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## **HENGXIN TECHNOLOGY LTD.**

### **亨鑫科技有限公司\***

*(carrying on business in Hong Kong as HX Singapore Ltd.)*

*(incorporated in Singapore with limited liability)*

*(Singapore Company Registration Number 200414927H)*

**(Hong Kong Stock Code: 1085)**

**(Singapore Stock Code: I85)**

## **ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011**

### **FINANCIAL HIGHLIGHTS**

1. Revenue increased by 20.0% to RMB1,419.3 million
2. Gross profit increased by 18.2% to RMB262.1 million
3. Net profit attributable to equity holders of the parent decreased by 0.3% to RMB102.2 million
4. Basic earnings per share was RMB0.26
5. No dividend has been recommended by the Company for the financial year ended 31 December 2011

The board of directors (the “**Board**”) of Hengxin Technology Ltd. (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiary (collectively hereinafter referred as the “**Group**”) for the year ended 31 December 2011 and for the three months ended 31 December 2011 together with the comparative figures for the corresponding periods in 2010 as follows:

## CONSOLIDATED INCOME STATEMENT

*For the year ended 31 December 2011*

	<i>Notes</i>	<b>2011</b> <i>RMB'000</i>	2010 <i>RMB'000</i>
<b>Revenue</b>	5	<b>1,419,327</b>	1,183,131
Cost of sales		<b>(1,157,224)</b>	(961,470)
<b>Gross profit</b>		<b>262,103</b>	221,661
Other income	6	<b>7,405</b>	15,292
Selling and distribution expenses		<b>(62,522)</b>	(55,841)
Administrative expenses		<b>(41,108)</b>	(36,256)
Other operating expenses		<b>(27,147)</b>	(10,404)
Finance costs	7	<b>(13,203)</b>	(9,723)
<b>Profit before income tax</b>	8	<b>125,528</b>	124,729
Income tax expense	9	<b>(23,279)</b>	(22,174)
<b>Net profit attributable to equity holders of parent</b>		<b>102,249</b>	102,555
Other comprehensive income:			
Exchange difference arising from consolidation of foreign operations		<b>(290)</b>	(20)
<b>Total comprehensive income attributable to equity holders of the parent</b>		<b>101,959</b>	102,535
<b>Earnings per share attributable to equity holders of the parent</b>			
<b>Basic and diluted</b> ( <i>RMB cents</i> )		<b>26.4</b>	<b>30.4</b>
<b>Dividends per share</b> ( <i>RMB cents</i> )		<b>—</b>	<b>3.96</b>

## CONSOLIDATED INCOME STATEMENT

For the 3 months ended 31 December (“4Q”) 2011

	4Q ended 2011 <i>RMB'000</i>	4Q ended 2010 <i>RMB'000</i>
<b>Revenue</b>	<b>314,523</b>	317,714
Cost of sales	<u>(254,885)</u>	<u>(261,495)</u>
<b>Gross profit</b>	<b>59,638</b>	56,219
Other income	<b>3,669</b>	2,390
Selling and distribution expenses	<b>(16,065)</b>	(14,566)
Administrative expenses	<b>(9,680)</b>	(10,889)
Other operating expenses	<b>(7,593)</b>	(3,598)
Finance costs	<b>(3,286)</b>	(751)
<b>Profit before income tax</b>	<b>26,683</b>	28,805
Income tax expense	<u>(5,597)</u>	<u>(5,563)</u>
<b>Net profit attributable to equity holders of parent</b>	<b>21,086</b>	23,242
Other comprehensive income:		
Exchange difference arising from consolidation of foreign operations	<u>(112)</u>	<u>(25)</u>
<b>Total comprehensive income attributable to equity holders of the parent</b>	<u><b>20,974</b></u>	<u>23,217</u>
<b>Earnings per share attributable to equity holders of the parent</b>		
<b>Basic and diluted (<i>RMB cents</i>)</b>	<u><b>5.4</b></u>	<u>6.8</u>

Profit before income tax is determined after charging (crediting) the following:

	Group			Group		
	3 months ended 31 December			Full year ended 31 December		
	2011	2010		2011	2010	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>Change %</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>Change %</i>
		(re-stated)			(re-stated)	
(Reversal) Allowance for inventory obsolescence	<b>(318)</b>	619	-151.4%	<b>(67)</b>	806	N.M.
Depreciation of property, plant and equipment	<b>4,209</b>	4,096	2.8%	<b>16,612</b>	14,838	12.0%
Fair value loss on held-for-trading investments	—	—	—	—	1,472	-100.0%
Gain on disposal of available-for-sale investment	—	—	—	<b>(690)</b>	(109)	N.M.
Loss on disposal of property, plant and equipment	<b>5</b>	2	N.M.	<b>702</b>	8	N.M.
Amortisation of prepaid lease payments	<b>140</b>	140	—	<b>560</b>	560	—
Foreign exchange losses	<b>3,545</b>	762	N.M.	<b>11,825</b>	421	N.M.
Interest expense	<b>3,286</b>	751	N.M.	<b>13,203</b>	9,723	35.8%
Interest income	<b>(1,543)</b>	(961)	60.6%	<b>(3,590)</b>	(4,732)	-24.1%
Research and development expenses <sup>1</sup>	<b>4,042</b>	2,613	54.7%	<b>14,119</b>	7,054	100.2%

