YUXING INFOTECH HOLDINGS LIMITED
裕興科技控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 8005)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST DECEMBER 2008

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This announcement, for which the directors of Yuxing InfoTech Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing The Listing of Securities on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The directors of the Company (the "Directors"), having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

* *For identification purposes only*

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HIGHLIGHTS FOR THE YEAR ENDED 31ST DECEMBER 2008

- For the year ended 31st December 2008, turnover of the Group increased by 23.4% to approximately HK$155.2 million as compared to last year.

- For the year ended 31st December 2008, gross profit of the Group improved by 7.6% to approximately HK$32.5 million as compared to last year.

- Loss attributable to equity holders of the Company for the year ended 31st December 2008 amounted to approximately HK$36.6 million, while the Group recorded a profit attributable to equity holders of the Company of approximately HK$22.5 million for the year ended 31st December 2007.

- Basic loss per share for the year ended 31st December 2008 was HK2.25 cents.

- Total equity attributable to equity holders of the Company as at 31st December 2008 was approximately HK$1,356.9 million or net assets per share of HK$0.83.

- The Board does not recommend the payment of a final dividend for the year ended 31st December 2008.

RESULTS

The board of directors (the "Board") of the Company announces the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31st December 2008, 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 2008

	Notes	2008 HK$'000	2007 HK$'000
Turnover	3	**155,167**	125,730
Cost of sales		**(122,699)**	(95,561)
Gross profit		**32,468**	30,169
Other revenue and net income	4	**49,907**	55,752
Distribution and selling expenses		**(9,217)**	(4,875)
General and administrative expenses		**(84,488)**	(69,292)
Other operating expenses		**(12,239)**	(2,195)
Fair value (loss)/gain on investment properties		**(5,300)**	2,900
Impairment loss on property, plant and equipment		**(6,137)**	–
(Loss)/Profit from operations	5	**(35,006)**	12,459
Finance costs	6	**(1,571)**	(3,093)
Gain on disposal of subsidiaries		**–**	13,873
(Loss)/Profit before taxation		**(36,577)**	23,239
Taxation	7	**–**	(726)
(Loss)/Profit attributable to equity holders of the Company		**(36,577)**	22,513
(Loss)/Earnings per share	8		
– Basic		**(2.25) cents**	1.40 cents
– Diluted		**N/A**	1.34 cents

CONSOLIDATED BALANCE SHEET
As at 31st December 2008

	Notes	2008 HK$'000	2007 HK$'000
NON-CURRENT ASSETS			
Investment properties		**24,300**	29,600
Property, plant and equipment		**108,917**	115,342
Prepaid lease payments		**13,476**	13,021
Intangible assets		**–**	–
Available-for-sale financial assets	9	**1,128,403**	3,954,047
		1,275,096	4,112,010
CURRENT ASSETS			
Inventories		**26,821**	22,916
Trade and other receivables	10	**55,184**	47,669
Prepaid lease payments		**351**	330
Financial assets at fair value through profit or loss		**4,901**	5,222
Cash and bank balances		**59,478**	90,960
		146,735	167,097
CURRENT LIABILITIES			
Trade and other payables	11	**50,533**	41,263
Bank loans		**1,015**	25,384
Tax payable		**30**	599
Provisions		**–**	1,113
		51,578	68,359
NET CURRENT ASSETS		**95,157**	98,738
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,370,253**	4,210,748
NON-CURRENT LIABILITIES			
Bank loans		**13,339**	14,445
		13,339	14,445
NET ASSETS		**1,356,914**	4,196,303
CAPITAL AND RESERVES			
Share capital	12	**40,720**	40,528
Reserves	13	**1,316,194**	4,155,775
TOTAL EQUITY		**1,356,914**	4,196,303

Notes:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"), which collective term includes all applicable individual HKFRS, Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with 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.

These financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2007 financial statements. The adoption of new/revised HKFRSs that are effective from the current year has had no significant effects on the Group's results and financial position for the current and prior years. Accordingly, no prior year adjustment has been required.

2. FUTURE CHANGES IN HKFRS

At the date of authorisation of these financial statements, the HKICPA has issued a number of new/revised HKFRS that are not yet effective for the current year, which the Group has not early adopted. The Directors anticipate that the adoption of these new HKFRS in the future periods will have no material impact on the results of the Group.

3. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial report.

For management purposes, the current major operating segment of the Group is information home appliances. This segment is the basis on which the Group reports its primary segment information.

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

Other operations of the Group mainly comprise selling electronic components and miscellaneous products to business partners, none of which are of a sufficient size to be reported separately.

3. **SEGMENT INFORMATION** *(Continued)*

Business segments

Turnover represents net invoiced value of goods sold to customers less returns and allowance. An analysis of the Group's turnover and operating results and segment assets and liabilities by business segments is as follows:

For the year ended 31st December 2008

	Information home appliances *HK$'000*	Other operations *HK$'000*	Elimination *HK$'000*	Consolidated *HK$'000*
TURNOVER				
External sales	**140,489**	**14,678**	**–**	**155,167**
Inter-segment sales	**193,157**	**2,300**	**(195,457)**	**–**
Total	**333,646**	**16,978**	**(195,457)**	**155,167**
RESULTS				
Segment results	**(9,746)**	**(8,746)**	**–**	**(18,492)**
Unallocated corporate income				**45,635**
Fair value loss on investment properties				**(5,300)**
Other unallocated corporate expenses				**(56,849)**
Loss from operations				**(35,006)**
Finance costs				**(1,571)**
Loss before taxation				**(36,577)**
Taxation				**–**
Loss for the year				**(36,577)**

