YUXING INFOTECH INVESTMENT HOLDINGS LIMITED

裕興科技投資控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 8005)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST DECEMBER 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 announcement, for which the directors (the "Directors") of Yuxing InfoTech Investment Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Exchange (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

* *For identification purposes only*

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HIGHLIGHTS FOR THE YEAR ENDED 31ST DECEMBER 2012

- For the year ended 31st December 2012, turnover of the Group increased by 29.6% to approximately HK$791.0 million as compared with last year.

- For the year ended 31st December 2012, gross profit of the Group increased by 7.2% to approximately HK$93.1 million as compared with last year.

- Loss attributable to owners of the parent for the year ended 31st December 2012 amounted to approximately HK$500.0 million, while the Group recorded a profit attributable to owners of the parent of approximately HK$34.0 million for the year ended 31st December 2011.

- Basic loss per share for the year ended 31st December 2012 was HK28.70 cents (2011: earnings per share was HK1.96 cents).

- Total equity attributable to owners of the parent as at 31st December 2012 was approximately HK$2,345.5 million (2011: approximately HK$2,261.7 million) or net assets attributable to owners of the parent per share of HK$1.34 (2011: HK$1.30).

- The Board does not recommend the payment of a dividend for the year ended 31st December 2012.

RESULTS

The board of Directors of the Company (the "Board") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31st December 2012, 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 2012

	Notes	2012 HK$'000	2011 HK$'000
Turnover	3	**790,983**	610,144
Cost of sales		**(697,869)**	(523,306)
Gross profit		**93,114**	86,838
Other revenue and net income	4	**9,491**	39,951
Distribution and selling expenses		**(18,457)**	(15,996)
General and administrative expenses		**(86,444)**	(61,883)
Other operating expenses		**(2,328)**	(12,310)
Fair value gains on investment properties		**10,180**	3,180
Settlement fee in respect of court settlement	12	**(518,436)**	–
(Loss)/Profit from operations	5	**(512,880)**	39,780
Finance costs	6	**(7,439)**	(4,428)
Share of results of a jointly controlled entity	9	**23,698**	–
(Loss)/Profit before taxation		**(496,621)**	35,352
Taxation	7	**(3,543)**	(1,368)
(Loss)/Profit for the year		**(500,164)**	33,984
(Loss)/Profit attributable to:			
Owners of the parent		**(499,954)**	33,984
Non-controlling interests		**(210)**	–
		(500,164)	33,984
(Loss)/Earnings per share	8		
– Basic		**(28.70) cents**	1.96 cents
– Diluted		**(28.70) cents**	1.93 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31st December 2012

	2012 HK$'000	2011 HK$'000
(Loss)/Profit for the year	**(500,164)**	33,984
Other comprehensive income/(loss):		
Change in fair value of available-for-sale financial assets	**690,061**	(1,259,750)
Share of other comprehensive loss arising from interest in a jointly controlled entity (net of tax) *(note 9(b))*	**(110,727)**	–
Exchange differences arising on translation of PRC subsidiaries	**777**	161,663
Other comprehensive income/(loss) for the year	**580,111**	(1,098,087)
Total comprehensive income/(loss) for the year	**79,947**	(1,064,103)
Total comprehensive income/(loss) attributable to:		
Owners of the parent	**80,157**	(1,064,103)
Non-controlling interests	**(210)**	–
	79,947	(1,064,103)

CONSOLIDATED BALANCE SHEET

As at 31st December 2012

	Notes	As at 31st December 2012 HK$'000	As at 31st December 2011 HK$'000
NON-CURRENT ASSETS			
Investment properties		**46,480**	36,300
Property, plant and equipment		**95,489**	97,762
Prepaid lease payments		**13,131**	13,515
Interest in a jointly controlled entity	*9*	**2,535,249**	–
Available-for-sale financial assets	*9*	**–**	1,954,113
		2,690,349	2,101,690
CURRENT ASSETS			
Inventories		**83,012**	95,753
Trade and other receivables	*10*	**182,790**	208,886
Prepaid lease payments		**382**	382
Dividend receivables	*12(a)*	**97,484**	72,345
Financial assets at fair value through profit or loss		**55,361**	12,421
Pledged bank deposits		**24,318**	13,607
Cash and bank balances		**62,706**	70,490
		506,053	473,884
CURRENT LIABILITIES			
Trade and other payables	*11*	**215,717**	206,920
Bank loans		**100,185**	105,978
Settlement fee payable	*12*	**184,980**	–
Tax payable		**2,154**	1,002
		503,036	313,900
NET CURRENT ASSETS		**3,017**	159,984
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,693,366**	2,261,674
NON-CURRENT LIABILITIES			
Financial liabilities at fair value through profit or loss		**98**	–
Settlement fee payable	*12*	**335,311**	–
		335,409	–
NET ASSETS		**2,357,957**	2,261,674
CAPITAL AND RESERVES			
Share capital	*13*	**43,688**	43,378
Reserves	*14*	**2,301,828**	2,218,296
Equity attributable to owners of the parent		**2,345,516**	2,261,674
Non-controlling interests		**12,441**	–
TOTAL EQUITY		**2,357,957**	2,261,674

Notes:

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards 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 consolidated financial statements also complied 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 consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2011 consolidated financial statements. The adoption of the new/revised HKFRSs which are relevant to the Group and effective from the current year had no significant effects on the Group's results and financial position for the current and prior years.

2. FUTURE CHANGES IN HKFRSs

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

3. SEGMENT INFORMATION

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

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

The investing segment comprises investing in available-for-sale financial assets, trading of securities and interest in a jointly controlled entity which is principally engaged in investing in available-for-sale financial assets.

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

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

For the purpose of assessing the performance of the operating segments and allocating resources between segments, the Executive Directors assess segment profit or loss before income tax without allocation of finance costs, changes in fair value of investment properties, settlement fee in respect of court settlement, share of results of a jointly controlled entity, Directors' emoluments, head office staff salaries, legal and professional fees and other administrative costs and the basis of preparing such information is consistent with that of the consolidated financial statements.

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

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

Business segments

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

For the year ended 31st December 2012

	Information home appliances *HK$'000*	Investing *HK$'000*	Trading *HK$'000*	Other operations *HK$'000*	Elimination *HK$'000*	Consolidated *HK$'000*
TURNOVER						
External sales	**790,097**	**–**	**886**	**–**	**–**	**790,983**
Inter-segment sales	**–**	**–**	**10,715**	**–**	**(10,715)**	**–**
OTHER REVENUE AND NET INCOME	**1,131**	**1,054**	**150**	**8,825**	**(2,787)**	**8,373**
SHARE OF RESULTS OF A JOINTLY CONTROLLED ENTITY	**–**	**23,698**	**–**	**–**	**–**	**23,698**
Total	**791,228**	**24,752**	**11,751**	**8,825**	**(13,502)**	**823,054**
RESULTS						
Segment results	**19,053**	**24,275**	**(65)**	**3,313**	**–**	**46,576**
Unallocated corporate income						**225**
Interest income						**893**
Fair value gain on investment properties	**–**	**–**	**–**	**10,180**	**–**	**10,180**
Settlement fee in respect of court settlement						**(518,436)**
Other unallocated corporate expenses						**(28,620)**
						(489,182)
Finance costs						**(7,439)**
Loss before taxation						**(496,621)**
Taxation						**(3,543)**
Loss for the year						**(500,164)**