N.M.: Not meaningful

<sup>1</sup> Included in Other Operating Expenses

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION***As at 31 December 2011*

	<i>Notes</i>	<b>2011</b> <b>RMB'000</b>	2010 <i>RMB'000</i>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances		<b>323,710</b>	247,078
Pledged cash deposits		<b>52,883</b>	62,596
Trade receivables	<i>13</i>	<b>734,596</b>	626,702
Other receivables and prepayments		<b>28,256</b>	12,958
Inventories		<b>135,911</b>	128,377
Available-for-sale investment		—	2,000
Prepaid lease payment		<b>560</b>	560
Total current assets		<b>1,275,916</b>	1,080,271
<b>Non-current assets</b>			
Prepaid lease payment		<b>19,461</b>	20,021
Available-for-sale investment		<b>10,000</b>	—
Property, plant and equipment		<b>157,889</b>	140,978
Deposit for acquisition of land use right		<b>5,760</b>	5,760
Deferred tax assets		<b>2,523</b>	2,518
Total non-current assets		<b>195,633</b>	169,277
<b>Total assets</b>		<b>1,471,549</b>	1,249,548
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Short term loans		<b>230,000</b>	40,000
Trade payables	<i>14</i>	<b>258,489</b>	323,263
Other payables		<b>28,719</b>	25,476
Income tax payable		<b>12,771</b>	6,102
Total current liabilities		<b>529,979</b>	394,841
<b>NET CURRENT ASSETS</b>		<b>745,937</b>	685,430

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)***As at 31 December 2011*

	<b>2011</b>	2010
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Non-current liability</b>		
Deferred tax liabilities	<u>2,596</u>	<u>1,998</u>
<b>TOTAL LIABILITIES</b>	<u>532,575</u>	<u>396,839</u>
<b>NET ASSETS</b>	<u>938,974</u>	<u>852,709</u>
<b>Equity attributable to equity holders of the parent</b>		
Share capital	295,000	295,000
General reserves	122,889	104,839
Special reserve	(6,017)	(6,017)
Translation reserve	(294)	(4)
Accumulated profits	<u>527,396</u>	<u>458,891</u>
<b>TOTAL EQUITY</b>	<u>938,974</u>	<u>852,709</u>

**STATEMENT OF FINANCIAL POSITION — COMPANY LEVEL***As at 31 December 2011*

	<b>2011</b>	2010
	<i>RMB'000</i>	<i>RMB'000</i>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and bank balances	<b>63,085</b>	103,303
Other receivables and prepayments	<b>128</b>	63
Amount due from subsidiaries	<b>9,955</b>	5,706
	<hr/>	<hr/>
Total current assets	<b>73,168</b>	109,072
<b>Non-current assets</b>		
Subsidiaries	<b>354,793</b>	321,984
Property, plant and equipment	<b>5</b>	15
	<hr/>	<hr/>
Total non-current assets	<b>354,798</b>	321,999
	<hr/>	<hr/>
<b>Total assets</b>	<b>427,966</b>	431,071
<b>LIABILITIES AND EQUITY</b>		
<b>Current liability</b>		
Other payables	<b>2,126</b>	4,423
	<hr/>	<hr/>
Total current liability	<b>2,126</b>	4,423
	<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>	<b>71,042</b>	104,649
<b>Non-current liability</b>		
Deferred tax liabilities	<b>—</b>	—
	<hr/>	<hr/>
Total non-current liability	<b>—</b>	—
	<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>	<b>2,126</b>	4,423
	<hr/>	<hr/>
<b>NET ASSETS</b>	<b>425,840</b>	426,648
	<hr/> <hr/>	<hr/> <hr/>
<b>Equity attributable to equity holders of the parent</b>		
Share capital	<b>295,000</b>	295,000
Accumulated profits	<b>130,840</b>	131,648
	<hr/>	<hr/>
<b>TOTAL EQUITY</b>	<b>425,840</b>	426,648
	<hr/> <hr/>	<hr/> <hr/>

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year/period ended 31 December 2011