3. SEGMENT INFORMATION *(Continued)*

Business segments *(Continued)*

As at 31st December 2008

	Information home appliances *HK$'000*	Other operations *HK$'000*	Consolidated *HK$'000*
ASSETS			
Segment assets	**179,454**	**11,233**	**190,687**
Unallocated corporate assets			**1,231,144**
Consolidated total assets			**1,421,831**
LIABILITIES			
Segment liabilities	**28,752**	**2,390**	**31,142**
Unallocated corporate liabilities			**33,775**
Consolidated total liabilities			**64,917**
OTHER INFORMATION			
Capital additions	**1,745**	**1,703**	**3,448**
Depreciation and amortisation	**7,533**	**2,623**	**10,156**
Provision/(Reversal) of write-down of inventories	**2,010**	**(2,972)**	**(962)**
Impairment in respect of trade receivables	**536**	**1,815**	**2,351**
Bad debts	**27**	**–**	**27**
Impairment on property, plant and equipment	**6,137**	**–**	**6,137**
Impairment on intangible assets	**–**	**841**	**841**

3. **SEGMENT INFORMATION** *(Continued)*

Business segments *(Continued)*

For the year ended 31st December 2007

	Information home appliances *HK$'000* (Restated)	**Other operations** *HK$'000* (Restated)	**Elimination** *HK$'000*	**Consolidated** *HK$'000* (Restated)
TURNOVER				
External sales	107,248	18,482	–	125,730
Inter-segment sales	137,185	5,435	(142,620)	–
Total	244,433	23,917	(142,620)	125,730
RESULTS				
Segment results	9,323	(12,924)	–	(3,601)
Unallocated corporate income				51,072
Fair value gain on investment properties				2,900
Other unallocated corporate expenses				(37,912)
Profit from operations				12,459
Finance costs				(3,093)
Gain on disposal of subsidiaries				13,873
Profit before taxation				23,239
Taxation				(726)
Profit for the year				22,513

3. SEGMENT INFORMATION *(Continued)*

Business segments *(Continued)*

As at 31st December 2007

	Information home appliances	Other operations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
	(Restated)	(Restated)	(Restated)
ASSETS			
Segment assets	170,772	27,016	197,788
Unallocated corporate assets			4,081,319
Consolidated total assets			4,279,107
LIABILITIES			
Segment liabilities	27,986	3,915	31,901
Unallocated corporate liabilities			50,903
Consolidated total liabilities			82,804
OTHER INFORMATION			
Capital additions	1,541	824	2,365
Depreciation and amortisation	5,994	2,280	8,274
Reversal of write-down of inventories	(477)	(437)	(914)
Impairment in respect of trade receivables	911	44	955
Bad debts	–	1,075	1,075
Impairment on intangible assets	169	–	169

Geographical segments

The Group's information home appliances segment is located in the People's Republic of China (other than Hong Kong and Macau) (the "PRC") and its products are also distributed in the PRC, Hong Kong and other countries. Other operations of the Group are mainly located in Hong Kong and the PRC.

The following table provides an analysis of the Group's turnover by geographical location of its customers, irrespective of the origin of the goods:

	Turnover	
	2008	2007
	HK$'000	*HK$'000*
The PRC	**39,383**	23,201
Hong Kong	**90,933**	81,400
Other countries	**24,851**	21,129
	155,167	125,730

3. SEGMENT INFORMATION *(Continued)*

Geographical segments *(Continued)*

The following is an analysis of the carrying amount of segment assets and additions to property, plant and equipment and intangible assets, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		**Additions to property, plant and equipment and intangible assets**	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The PRC	**173,507**	163,384	**3,312**	2,187
Hong Kong	**17,180**	34,404	**136**	178
	190,687	197,788	**3,448**	2,365

4. OTHER REVENUE AND NET INCOME

	2008	2007
	HK$'000	*HK$'000*
Other revenue		
Dividend income from unlisted securities	**40,027**	21,978
Dividend income from listed securities	**284**	158
Foreign exchange gain	**2,456**	3,074
Interest income	**556**	1,215
Rental income from investment properties	**1,191**	996
Reversal of impairment on an ex-associate	**–**	2,019
Reversal of impairment on other receivables	**15**	7,412
Sundry income	**5,378**	5,575
	49,907	42,427
Other net income		
Gain on disposal of financial assets at fair value through profit or loss	**–**	11,857
Net unrealised holding gain on financial assets at fair value through profit or loss	**–**	1,468
	–	13,325
	49,907	55,752

5. (LOSS)/PROFIT FROM OPERATIONS

(Loss)/Profit from operations has been arrived at after charging:

	2008 HK$'000	2007 HK$'000
Auditor's remuneration	**926**	1,000
Under provision of auditor's remuneration in prior year	**210**	20
Impairment in respect of trade receivables	**2,351**	955
Amortisation of intangible assets	**729**	204
Amortisation of prepaid lease payments	**347**	317
Depreciation of property, plant and equipment	**9,080**	7,753
Cost of inventories	**122,699**	95,561
Foreign exchange loss	**818**	363
Loss on disposal of property, plant and equipment	**5**	48
Bad and doubtful debts	**27**	1,075
Reversal of write-down of inventories*	**(962)**	(914)
Impairment on intangible assets	**841**	169
Loss on disposal of financial assets at fair value through profit or loss	**10,045**	–
Net unrealised holding losses on financial assets at fair value through profit or loss	**1,171**	–
Direct outgoings from leasing of investment properties	**454**	304
Operating lease charges	**3,441**	2,333
Research and development costs	**2,581**	989
Staff costs (including Directors' emoluments):		
Salaries and allowances	**32,784**	24,299
Share option benefits	**11,500**	18,656
Retirement scheme contributions	**5,091**	2,825
Total staff costs	**49,375**	45,780

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

6. FINANCE COSTS

	2008 HK$'000	2007 HK$'000
Interest on bank loans wholly repayable within five years	**1,128**	2,800
Interest on bank loans repayable over five years	**443**	293
Total borrowing costs	**1,571**	3,093

7. TAXATION

The taxation charged to the income statement represents:

	2008	2007
	HK$'000	*HK$'000*
The PRC Enterprise Income Tax		
– Current year	**–**	726

No Hong Kong Profits Tax has been provided for 2008 and 2007 as the Group did not have any assessable profit for both years.

