



# 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)

## QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31ST MARCH 2013

### 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 this announcement or any statement in 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)

## QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31ST MARCH 2013

### HIGHLIGHTS FOR THE THREE-MONTH PERIOD

For the three months ended 31st March 2013, turnover of the Group has significantly decreased by 37.0% to approximately HK\$152.9 million as compared with the corresponding period last year.

For the three months ended 31st March 2013, gross profit of the Group has significantly decreased by 62.3% to approximately HK\$11.4 million as compared with the corresponding period last year.

Loss attributable to owners of the parent for the three months ended 31st March 2013 amounted to approximately HK\$16.3 million, while the Group recorded a loss attributable to owners of the parent of only approximately HK\$0.4 million for the three months ended 31st March 2012.

Basic loss per share for the three months ended 31st March 2013 was HK0.93 cent (three months ended 31st March 2012: HK0.02 cent).

The Board has declared an interim dividend of HK\$0.05 per share for the three months ended 31st March 2013 (for the three months ended 31st March 2012: HK\$Nil).

### THREE-MONTH RESULTS (UNAUDITED)

The board of Directors of the Company (the “Board”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the three months ended 31st March 2013, together with the comparative unaudited figures for the corresponding period in 2012, prepared in accordance with generally accepted accounting principles in Hong Kong, as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

|   | <i>Notes</i> | <b>For the three months ended</b> |                 |
|---|--------------|-----------------------------------|-----------------|
|   |              | <b>2013</b>                       | <b>2012</b>     |
|   |              | <b>HK\$'000</b>                   | <b>HK\$'000</b> |
| Turnover  | 2            | <b>152,869</b>                    | 242,462         |
| Cost of sales                                   |              | <b>(141,478)</b>                  | (212,230)       |
| Gross profit                                    |              | <b>11,391</b>                     | 30,232          |
| Other revenue and net income                    |              | <b>4,576</b>                      | 1,950           |
| Distribution and selling expenses               |              | <b>(3,795)</b>                    | (5,374)         |
| General and administrative expenses             |              | <b>(19,848)</b>                   | (24,082)        |
| Other operating expenses                        |              | <b>(4,088)</b>                    | (486)           |
| (Loss)/Profit from operations                   |              | <b>(11,764)</b>                   | 2,240           |
| Finance costs                                   |              | <b>(6,932)</b>                    | (1,629)         |
| Share of results of a jointly controlled entity |              | <b>17</b>                         | –               |
| (Loss)/Profit before taxation                   |              | <b>(18,679)</b>                   | 611             |
| Taxation  | 3            | <b>–</b>                          | (1,011)         |
| Loss for the period                             |              | <b>(18,679)</b>                   | (400)           |
| <b>Loss attributable to:</b>                    |              |                                   |                 |
| Owners of the parent                            | 4            | <b>(16,286)</b>                   | (400)           |
| Non-controlling interests                       |              | <b>(2,393)</b>                    | –               |
|   |              | <b>(18,679)</b>                   | (400)           |
| Loss per share                                  | 4            |                                   |                 |
| – Basic   |              | <b>(0.93) cent</b>                | (0.02) cent     |
| – Diluted                                       |              | <b>(0.93) cent</b>                | (0.02) cent     |

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
(UNAUDITED)**

|  | <b>For the three months ended<br/>31st March</b> |          |
|--|--|----------|
|  | <b>2013</b>                                      | 2012     |
|  | <b>HK\$'000</b>                                  | HK\$'000 |
| Loss for the period  | <b>(18,679)</b>                                  | (400)    |
| Other comprehensive (loss)/income:   |  |          |
| Change in fair value of available-for-sale financial assets  | –  | 115,089  |
| Share of other comprehensive loss arising from<br>interest in a jointly controlled entity (net of tax) | <b>(150,441)</b>                                 | –        |
| Exchange differences arising on translation of PRC subsidiaries  | <b>9,388</b>                                     | 313      |
| Other comprehensive (loss)/income for the period   | <b>(141,053)</b>                                 | 115,402  |
| Total comprehensive (loss)/income for the period   | <b>(159,732)</b>                                 | 115,002  |
| <b>Total comprehensive (loss)/income attributable to:</b>  |  |          |
| Owners of the parent   | <b>(157,339)</b>                                 | 115,002  |
| Non-controlling interests  | <b>(2,393)</b>                                   | –        |
|  | <b>(159,732)</b>                                 | 115,002  |