<b>GROUP</b> <i>RMB'000</i>	<b>1 Oct 11 to</b> <b>31 Dec 11</b>	1 Oct 10 to 31 Dec 10	<b>1 Jan 11 to</b> <b>31 Dec 11</b>	1 Jan 10 to 31 Dec 10
<b>Cash flows from operating activities</b>				
Profit before tax	<b>26,683</b>	28,806	<b>125,528</b>	124,729
Adjustments for:				
Depreciation of property, plant and equipment	<b>4,209</b>	4,096	<b>16,612</b>	14,838
Amortisation of leasehold land	<b>140</b>	140	<b>560</b>	560
Allowance (Reversal of) for stock obsolescence	<b>(318)</b>	619	<b>(67)</b>	806
Loss on disposal of property, plant and equipment	<b>5</b>	2	<b>702</b>	8
Interest expense	<b>3,286</b>	751	<b>13,203</b>	9,723
Interest income	<b>(1,543)</b>	(961)	<b>(3,590)</b>	(4,732)
Gain on disposal of available-for-sale investments	—	—	<b>(690)</b>	(109)
Forfeiture of a customer deposit	<b>988</b>	—	<b>988</b>	—
Loss on disposal of held-for-trading investments	—	—	—	1,472
Exchange differences arising on foreign currency translation	<b>1,125</b>	(104)	<b>4,780</b>	(858)
Operating profit before working capital changes	<b>34,575</b>	33,349	<b>158,026</b>	146,437
Trade receivables	<b>106,019</b>	73,952	<b>(107,894)</b>	91,470
Other receivables and prepayments	<b>(4,354)</b>	9,981	<b>(15,298)</b>	11,190
Inventories	<b>(7,155)</b>	(26,383)	<b>(7,467)</b>	55,064
Trade and bill payables	<b>(157,641)</b>	(17,098)	<b>(65,762)</b>	(151,379)
Other payables and accruals	<b>4,950</b>	1,157	<b>3,243</b>	(6,914)
Cash (used in) generated from operations	<b>(23,606)</b>	74,958	<b>(34,668)</b>	145,868
Interest paid	<b>(3,286)</b>	(751)	<b>(13,203)</b>	(9,723)
Interest income received	<b>1,543</b>	961	<b>3,590</b>	4,732
Income tax paid	<b>(50)</b>	(4,166)	<b>(16,017)</b>	(22,065)
Net cash (used in) generated from operating activities	<b>(25,399)</b>	71,002	<b>(60,782)</b>	118,812



## CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

For the year/period ended 31 December 2011

<b>GROUP</b> <i>RMB'000</i>	<b>1 Oct 11 to</b> <b>31 Dec 11</b>	<b>1 Oct 10 to</b> <b>31 Dec 10</b>	<b>1 Jan 11 to</b> <b>31 Dec 11</b>	<b>1 Jan 10 to</b> <b>31 Dec 10</b>
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment	<b>(14,828)</b>	(6,585)	<b>(34,668)</b>	(16,567)
Proceeds from disposal of property, plant and equipment	—	—	<b>443</b>	3
Acquisition of available-for-sale investments	—	—	<b>(10,000)</b>	(10,000)
Proceeds from disposal of available-for-sale investments	—	—	<b>2,690</b>	10,609
Acquisition of held-for-trading investments	—	—	—	(20,000)
Proceeds from disposal of held-for-trading investments	—	—	—	18,528
Net cash used in investing activities	<u><b>(14,828)</b></u>	<u>(6,585)</u>	<u><b>(41,535)</b></u>	<u>(17,427)</u>
<b>Cash flows from financing activities</b>				
Proceeds from issue of new shares, net of issue expenses	—	89,230	—	89,229
Dividend paid	—	—	<b>(15,694)</b>	(14,719)
Repayment of short-term bank loans	<b>(130,000)</b>	(109,528)	<b>(190,000)</b>	(585,221)
Proceeds from short-term bank loans	<b>260,000</b>	40,000	<b>380,000</b>	450,000
Decrease in pledged bank deposits	<b>42,539</b>	23,189	<b>9,713</b>	57,890
Net cash (used in) generated from financing activities	<u><b>172,539</b></u>	<u>42,891</u>	<u><b>184,019</b></u>	<u>(2,821)</u>
<b>Net increase in cash and cash equivalents</b>	<b>132,312</b>	107,308	<b>81,702</b>	98,564
<b>Effects of foreign exchange translation</b>	<b>(1,240)</b>	79	<b>(5,070)</b>	838
<b>Cash and cash equivalents at the beginning of the financial period/year</b>	<u><b>192,638</b></u>	<u>139,691</u>	<u><b>247,078</b></u>	<u>147,676</u>
<b>Cash and cash equivalents at the end of the financial period/year</b>	<u><b>323,710</b></u>	<u>247,078</u>	<u><b>323,710</b></u>	<u>247,078</u>