The income tax provision in respect of operations in the PRC is calculated at the applicable tax rates of 18% to 25% (2007: 15% to 33%) on the estimated assessable profits for the year based on existing legislation, interpretations and practices in respect thereof.

Reconciliation between tax expenses and accounting (loss)/profit at applicable tax rates:

	2008	2007
	HK$'000	*HK$'000*
(Loss)/Profit before taxation	**(36,577)**	23,239
Notional tax on (loss)/profit before taxation, calculated at rates applicable to (loss)/profit in the jurisdictions concerned	**(6,710)**	3,543
Tax effect of non-deductible expenses	**7,974**	46
Tax effect of non-taxable income	**(13,334)**	(8,807)
Effect of tax exemptions granted to the PRC subsidiaries	**(166)**	(506)
Tax effect of unrecognised tax losses and timing differences	**12,236**	6,450
Tax expenses for the year	**–**	726

8. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share attributable to the equity holders of the Company is based on the following data:

	2008	2007
	HK$'000	*HK$'000*
Consolidated (loss)/profit attributable to equity holders of the Company	**(36,577)**	22,513

	2008	2007
	'000	*'000*
Issued ordinary shares at 1 January	**1,621,132**	1,600,000
Effect of share options exercised	**6,697**	9,643
Weighted average number of ordinary shares for basic (loss)/earnings per share	**1,627,829**	1,609,643
Effect of dilutive potential ordinary shares:		
Exercise of share options	**N/A**	69,920
Weighted average number of ordinary shares for diluted earnings per share	**N/A**	1,679,563
(Loss)/Earnings per share:		
– Basic	**(2.25) cents**	1.40 cents
– Diluted*	**N/A**	1.34 cents

* *Diluted loss per share for 2008 is not shown because the potential ordinary shares are anti-dilutive and would decrease the loss per share.*

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2008	2007
	HK$'000	*HK$'000*
Unlisted equity securities		
– Equity interest in JI *(Note)*	**1,128,403**	3,954,047

Note:

Pursuant to an agreement dated 10th August 2004, the Group through its wholly-owned subsidiary Beijing Golden Yuxing Electronics and Technology Company Limited ("Golden Yuxing") acquired a 10.435% equity interest in Shenzhen Jiangnan Industrial Development Co., Ltd ("JI"), a company which holds, among others, shares of Ping An Insurance (Group) Company of China Limited ("Ping An Shares") which was listed in the Shanghai Stock Exchange in the PRC on 1st March 2007, for a consideration of RMB217,000,000 (equivalent to approximately HK$204,274,000) (the "Acquisition") from Sanshui Jianlibao Health Industry Investment Co., Ltd ("SJHII"), a company in which Mr. Zhu Wei Sha, a director of the Company, had an effective 8.1% equity interest. Mr. Zhu Wei Sha ceased to have any equity interests in SJHII after November 2004. The said consideration was determined with reference to the value of 51,000,000 Ping An Shares held directly by JI.

The purpose of the Acquisition was to enable the Group to acquire a 10.435% economic benefits associated with the 51,000,000 Ping An Shares through a share management agreement entered into amongst Golden Yuxing, JI and other shareholders of JI at the time, specifically to enable the Group to receive its share dividend attributable to the 51,000,000 Ping An Shares and to use such shares as security to support its own borrowings.

Subsequently in August 2004, the Group came to know about certain deficiencies in the above-mentioned share management agreement to give effect to the requirement of Golden Yuxing to acquire such economic benefits relating to the investment in the 51,000,000 Ping An Shares held by JI, which gives rise to uncertainties over enforceability of the agreement under PRC Company Law.

In April 2005, although no notification had been served on the Group by the PRC authority, the Directors were informed by JI that the Foshan Police Bureau had requested the Commodity Price Information Centre of Shenzhen Industrial and Commercial Administration Bureau ("SICAB") to refuse the transfer, pledge or sale of the 10.435% equity interest in JI held by Golden Yuxing. On 2nd November 2007, the Directors were informed by its PRC lawyers that the SICAB confirmed that the moratorium has been lifted on 14th April 2006.

In 2006, Golden Yuxing further acquired 15.175% and 11.05% equity interest in JI for considerations of RMBNil and RMB1 respectively pursuant to a share capital reorganisation of JI and had since held a total of 36.66% equity interest in JI, representing an equivalent interest in 51,000,000 Ping An Shares. In the opinion of the Directors, Golden Yuxing has no significant influence over JI as the other 63.34% equity interest is controlled by another shareholder, who also manages all significant and day-to-day operations of JI.

On 24th October 2007, a moratorium on the 36.66% equity interest in JI, and hence on its undertaking and all assets including the 51,000,000 Ping An Shares, currently held by Golden Yuxing was imposed by the People's Court of Beijing in relation to the repayment arrangement between Golden Yuxing and Sheng Bang Qiang Dian Electronics (Shenzhen) Co., Ltd. ("Shenzhen Sheng Bang"), both of which are wholly-owned subsidiaries of the Group.

The Foshan Middle Court imposed two standby moratoriums on 24th October 2007 and 30th October 2007 respectively on the 4.6958% and 11.8371% equity interest in JI held by Golden Yuxing. However, the Directors were not aware of the background and reasons for these two standby moratoriums, as further detailed in the Company's announcement on 6th November 2007.

