



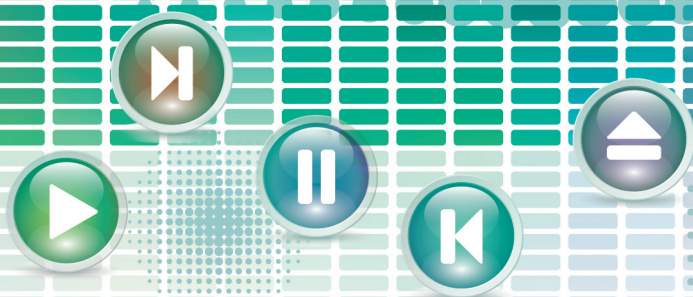
Yuxing InfoTech Investment Holdings Limited

裕興科技投資控股有限公司*

(Incorporated in Bermuda with limited liability)

Stock Code: 8005

First Quarterly Report 2012





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.

This report, 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 report 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 report or any statement in this report misleading.



HIGHLIGHTS FOR THE THREE-MONTH PERIOD

For the three months ended 31st March 2012, turnover of the Group has significantly increased by 95.3% to approximately HK\$242.5 million as compared with the corresponding period last year.

For the three months ended 31st March 2012, gross profit of the Group has significantly increased by 93.8% to approximately HK\$30.2 million as compared with the corresponding period last year.

Loss attributable to owners of the parent for the three months ended 31st March 2012 has decreased by 93.3% to approximately HK\$0.4 million as compared with the corresponding period last year.

Basic loss per share for the three months ended 31st March 2012 was HK0.02 cent (three months ended 31st March 2011: HK0.34 cent).

The Board does not recommend the payment of a dividend for the three months ended 31st March 2012.



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 2012, together with the comparative unaudited figures for the corresponding period in 2011, prepared in accordance with generally accepted accounting principles in Hong Kong, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

		For the three months ended	
		31st March	
		2012	2011
	Notes	HK\$'000	HK\$'000
Turnover	2	242,462	124,158
Cost of sales		(212,230)	(108,560)
Gross profit		30,232	15,598
Other revenue and net income		1,950	1,078
Distribution and selling expenses		(5,374)	(3,653)
General and administrative expenses		(24,082)	(15,911)
Other operating expenses		(486)	(2,502)
Profit/(Loss) from operations		2,240	(5,390)
Finance costs		(1,629)	(587)
Profit/(Loss) before taxation		611	(5,977)
Taxation	3	(1,011)	–
Loss attributable to owners of the parent	4	(400)	(5,977)
Loss per share	4		
– Basic		(0.02) cent	(0.34) cent
– Diluted		(0.02) cent	(0.34) cent



CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	For the three months ended	
	31st March	
	2012	2011
	HK\$'000	HK\$'000
Loss attributable to owners of the parent	(400)	(5,977)
Other comprehensive income/(loss):		
Change in fair value of available-for-sale financial assets	115,089	(241,720)
Exchange differences arising on translation of PRC subsidiaries	313	32,169
	<u>115,402</u>	<u>(209,551)</u>
Other comprehensive income/(loss) for the period		
	<u>115,402</u>	<u>(209,551)</u>
Total comprehensive income/(loss) attributable to owners of the parent	<u>115,002</u>	<u>(215,528)</u>



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Attributable to owners of the parent								
	Share capital HK\$'000	Share premium HK\$'000	Statutory reserves HK\$'000	Contributed surplus HK\$'000	Share option reserves HK\$'000	Investment revaluation reserves HK\$'000	Translation reserves HK\$'000	Retained profits HK\$'000	Total equity HK\$'000
At 1st January 2012	43,378	37,003	20,190	234,621	30,336	1,103,488	686,287	106,371	2,261,674
Loss for the period	-	-	-	-	-	-	-	(400)	(400)
Other comprehensive income:									
Change in fair value of available-for-sale financial assets	-	-	-	-	-	115,089	-	-	115,089
Exchange differences arising on translation of PRC subsidiaries	-	-	-	-	-	-	313	-	313
Total other comprehensive income	-	-	-	-	-	115,089	313	-	115,402
Total comprehensive income for the period	-	-	-	-	-	115,089	313	(400)	115,002
Transactions with owners:									
Issue of shares under share option scheme	8	82	-	-	-	-	-	-	90
Total transactions with owners	8	82	-	-	-	-	-	-	90
At 31st March 2012	43,386	37,085	20,190	234,621	30,336	1,218,577	686,600	105,971	2,376,766
At 1st January 2011	43,355	36,691	20,190	234,621	30,398	2,363,238	524,624	72,387	3,325,504
Loss for the period	-	-	-	-	-	-	-	(5,977)	(5,977)
Other comprehensive loss:									
Change in fair value of available-for-sale financial assets	-	-	-	-	-	(241,720)	-	-	(241,720)
Exchange differences arising on translation of PRC subsidiaries	-	-	-	-	-	-	32,169	-	32,169
Total other comprehensive loss	-	-	-	-	-	(241,720)	32,169	-	(209,551)
Total comprehensive loss for the period	-	-	-	-	-	(241,720)	32,169	(5,977)	(215,528)
Transactions with owners:									
Issue of shares under share option scheme	-	2	-	-	-	-	-	-	2
Total transactions with owners	-	2	-	-	-	-	-	-	2
At 31st March 2011	43,355	36,693	20,190	234,621	30,398	2,121,518	556,793	66,410	3,109,978