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

|   | Attributable to owners of the parent |                                     |  |   |  |  |  |  |                                 |   |                                    |
|---|--------------------------------------|-------------------------------------|--|---|--|--|--|--|---------------------------------|---|------------------------------------|
|   | Share<br>capital<br><i>HK\$'000</i>  | Share<br>premium<br><i>HK\$'000</i> | Statutory<br>reserves<br><i>HK\$'000</i> | Contributed<br>surplus<br><i>HK\$'000</i> | Share<br>option<br>reserves<br><i>HK\$'000</i> | Investment<br>revaluation<br>reserves<br><i>HK\$'000</i> | Translation<br>reserves<br><i>HK\$'000</i> | (Accumulated<br>losses)/<br>Retained<br>profits<br><i>HK\$'000</i> | Sub<br>total<br><i>HK\$'000</i> | Non-<br>controlling<br>interests<br><i>HK\$'000</i> | Total<br>equity<br><i>HK\$'000</i> |
| As at 1st January 2013  | 43,688                               | 41,693                              | 20,435                                   | 234,621                                   | 29,021   | 1,682,822  | 687,064                                    | (393,828)  | 2,345,516                       | 12,441  | 2,357,957                          |
| <b>Loss for the period</b>  | -                                    | -                                   | -  | -   | -  | -  | -  | (16,286)   | (16,286)                        | (2,393)   | (18,679)                           |
| <b>Other comprehensive loss:</b>  |                                      |                                     |  |   |  |  |  |  |                                 |   |                                    |
| Share of other comprehensive loss arising from interest in a jointly controlled entity (net of tax) | -                                    | -                                   | -  | -   | -  | (150,441)  | -  | -  | (150,441)                       | -   | (150,441)                          |
| Exchange differences arising on translation of PRC subsidiaries                                     | -                                    | -                                   | -  | -   | -  | -  | 9,388                                      | -  | 9,388                           | -   | 9,388                              |
| <b>Total other comprehensive loss</b>   | -                                    | -                                   | -  | -   | -  | (150,441)  | 9,388                                      | -  | (141,053)                       | -   | (141,053)                          |
| <b>Total comprehensive loss for the period</b>  | -                                    | -                                   | -  | -   | -  | (150,441)  | 9,388                                      | (16,286)   | (157,339)                       | (2,393)   | (159,732)                          |
| <b>Transactions with owners:</b>  |                                      |                                     |  |   |  |  |  |  |                                 |   |                                    |
| Issue of shares under share option scheme   | 173                                  | 1,892                               | -  | -   | -  | -  | -  | -  | 2,065                           | -   | 2,065                              |
| <b>Total transactions with owners</b>   | 173                                  | 1,892                               | -  | -   | -  | -  | -  | -  | 2,065                           | -   | 2,065                              |
| <b>As at 31st March 2013</b>  | <b>43,861</b>                        | <b>43,585</b>                       | <b>20,435</b>                            | <b>234,621</b>                            | <b>29,021</b>                                  | <b>1,532,381</b>   | <b>696,452</b>                             | <b>(410,114)</b>   | <b>2,190,242</b>                | <b>10,048</b>                                       | <b>2,200,290</b>                   |
| As at 1st January 2012  | 43,378                               | 37,003                              | 20,190                                   | 234,621                                   | 30,336   | 1,103,488  | 686,287                                    | 106,371  | 2,261,674                       | -   | 2,261,674                          |
| <b>Loss for the period</b>  | -                                    | -                                   | -  | -   | -  | -  | -  | (400)  | (400)                           | -   | (400)                              |
| <b>Other comprehensive income:</b>  |                                      |                                     |  |   |  |  |  |  |                                 |   |                                    |
| Change in fair value of available-for-sale financial assets   | -                                    | -                                   | -  | -   | -  | 115,089  | -  | -  | 115,089                         | -   | 115,089                            |
| Exchange differences arising on translation of PRC subsidiaries                                     | -                                    | -                                   | -  | -   | -  | -  | 313  | -  | 313                             | -   | 313                                |
| <b>Total other comprehensive income</b>   | -                                    | -                                   | -  | -   | -  | 115,089  | 313  | -  | 115,402                         | -   | 115,402                            |
| <b>Total comprehensive income for the period</b>  | -                                    | -                                   | -  | -   | -  | 115,089  | 313  | (400)  | 115,002                         | -   | 115,002                            |
| <b>Transactions with owners:</b>  |                                      |                                     |  |   |  |  |  |  |                                 |   |                                    |
| Issue of shares under share option scheme   | 8                                    | 82                                  | -  | -   | -  | -  | -  | -  | 90                              | -   | 90                                 |
| <b>Total transactions with owners</b>   | 8                                    | 82                                  | -  | -   | -  | -  | -  | -  | 90                              | -   | 90                                 |
| <b>As at 31st March 2012</b>  | <b>43,386</b>                        | <b>37,085</b>                       | <b>20,190</b>                            | <b>234,621</b>                            | <b>30,336</b>                                  | <b>1,218,577</b>   | <b>686,600</b>                             | <b>105,971</b>   | <b>2,376,766</b>                | <b>-</b>  | <b>2,376,766</b>                   |