In December 2007, Guangdong Jianlibao Group Company Limited ("JLB Group") served a petition to the Higher People's Court of the Guangdong Province in the PRC ("Guangdong Higher Court") to institute a civil action against Golden Yuxing as purchaser and SJHII as vendor, claiming, among other matters, that the sale by SJHII to Golden Yuxing in August 2004 of 10.435% (which was subsequently increased to 36.66% pursuant to an adjustment of shareholders' equity interest in March and November 2006 respectively) equity interest in JI, a company whose principal assets were 479,117,788 Ping An Shares (subsequently reduced to 139,112,886 Ping An Shares as at 31st December 2007).

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS *(Continued)*

On 18th February 2008, Golden Yuxing received a notification from Guangdong Higher Court, JLB Group claimed that SJHII was actually a trustee holding the shares of JI on their behalf and had entered into the share sale agreement without JLB Group's approval or authorisation. In addition, the fact that the aggregate investment cost exceeded 50% of Golden Yuxing's net assets also violated Rule 12 of the Company Law then in force in the PRC. The share sale transaction was therefore invalid and SJHII did not have the right to pass the legal title of the JI's shares to Golden Yuxing. JLB Group thereby demanded the reversion and return of the JI's shares to SJHII.

On 7th January 2009, the Group received a judgment dated 23rd December 2008 from the Guangdong Higher Court which ruled that the Acquisition Agreement and the registration of the transfer of the related equity interest in JI were legally valid and the claim submitted by the JLB Group to invalidate the Acquisition Agreement was rejected.

According to the above judgment, the JLB Group shall reserve the right to appeal to the Supreme People's Court of the PRC (the "Supreme Court") within 15 days from the above judgment being served on the JLB Group. As at the date of this announcement, the Group has not received any notification from the Supreme Court which indicates that the JLB Group has initialled a formal appeal to continue defending the case.

As at 31st December 2008, the equity interest in JI held by the Group was revalued by Vigers Appraisal & Consulting Limited, an independent qualified professional valuer not connected with the Group, to approximately RMB995,138,000 (equivalent to approximately HK$1,128,403,000) (2007: RMB3,702,570,000 (equivalent to approximately HK$3,954,047,000)). The valuation was arrived at by reference to the PRC audited financial statements of JI as at 31st December 2008 and adjusted by the market value of 51,000,000 Ping An Shares as at 31st December 2008. The Group recorded a revaluation deficit on the interests in JI of approximately RMB2,707,431,000 (equivalent to approximately HK$3,069,998,000) (2007: a revaluation surplus of approximately RMB1,595,270,000 (equivalent to approximately HK$1,703,620,000)) as at 31st December 2008.

10. TRADE AND OTHER RECEIVABLES

	2008	2007
	HK$'000	*HK$'000*
Trade and bills receivables	**36,845**	31,544
Less: Impairment in respect of trade receivables	**(5,058)**	(2,583)
	31,787	28,961
Other receivables	**19,319**	15,019
Prepayments and deposits	**4,078**	3,689
	55,184	47,669

All of the trade and other receivables are expected to be recovered or recognised as expenses within one year.

The Group allows its trade customers with an average credit period of 30 to 90 days (2007: 60 to 90 days). The ageing analysis of trade and bills receivables (net of impairment) at the balance sheet date is as follows:

	2008	2007
	HK$'000	*HK$'000*
0-30 days	**5,334**	10,387
31-60 days	**5,545**	1,872
61-90 days	**509**	1,561
Over 90 days	**20,399**	15,141
	31,787	28,961

11. TRADE AND OTHER PAYABLES

	2008	2007
	HK$'000	*HK$'000*
Trade payables *(Note)*	**20,473**	23,501
Other payables	**10,508**	11,719
Accruals	**19,552**	6,043
	50,533	41,263

Note:

The ageing analysis of trade payables at the balance sheet date was as follows:

	2008	2007
	HK$'000	*HK$'000*
0-30 days	**6,976**	7,012
31-60 days	**3,227**	2,393
61-90 days	**713**	1,261
Over 90 days	**9,557**	12,835
	20,473	23,501

12. SHARE CAPITAL

	Number of shares		**Share capital**	
	31st December 2008	31st December 2007	**31st December 2008**	31st December 2007
	'000	*'000*	***HK$'000***	*HK$'000*
Authorised:				
At beginning of the year Ordinary shares of HK$0.025 each (2007: HK$0.1 each)	**8,000,000**	2,000,000	**200,000**	200,000
Subdivision of one share of HK$0.1 each into four shares of HK$0.025 each *(note (a))*	**–**	6,000,000	**–**	–
At end of year Ordinary shares of HK$0.025 each	**8,000,000**	8,000,000	**200,000**	200,000
Issued and fully paid:				
At beginning of the year Ordinary shares of HK$0.025 each (2007: HK$0.1 each)	**1,621,132**	400,000	**40,528**	40,000
Subdivision of one share of HK$0.1 each into four shares of HK$0.025 each *(note (a))*	**–**	1,200,000	**–**	–
Exercise of share options *(note (b))*	**7,676**	21,132	**192**	528
At end of year Ordinary shares of HK$0.025 each	**1,628,808**	1,621,132	**40,720**	40,528

12. SHARE CAPITAL *(Continued)*

Notes:

(a) On 22nd June 2007, an ordinary resolution was passed by the shareholders of the Company approving the subdivision (the "Share Subdivision") of each issued and unissued shares of HK$0.1 each in the authorised share capital of the Company into four ordinary shares of HK$0.025 each. The Share Subdivision became effective on 25th June 2007.