As at 31st December 2012

	Information home appliances *HK$'000*	Investing *HK$'000*	Trading *HK$'000*	Other operations *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
ASSETS						
Interest in a jointly controlled entity	–	2,535,249	–	–	–	2,535,249
Other assets	426,820	144,942	7,484	64,149	–	643,395
Segment assets	426,820	2,680,191	7,484	64,149	–	3,178,644
Unallocated corporate assets					17,758	17,758
Consolidated total assets						3,196,402
LIABILITIES						
Segment liabilities	258,325	21,596	2,900	11,555	–	294,376
Settlement fee payable	–	–	–	–	520,291	520,291
Unallocated corporate liabilities					23,778	23,778
Consolidated total liabilities						838,445
OTHER INFORMATION						
Capital additions	6,401	–	–	–	31	6,432
Depreciation and amortisation	7,514	–	578	563	170	8,825
Impairment on inventories	8,014	–	–	–	–	8,014
Bad debts	18	–	–	–	–	18
Impairment in respect of trade receivables	235	–	–	–	–	235
Reversal of impairment in respect of trade receivables	–	–	(150)	–	–	(150)
Impairment on other receivables	–	–	–	–	822	822
Reversal of impairment on other receivables	(3,932)	–	–	–	–	(3,932)

For the year ended 31st December 2011

	Information home appliances *HK$'000*	Investing *HK$'000*	Trading *HK$'000*	Other operations *HK$'000*	Elimination *HK$'000*	Consolidated *HK$'000*
TURNOVER						
External sales	609,292	–	852	–	–	610,144
Inter-segment sales	–	–	12,365	–	(12,365)	–
OTHER REVENUE AND NET INCOME	743	34,170	51	6,412	(2,352)	39,024
Total	610,035	34,170	13,268	6,412	(14,717)	649,168
RESULTS						
Segment results	22,980	24,512	(298)	2,905	–	50,099
Unallocated corporate income						380
Interest income						547
Fair value gain on investment properties	–	–	–	3,180	–	3,180
Other unallocated corporate expenses						(14,426)
Profit from operations						39,780
Finance costs						(4,428)
Profit before taxation						35,352
Taxation						(1,368)
Profit for the year						33,984

As at 31st December 2011

	Information home appliances *HK$'000*	Investing *HK$'000*	Trading *HK$'000*	Other operations *HK$'000*	Unallocated *HK$'000*	Consolidated *HK$'000*
ASSETS						
Segment assets	454,278	2,040,440	5,662	53,657	–	2,554,037
Unallocated corporate assets					21,537	21,537
Consolidated total assets						2,575,574
LIABILITIES						
Segment liabilities	283,824	1,228	3,365	11,466	–	299,883
Unallocated corporate liabilities					14,017	14,017
Consolidated total liabilities						313,900
OTHER INFORMATION						
Capital additions	6,458	–	–	–	63	6,521
Depreciation and amortisation	6,691	–	455	513	280	7,939
Impairment on inventories	35	–	322	–	–	357
Reversal of write-down of inventories	–	–	(380)	–	–	(380)
Impairment in respect of trade receivables	47	–	9	–	–	56
Reversal of impairment in respect of trade receivables	–	–	(68)	–	–	(68)
Impairment on other receivables	3,857	–	–	–	–	3,857

Geographical information

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

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

	Revenue from external customers		**Non-current assets**	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The PRC	**518,346**	393,868	**105,715**	108,151
Hong Kong	**73,223**	62,982	**49,385**	39,426
Australia	**99,265**	35,911	**–**	–
Russia	**61,994**	97,810	**–**	–
Other overseas markets	**38,155**	19,573	**–**	–
	790,983	610,144	**155,100**	147,577

In addition to the information disclosed above, the Group generated other revenue and net income from information home appliances segment of approximately HK$1,130,000 *(2011: approximately HK$600,000)* and approximately HK$1,000 *(2011: approximately HK$143,000)* in the PRC and Hong Kong respectively, and the Group generated other revenue and net income from investing segment of approximately HK$8,000 *(2011: approximately HK$33,823,000)* and approximately HK$1,046,000 *(2011: approximately HK$347,000)* in the PRC and Hong Kong respectively.

The Group also generated other revenue and net income from trading segment of approximately HK$150,000 *(2011: approximately HK$51,000)* in the PRC, and the Group generated other revenue and net income from other operations segment of approximately HK$4,646,000 *(2011: approximately HK$2,780,000)* and approximately HK$1,392,000 *(2011: approximately HK$1,280,000)* in the PRC and Hong Kong respectively.

Information about major customers

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

	2012	2011
	HK$'000	*HK$'000*
Customer A	**512,877**	392,854
Customer B	**99,263**	N/A
Customer C	**N/A**	62,980
Customer D	**N/A**	97,810
	612,140	553,644

4. OTHER REVENUE AND NET INCOME

	2012	2011
	HK$'000	*HK$'000*
Other revenue		
Dividend income from unlisted securities	**–**	33,807
Dividend income from listed securities	**160**	363
Interest income	**893**	547
Rental income from investment properties	**1,392**	1,280
Rental income from buildings	**4,646**	2,780
Sundry income	**1,356**	1,106
	8,447	39,883
Other net income		
Net unrealised holding gain on financial assets at fair value through profit or loss	**894**	–
Reversal of impairment in respect of trade receivables	**150**	68
	1,044	68
	9,491	39,951

5. (LOSS)/PROFIT FROM OPERATIONS

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

	2012	2011
	HK$'000	*HK$'000*
Auditor's remuneration	**1,040**	995
Bad debts	**18**	–
Impairment in respect of trade receivables	**235**	56
Impairment on other receivables	**822**	3,857
Amortisation of prepaid lease payments	**380**	372
Depreciation of property, plant and equipment	**8,445**	7,567
Cost of inventories	**697,869**	523,306
Foreign exchange loss	**53**	1,066
Loss on disposal of property, plant and equipment	**141**	193
Reversal of write-down of inventories*	**–**	(380)
Reversal of impairment in respect of trade receivables	**(150)**	(68)
Reversal of impairment on other receivables	**(3,932)**	–
Impairment on inventories	**8,014**	357
Loss on disposal of financial assets at fair value through profit or loss	**247**	4,014
Net unrealised holding (gain)/loss on financial assets at fair value through profit or loss	**(894)**	5,612
Direct outgoings from leasing of investment properties	**7**	8
Operating lease charges on premises	**3,534**	3,654
Research and development costs	**116**	842

Staff costs (including Directors' emoluments):		
Salaries and allowances	**72,042**	55,179
Retirement benefits scheme contributions	**8,308**	6,287
Total staff costs	**80,350**	61,466

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

6. FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Interest on bank loans wholly repayable within five years	**7,122**	4,084
Interest on bank loans wholly repayable over five years	**317**	344
Total borrowing costs	**7,439**	4,428

7. TAXATION

The taxation charged to profit or loss represents:

	2012	2011
	HK$'000	*HK$'000*
Current tax		
Hong Kong profits tax		
Current year	**–**	187
Overprovision in prior year	**(12)**	–
	(12)	187
PRC enterprise income tax	**3,555**	1,181
	3,543	1,368
Deferred taxation		
Origination and reversal of temporary difference	**1,381**	(144)
Benefit of tax losses recognised	**(1,381)**	144
	–	–
Charge for the year	**3,543**	1,368

Hong Kong Profit Tax has not been provided as the estimated assessable profits for the year are wholly absorbed by unrelieved tax losses brought forward from previous years. Hong Kong Profits Tax has been provided at the rate of 16.5% on the estimated assessable profits from Hong Kong for 2011.

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 2012 and 2011 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% *(2011: 15%)* for 2012.