## STATEMENT OF CHANGES IN EQUITY

*Consolidated Statement of Changes in Equity for the year ended 31 December 2011*

<b>GROUP</b> <i>RMB'000</i>	<b>Share capital</b>	<b>General reserve</b>	<b>Special reserve</b>	<b>Translation reserve</b>	<b>Accumulated profits</b>	<b>Total</b>
<b>Balance at 1 January 2011</b>	<b>295,000</b>	<b>104,839</b>	<b>(6,017)</b>	<b>(4)</b>	<b>458,891</b>	<b>852,709</b>
Total comprehensive income for the year	—	—	—	(290)	102,249	101,959
Transfer to reserves	—	18,050	—	—	(18,050)	—
Dividends	—	—	—	—	(15,694)	(15,694)
<b>Balance at 31 December 2011</b>	<b><u>295,000</u></b>	<b><u>122,889</u></b>	<b><u>(6,017)</u></b>	<b><u>(294)</u></b>	<b><u>527,396</u></b>	<b><u>938,974</u></b>

*Consolidated Statement of Changes in Equity for the year ended 31 December 2010*

<b>GROUP</b> <i>RMB'000</i>	<b>Share capital</b>	<b>General reserve</b>	<b>Special reserve</b>	<b>Translation reserve</b>	<b>Accumulated profits</b>	<b>Total</b>
<b>Balance at 1 January 2010</b>	205,771	87,287	(6,017)	16	388,607	675,664
Issue of new ordinary shares (net of share issue exp)	89,229	—	—	—	—	89,229
Total comprehensive income for the year	—	—	—	(20)	102,555	102,535
Transfer to reserves	—	17,552	—	—	(17,552)	—
Dividends	—	—	—	—	(14,719)	(14,719)
<b>Balance at 31 December 2010</b>	<b><u>295,000</u></b>	<b><u>104,839</u></b>	<b><u>(6,017)</u></b>	<b><u>(4)</u></b>	<b><u>458,891</u></b>	<b><u>852,709</u></b>

## STATEMENT OF CHANGES IN EQUITY

*Statement of Changes in Equity of the Company for the year ended 31 December 2011*

<b>COMPANY</b> <i>RMB'000</i>	<b>Share capital</b>	<b>Accumulated profits</b>	<b>Total</b>
<b>Balance at 1 January 2011</b>	<b>295,000</b>	<b>131,648</b>	<b>426,648</b>
Total comprehensive income for the year	—	<b>14,886</b>	<b>14,886</b>
Dividends	—	<b>(15,694)</b>	<b>(15,694)</b>
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 December 2011</b>	<b><u>295,000</u></b>	<b><u>130,840</u></b>	<b><u>425,840</u></b>

*Statement of Changes in Equity of the Company for the year ended 31 December 2010*

<b>COMPANY</b> <i>RMB'000</i>	<b>Share capital</b>	<b>Accumulated profits</b>	<b>Total</b>
<b>Balance at 1 January 2010</b>	205,771	118,243	324,014
Issue of new ordinary shares (net of share issue exp)	89,229	—	89,229
Total comprehensive income for the year	—	28,124	28,124
Dividends	—	<b>(14,719)</b>	<b>(14,719)</b>
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<b>Balance at 31 December 2010</b>	<b><u>295,000</u></b>	<b><u>131,648</u></b>	<b><u>426,648</u></b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in Singapore on 18 November 2004 under the Singapore Companies Act and its shares are dual primarily listed on the Singapore Exchange Securities Trading Limited (the “SGX-ST”) and The Stock Exchange of Hong Kong Limited (the “SEHK”) since 11 May 2006 and 23 December 2010 respectively. The registered office of the Company is located at 10 Anson Road #15-07, International Plaza, Singapore 079903. The principal place of business of the Group is located at No. 138 Taodu Road, Dingshu Town, Yixing City, Jiangsu Province, the People’s Republic of China (the “PRC”).

The principal activities of the Company are research, design, development and manufacture of telecommunications and technological products, production of radio frequency coaxial cables for mobile communications and mobile communications systems exchange equipment. The Group’s operations are principally conducted in the PRC.

The consolidated financial statements are presented in Renminbi (“RMB”).

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Presentation

The Financial Information has been prepared in accordance with the recognition and measurement criteria of Singapore Financial Reporting Standards (“SFRS”) (which include all Singapore Financial Reporting Standards and Singapore Financial Reporting Interpretations (“INT SFRS”) issued throughout the Relevant Periods.

The Financial Information has been prepared on a historical cost basis except as set out in the accounting policies below. The Financial Information is presented in RMB and all values are rounded to the nearest thousand (“RMB’000”) except when otherwise indicated.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management’s best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates.