Notes:

**1. Basis of preparation**

The Group's unaudited condensed consolidated financial statements for the three months ended 31st March 2013 have been prepared in accordance with Hong Kong Accounting Standards issued by Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited and the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). The accounts are unaudited but have been reviewed by the Company's audit committee.

These unaudited condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31st December 2012.

At the date of authorisation of these unaudited condensed consolidated financial statements, the HKICPA has issued a number of new/revised Hong Kong Financial Reporting Standards ("HKFRSs") that are not yet effective for the current period, 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 are not yet in a position to reasonably estimate their impact on the Group's 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 and complementary products to consumer markets.

**3. Taxation**

The taxation charged to profit or loss represents:

|                           | <b>For the three months ended</b> |                 |
|---------------------------|-----------------------------------|-----------------|
|                           | <b>31st March</b>                 |                 |
|                           | <b>2013</b>                       | <b>2012</b>     |
|                           | <b>HK\$'000</b>                   | <b>HK\$'000</b> |
| PRC enterprise income tax | —                                 | 1,011           |

No PRC enterprise income tax has been provided for the three months ended 31st March 2013 as the Group did not have any assessable profit from the PRC for the period. 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 the three months ended 31st March 2012 based on existing legislation, interpretations and practices in respect thereof. A subsidiary of the Company has been officially designated by the local tax authority as "New and High Technology Enterprise". As a result, the effective tax rate for this subsidiary is 15% for the three months ended 31st March 2012.

No Hong Kong Profits Tax has been provided for the three months ended 31st March 2013 and 2012 as the Group did not have any assessable profit from Hong Kong for both periods.

4. **Loss per share**

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

|   | <b>For the three months ended<br/>31st March</b> |             |
|---|--|-------------|
|   | <b>2013</b>                                      | 2012        |
|   | <b>HK\$'000</b>                                  | HK\$'000    |
| Loss attributable to owners of the parent                             | <b>(16,286)</b>                                  | (400)       |
|   | <b>1,747,506</b>                                 | 1,735,120   |
|   | <b>2,574</b>                                     | 70          |
| Issued ordinary shares at 1st January                                 | <b>1,747,506</b>                                 | 1,735,120   |
| Effect of share options exercised                                     | <b>2,574</b>                                     | 70          |
| Weighted average number of ordinary shares for basic loss per share   | <b>1,750,080</b>                                 | 1,735,190   |
| Effect of dilutive potential ordinary shares:                         |  |             |
| Exercise of share options   | <b>N/A</b>                                       | N/A         |
| Weighted average number of ordinary shares for diluted loss per share | <b>1,750,080</b>                                 | 1,735,190   |
| Loss per share:   |  |             |
| – Basic   | <b>(0.93) cent</b>                               | (0.02) cent |
| – Diluted ( <i>Note</i> )   | <b>(0.93) cent</b>                               | (0.02) cent |

*Note:* Diluted loss per share is the same as the basic loss per share because the effect of potential ordinary shares is anti-dilutive.