(b) For the year ended 31st December 2008, 7,676,000 (2007: 21,132,000) ordinary shares were issued at HK$0.025 per share as a result of the exercise of share options of the Company.

13. RESERVES

	Share premium	Statutory reserves	Contributed surplus	Investment revaluation reserves	Share option reserves	Translation reserves	Retained profits/ (Accumulated losses)	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1st January 2007	381,713	20,190	–	1,881,457	139	15,814	(34,490)	2,264,823
Issue of shares under share option scheme	7,555	–	–	–	(1,797)	–	–	5,758
Reduction of share premium to offset against accumulated losses and transfer to contributed surplus	(385,022)	–	234,621	–	–	–	150,401	–
Equity-settled share-based payment	–	–	–	–	18,656	–	–	18,656
Change in fair value of available-for-sale financial assets	–	–	–	1,703,620	–	–	–	1,703,620
Exchange differences on translation of PRC subsidiaries	–	–	–	–	–	160,556	–	160,556
2006 final dividend paid	–	–	–	–	–	–	(20,151)	(20,151)
Profit for the year	–	–	–	–	–	–	22,513	22,513
At 31st December 2007 and at 1st January 2008	4,246	20,190	234,621	3,585,077	16,998	176,370	118,273	4,155,775
Issue of shares under share option scheme	3,023	–	–	–	(931)	–	–	2,092
Equity-settled share-based payment	–	–	–	–	11,500	–	–	11,500
Change in fair value of available-for-sale financial assets	–	–	–	(3,069,998)	–	–	–	(3,069,998)
Exchange differences on translation of PRC subsidiaries	–	–	–	–	–	253,402	–	253,402
Loss for the year	–	–	–	–	–	–	(36,577)	(36,577)
At 31st December 2008	**7,269**	**20,190**	**234,621**	**515,079**	**27,567**	**429,772**	**81,696**	**1,316,194**

FINAL DIVIDEND

The Board of the Company does not recommend the payment of a final dividend for the year ended 31st December 2008.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover and Gross Profit

During the year under review, turnover of the Group has increased to approximately HK$155.2 million for the year ended 31st December 2008, representing an increase of 23.4% as compared to last year. This increase in the overall turnover was contributed by the Group's newly launched product, the DTMB + IP dual mode HD set-top box, and the expansion of the Group's Information Appliances ("IA") division into European and the PRC markets. As a result, the gross profit of the Group in 2008 increased by 7.6% to approximately HK$32.5 million as compared to last year. However, due to a deterioration of the general business environment as a result of the financial crisis which began in the end of the third quarter of 2008, the Group's core business, IA division, recorded a significant loss in the fourth quarter of 2008 which reduced the Group's unaudited profit result of this division for the nine months ended 30th September 2008. Meanwhile, the Group made an impairment loss of approximately HK$6.1 million on part of the assets in the Information Home Appliances ("IHA") segment. Hence, the Group recorded weaker-than-expected operating performance of IHA segment during the year.

Operating Results

Other Revenue and Net Income

Although the Group's indirect investment in 51,000,000 A shares of Ping An Insurance (Group) Company of China Limited ("Ping An Insurance") has contributed significant gains to the Group for the year ended 31st December 2008 with total dividend income of approximately HK$40.0 million (2007: approximately HK$22.0 million), other revenue and net income decreased to approximately HK$49.9 million for the year ended 31st December 2008 (2007: approximately HK$55.8 million). This was mainly due to the adverse capital market conditions in 2008 and therefore there was no realised and unrealised gains on certain financial assets recorded by the Group during the year under review (2007: realised and unrealised gains on certain financial assets totalling of approximately HK$13.3 million).

Operating Expenses

As the Group expanded its IA division into the European and PRC markets and launched its new products, the Group enjoyed an increase in its overall turnover in 2008. As a result, the Group's overall selling expenses increased by 89.1% to approximately HK$9.2 million as compared to last year. Meanwhile, due to the legal and professional expenses of totalling approximately HK$15.7 million incurred by the Group in Hong Kong and the PRC in 2008, the general and administrative expenses increased by 21.9% to approximately HK$84.5 million as compared with 2007. The increase in operating expenses during the year under review, in addition to the above factors, was also due to the decline in the prices of the property market by the end of 2008 which led the Group to record a substantial amount of loss of HK$5.3 million in the Group's properties revaluation in 2008 (2007: gains on revaluation of HK$2.9 million).

Other Operating Expenses

Other operating expenses increased to approximately HK$12.2 million for the year ended 31st December 2008 (2007: approximately HK$2.2 million). This was mainly due to the poor performance of the capital markets in the PRC and Hong Kong in 2008 and hence the booking of realized and unrealized losses on certain financial assets totalling of approximately HK$11.2 million by the Group during the year under review (2007: Nil).

Finance Costs

As the Group has repaid certain of its bank borrowings during the year under review, finance costs decreased to approximately HK$1.6 million (2007: approximately HK$3.1 million).

Loss for the Year

The Group recorded a one-time gain of approximately HK$13.9 million on the disposal of its subsidiaries in 2007, which was the major contributor of the Group's profit in 2007. However, during the year under review, there was no gain on the disposal of subsidiaries recorded by the Group. This, coupled with the other factors mentioned above, had resulted the Group recorded a significant loss attributable to equity holders of the Company of approximately HK$36.6 million for the year ended 31st December 2008 (2007: a profit attributable to equity holders of the Company of approximately HK$22.5 million).