8. (LOSS)/EARNINGS PER SHARE

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

	2012	2011
	HK$'000	*HK$'000*
(Loss)/Profit attributable to owners of the parent	**(499,954)**	33,984

	2012	2011
	'000	*'000*
Issued ordinary shares at 1st January	**1,735,120**	1,734,200
Effect of share options exercised	**7,125**	175
Weighted average number of ordinary shares for basic (loss)/earnings per share	**1,742,245**	1,734,375
Effect of dilutive potential ordinary shares:		
Exercise of share options	**N/A**	29,019
Weighted average number of ordinary shares for diluted (loss)/earnings per share	**1,742,245**	1,763,394
(Loss)/Earnings per share:		
– Basic	**(28.70) cents**	1.96 cents
– Diluted *(Note)*	**(28.70) cents**	1.93 cents

Note: Diluted loss per share is the same as the basic loss per share for the year ended 31st December 2012 because the effect of potential ordinary shares is anti-dilutive.

The calculation of diluted earnings per share for the year ended 31st December 2011 is based on the profit attributable to owners of the parent of approximately HK$33,984,000, and the weighted average number of ordinary shares issued during the year of approximately 1,734,375,000 after adjusting for the number of dilutive potential ordinary shares arising from the outstanding share options granted under the Company's share option scheme.

9. INTEREST IN A JOINTLY CONTROLLED ENTITY/AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2012	2011
	HK$'000	*HK$'000*
Interest in a jointly controlled entity		
Share of net assets *(Note (b))*	**2,535,249**	–
Available-for-sale financial assets		
Unlisted equity securities, at fair value	**–**	1,954,113

Details of the jointly controlled entity at the end of the reporting period are as follows:

Name of jointly controlled entity	Principal place of operation/ Place of incorporation	Particular of registered capital	Proportion of registered capital held by the Company	Principal activity
Gongbujiangda Jiangnan Industrial Development Co., Ltd. ("JI")	The PRC	100,000,000	36.66%	Investment in A shares of Ping An Insurance (Group) Company of China, Ltd. ("Ping An Shares")

Summary of financial information of the jointly controlled entity is as follows:

	2012	2011
	HK$'000	*HK$'000*
Share of the jointly controlled entity's assets and liabilities:		
Non-current assets	**2,626,884**	–
Current assets	**76,648**	–
Current liabilities	**(70,860)**	–
Non-current liabilities	**(97,423)**	–
Net assets	**2,535,249**	–
Share of the jointly controlled entity's results:		
Revenue	**26,002**	–
Expenses	**(2,304)**	–
	23,698	–

The above financial information is prepared using the same accounting policies as those adopted by the Group.

Notes:

(a) Pursuant to the acquisition 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 JI, a company which holds, among others, Ping An Shares which was listed on 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 Foshan Sanshui Jianlibao Health Industry Investment Company Limited ("SJHII"), a company in which Mr. Zhu Wei Sha ("Mr. Zhu"), a Director of the Company, had an effective 8.1% equity interest. Mr. Zhu ceased to have any equity interest 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, 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).

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.

The Intermediate People's Court of Foshan, Guangdong Province, the PRC (the "Intermediate Court of Foshan") 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. The terms of the two standby moratoriums were previously extended on 31st October 2011 by the Higher People's Court of the Guangdong Province, the PRC (the "Guangdong Higher Court") to 3rd December 2012. The Group was further notified by the Guangdong Higher Court on 25th February 2013 that the two moratoriums imposed on the above 16.5329% equity interest in JI would be extended to 3rd December 2013.

As at 31st December 2011, the Group recognised the 36.66% equity interest in JI as available-for-sale financial assets based on a bilateral agreement entered into between Golden Yuxing and another shareholder of JI ("JI Shareholder") who holds 63.34% equity interest in JI on 15th September 2009, under which both parties agreed on rights to the interests in Ping An Shares attributed to each of Golden Yuxing and JI Shareholder, including rights to profit sharing, share replacement rights, the rights to pledge shares and use them for guarantee, voting rights and methods for equity transfers in future, etc. According to the bilateral agreement, Golden Yuxing holds the equity interest in 51,000,000 Ping An Shares through JI, while Golden Yuxing has no significant influence over JI's financial and operating policy decisions.

As detailed in the announcements of the Company dated 15th May 2012 and 29th June 2012, the JI Shareholder had agreed to transfer the 63.34% equity interest (the "JI Equity Transfer") in JI to 林芝正大環球投資有限公司 ("New JI Shareholder"). On 8th June 2012, Golden Yuxing entered into a bilateral agreement (the "Agreement") with the New JI Shareholder for the purpose of governing their respective interest in Ping An Shares through their equity interest in JI. The Agreement became effective immediate upon completion of the relevant registration of JI Equity Transfer on 14th June 2012. According to the Agreement, all significant matters of JI have to be approved by both shareholders. In the opinion of the Directors, whilst both Golden Yuxing and the New JI Shareholder share joint control over the economic activities of JI and none of the participating parties has unilateral control over the economic activities of JI, the associated economic benefits of the 51,000,000 Ping An Shares attributed to Golden Yuxing remain unchanged. The Group's 36.66% equity interest in JI has therefore become an interest in a jointly controlled entity. As a result, the Group ceased to recognise its equity interest in 51,000,000 Ping An Shares through the 36.66% equity interest in JI as available-for-sale financial assets on 14 June 2012 but continues to recognise its equity interest in 51,000,000 Ping An Shares through an interest in a jointly controlled entity.

Immediately prior to the effective date of the Agreement on 14th June 2012, the equity interest in JI held by the Group was revalued by Vigers Appraisal & Consulting Limited ("Vigers"), which are independent qualified professional valuers not connected with the Group and with appropriate qualifications, to approximately RMB2,146,737,000 (equivalent to approximately HK$2,633,387,000) *(as at 31st December 2011: approximately RMB1,584,200,000 (equivalent to approximately HK$1,954,113,000))*. The valuation was arrived at by reference to the PRC financial statements of JI as at 30th June 2012 and adjusted by the market value of 51,000,000 Ping An Shares as at the effective date of the Agreement. In determining the market value of Ping An Shares, the impact on the freezing order as detailed in note 12 has been taken into consideration by using the Discount For Lack Of Marketability Model. The Group recorded a revaluation surplus on the equity interest in JI of approximately RMB562,537,000 (equivalent to approximately HK$690,061,000) *(for the year ended 31st December 2011: revaluation deficit of approximately RMB1,021,278,000 (equivalent to approximately HK$1,259,750,000))* during the period from 1st January 2012 to 14th June 2012.

(b) Included in the share of net assets of a jointly controlled entity was 51,000,000 Ping An Shares with fair value of approximately HK$2,529,461,000 as at 31st December 2012 for which the Group holds beneficial interest specifically to these 51,000,000 Ping An Shares through JI in accordance with the Agreement as mentioned in *Note (a)* above. As at 31st December 2012, the fair value of 51,000,000 Ping An Shares was determined by Vigers, which was based on its market value with the impact of freezing order and the relevant releasing arrangement as specified in the court settlement in note 12 being taken into consideration by using the Discount For Lack of Marketability Model. Accordingly, a loss on change in fair value of Ping An Shares (net of tax) of approximately RMB89,788,000 (equivalent to approximately HK$110,727,000) was resulted during the period from the effective date of the Agreement on 14th June 2012 to 31st December 2012 and recorded in other comprehensive loss.

10. TRADE AND OTHER RECEIVABLES

	2012	2011
	HK$'000	*HK$'000*
Trade and bills receivables	**152,185**	179,990
Less: Impairment in respect of trade receivables	**(3,999)**	(4,388)
	148,186	175,602
Other receivables, net of impairment	**17,614**	27,006
Prepayments and deposits	**16,990**	6,278
	182,790	208,886

The amount of the Group's trade and other receivables expected to be recovered or recognised as expense after more than one year is approximately HK$2,697,000 *(2011: HK$Nil)*. All of the other trade and other receivables are expected to be recovered or recognised as expenses within one year.