## **RESERVES**

Movements in the reserves of the Group during the three months ended 31st March 2013 (the “Period”) are set out in the unaudited condensed consolidated statement of changes in equity of the financial statements.

## **INTERIM DIVIDEND**

The Board has declared an interim dividend of HK\$0.05 per share for the Period (for the three months ended 31st March 2012: HK\$Nil). The interim dividend will be payable on 24th June 2013 to those shareholders whose names appear on the register of members on 7th June 2013.

## **CLOSURE OF REGISTER OF MEMBERS**

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 interim dividend : 4th June 2013 – 7th June 2013, both dates inclusive  
(record date being 7th June 2013)

In order to qualify for entitlement to the interim 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 3rd June 2013.

## **FINANCIAL AND BUSINESS REVIEW**

During the period under review, the Group’s overall turnover and gross profit amounted to approximately HK\$152.9 million and HK\$11.4 million respectively for the Period, representing a substantial decrease of 37.0% and 62.3% respectively as compared with the same period of last year. This decrease was mainly attributable to the weakened order procurement sentiment of the PRC and overseas customers in the first quarter of 2013 which has contributed to a softened demand for the Group’s products. As a result, the Group’s turnover from the PRC and overseas markets for the Period decreased significantly by 35.1% and 63.4% to approximately HK\$107.7 million and HK\$24.1 million respectively as compared with the same period of last year.

In the domestic market, the Group had successfully launched, through cooperation with one of the largest PRC telecom equipment and system providers, various types of set-top boxes (“STB”) into areas including Guangdong Province, Hubei Province, Sichuan Province, Shanxi Province, Liaoning Province, Anhui Province, Shanghai and Chongqing Municipalities, etc. However, due to the weakened order procurement sentiment of this PRC customer in the first quarter of 2013, this led to a significant decrease in the selling price of STB. Therefore, the turnover of the Group for the Period in the PRC decreased significantly by 35.1% to approximately HK\$107.7 million as compared with the same period of last year.

In the overseas market, the Group maintained cooperation relationship with various existing telecom operators and system integration suppliers. The Group has managed to forward continuous shipments of its products to customers in Belgium, Spain and Sweden, etc. However, due to the significant reduction in purchase orders from a few overseas customers, especially, sales in Russia for the Period decreased to HK\$ Nil, and sales in Australia for the Period also decreased by 45.0% to approximately HK\$6.9 million as compared with the same period of last year. Consequently, overall overseas turnover decreased significantly by 63.4% to approximately HK\$24.1 million for the Period as compared with the same period of last year.



As one of the leading suppliers of Internet Protocol Television (“IPTV”) STB in Hong Kong, the Group maintained great cooperation with a Hong Kong telecommunication operator in its marketing activities. The launch of high digital STB in the market received a good response from users in the first quarter of 2013, resulting in the Group’s turnover in Hong Kong market to increase significantly by 94.5% to approximately HK\$21.1 million for the Period as compared with the same period of last year.

With the significant decrease of the Group’s overall turnover, the Group’s selling expenses for the Period also decreased by 29.4% to approximately HK\$3.8 million as compared with the same period of last year. At the same time, due to the decrease in legal and professional fees, the Group’s general and administrative expenses for the Period decreased by 17.6% to approximately HK\$19.8 million as compared with the corresponding period in 2012. Moreover, imputed interest expenses for the Period in respect of the non-current portion of settlement fee payable to the Guangdong Jianlibao Group Company Limited (“JLB Group”) or its designated entities (further details regarding the non-current portion of settlement fee payable are set out in note 29 to the financial statement in the annual report 2012 of the Company), which caused the finance costs of the Group to increase to approximately HK\$6.9 million for the Period (for the three months ended 31st March 2012: approximately HK\$1.6 million).

The main reason for the increase in the Group’s other revenue and net income to approximately HK\$4.6 million for the Period (for the three months ended 31st March 2012: approximately HK\$2.0 million) was mainly attributable to the fixed deposit interest income in the form of dividends of Gongbujiangda Jiangnan Industrial Development Co., Ltd. (“JI”) which were unfrozen and released by way of court order in the PRC as described below, of approximately HK\$2.5 million for the Period (for the three months ended 31st March 2012: HK\$Nil).