Liquidity, Charge on Group Assets and Financial Resources

As at 31st December 2008, the Group had net current assets of approximately HK$95.2 million. The Group had cash and bank balances of approximately HK$59.5 million. The Group's financial resources were funded mainly by its shareholders' funds except for certain long-term mortgage loans totalling approximately HK$14.4 million. As at 31st December 2008, the Group's current ratio was 2.8 times and the gearing ratio, as measured by total liabilities divided by total equity, was 4.8%. Overall, as at 31st December 2008, the financial and liquidity positions of the Group remain at a stable and healthy level.

Capital Structure

The shares of the Company were listed on the GEM on 31st January 2000. The changes in the capital structure of the Company are set out in note 12 to the accounts.

Significant Investments/Material Acquisitions and Disposals

For the year ended 31st December 2008, the Group had no significant investment and no material acquisition or disposal.

For the year ended 31st December 2007, the Group had successfully completed the disposal of the Integrated Circuits subsidiaries for a consideration of HK$30 million, resulting in a gain of approximately HK$13.9 million.

Segment Information

The Group's star business segment was the IHA. The total turnover of the IA division in this segment increased by 31.0% to approximately HK$140.5 million as compared to last year. This increase in the turnover was contributed by the Group's newly launched product – the DTMB+IP dual mode HD set-top box which was well received by the market during the year under review. Meanwhile, the successful expansion of IA division into European and the PRC markets during the year under review also led to the improvement in the turnover of IA division. However, due to a deterioration of the general business environment as a result of the financial crisis which began in the end of the third quarter of 2008, the Group's IA division recorded a substantial decrease in the turnover and loss in the fourth quarter of 2008 which significantly reduced the unaudited profit result of this division for the nine months ended 30th September 2008. Meanwhile, the Group also made an impairment loss of approximately HK$6.1 million on part of the assets in the IHA segment. Hence, the Group recorded a loss of approximately HK$9.7 million on the IHA segment for the year ended 31st December 2008 (2007: a profit of approximately HK$9.3 million). In respect of the Group's other business segment, because of the lack of new breakthrough in recent years together with the negative impacts brought by the financial crisis, these businesses caused the Group to record a loss of approximately HK$8.7 million for the year ended 31st December 2008 (2007: approximately HK$12.9 million).

Geographical markets of the Group were mainly located in Hong Kong during the year under review. The turnover generated from Hong Kong market increased by 11.7% to approximately HK$90.9 million as compared to last year. This increase was mainly attributable to the newly launched product in Hong Kong. At the same time, due to the expansion of the Group's IA business into European and the PRC markets during the year under review, the turnover generated from the overseas and the PRC markets also increased by 17.6% and 69.7% to approximately HK$24.9 million and HK$39.4 million respectively as compared to last year.

Exposure to Fluctuations in Exchange Rates

Most of the trading transactions of the Group were denominated in United States dollars and in Renminbi. The assets of the Group were mainly denominated in Renminbi and the remaining portions were denominated in Hong Kong dollars. The official rates for United States dollars, Hong Kong dollars and Renminbi have been stable for the year under review. No hedging or other alternative measures have been implemented by the Group. As at 31st December 2008, the Group had no significant exposure under foreign exchange contracts, interest or currency swaps or other financial derivatives.

Contingent Liabilities

In December 2007, there was a pending litigation in which a customer claimed against Sheng Bang Qiang Dian Electronics (Shenzhen) Co., Ltd ("Shenzhen Sheng Bang"), a wholly-owned subsidiary of the Group, in the People's Court of Shenzhen Nanshan Region for approximately HK$3.4 million (equivalent to RMB3.0 million) for loss alleged to have been suffered as a result of quality problems of products supplied by Shenzhen Sheng Bang. As at the date of this announcement, to the best estimation of the Directors, the outcomes of this litigation and claim would not have a material adverse effect on the Group and no provision had been made in the consolidated financial statements.

In December 2008, Guangdong Jianlibao Group Company Limited ("JLB Group") initialled proceedings against (1) Mr. Zhang Hai, former chairman and chief executive officer of JLB Group, and the controlling shareholders, actual controller, directors, supervisors, senior management of Foshan Zhixing Technology Co., Limited ("Foshan Zhixing") for infringing the interest of JLB Group; (2) Mr. Zhang Hai and the controlling shareholders, actual controller, directors, supervisors, senior management of Shenzhen Sheng Bang for infringing the interest of JLB Group; and (3) Mr. Zhang Hai and the controlling shareholders, actual controller, directors, supervisors, senior management of Beijing Golden Yuxing Electronics and Technology Company Limited ("Golden Yuxing") for infringing the interest of JLB Group. Foshan Zhixing, Shenzhen Sheng Bang and Golden Yuxing are wholly-owned subsidiaries of the Group (collectively the "Actions").

The People's Court of San Shui District, Foshan City, Guangdong Province (the "Court of San Shui") issued judgments ((2009) San Fa Min Er Chu Zi No. 38-1), ((2009) San Fa Min Er Chu Zi No. 39-1) and ((2009) San Fa Min Er Chu Zi No. 40-1) and summons dated 9th December 2008, which stated that, on application by JLB Group, the Court of San Shui made orders of (1) freezing the bank deposits of Mr. Zhang Hai and Foshan Zhixing total amounting to RMB10,100,000 or sealing up and distraining its assets of such equivalent amount; (2) freezing the bank deposits of Mr. Zhang Hai and Shenzhen Sheng Bang total amounting to RMB40,620,000 or sealing up and distraining its assets of such equivalent amount; and (3) freezing the bank deposits of Mr. Zhang Hai and Golden Yuxing total amounting up to RMB46,000,000 or sealing up and distraining its assets of an equivalent amount, together with a standby moratorium dated 13th January 2009 referring to Golden Yuxing's 36.66% equity interest in Shenzhen Jiangnan Industrial Development Co., Ltd. ("JI") from the Court of San Shui.