During the year, the Group discounted trade receivables to banks under the factoring arrangements in exchange for cash on a full recourse basis. The Group continues to recognise the full carrying amount of the discounted trade receivables and has recognised the cash received as secured bank loans. At the balance sheet date, the carrying amount of discounted trade receivables, which represented transferred assets of the Group measured at amortised cost that were not qualified for derecognition, was approximately HK$47,088,000. The carrying amount of the associated liabilities were approximately HK$47,076,000. If the trade receivables were not settled at maturity, the banks have the right to request the Group to pay the unsettled balance.

The Group grants its trade customers an average credit period from 30 days to 18 months *(2011: 30 to 120 days)*. The ageing analysis of trade and bills receivables (net of impairment) by delivery date at the balance sheet date is as follows:

	2012	2011
	HK$'000	*HK$'000*
0-30 days	**77,323**	99,390
31-60 days	**19,850**	54,980
61-90 days	**46,846**	18,069
Over 90 days	**4,167**	3,163
	148,186	175,602

11. TRADE AND OTHER PAYABLES

	2012	2011
	HK$'000	*HK$'000*
Trade payables *(Note)*	**154,904**	165,380
Other payables	**17,487**	16,651
Accruals	**43,326**	24,889
	215,717	206,920

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

	2012	2011
	HK$'000	*HK$'000*
0-30 days	**61,109**	64,839
31-60 days	**44,780**	48,134
61-90 days	**29,086**	27,618
Over 90 days	**19,929**	24,789
	154,904	165,380

12. SETTLEMENT FEE PAYABLE

	2012	2011
	HK$'000	*HK$'000*
Settlement fee in respect of court settlement charged to profit or loss	**518,436**	–
Exchange realignment	**1,855**	–
Balance as at 31st December	**520,291**	–
Portion classified as current liabilities	**(184,980)**	–
Non-current portion	**335,311**	–

Note:

As at 31st December 2012, the Group had the following pending litigations:

(a) In December 2008, Guangdong Jianlibao Group Company Limited ("JLB Group") initiated legal proceedings against (1) Mr. Zhu, Mr. Zhang Hai ("Mr. Zhang"), former chairman and chief executive officer of JLB Group, an independent third party of the Group, and the controlling shareholders, actual controller, directors, supervisors, senior management of Golden Yuxing, Beijing Yuxing Software Company Limited ("Yuxing Software"), Foshan Sanshui Zheng Tian Technology Investment Company Limited* (佛山市三水正天科技投資有限公司) ("Zheng Tian Technology") and Beijing Ling Si Information System Company Limited ("Beijing Ling Si") for infringing the interest of JLB Group; (2) Mr. Zhu, Mr. Zhang and the controlling shareholders, actual controller, directors, supervisors, senior management of Golden Yuxing, Foshan Zhixing Technology Company Limited ("Foshan Zhixing"), Zheng Tian Technology and Beijing Ling Si for infringing the interest of JLB Group; (3) Mr. Zhu, Mr. Zhang and the controlling shareholders, actual controller, directors, supervisors, senior management of Golden Yuxing, Sheng Bang Qiang Dian Electronics (Shenzhen) Company Limited ("Shenzhen Sheng Bang"), Zheng Tian Technology and Beijing Ling Si for infringing the interest of JLB Group; (4) Mr. Zhu, Mr. Zhang and the controlling shareholders, actual controller, directors, supervisors, senior management of Golden Yuxing, Zheng Tian Technology and Beijing Ling Si for infringing the interest of JLB Group; (5) Mr. Zhu, Mr. Zhang and the controlling shareholders, actual controller, directors, supervisors, senior management of Golden Yuxing, Zhongshan Chuangjia Electronics Technology and Development Co.,Ltd.* (中山市創嘉電子科技發展有限公司) ("Zhongshan Chuangjia"), Zheng Tian Technology and Beijing Ling Si for infringing the interest of JLB Group (collectively the "Actions"). Golden Yuxing, Yuxing Software, Foshan Zhixing and Shenzhen Sheng Bang are wholly-owned subsidiaries of the Company, while Zheng Tian Technology, Beijing Ling Si and Zhongshan Chuangjia are independent third party of the Group. The Actions were first heard in the People's Court of Sanshui District, Foshan City, Guangdong Province, the PRC (the "Court of Sanshui") and in August 2009, they were transferred to the Intermediate Court of Foshan.

On 20th October 2009, the Group was notified by JI that the Intermediate Court of Foshan 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 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. In October 2011 and October 2012, the Group was further notified by JI that the freezing period extended to September 2012, and then further extended to September 2013 respectively. According to the legal opinion dated 15th March 2013 from the Group's PRC lawyers, Golden Yuxing is entitled to receive the dividend from JI but the suspension of the dividend payment is still in force. As the above freezing order will expire in September 2013, the dividend receivable from JI amounting to approximately HK$97,500,000 was classified as current asset as at 31st December 2012 *(2011: approximately HK$72,300,000)*.

On 11th January 2011, the Group received five civil judgments all dated 30th December 2010 from the Intermediate Court of Foshan which ruled that JLB Group was awarded damages of total amount of approximately RMB96,200,000 together with interests and costs to be borne by defendants including Mr. Zhu, Mr. Zhang, Golden Yuxing, Yuxing Software, Foshan Zhixing and Shenzhen Sheng Bang, Zheng Tian Technology, Beijing Ling Si and Zhongshan Chuangjia. The Company filed an appeal to the Guangdong Higher Court against the said judgements in January 2011, and now such judgements have no legal effect and which will be superseded by the final judgement from the appeal. On 28th July 2011, the Company received summons dated 21st July 2011 from the Guangdong Higher Court, requiring Golden Yuxing, Yuxing Software, Foshan Zhixing and Shenzhen Sheng Bang, all being wholly-owned subsidiaries of the Company, to attend the court hearing of the appeals. The PRC lawyers of the Company attended the court hearing on 2nd August 2011. As at the balance sheet date, no judgement for the appeal has been received from the Guangdong Higher Court. In the circumstances, none of the wholly-owned subsidiaries of the Group which are named as defendants in the judgements stated above will be required to satisfy the judgements and pay the damages together with interests and costs awarded by the Intermediate Court of Foshan.

As at 31st December 2012, certain cash and bank balances of the Group with carrying value of approximately HK$1,100,000 *(2011: approximately HK$1,100,000)* were frozen by the Intermediate Court of Foshan.

(b) In 2007, JLB Group lodged a petition with the 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 adjustments of shareholders' equity interest in 2006) 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), was invalid (the "Litigation").

On 18th February 2008, Golden Yuxing received a notification from the Guangdong Higher Court, which stated that 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 with Golden Yuxing without JLB Group's approval or authorisation. In addition, JLB Group alleged that the aggregate investment cost exceeded 50% of Golden Yuxing's net assets thereby violating Rule 12 of the Company Law then in force in the PRC. JLB Group therefore claimed that the share sale transaction was invalid and SJHII did not have the right to transfer the legal title of the JI's shares to Golden Yuxing. JLB Group thereby demanded the reversion and return of the JI's shares from Golden Yuxing to SJHII.

On 7th January 2009, the Group was awarded a judgment dated 23rd December 2008 from the Guangdong Higher Court which ruled that (1) the Acquisition and the registration of the transfer of the related equity interest in JI were legally valid; (2) the claim submitted by JLB Group to invalidate the Acquisition was rejected; and (3) the counter-claim filed by Golden Yuxing with the Guangdong Higher Court in May 2008 as a result of JLB Group's claim was also rejected.