Other operating expenses increased to approximately HK\$4.1 million for the Period (for the three months ended 31st March 2012: approximately HK\$0.5 million). The main reason was that the Group recorded realized and unrealized losses on certain financial assets totaling approximately HK\$2.8 million for the Period (for the three months ended 31st March 2012: HK\$Nil).

As a result of the foregoing, the Group recorded a loss attributable to owners of the parent of approximately HK\$16.3 million for the Period, while the Group recorded a loss attributable to owners of the parent of only approximately HK\$0.4 million in the same period of last year.

References are made to the announcements of the Company dated 30th January 2013 and 4th February 2013 (“Settlement Announcements”) and the circular of the Company dated 28th February 2013 (the “Circular”), Beijing Golden Yuxing Electronics and Technology Company Limited (“Golden Yuxing”), one of the wholly-owned subsidiary of the Group, and JLB Group entered into a settlement agreement on 30th January 2013 (“Settlement Agreement”) with a view to settling certain legal proceedings between them (the “Legal Proceedings”). As a number of other parties were also involved in the Legal Proceedings, Golden Yuxing and JLB Group entered into another settlement agreement with the other involved parties. On 4th February 2013, Golden Yuxing and certain subsidiaries of the Company, JLB Group and all other involved parties entered into the final settlement agreement (“Final Settlement Agreement”, and together with Settlement Agreement, collectively referred as “Settlement Agreements”) pursuant to which Golden Yuxing agreed to pay the settlement fee of RMB450.0 million (“Settlement Fee”) to JLB Group or its designated entities in three tranches with a view to settling the Legal Proceedings and extinguishing any existing and possible claims, liabilities, or other rights and obligations that existed between the parties before signing the Final Settlement Agreement. Further details are set out in the Company’s announcements dated 30th January 2013, 4th February 2013, 18th March 2013, 27th March 2013, 11th April 2013 and 7th May 2013, and the Circular.

As further detailed in the Settlement Announcements, pursuant to the terms of the Settlement Agreements, Golden Yuxing agreed to pay the settlement fee of RMB450.0 million to JLB Group or its designated entities in three tranches with a view to settling the Legal Proceedings and extinguishing any existing and possible claims, liabilities, or other rights and obligations that existed between the parties before signing the Final Settlement Agreement. In the meantime, the Company has agreed to provide a guarantee (“New Guarantee”) for a maximum amount of RMB450.0 million to Golden Yuxing in favour of JLB Group in respect of the payment obligations of Golden Yuxing under the Settlement Agreements. The New Guarantee will be automatically terminated upon the full payment of the Settlement Fee. The Settlement Agreements and the provision of New Guarantee were subject to the approval of shareholders of the Company (the “Shareholders”) at the special general meeting of the Company and the Shareholders’ approval have been obtained on 18th March 2013.

The Board further announced on 7th May 2013 that the Company received a certification letter dated 24th April 2013 from 西藏自治區工布江達縣工商行政管理局 (Gongbujiangda County Administration for Industry and Commerce, Tibet Autonomous Region\*) at which JI is registered (the “Certification”). The Certification confirms the receipt of two separate execution notices issued by the Intermediate People’s Court of Foshan of Guangdong Province, the PRC on 24th April 2013 and the Higher People’s Court of Guangdong Province, the PRC (the “Guangdong Higher Court”) on 11th April 2013 in support of the release of Golden Yuxing’s 29.472% equity interest in JI (and hence the associated economic benefits of 41 million A shares of Ping An Insurance (Group) Company of China, Ltd., which are listed on Shanghai Stock Exchange (“Ping An Shares”). On this basis, the release date, that is, the next day after the date of acknowledgement by the relevant local Administration for Industry and Commerce of the notice issued by the Guangdong Higher Court in relation to the release of Golden Yuxing’s 29.472% equity interest in JI (and hence the associated economic benefits of 41 million Ping An Shares) has been confirmed to be 25th April 2013. According to the Certification, the remaining 7.188% equity interests in JI held by Golden Yuxing will continue to be frozen by the Guangdong Higher Court until 3rd December 2013.