Notes:

1. Basis of preparation

The Group's unaudited condensed consolidated financial statements for the three months ended 31st March 2012 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 2011.

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:

	For the three months ended	
	31st March	
	2012	2011
	HK\$'000	HK\$'000
PRC enterprise income tax	<u>1,011</u>	<u>—</u>

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. No PRC enterprise income tax has been provided for the three months ended 31st March 2011 as the Group did not have any assessable profit from the PRC for the period.

No Hong Kong Profits Tax has been provided for the three months ended 31st March 2012 and 2011 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:

	For the three months ended 31st March	
	2012	2011
	HK\$'000	HK\$'000
Loss attributable to owners of the parent	(400)	(5,977)
	1,735,120	1,734,200
	70	7
Issued ordinary shares at 1st January		
Effect of share options exercised		
Weighted average number of ordinary shares for basic loss per share	1,735,190	1,734,207
Effect of dilutive potential ordinary shares: Exercise of share options	N/A	N/A
Weighted average number of ordinary shares for diluted loss per share	1,735,190	1,734,207
Loss per share:		
– Basic	(0.02) cent	(0.34) cent
– Diluted (Note)	(0.02) cent	(0.34) 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 period are set out in the unaudited condensed consolidated statement of changes in equity of the financial statements.

DIVIDENDS

The Board does not recommend the payment of a dividend for the three months ended 31st March 2012 (the "Period") (for the three months ended 31st March 2011: Nil).

FINANCIAL AND BUSINESS REVIEW

During the period under review, the Group's business achieved remarkable performance, with the overall turnover and gross profit amounted to approximately HK\$242.5 million and HK\$30.2 million respectively for the Period, representing a substantial increase of 95.3% and 93.8% respectively as compared with the same period of last year. This increase was mainly attributable to the rapid growth of the global Internet Protocol Television ("IPTV") market as well as the right positioning of the Group's products, which had successfully captured demand of users. Meanwhile, the Group, with its established technology and premium customer service, has won long-lasting reliance and trust from its business partners and customers. As a result, the Group's turnover under Information Home Appliances segment derived from the PRC and overseas markets for the Period increased remarkably to approximately HK\$165.4 million and HK\$65.9 million respectively representing significant increase of 90.9% and 249.0% as compared with the same period of last year.

By enjoying the benefit resulted from the rapid growth 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. As a result, this led to a continuing increase in the number of STB users and a breaking record of the PRC sales to approximately HK\$165.4 million for the Period, representing a significant increase of 90.9% as compared with the same period of last year.



FINANCIAL AND BUSINESS REVIEW *(Continued)*

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 Australia, Russia, Spain and Belgium, etc. and secured a stable market position in these markets. In particular, sales in Russia for the Period increased significantly by 280.3% to approximately HK\$45.4 million as compared with the same period of last year. Meanwhile, sales in Australia for the Period also increased to approximately HK\$12.5 million when compared with Australian sales record of approximately HK\$11.3 thousand in the same period of last year. Consequently, overall overseas sales increased significantly to approximately HK\$65.9 million or 249.0% for the Period as compared with the same period of last year. Meanwhile, the Group's products not only involved in IPTV business, but also provided quality entertainment experience in music and video to the end users.

With the significant increase of the Group's turnover, the Group's selling expenses for the Period also increased by 47.1% to approximately HK\$5.4 million as compared with the same period of last year. At the same time, the Group's general and administrative expenses for the Period increased by 51.4% to approximately HK\$24.1 million as compared with the corresponding period in 2011. Moreover, to further expand and develop business, the Group has increased its short-term bank borrowings during the period under review, which caused the finance costs of the Group increase to approximately HK\$1.6 million for the Period (for the three months ended 31st March 2011: approximately HK\$0.6 million).