On 25th June 2009, Golden Yuxing was notified by the Supreme People's Court of the PRC (the "Supreme Court") that an appeal had been lodged by JLB Group, and which was accepted by the Supreme Court.

In December 2009, the Group received the ((2009) Min Er Zhong Zi No. 53) civil ruling made on 20th November 2009 from the Supreme Court which ruled that upon the hearing, with regard to the Litigation, the Supreme Court was of the view that the trial judgement of the Guangdong Higher Court misapprehended the facts and therefore ruled (1) to revoke the civil ruling issued by the Guangdong Higher Court on 23rd December 2008; and (2) to return the case to the Guangdong Higher Court for rehearing.

No final award has been obtained for the Litigation after a number of hearings since the Supreme Court referred the Litigation on 20th November 2009 to the Guangdong Higher Court for retrial. In June 2012, the Group received a letter ((2008) Yue Gao Fa Min Er Chu Zi No. 9-1) made on 18th June 2012 from the Guangdong Higher Court to Golden Yuxing, which suggested a settlement for the Litigation between Golden Yuxing and JLB Group. The Board, having sought professional advice and after careful consideration, agreed that resolving the Litigation and all on-going Actions (together with Litigation, collectively referred as "Legal Proceedings") with JLB Group by way of court settlement may be the quickest method to settle all legal disputes as detailed in *Notes (a) and (b)* above to achieve a better outcome for the development of the Company and for the benefit of its shareholders. The Board has therefore authorised the Company's representatives and PRC lawyers to attend the settlement negotiation at the Guangdong Higher Court.

As further detailed in the Company's announcement dated 30th January 2013, Golden Yuxing and JLB Group entered into a settlement agreement on 30th January 2013 ("Settlement Agreement") with a view to settling 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 RMB450,000,000 ("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 exist between the parties before signing the Final Settlement Agreement. In the meantime, the Company agreed to provide a guarantee ("New Guarantee") for a maximum amount of RMB450,000,000 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 shareholders' approval at the special general meeting ("SGM") of the Company before it comes into effect.

According to the Settlement Agreements, the first tranche of RMB150,000,000 shall be paid within six months from the date of release of 29.472% equity interest in JI (and hence the associated economic benefits of 41,000,000 Ping An Shares) from the freezing order by Guangdong Higher Court ("Release Date"). The dividend entitlement of 36.66% equity interest in JI will also be released from the freezing order at the Release Date. The second and third tranches of RMB150,000,000 and RMB150,000,000 respectively shall be paid within twelve months and eighteen months from the Release Date respectively. The remaining 7.188% equity interest in JI (and hence the associated economic benefits of 10,000,000 Ping An A Shares) will be released from the freezing order upon the confirmation of payment of the second and third tranches by Guangdong Higher Court. In addition, the Group and JLB Group agree to terminate the Legal Proceedings and extinguish any existing and possible claims, liabilities, or other rights and obligations that exist between the parties before signing the Final Settlement Agreement. At the same time, the Group and JLB Group confirm that the acquisition agreement entered into on 10th August 2004 between Golden Yuxing and SJHII in respect of the transfer of equity interest in JI is legally valid.

The Settlement Agreements and the provision of New Guarantee were approved by the shareholders of the Company at the SGM of the Company held on 18th March 2013. After completion of the Settlement Agreements, the Guangdong Higher Court will issue the Civil Mediation Agreement (民事調解書) on the basis of the Final Settlement Agreement.

The management, having assessed the development of court settlement and sought legal advice from its PRC lawyers, expects that the first tranche of settlement fee of RMB150,000,000 (equivalent to approximately HK$185,000,000) would be paid within one year and is therefore classified as current liabilities, and the remaining second and third tranches for an aggregate undiscounted amount of RMB300,000,000 (equivalent to approximately HK$370,000,000) will be fully paid in 2014. The fair value of the remaining second and third tranches is amounting to approximately RMB271,900,000 (equivalent to approximately HK$335,300,000), which is determined based on the present value of the estimated future cash flows discounted using an interest rate of 5.92% per annum, which is similar to the effective interest rate of the Group's bank borrowings.

13. SHARE CAPITAL

	Number of shares		**Amount**	
	31st December 2012	31st December 2011	**31st December 2012**	31st December 2011
	'000	*'000*	***HK$'000***	*HK$'000*
Authorised:				
At beginning of year and 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 year				
Ordinary shares of HK$0.025 each	**1,735,120**	1,734,200	**43,378**	43,355
Exercise of share options *(Note)*	**12,386**	920	**310**	23
At end of year				
Ordinary shares of HK$0.025 each	**1,747,506**	1,735,120	**43,688**	43,378

Note: For the year ended 31st December 2012, 12,386,000 *(2011: 920,000)* ordinary shares of HK$0.025 each were issued at total amount of approximately HK$3,685,000 *(2011: approximately HK$273,000)* as a result of the exercise of share options of the Company.

14. RESERVES

	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/ (Accumulated losses) *HK$'000*	Total *HK$'000*
As at 1st January 2011	36,691	20,190	234,621	30,398	2,363,238	524,624	72,387	3,282,149
Profit for the year	–	–	–	–	–	–	33,984	33,984
Other comprehensive loss:								
Change in fair value of available-for-sale financial assets	–	–	–	–	(1,259,750)	–	–	(1,259,750)
Exchange differences arising on translation of PRC subsidiaries	–	–	–	–	–	161,663	–	161,663
Total other comprehensive loss	–	–	–	–	(1,259,750)	161,663	–	(1,098,087)
Total comprehensive loss for the year	–	–	–	–	(1,259,750)	161,663	33,984	(1,064,103)
Transactions with owners:								
Issue of shares under share option scheme	312	–	–	(62)	–	–	–	250
Total transactions with owners	312	–	–	(62)	–	–	–	250
As at 31st December 2011 and as at 1st January 2012	37,003	20,190	234,621	30,336	1,103,488	686,287	106,371	2,218,296
Loss for the year	–	–	–	–	–	–	(499,954)	(499,954)
Other comprehensive income:								
Change in fair value of available-for-sale financial assets	–	–	–	–	690,061	–	–	690,061
Share of other comprehensive loss of a jointly controlled entity (net of tax)	–	–	–	–	(110,727)	–	–	(110,727)
Exchange differences arising on translation of PRC subsidiaries	–	–	–	–	–	777	–	777
Total other comprehensive income	–	–	–	–	579,334	777	–	580,111
Total comprehensive income for the year	–	–	–	–	579,334	777	(499,954)	80,157
Transactions with owners:								
Issue of shares under share option scheme	4,690	–	–	(1,315)	–	–	–	3,375
Transfer from retained profits to statutory reserves	–	245	–	–	–	–	(245)	–
Total transactions with owners	4,690	245	–	(1,315)	–	–	(245)	3,375
As at 31st December 2012	**41,693**	**20,435**	**234,621**	**29,021**	**1,682,822**	**687,064**	**(393,828)**	**2,301,828**

DIVIDENDS

The Board does not recommend the payment of a dividend for the year ended 31st December 2012 (the "Year") (2011: HK$Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Turnover and Gross Profit

During the year under review, the Group's total turnover and gross profit increased by 29.6% and 7.2% to approximately HK$791.0 million and HK$93.1 million respectively for the Year as compared with 2011. This increase in turnover and gross profit was mainly attributable to the rapid growth of the global Internet Protocol Television ("IPTV") market, which together with the right positioning of the Group's products, had successfully captured the 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 (the "IHA") segment derived from the PRC and overseas markets for the Year increased significantly to approximately HK$517.5 million and HK$199.4 million respectively representing significant increase of 31.7% and 30.1% as compared with last year.

