2015

\* *For identification purposes only*

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

*This announcement will remain on the "Latest Company Announcements" page of the GEM website at [www.hkgem.com](http://www.hkgem.com) and on the website of the Company at [www.yuxing.com.cn](http://www.yuxing.com.cn) for at least 7 days from the date of its publication.*