### Accounting policies

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period reported on, as in the recently audited consolidated financial statements for the financial year ended 31 December 2010.

## 3. APPLICATION OF SINGAPORE FINANCIAL REPORTING STANDARDS

The adoption of new and revised SFRS did not have any impact on the results of the Group for the current and prior financial years.

#### 4. SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on their products, and currently has three reportable operating segments as follows:

- Manufacturing and sale of RF Coaxial Cable Series for mobile communications (“**RF Coaxial Cables**”)
- Coaxial Cables for telecommunications equipment and accessories (“**Accessories**”)
- Others

An analysis by principal activity of contribution to the results is as follows:

##### Segment revenues and results

For management purpose, the Group is organised into two core product lines — radio frequency coaxial cables, and other telecommunication equipment. These product lines are the basis on which the Group report its primary segment information.

Segment revenue and expense include the operating revenue and expenses which are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment.

##### GROUP

Year ended 31 December	Radio frequency coaxial cables <i>RMB'000</i>	Telecommunication equipment and accessories <i>RMB'000</i>	Others <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
<b>2011</b>					
<b>Revenue</b>	<b>1,194,923</b>	<b>224,404</b>	—	—	<b>1,419,327</b>
<b>Segment Results</b>					
Segment profit	130,632	24,677	—	(10,955)	144,354
Interest income	2,954	554	—	82	3,590
Finance costs	(11,117)	(2,086)	—	—	(13,203)
Other income					3,848
Other expenses*					(13,061)
<b>Profit before income tax</b>					<b>125,528</b>
Income tax					(23,279)
<b>Net profit for the year</b>					<b>102,249</b>
<b>2010</b>					
<b>Revenue</b>	<b>1,011,635</b>	<b>171,496</b>	—	—	<b>1,183,131</b>
<b>Segment Results</b>					
Segment profit	115,212	19,531	—	(12,233)	122,510
Interest income	4,046	685	—	1	4,732
Finance costs	(8,314)	(1,409)	—	—	(9,723)
Other income					10,560
Other expenses*					(3,350)
<b>Profit before income tax</b>					<b>124,729</b>
Income tax					(22,174)
<b>Net profit for the year</b>					<b>102,555</b>

\* excludes research and development expenses

#### 4. SEGMENT INFORMATION (CONT'D)

##### Other segment information

##### GROUP

Year ended 31 December	Radio frequency coaxial cables <i>RMB'000</i>	Telecommunication equipment and accessories <i>RMB'000</i>	Others <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
<b>2011</b>					
Capital expenditure	26,300	4,935	3,433	—	34,668
Depreciation expense	13,980	2,623	—	9	16,612
Amortisation of leasehold land	472	88	—	—	560
Allowance for inventory obsolescence	(53)	(14)	—	—	(67)

<b>2010</b>					
Capital expenditure	13,611	2,307	649	—	16,567
Depreciation expense	12,679	2,150	—	9	14,838
Amortisation of leasehold land	479	81	—	—	560
Allowance for inventory obsolescence	725	81	—	—	806

##### Statement of net assets

As at 31 December,	Radio frequency coaxial cables <i>RMB'000</i>	Telecommunication equipment and accessories <i>RMB'000</i>	Others <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
<b>2011</b>					
<b>Assets:</b>					
Segment assets	1,174,067	220,327	3,982	—	1,398,376
Unallocated assets				73,173	73,173
Total assets					1,471,549
<b>Liabilities:</b>					
Segment liabilities	447,043	83,406	—	—	530,449
Unallocated liabilities				2,126	2,126
Total liabilities					532,575
<b>2010</b>					
<b>Assets:</b>					
Segment assets	974,595	165,217	649	—	1,140,461
Unallocated assets				109,087	109,087
Total assets					1,249,548
<b>Liabilities:</b>					
Segment liabilities	335,536	56,880	—	—	392,416
Unallocated liabilities				4,423	4,423
Total liabilities					396,839

#### 4. SEGMENT INFORMATION (CONT'D)

##### Geographical segment

The segmented information for geographical regions is based on the locations of customers and the location of the assets. In line with the group's business strategy, the market is currently grouped into three geographical regions, namely Central Asia, South Asia and Others.