Further announcements will be issued by the Company regarding updates on, amongst other things, the payment of the various tranches of the Settlement Fee and material developments of the settlement of the Legal Proceedings and the possible disposal of the Company’s indirect economic interest in Ping An Shares through JI in settlement of the whole or part of the Settlement Fee.

## **BUSINESS PROSPECTS**

The Group expects its product sales in the near future may be affected due to upgrading product solution and more intense competition, as well as seasonal effects. The Group will continue to invest substantial resources in its research and development to keep on launching innovative products in order to meet the demands of different customers, so as to provide wonderful entertainment experiences to its end users not only in the IPTV sector, but also in the music and video sector.

As the Group is still optimistic about its IPTV business, it will continue to increase its investment in this segment to offer to its customers the products with advanced technologies and more price competitiveness, thereby bringing better investment returns to its shareholders in the future.

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

As at 31st March 2013, 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 Directors as referred to in rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Exchange were as follows:

### (1) Long positions in the shares of the Company

| 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 ( <i>Note</i> ) | 660,000,000               | Interest of a controlled corporation | 37.62%  |
|                     | Personal                  | 300,000                   | Beneficial owner                     | 0.02%   |
| Mr. Chen Fu Rong    | Corporate ( <i>Note</i> ) | 660,000,000               | Interest of a controlled corporation | 37.62%  |
| Mr. Shi Guang Rong  | Personal                  | 25,560,000                | Beneficial owner                     | 1.46%   |
| Mr. Wang An Zhong   | Personal                  | 6,736,756                 | Beneficial owner                     | 0.38%   |
| Mr. Zhong Peng Rong | Personal                  | 1,600,000                 | Beneficial owner                     | 0.09%   |
| Mr. Wu Jia Jun      | Personal                  | 1,600,000                 | Beneficial owner                     | 0.09%   |
| Ms. Shen Yan        | Personal                  | 960,000                   | Beneficial owner                     | 0.05%   |

*Note:*

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.

## (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 2013 were as follows:

| Name of Director  | Date of grant      | Exercise price per share<br>HK\$ | Exercisable period                 | Number of share options |                             |                           |                             | As at 31st March 2013 |
|-------------------|--------------------|----------------------------------|------------------------------------|-------------------------|-----------------------------|---------------------------|-----------------------------|-----------------------|
|                   |                    |                                  |                                    | As at 1st January 2013  | Exercised during the period | Granted during the period | Forfeited during the period |                       |
| Mr. Wang An Zhong | 26th December 2006 | 0.2975                           | 26th December 2006 - 17th May 2013 | 800,000                 | (800,000)                   | -                         | -                           | -                     |
| Ms. Shen Yan      | 26th December 2006 | 0.2975                           | 26th December 2006 - 17th May 2013 | 960,000                 | (960,000)                   | -                         | -                           | -                     |
|                   |                    |                                  |                                    | <u>1,760,000</u>        | <u>(1,760,000)</u>          | <u>-</u>                  | <u>-</u>                    | <u>-</u>              |

Save as disclosed above, none of the Directors or chief executive of the Company had, as at 31st March 2013, 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 2013, 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 ( <i>Note</i> ) | Corporate           | 660,000,000               | Beneficial owner | 37.62%  |
| Gold Swiss Holdings Limited  | Corporate           | 100,000,000               | Beneficial owner | 5.70%   |

*Note:*

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.

Save as disclosed above, as at 31st March 2013, 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.

## **COMPETING INTERESTS**

None of the Directors or management shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has 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 2013.

## **CORPORATE GOVERNANCE**

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 making reference to the principles, code provisions and recommended best practices set out in the Code on Corporate Governance Practices ("GEM Code") contained in Appendix 15 of 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 deviations as disclosed hereof, the Company has complied with all the provisions of the GEM Code for the three months ended 31st March 2013 up to the date hereof:

Under provision A.2.1 of the GEM Code, the role of 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.

## **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 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 2013 have been reviewed by the audit committee pursuant to the relevant provisions contained in the GEM Code and was of the opinion that the preparation of such statements complied with applicable accounting standards and that adequate disclosure had been made in respect thereof.

## **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 2013.

## **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 2013.

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

Hong Kong, 10th May 2013

*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.*

*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.*

\* *For identification purposes only*