As at 31st December 2008, certain cash and bank balances of the Group with carrying value of approximately HK$914,000 (equivalent to RMB806,000) were frozen by the Court of San Shui.

As at the date of this announcement, no trial or judgement has been received from the court yet. The Directors have sought legal advice from its PRC lawyers and are of the view that the Actions are based on unsubstantiated and invalid grounds and the imposition of standby moratorium to Golden Yuxing's 36.66% equity interest in JI is beyond the level of jurisdiction to be exercised by the Court of San Shui and thus contradicts the PRC law. The Directors do not believe the Actions will have any significant impact on the financial position of the Group and no provision is considered necessary.

Human Resources

As at 31st December 2008, the Group had over 400 (2007: over 600) full time employees, of which 12 (2007: 7) were based in Hong Kong and the rest were in the PRC. Due to the substantial decrease in the production capacity of the Group in the fourth quarter of 2008, the number of factory workers was significantly reduced which caused the Group to record only over 400 employees by the end of 2008 compared to over 600 employees by the end of 2007. Nevertheless, for the year ended 31st December 2008, staff costs of the Group amounted to approximately HK$49.4 million (2007: approximately HK$45.8 million). This increase in staff costs was mainly due to as a result of satisfactory business performance of the Group in 2007 and review salaries of overall staff of the Group from the early 2008. 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 and share options scheme.

BUSINESS REVIEW

A significant progress has been made in the litigation in one of the Group's important investments, i.e. an indirect investment in 51 million A shares of Ping An Insurance by the Group. In relation to the claim submitted by JLB Group against the acquisition by Golden Yuxing from Sanshui Jianlibao Health Industry Investment Co., Ltd. ("SJHII") of a 10.435% equity interest in JI and the indirect holding by Golden Yuxing of the 51 million Ping An Insurance A shares under an agreement entered into on 10th August 2004 (the "Acquisition Agreement"), on 7th January 2009, the Group received a judgment dated 23rd December 2008 from the Higher People's Court of the Guangdong Province (the "Guangdong Higher Court") which ruled that (i) the Acquisition Agreement and the registration of the transfer of the related equity interest in JI were legally valid; (ii) the claim submitted by JLB Group to invalidate the Acquisition Agreement was rejected; and (iii) the counter-claim filed by Golden Yuxing with the Guangdong Higher Court in May 2008 as a result of JLB Group's claim was rejected.

The dividend income received from the Group's indirect investment in 51 million Ping An Insurance A shares for the year amounted to approximately HK$40.0 million which has contributed significant gains to the Group. A fair value of this indirect investment to the amount of approximately HK$1,128.4 million as evaluated by an independent valuer was recorded in the balance sheet in the relevant accounts at 31st December 2008. As at 31st December 2008, the Group had net assets value of approximately HK$1,356.9 million or net assets value per share of approximately HK$0.83.

Being core business of the Group, the IA division has always been leading the global Internet Protocol Television ("IPTV") set-top box industry. Since the financial crisis began in the end of third quarter of 2008, the division's results for the fourth quarter of the year was seriously affected, which caused 41.5% decline in overall sales to approximately HK$17.9 million as compared to corresponding period of last year. However, during the year under review, the turnover of the division recorded an increase of 31.0% to approximately HK$140.5 million as compared to last year. The reasons for this increase were mainly due to the persistent endeavour by our staff and great support from our partners. The division has therefore managed to explore new markets in Europe and the PRC in 2008. In addition, the Group has not only established sound collaborative partnership with several world-renowned telecom operators, but also forged strategic relationships with world leading system integration suppliers and software developers, which laid a solid foundation for the long-term development of the Group. In addition, in line with its business expansion, the Group has conducted internal reorganization and enhanced staff training during the year under review aiming at improving the Group's corporate governance standards.

In the Asia-Pacific Region, the Group has secured its advantageous position in the marketplace. It has not only maintained a stable development in Hong Kong, but also accomplished great achievements in expanding the domestic market. During the year under review, the Group has entered into cooperative relationship with China Telecommunications Corporation ("China Telecom"), and products have been formally launched in Shanghai. In addition, through the cooperation with China Netcom (Group) Company Limited, products have been marketed in Liaoning province. Meanwhile, the Group has also proactively established strategic partnership with the largest supplier of telecommunications equipment and systems in the PRC and provided Original Design Manufacturing (ODM) services to it.

As regards other parts of the world, in order to expand its business to the whole world, the Group has been aggressively strengthening its ties with leading telecom operators in the world by getting involved in various experiments and evaluations organized by them and establishing partnership with them. During the year under review, the Group's cooperation with Telefonica (the biggest European telecom operator) went smoothly with a sales of HK$7.7 million for the period from the beginning of second quarter up to now. The client highly recommended the Group's products and technical support. In order to cater to different market requirements, the Group has entered into global strategic cooperative agreements with Orca Interactive Ltd, a world leading supplier of middleware and its application, and Viaccess, a wholly-owned subsidiary of France Telecom and a leading supplier of Certificate Authority (CA) and System Intergration (SI) to jointly explore into the international market.

As for research and development of products, with the initial establishment of IPTV market in Mainland China, the Group was the first enterprise to pass IPTV 2.0 model selection tests organized by China Telecom, and became the first local supplier for the products based on IPTV 2.2 compliance for the year under review, which contributed a sales of HK$22.3 million to the Group for the year. Meanwhile, with the Group's first launch of Chinese standard DTMB+IP dual-mode HD set-top box to Hong Kong market in the first quarter of 2008, the local sales of the Group in Hong Kong increased to approximately HK$90.9 million, representing a 11.7% increase in the turnover of Hong Kong as compared to the last year.