	FOR THE YEAR ENDED 31 DECEMBER			
	Revenue from external customer		Non-current assets	
	2011 <i>RMB'000</i>	2010 <i>RMB'000</i>	2011 <i>RMB'000</i>	2010 <i>RMB'000</i>
Central Asia	1,287,874	1,148,809	195,588	169,200
South Asia	121,795	28,325	45	77
Others	9,658	5,997	—	—
Total	<u>1,419,327</u>	<u>1,183,131</u>	<u>195,633</u>	<u>169,277</u>

#### 5. REVENUE

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after deduction of relevant taxes and allowances for returns and trade discounts and the value of services rendered. An analysis of the Group's revenue, other income and gains is as follows:

	For the year ended 31 December	
	2011 <i>RMB'000</i>	2010 <i>RMB'000</i>
	Sale of goods	<u>1,419,327</u>

The sales and net profit generated for each of the 6 months period are as follow:

##### GROUP

	2011 <i>RMB'000</i>	2010 <i>RMB'000</i>	Change %
(a) Sales reported for first half	675,436	584,095	15.6%
(b) Net profit reported for first half	48,986	54,749	-10.5%
(c) Sales reported for second half	743,891	599,036	24.2%
(d) Net profit reported for second half	53,263	47,806	11.4%
Total Sales	<u>1,419,327</u>	<u>1,183,131</u>	<u>20.0%</u>
Total Net Profit	<u>102,249</u>	<u>102,555</u>	<u>-0.3%</u>

## 6. OTHER INCOME

For the year ended  
31 December  
2011                      2010  
RMB'000                      RMB'000

Interest income	3,590	4,732
Forfeiture of a customer deposit	988	—
Compensation claims received	1,086	641
Government grants	994	9,732
Government grants — Job credit scheme	26	33
Gain on disposal of available-for-sale investments	690	109
Others	31	45
	<hr/>	<hr/>
Total	<b>7,405</b>	<b>15,292</b>

## 7. FINANCE COSTS

For the year ended  
31 December  
2011                      2010  
RMB'000                      RMB'000

Interest on short term bank borrowings	<b>13,203</b>	<b>9,723</b>
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## 8. PROFIT BEFORE INCOME TAX

Profit before tax is arrived at after charging/(crediting) the following during the year:

For the year ended  
31 December  
2011                      2010  
RMB'000                      RMB'000

Cost of inventories recognised as expense (including allowance of (reversal of) inventory obsolescence)	1,157,291	960,664
Depreciation of property, plant and equipment	16,612	14,838
Amortisation of leasehold land	560	560
Auditors' remuneration	1,267	1,138
Employee benefits expense	37,858	42,015
Cost of defined contribution plans	3,834	2,662
Directors' fees — directors of the Company	1,666	1,342
Directors' remuneration:		
Directors of the Company	2,640	2,665
Directors of the subsidiaries	1,176	549
	<hr/>	<hr/>
Total staff costs	<b>47,174</b>	<b>49,233</b>
Research and development expenses (included in Other Operating Expenses)	14,119	7,054
Net foreign exchange losses	11,825	421
Loss on disposal of property, plant and equipment	702	8
Fair value loss on sale of held-for-trading investments	—	1,472
Fair value gain on sale of available-for-sale financial assets	(690)	(109)
	<hr/>	<hr/>



## 9. INCOME TAX EXPENSE

	For the year ended	
	31 December	
	2011	2010
	RMB'000	RMB'000
Current	22,589	21,639
Under provision of current tax in prior years	97	70
Deferred	593	465
	<u>23,279</u>	<u>22,174</u>

The Company is incorporated in Singapore and is subject to income tax rate of 17% for the year ended 31 December 2011 (2010: 17%).

The subsidiary, a wholly foreign-owned enterprise (“WFOE”), established in the city of the coastal open economic zone, and is subjected to a PRC corporate tax rate of 25%. In 2008, the subsidiary has been given the High-Tech Enterprise Award status and the applicable effective tax rate will be 15% based on PRC Enterprise Income Tax laws and for the three financial years starting from December 31, 2008. During the financial year, the subsidiary renews the status to enjoy a further three financial years starting from December 31, 2011. The effective tax rate for the subsidiary is 15.0% (2010 : 15.0%).

Taxes on profits elsewhere have been calculated at the rates of tax prevailing in the country in which the Group operates.

## 10. DIVIDENDS

In the financial year 2011, a first and final tax-exempt dividend of S\$0.0077 per ordinary share amounting to approximately S\$2,988,000 (approximately RMB15,694,000) was paid for the financial year ended 31 December 2010.

No dividend has been proposed for the current financial year.

## 11. SHARE CAPITAL

Details of the changes in the Company’s share capital are as follows:

Share capital — Ordinary Shares	No. of shares '000	RMB'000	S\$'000
Balance as at 31 December 2010 and 2011	<u>388,000</u>	<u>295,000</u>	<u>58,342</u>

The Company does not hold any treasury shares as at 31 December 2010 and 2011.

## 12. EARNINGS PER SHARE

Earnings per share is calculated by dividing the Group's net profit attributable to shareholders for the period/year by the weighted average number of ordinary shares outstanding during the year.