The main reason for the increase in the Group's other revenue and net income to approximately HK\$2.0 million for the Period (for the three months ended 31st March 2011: approximately HK\$1.1 million) was the increase in the rental income from leasing out properties of the Group to approximately HK\$1.4 million for the Period (for the three months ended 31st March 2011: approximately HK\$0.8 million).

As a result of the foregoing, the Group recorded a loss attributable to owners of the parent of approximately HK\$0.4 million for the Period, which has decreased by 93.3% as compared with a loss attributable to owners of the parent of approximately HK\$6.0 million recorded by the Group in the same period of last year.



FINANCIAL AND BUSINESS REVIEW *(Continued)*

In relation to the litigation between Guangdong Jianlibao Group Company Limited, Sanshui Jianlibao Health Industry Investment Company Limited and Beijing Golden Yuxing Electronics and Technology Company Limited (“Golden Yuxing”), one of the wholly-owned subsidiary of the Group, in respect of the 36.66% equity interest in Gongbujiangda Jiangnan Industrial Development Company Limited (“JI”), the Group has not received any judgment from the Higher People’s Court of the Guangdong Province in the PRC as at the date of this report.

Besides, according to the Company’s announcement dated 22nd October 2009, Intermediate People’s Court of Fo Shan had issued a Notice of Enforcement to JI on 4th September 2009, ordering JI to assist in freezing Golden Yuxing’s 36.66% equity interest in JI and its dividend entitlements held by Golden Yuxing and suspending the payment of dividends attributable to Golden Yuxing in respect of its equity interest in JI, for a period from 7th September 2009 to 6th September 2011. According to the Company’s announcement dated 27th October 2011, this freezing period was extended from September of 2011 to September of 2012. According to the legal opinion dated 12th March 2012 from the Group’s PRC lawyers, Golden Yuxing is entitled to receive the dividends from JI but the suspension of the dividend payment is still in force.

BUSINESS PROSPECTS

Today, IPTV market has entered into a period of steady growth around the world, in particular in the PRC market, where the market has a rapid growth and huge potential. Being one of the pioneers engaging in the research and development of broadband STB, the Group has arrived at its harvest season after more than ten years of operation. As the Group’s principal business, IPTV STB business has been undergoing a strong performance and is expected to have a large room to grow in the future as market continues expanding.

The Group attaches great importance to IPTV business and resolves to make investment for its research and development in a belief of receiving considerable return in the future.



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

As at 31st March 2012, 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 (Note 1)	660,000,000	Interest of a controlled corporation	38.03%
	Personal	300,000	Beneficial owner	0.02%
Mr. Chen Fu Rong	Corporate (Note 1)	660,000,000	Interest of a controlled corporation	38.03%
Mr. Shi Guang Rong	Personal	26,000,000	Beneficial owner	1.50%
Mr. Wang An Zhong	Personal	5,136,756	Beneficial owner	0.30%

Note:

1. 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.



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

(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 2012 were as follows:

Name of Director	Date of grant	Exercise price per share HK\$	Exercisable period	Number of share options				
				At 1st January 2012	Exercised during the period	Granted during the period	Forfeited during the period	At 31st March 2012
Mr. Wang An Zhong	26th December 2006	0.2975	26th December 2006 - 17th May 2013	1,600,000	-	-	-	1,600,000
Mr. Wu Jia Jun	26th December 2006	0.2975	26th December 2006 - 17th May 2013	960,000	-	-	-	960,000
Mr. Zhong Peng Rong	26th December 2006	0.2975	26th December 2006 - 17th May 2013	1,600,000	-	-	-	1,600,000
Ms. Shen Yan	26th December 2006	0.2975	26th December 2006 - 17th May 2013	960,000	-	-	-	960,000
				<u>5,120,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,120,000</u>

Save as disclosed above, none of the Directors or chief executive of the Company had, as at 31st March 2012, 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 2012, 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 1</i>)	Corporate	660,000,000	Beneficial owner	38.03%
Gold Swiss Holdings Limited	Corporate	100,000,000	Beneficial owner	5.76%

Note:

1. 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 2012, 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 2012.



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 2012 have been reviewed by the audit committee.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the three months ended 31st March 2012.

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 2012.

By Order of the Board

Yuxing InfoTech Investment Holdings Limited

Zhu Wei Sha

Chairman

Hong Kong, 11th May 2012

As at the date of this report, 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.