In respect of the Group's other businesses, because of the lack of new breakthrough in recent years together with the negative impacts brought by the financial crisis, these businesses caused the Group to record a loss of approximately HK$8.7 million during the year under review. Taking a proactive approach, the Board will strive to bring these businesses back on track and to achieve surplus by monitoring the development in these areas and by exploring continuously the opportunities for diversified development.

Although the Group had an improvement on its overall turnover and the increase in the dividend incomes from its indirect investment in 51,000,000 A shares of Ping An Insurance, the Group recorded a loss attributable to equity holders of the Company of approximately HK$36.6 million for the year ended 31st December 2008 as compared to a profit attributable to equity holders of the Company of approximately HK$22.5 million in last year. This overall disappointing performance for the year under review was due to the reasons set out below.

First of all, as a result of the decline in the prices of the property market by the end of 2008, the Group recorded a substantial amount of loss of HK$5.3 million in the Group's properties revaluation in 2008 (2007: gains on revaluation of HK$2.9 million). Secondly, due to the poor performance of capital markets in Hong Kong and the PRC in 2008, the Group recorded realized and unrealized losses on certain financial assets in its other operating expenses totalling approximately HK$11.2 million for the year ended 31st December 2008. This caused the Group's other operating expenses to increase by 457.6%, while other revenue and net income decreased by 10.5% as compared to last year respectively. Thirdly, due to a deterioration of the general business environment as a result of the financial crisis which began in the end of the third quarter of 2008, the Group's IA division recorded a substantial decrease in the turnover and loss in the fourth quarter of 2008 which reduced significantly the unaudited profit result of this division for the nine months ended 30th September 2008. Meanwhile, the Group also made an impairment loss of approximately HK$6.1 million on part of the assets in IHA segment. Hence, the Group recorded a loss of approximately HK$9.7 million on IHA segment for the year 2008. Fourthly, the general and administrative expenses in 2008 increased by 21.9% to approximately HK$84.5 million when compared to 2007. This was mainly due to legal and professional expenses of totalling approximately HK$15.7 million incurred by the Group in Hong Kong and the PRC during the year under review. Finally, there was no gain on the disposal of subsidiaries recorded by the Group for the year ended 31st December 2008. The Group recorded a one-time gain of approximately HK$13.9 million on the disposal of its subsidiaries in 2007, which was the major contributor of the Group's profit in 2007.

BUSINESS PROSPECTS

As global financial crisis deteriorated, the Group's results in 2008 were inevitably affected. Facing the difficulties and challenges arising in the year 2009, the following factors will help to offset the decline in income due to substantial economic downturn in markets: (1) targeting emerging market in the world, IPTV is now undergoing fast expansion, thus promising a huge potential for growth from the view point of market demand; and (2) the sales of the Group's products in China are expected to continue to edge up, driven by the expansion of the Mainland China market and the favorable macro-economic controls imposed by the PRC government.

As for international markets, the Group will continue to keep close cooperation with the existing clients and offer superior services to them. In addition, the Group is also setting up offices in Europe to provide more efficient technical support services to its clients. At the same time, the Group will aggressively expand its customer base to alleviate the suffering caused by the economic disturbances to the Group's results in the future.

As for the domestic market, in addition to the residential user market, the Group's IPTV products have penetrated into the commercial user market. For example, such products have been installed in some hotels. As technology standards of such products gradually improve, it is anticipated that huge market potential will emerge in the IA industry in Mainland China. As China Telecom intends to introduce IPTV 2.2 compliance products to all provinces across China in 2009, the Group will leverage its position as the first supplier of such products. At the same time, with the official launch of 3G licenses, the commencement of the 3G business will have a positive effect on the development of the domestic fixed-line and broadband businesses, and, to some extent, it will raise the demand across the IPTV industry. The Group anticipates that the Group's IA division will have long-term development potential in Mainland China. We also anticipate that our efforts made in 2008 will bring fruitful results in 2009.

The Group will continue to provide more advanced and quality products to its international customers through research and development, and strengthen staff training to offer superior services, so as to increase the competitiveness of the products in the market and speed up the penetration into the international and domestic markets. As the Group incurred operating losses for the year, the Board has decided not to pay a final dividend for the year 2008.

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. 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 Yan was appointed as the chairman of the Committee and she has appropriate professional qualifications in accounting and auditing experience. The Committee had held four meetings during the current financial year. The Group's annual results for the year ended 31st December 2008 had been reviewed by the Committee.

PURCHASE, SALE OR REDEMPTION OF 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.

COMPLIANCE ADVISER'S INTEREST

As at 31st December 2008, none of Anglo Chinese Corporate Finance, Limited (the "Compliance Adviser"), the compliance adviser of the Company, its directors, employees or associates had any interests in the Company's share capital.

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

SECURITIES TRANSACTIONS BY THE DIRECTORS

Although the Company has not adopted any code of conduct regarding the Directors' securities transactions, it has made specific enquiry to 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

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 rapid 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 of the GEM Listing Rules, which came into effect on 1st January 2005. The Board will continue to monitor and revise the Company Code and assess the effectiveness of our 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 GEM Code during the year under review.

(a) 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.

(b) Under provision E.1.2 of the GEM Code, the chairman of the Board should attend the annual general meeting ("AGM") and arrange for the chairman of the audit, remuneration and nomination committees (as appropriate) to be available to answer questions at the AGM. Mr. Chen Fu Rong, the deputy chairman of the Company has been performing the above duties in lieu of Mr. Zhu Wei Sha, the chairman of the Company, who was on business trip to overseas on the day of AGM.

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

Hong Kong, 23rd March 2009

* *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 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 and on the website of the Company at www.yuxing.com.cn for at least 7 days from the date of its publication.