	Group 3 months ended		Group Full year ended	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Earning per share ( <i>RMB</i> )				
— Basic	<u>0.05</u>	0.06	<u>0.26</u>	0.30
— Diluted	<u>0.05</u>	0.06	<u>0.26</u>	0.30
Weighted average no. of shares applicable to basic EPS ('000)	<b>388,000</b>	341,087	<b>388,000</b>	337,282
Weighted average no. shares based on fully diluted basis ('000)	<b>388,000</b>	341,087	<b>388,000</b>	337,282

There were no potential dilutive ordinary shares in existence during the two years ended 31 December 2010 and 2011.

## 13. TRADE RECEIVABLE

	At at 31 December	
	2011 <i>RMB'000</i>	2010 <i>RMB'000</i>
Trade receivables	666,807	607,841
Allowance for doubtful debts	<u>(15,762)</u>	<u>(15,762)</u>
	<u>651,045</u>	<u>592,079</u>
Notes receivable	<u>83,551</u>	<u>34,623</u>

The Group allows credit period of 180 days to its trade customers. The aging of trade receivables, net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period, is as follows:

	At at 31 December	
	2011 <i>RMB'000</i>	2010 <i>RMB'000</i>
0 to 180 days	590,053	500,229
181 to 360 days	131,544	97,288
Over 360 days	<u>12,999</u>	<u>29,185</u>
	<u>734,596</u>	<u>626,702</u>

#### 14. TRADE PAYABLE

	As at 31 December	
	2011	2010
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	82,819	137,213
Bill payables	175,670	186,050
	<u>258,489</u>	<u>323,263</u>

Trade payables comprise amounts outstanding for trade purchases. Payment terms with suppliers are mainly on credit within 90 days from the invoice date. The aging of trade payables and notes payables are as follows:

	As at 31 December	
	2011	2010
	<i>RMB'000</i>	<i>RMB'000</i>
0 to 90 days	126,475	192,781
91 to 180 days	111,687	128,253
181 to 360 days	19,953	1,044
Over 360 days	374	1,185
	<u>258,489</u>	<u>323,263</u>

#### 15. NET ASSET VALUE

The net asset value per ordinary share of the Group and Company is shown below:

	Group		Company	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Net Assets ( <i>RMB'000</i> )	938,974	852,709	425,840	426,648
Number of ordinary shares ( <i>'000</i> )	388,000	388,000	388,000	388,000
Net Asset Value per ordinary share ( <i>RMB</i> )	<u>2.42</u>	<u>2.20</u>	<u>1.10</u>	<u>1.10</u>

## **(I) MANAGEMENT DISCUSSION AND ANALYSIS**

### **Year-on-year performance**

#### ***Revenue***

Group revenue for the financial year ended 31 December 2011 increased by approximately RMB236.2 million, or approximately 20.0% from RMB1,183.1 million in the previous financial year to approximately RMB1,419.3 million in the current financial year. Such increase was due to an overall higher demand by the telecom operators during the financial year which boosted both sales in RF Coaxial Cables and Accessories.

#### ***RF Coaxial Cable***

Revenue generated from RF Coaxial Cables increased by approximately RMB183.3 million or approximately 18.1% from approximately RMB1,011.6 million in the previous financial year to approximately RMB1,194.9 million in the current financial year.

#### ***Accessories***

Revenue generated from Accessories increased by approximately RMB52.8 million or approximately 30.8% from approximately RMB171.5 million in the previous financial year to approximately RMB224.3 million in the current financial year.

#### ***Gross profit margin***

The Group was able to maintain a relatively steady gross profit margin during the financial year ended 31 December 2011 at approximately 18.5% compared to approximately 18.7% in the previous financial year. Cost control measures are continuously undertaken and monitored by the management. This includes the reduction of raw materials costs, increase in productivity, vigilant suppliers selection for better logistics coordination, better pricing and payment terms.

#### ***Other income***

Other income decreased by approximately RMB7.9 million or approximately 50.3% from approximately RMB15.3 million in the previous financial year to approximately RMB7.4 million in the current financial year. The decrease is due to outright government grants amounting approximately RMB7.9 million being given to the Group's key subsidiary, Jiangsu Hengxin Technology Co. Ltd in 2010 as against an amount of only RMB1.0 million in 2011.

#### ***Selling and distribution expenses***

Selling and distribution expenses increased by approximately RMB6.7 million or approximately 12.0% from approximately RMB55.8 million in the previous financial year to approximately RMB62.5 million in the current financial year ended 31 December 2011. The increase was in line with the Group's higher sales achieved during the financial year.