Operating Results

Other Revenue and Net Income and Share of Results of A Jointly Controlled Entity

Other revenue and net income of the Group for the Year decreased significantly by 76.2% to approximately HK$9.5 million (2011: approximately HK$40.0 million), which was primarily due to different accounting treatments as a result of reclassification of the Group's 36.66% equity interest in Gongbujiangda Jiangnan Industrial Development Company Limited ("JI") from available-for-sale financial assets to interest in a jointly controlled entity as explained below. Reference is made to the announcements of the Company dated 15th May 2012 and 29th June 2012, whereby another shareholder of JI had agreed to transfer its 63.34% equity interest in JI (the "JI Equity Transfer") to 林芝正大環球投資有限公司 (the "New JI Shareholder"). In the meantime, Beijing Golden Yuxing Electronics and Technology Company Limited ("Golden Yuxing"), a wholly-owned subsidiary of the Company, entered into a bilateral agreement (the "Agreement") with the New JI Shareholder on 8th June 2012 for the purpose of governing their respective interests in A shares of Ping An Insurance (Group) Company of China, Ltd. ("Ping An Shares") through their equity interests in JI. The Agreement became effective immediately upon completion of the relevant registration of JI Equity Transfer on 14th June 2012. According to the Agreement, all significant matters of JI have to be approved by both shareholders. In the opinion of the Directors, whilst both Golden Yuxing and the New JI Shareholder share joint control over the economic activities of JI and none of the participating parties has unilateral control over the economic activities of JI, the associated economic benefits of the 51 million Ping An Shares attributed to Golden Yuxing remain unchanged. The Group's 36.66% equity interest in JI has therefore become an interest in a jointly controlled entity on 14th June 2012. As a result, the Group recognised the share of results of a jointly controlled entity of approximately HK$23.7 million for the Year (2011: HK$Nil). At the same time, the Group recognised the dividend income from its indirect investment in 51 million Ping An Shares in other revenue and net income of approximately HK$33.8 million for the year ended 31st December 2011 and no such dividend income was recognised in the consolidated financial statements of the Group for the Year.

Fair Value Change on Investment properties

The Group recognised a revaluation gain of approximately HK$10.2 million on the Group's investment properties for the Year (2011: approximately HK$3.2 million).

Operating Expenses

During the year under review, the Group actively expanded its products into the PRC and overseas markets which led to an increase in its overall turnover in 2012. As a result, the Group's overall selling expenses increased by 15.4% to approximately HK$18.5 million for the Year as compared with last year. At the same time, the Group's general and administrative expenses for the Year increased by 39.7% to approximately HK$86.4 million as compared with last year. The increase in the Group's general and administrative expenses during the year under review, in addition to the above factors, was mainly due to the increase in the Group's staff costs and legal and professional fees for handling matters concerning settlement of the legal proceedings and other matters concerning the Settlement Agreements (as defined below).

Other Operating Expenses

Other operating expenses decreased to approximately HK$2.3 million for the Year (2011: approximately HK$12.3 million). The main reason was that the Group recorded realized and unrealized losses on certain financial assets totaling approximately HK$0.2 million for the Year (2011: approximately HK$9.6 million).

Settlement Fee in Respect of Court Settlement

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, Golden Yuxing and Guangdong Jianlibao Group Company Limited ("JLB Group") entered into a settlement agreement on 30th January 2013 ("Settlement Agreement") with a view to settling certain legal proceedings between them. 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 exist between the parties before signing the Final Settlement Agreement. Further details are set out in the Company's announcements dated 30th January 2013 and 4th February 2013, circular dated 28th February 2013 and note 12 to the consolidated financial statements in this announcement. Upon taken into consideration the discount factor of the non-current portion of settlement fee payable, the Company recognised a total settlement fee in respect of court settlement of approximately RMB421.9 million (equivalent to approximately HK$518.4 million) to profit or loss for the Year, which had led the Group to record a significant loss attributable to owners of the parent for the Year.

Finance Costs

Finance costs of the Group increased to approximately HK$7.4 million for the Year (2011: approximately HK$4.4 million). Such increase in finance costs was due to an increase in short-term borrowings from banks for expansion and development the business of the Group during the year under review.

Loss for the Year

Due to the above-mentioned reasons, the Group recorded a loss attributable to owners of the parent of approximately HK$500.0 million for the Year, while the Group recorded a profit attributable to owners of the parent of approximately HK$34.0 million for the year ended 31st December 2011.

Liquidity, Charge on Group Assets and Financial Resources

As at 31st December 2012, the Group had net current assets of approximately HK$3.0 million. The Group had cash and bank balances and pledged bank deposits of approximately HK$62.7 million and HK$24.3 million respectively. The Group's financial resources were funded mainly by short-term bank loans and mortgage loans totaling approximately HK$100.2 million and its shareholders' funds. As at 31st December 2012, the Group's current ratio, as calculated by dividing current assets by current liabilities, was 1.0 time and the gearing ratio, as measured by total liabilities divided by total equity, was 35.6%. Hence, as at 31st December 2012, the overall financial and liquidity positions of the Group remained at a stable and healthy level.

Capital Structure

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

Significant Investments/Material Acquisitions and Disposals

The Group had no significant investment and no material acquisition or disposal during the year.

Segment Information

The Group's star business segment is the IHA. The total turnover of the IHA segment for the Year increased by 29.7% to approximately HK$790.1 million as compared with last year. During the year under review, the Group had continued to expand its market share by launching its various types of set-top boxes ("STB") into nearly one-third of the PRC IPTV commercial stations of different provinces and municipals through the largest telecom equipment and system provider in the PRC. Consequently, a new sales record of the IHA segment in the PRC reached approximately HK$517.5 million for the Year, representing an increase of 31.7% as compared with last year. In the overseas market, the Group's products provided quality new entertainment experience to the end users not only in the IPTV sector, but also in the music and video sector. Meanwhile, the Group maintained good cooperation relationships with various existing telecommunication operators and system integration suppliers. The Group has managed to forward continuous shipments of its products to customers in Australia, Spain and Sweden, etc, and secured a stable market position in these markets. The Group's sales in overseas markets are on the rise. As a result, overall turnover of the IHA segment in overseas markets for the Year amounted to approximately HK$199.4 million, representing a significant increase of 30.1% as compared with last year. Meanwhile, as one of the leading suppliers of IPTV STB in Hong Kong, the Group maintained great cooperation with a Hong Kong telecommunication operator in its marketing activities. The launch of its high digital STB in the market received good response from users in the third quarter of 2012, resulting the Group's turnover of the IHA segment in Hong Kong market also increased by 16.3% from last year to approximately HK$73.2 million for the Year. However, due to the significant reduction in purchase orders from a Russian customer together with the impairment on inventories of approximately HK$8.0 million in the second half of the year, the Group's profit in the IHA segment for the Year decrease by 17.1% to approximately HK$19.1 million as compared with last year.

The Group's investing segment comprises investing in available-for-sale financial assets, trading of securities and interest in a jointly controlled entity which is principally engaged in investing in available-for-sale financial assets. This segment recorded a profit at similar level as last year of approximately HK$24.3 million for the Year (2011: approximately HK$24.5 million).

In respect of the Group's trading segment, because of the lack of new breakthrough in recent years, the Group recorded a loss of approximately HK$0.1 million for this segment for the Year (2011: approximately HK$0.3 million). As to the other operations segment of the Group, due to the increase in the rental income from leasing out properties of the Group, the result of this segment increased by 14.0% to approximately HK$3.3 million for the Year as compared with last year.

Geographical markets of the Group were mainly located in the PRC during the year under review. The turnover for the Year generated from the PRC market increased by 31.6% to approximately HK$518.3 million as compared with last year. This increase was mainly attributable to the expansion of the Group's IHA business into more provinces and cities in the PRC during the year under review. At the same time, the turnover generated from Hong Kong market also increased by 16.3% to approximately HK$73.2 million for the Year as compared with last year. As to overseas markets except the decrease in sales in Russia market, sales in Australia and other overseas markets for the Year of approximately HK$99.3 million and HK$38.2 million were recorded respectively, representing a remarkable increase of 176.4% and 94.9% respectively as compared with 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 exchange rates for United States dollars, Hong Kong dollars and Renminbi have been relatively stable for the Year and no hedging or other alternative measure has been implemented by the Group. As at 31st December 2012, the Group had no significant exposure under foreign exchange contracts, interest or currency swaps or other financial derivatives.

Human Resources

As at 31st December 2012, the Group had over 880 (2011: over 830) full time employees, of which 10 (2011: 12) were based in Hong Kong and the rest were in the PRC. Staff costs of the Group amounted to approximately HK$80.4 million for the Year (2011: approximately HK$61.5 million). Increase in staff costs was mainly due to the increase in number of employees and the increase in salary of employees during the year under review. 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 option schemes.

Court Settlement

As at 31st December 2012, the Group had the following pending litigations:

(a) In December 2008, JLB Group initiated legal proceedings against (1) Mr. Zhu Wei Sha ("Mr. Zhu"), Mr. Zhang Hai ("Mr. Zhang"), former chairman and chief executive officer of JLB Group, an independent third party of the Group, and the controlling shareholders, actual controller, directors, supervisors, senior management of Golden Yuxing, Beijing Yuxing Software Company Limited ("Yuxing Software"), Foshan Sanshui Zheng Tian Technology Investment Company Limited* (佛山市三水正天科技投資有限公司) ("Zheng Tian Technology") and Beijing Ling Si Information System Company Limited ("Beijing Ling Si") for infringing the interest of JLB Group; (2) Mr. Zhu, Mr. Zhang and the controlling shareholders, actual controller, directors, supervisors, senior management of Golden Yuxing, Foshan Zhixing Technology Company Limited ("Foshan Zhixing"), Zheng Tian Technology and Beijing Ling Si for infringing the interest of JLB Group; (3) Mr. Zhu, Mr. Zhang and the controlling shareholders, actual controller, directors, supervisors, senior management of Golden Yuxing, Sheng Bang Qiang Dian Electronics (Shenzhen) Company Limited ("Shenzhen Sheng Bang"), Zheng Tian Technology and Beijing Ling Si for infringing the interest of JLB Group; (4) Mr. Zhu, Mr. Zhang and the controlling shareholders, actual controller, directors, supervisors, senior management of Golden Yuxing, Zheng Tian Technology and Beijing Ling Si for infringing the interest of JLB Group; (5) Mr. Zhu, Mr. Zhang and the controlling shareholders, actual controller, directors, supervisors, senior management of Golden Yuxing, Zhongshan Chuangjia Electronics Technology and Development Co.,Ltd.* (中山市創嘉電子科技發展有限公司) ("Zhongshan Chuangjia"), Zheng Tian Technology and Beijing Ling Si for infringing the interest of JLB Group (collectively the "Actions"). Golden Yuxing, Yuxing Software, Foshan Zhixing and Shenzhen Sheng Bang are wholly-owned subsidiaries of the Company, while Zheng Tian Technology, Beijing Ling Si and Zhongshan Chuangjia are independent third party of the Group. The Actions were first heard in the People's Court of Sanshui District, Foshan City, Guangdong Province, the PRC (the "Court of Sanshui") and in August 2009, they were transferred to the Intermediate People's Court of Foshan, Guangdong Province, the PRC (the "Intermediate Court of Foshan").

    On 20th October 2009, the Group was notified by JI that the Intermediate Court of Foshan 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 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. In October 2011 and October 2012, the Group was further notified by JI that the freezing period extended to September 2012, and then further extended to September 2013 respectively. According to the legal opinion dated

15th March 2013 from the Group's PRC lawyers, Golden Yuxing is entitled to receive the dividend from JI but the suspension of the dividend payment is still in force. As the above freezing order will expire in September 2013, the dividend receivable from JI amounting to approximately HK$97.5 million was classified as current asset as at 31st December 2012 (2011: approximately HK$72.3 million).

On 11th January 2011, the Group received five civil judgments all dated 30th December 2010 from the Intermediate Court of Foshan which ruled that JLB Group was awarded damages of total amount of approximately RMB96.2 million together with interests and costs to be borne by defendants including Mr. Zhu, Mr. Zhang, Golden Yuxing, Yuxing Software, Foshan Zhixing and Shenzhen Sheng Bang, Zheng Tian Technology, Beijing Ling Si and Zhongshan Chuangjia. The Company filed an appeal to the Higher People's Court of the Guangdong Province, the PRC (the "Guangdong Higher Court") against the said judgements in January 2011, and now such judgements have no legal effect and which will be superseded by the final judgement from the appeal. On 28th July 2011, the Company received summons dated 21st July 2011 from the Guangdong Higher Court, requiring Golden Yuxing, Yuxing Software, Foshan Zhixing and Shenzhen Sheng Bang, all being wholly-owned subsidiaries of the Company, to attend the court hearing of the appeals. The PRC lawyers of the Company attended the court hearing on 2nd August 2011. As at the balance sheet date, no judgement for the appeal has been received from the Guangdong Higher Court. In the circumstance, none of the wholly-owned subsidiaries of the Group which are named as defendants in the judgements stated above will be required to satisfy the judgements and pay the damages together with interests and costs awarded by the Intermediate Court of Foshan.

As at 31st December 2012, certain cash and bank balances of the Group with carrying value of approximately HK$1.1 million (2011: approximately HK$1.1 million) were frozen by the Intermediate Court of Foshan.

(b) In 2007, JLB Group lodged a petition with the Guangdong Higher Court to institute a civil action against Golden Yuxing as purchaser and Foshan Sanshui Jianlibao Health Industry Investment Company Limited ("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 adjustments of shareholders' equity interest in 2006) equity interest in JI (the "Acquisition"), 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), was invalid (the "Litigation").

On 18th February 2008, Golden Yuxing received a notification from the Guangdong Higher Court, which stated that 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 with Golden Yuxing without JLB Group's approval or authorisation. In addition, JLB Group alleged that the aggregate investment cost exceeded 50% of Golden Yuxing's net assets thereby violating Rule 12 of the Company Law then in force in the PRC. JLB Group therefore claimed that the share sale transaction was invalid and SJHII did not have the right to transfer the legal title of the JI's shares to Golden Yuxing. JLB Group thereby demanded the reversion and return of the JI's shares from Golden Yuxing to SJHII.

On 7th January 2009, the Group was awarded a judgment dated 23rd December 2008 from the Guangdong Higher Court which ruled that (1) the Acquisition and the registration of the transfer of the related equity interest in JI were legally valid; (2) the claim submitted by JLB Group to invalidate the Acquisition was rejected; and (3) the counter-claim filed by Golden Yuxing with the Guangdong Higher Court in May 2008 as a result of JLB Group's claim was also rejected.

On 25th June 2009, Golden Yuxing was notified by the Supreme People's Court of the PRC (the "Supreme Court") that an appeal has been lodged by JLB Group, and which was accepted by the Supreme Court.

In December 2009, the Group received the ((2009) Min Er Zhong Zi No. 53) civil ruling made on 20th November 2009 from the Supreme Court which ruled that upon the hearing, with regard to the Litigation, the Supreme Court was of the view that the trial judgement of the Guangdong Higher Court misapprehended the facts and therefore ruled (1) to revoke the civil ruling issued by the Guangdong Higher Court on 23rd December 2008; and (2) to return the case to the Guangdong Higher Court for rehearing.

No final award has been obtained for the Litigation after a number of hearings since the Supreme Court referred the Litigation on 20th November 2009 to the Guangdong Higher Court for retrial. In June 2012, the Group received a letter ((2008) Yue Gao Fa Min Er Chu Zi No. 9-1) made on 18th June 2012 from the Guangdong Higher Court to Golden Yuxing, which suggested a settlement for the Litigation between Golden Yuxing and JLB Group. The Board, having sought professional advice and after careful consideration, agreed that resolving the Litigation and all on-going Actions (together with Litigation, collectively referred as "Legal Proceedings") with JLB Group by way of court settlement may be the quickest method to settle all legal disputes as detailed in (a) and (b) above to achieve a better outcome for the development of the Company and for the benefit of its shareholders. The Board has therefore authorised the Company's representatives and PRC lawyers to attend the settlement negotiation at the Guangdong Higher Court.

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 exist between the parties before signing the Final Settlement Agreement. In the meantime, the Company 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 shareholders' approval at the special general meeting ("SGM") of the Company before it comes into effect.

According to the Settlement Agreements, the first tranche of RMB150.0 million shall be paid within six months from the date of release of 29.472% equity interest in JI (and hence the associated economic benefits of 41 million Ping An Shares) from the freezing order by Guangdong Higher Court ("Release Date"). The dividend entitlement of 36.66% equity interest in JI will also be released from the freezing order at the Release Date. The second and third tranches of RMB150.0 million and RMB150.0 million respectively shall be paid within twelve months and eighteen months from the Release Date respectively. The remaining 7.188% equity interest in JI (and hence the associate economic benefits of 10 million Ping An Shares) will be released from the freezing order upon the confirmation of payment of the second and third tranches by Guangdong Higher Court. In addition, the Group and JLB Group agree to terminate the Legal Proceedings and extinguish any existing and possible claims, liabilities, or other rights and obligations that exist between the parties before signing the Final Settlement Agreement. At the same time, the Group and JLB Group confirm that the acquisition agreement entered into on 10th August 2004 between Golden Yuxing and SJHII in respect of the transfer of equity interest in JI is legally valid.

The Settlement Agreements and the provision of New Guarantee were approved by the shareholders of the Company held ("Shareholders") at the SGM of the Company held on 18th March 2013. After completion of the Settlement Agreements, the Guangdong Higher Court will issue the Civil Mediation Agreement (民事調解書) on the basis of the Final Settlement Agreement.

The management, having assessed the development of court settlement and sought legal advice from its PRC lawyers, expects that the first tranche of settlement fee of RMB150.0 million (equivalent to approximately HK$185.0 million) would be paid within one year and is therefore classified as current liabilities, and the remaining second and third tranches for an aggregate undiscounted amount of RMB300.0 million (equivalent to approximately HK$370.0 million) will be fully paid in 2014. The fair value of the remaining second and third tranches amounts approximately to RMB271.9 million (equivalent to approximately HK$335.3 million), which is determined based on the present value of the estimated future cash flows discounted using an interest rate of 5.92% per annum, which is similar to the effective interest rate of bank borrowings.

BUSINESS REVIEW

After more than a decade's development and benefitting from the rapid growth of the global IPTV market, the Group's IPTV business has entered into a period of steady growth. With the accumulation of technological expertise over the years and our own intermediary software platform, the Group could meet needs of different customers, integrate with termination systems and customize end products. Products launched by the Group include standard-definition STB, high digital STB, dual mode STB, as well as OTT/IPTV STB. In addition, the Group launched STB equipped with an Android system at the end of 2012, providing customers with more diversified products. As such, during the year under review, the Group's overall turnover and gross profit increased by 29.6% and 7.2% to approximately HK$791.0 million and HK$93.1 million respectively for the Year as compared with 2011.

Riding on the rapid growth of domestic IPTV market, the Group had launched, through cooperation with one of the largest PRC telecom equipment and system providers, various types of STB into nearly one-third of the PRC IPTV commercial stations of different provinces and municipals including, amongst others, Guangdong Province, Hubei Province, Sichuan Province, Shanxi Province, Liaoning Province, Anhui Province, Jiangsu Province, Zhejiang Province, Shanghai and Chongqing Municipalities. As the number of the PRC users continued to grow, the Group hit its new sales record of the IHA segment in the PRC amounting to approximately HK$517.5 million for the Year, representing a surge of 31.7% as compared with last year.

In the overseas market, the Group's products provided quality new entertainment experience to the end users not only in the IPTV sector, but also in the music and video sector. Meanwhile, the Group maintained good cooperation relationship with various existing telecommunication operators and system integration suppliers. The Group has managed to forward continuous shipments of its products to customers in Australia, Spain and Sweden, etc, and secured a stable market position in these markets. The Group's sales in overseas markets are on the rise, with its turnover amounting to approximately HK$199.4 million for the Year, representing a significant increase of 30.1% as compared with last year.

As one of the leading suppliers of IPTV STB in Hong Kong, the Group maintained great cooperation with a Hong Kong telecommunication operator in its marketing activities. The launch of its high digital STB in the market received good responses from users in 2012, resulting in a record of the turnover of the Group in Hong Kong of approximately HK$73.2 million for the Year, representing an increase of 16.3% as compared with last year.

As disclosed in the paragraphs headed "Court Settlement" above, on 30th January 2013, Golden Yuxing and JLB Group entered into the Settlement Agreement in respect of the claims made by JLB Group for the Acquisition. On 4 February 2013, Golden Yuxing and certain subsidiaries of the Company, JLB Group and all other involved parties entered into the Final Settlement Agreement, pursuant to which the Golden Yuxing agreed to pay the settlement fee of RMB450.0 million to JLB Group or its designated entities with a view to settling the Legal Proceedings and extinguishing any existing and possible claims, liabilities or other rights and obligations that exist between the parties before signing the Final Settlement Agreement. Further details are set out in the Company's announcements dated 30th January 2013 and 4th February 2013, circular dated 28th February 2013 and note 12 to the consolidated financial statements in this announcement. The Company also agreed to provide the 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 Settlement Agreements and the provision of New Guarantee have been approved by the Shareholders at the SGM of the Company held on 18th March 2013.

BUSINESS PROSPECT

The 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 ("R&D") of broadband STB, the Group has arrived at its harvest season. 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 to expand.

In the future, the Group will adhere to the existing principles and aggressively explore opportunities for cooperation with small and medium sized telecom operators while maintaining close partnership with global large telecom operators, aiming to penetrate in even more overseas regional markets. For the domestic market, with the accelerated promotion of IPTV application across the country by the telecom operators, the Group will make the most of the opportunities and aggressively penetrate the emerging markets while consolidating the existing customer base.

With the accumulation of technological expertise over the years and the Group's own intermediary software platform, the Group will meet needs of different customers, integrate with termination systems and customize end products. Meanwhile, the Group will also continue to enhance its core technology R&D and customer service to continually provide products with advanced technologies and more price competitiveness to its customers, thereby bring better investment return to its shareholders in the future.

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 was appointed as the chairman of the Committee and she has appropriate professional qualifications in accounting and auditing experience. The Committee held four meetings during the current financial year. The Group's audited annual results for the year ended 31st December 2012 have been reviewed by the Committee.

SCOPE OF WORK OF MAZARS CPA LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31st December 2012 have been agreed by the Group's auditor, Mazars CPA Limited ("Mazars"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Mazars in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Mazars on this preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF 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.

SECURITIES TRANSACTIONS BY DIRECTORS

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

CORPORATE GOVERNANCE

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 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 Board, who was on an overseas business trip on the day of the AGM.

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

Hong Kong, 20th March 2013

* *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.