#### ***Administrative expenses***

Administrative expenses increased by approximately RMB4.8 million or approximately 13.2% from approximately RMB36.3 million in the previous financial year to approximately RMB41.1 million in the current financial year ended 31 December 2011. The increase was mainly due to increase in business related activities commensurate with higher revenue levels.

### *Other operating expenses*

Other operating expenses increased by approximately RMB16.8 million or approximately 161.5% from approximately RMB10.3 million in the previous financial year to approximately RMB27.1 million in the current financial year ended 31 December 2011. The increase was mainly due to foreign exchange losses exacerbated by the large swings in foreign exchange rates which arose from the recent financial crisis, at RMB11.8 million compared to RMB0.4 million in the previous financial year,. The increase in expenses were further contributed by higher R&D expenses incurred during the year in response to improvement on technical specifications of our products. Such R&D expenses were RMB14.1 million in the current financial year compared to RMB7.1 million in the previous financial year.

### *Finance costs*

Finance costs increased by approximately RMB3.5 million or approximately 36.1% from approximately RMB9.7 million in the previous financial year to approximately RMB13.2 million in the current financial year ended 31 December 2011. The reduction in liquidity in the PRC financial market led to an increase in interest rates on borrowings, and together with the increase in borrowings, contributed to the increase in finance costs during the financial year.

### *Profit before income tax*

Contributed by the above factors, profit before income tax increased by approximately RMB0.8 million or approximately 0.6% from approximately RMB124.7 million in the previous financial year to approximately RMB125.5 million in the current financial year ended 31 December 2011.

### *Income tax expense*

The Group's main subsidiary is subject to an incentive tax rate of 15% as it had been awarded as a high-tech enterprise. The increase in income tax expenses is due to the overall increase in profit before tax for the financial year. Accordingly, income tax expense increased by approximately RMB1.1 million or approximately 5.0% from approximately RMB22.2 million in the previous financial year to approximately RMB23.3 million in the current financial year ended 31 December 2011.

### *Net profit*

In view of the above, net profit attributable to equity holders of the parent decreased approximately RMB0.4 million from approximately RMB102.6 million in 2010 compared to approximately RMB102.2 million in 2011.

## **Fourth quarter (“4Q”) performance**

### ***Revenue***

Group revenue decreased by approximately RMB3.2 million, or approximately 1.0% from approximately RMB317.7 million in 4Q2010 to approximately RMB314.5 million in 4Q2011. The decrease was due to a slight slowdown in demand by telecom operators in the PRC during 4Q2011.

### ***RF Coaxial Cable***

Revenue generated from RF Coaxial Cables decreased by approximately RMB30.1 million or approximately 10.4% from approximately RMB288.9 million in 4Q2010 to approximately RMB258.8 million in 4Q2011.

### ***Accessories***

Revenue generated from Accessories increased by approximately RMB26.8 million or approximately 93.1% from approximately RMB28.8 million in 4Q2010 to approximately RMB55.6 million in 4Q2011.

### ***Gross profit margin***

Gross profit margin for 4Q2011 stood at approximately 18.9% compared to approximately 17.7% in 4Q2010. The higher gross profit margin for the quarter is due to higher gross margins contributed by the sale of Accessories.

### ***Other income***

Other income increased by approximately RMB1.3 million or approximately 54.1% from approximately RMB2.4 million in 4Q2010 to approximately RMB3.7 million in 4Q2011. The increase is due to higher interest income earned and a write back of defunct trade payables during the period.

### ***Selling and distribution expenses***

Selling and distribution expenses increased by approximately RMB1.5 million or approximately 10.3% from approximately RMB14.6 million in 4Q2010 to approximately RMB16.1 million in 4Q2011. The increase arose from marketing expenses that should have been incurred in the usual period of January was instead incurred in December due to the proximity of Chinese New Year in January 2012 which was earlier than usual.

### ***Administrative expenses***

Administrative expenses decreased by approximately RMB1.2 million or approximately 11.0% from approximately RMB10.9 million in 4Q2010 to approximately RMB9.7 million in 4Q2011 mainly due to an absence of dual listing expenses which were incurred in 2010.

### *Other operating expenses*

Other operating expenses increased by approximately RMB4.0 million or approximately 111.1% from approximately RMB3.6 million in 4Q2010 to approximately RMB7.6 million in 4Q2011. The increase was due to higher foreign exchange losses led by large swings in foreign exchange rates during the period, coupled with higher R&D expenses incurred in response to improvement in technical specifications of our products.

### *Finance costs*

Finance costs increased by approximately RMB2.5 million or approximately 312.5% from approximately RMB0.8 million in 4Q2010 to approximately RMB3.3 million in 4Q2011. The reduction in liquidity in the PRC financial market led to an increase in interest rates on borrowings, and together with the increase in borrowings, contributed to the increase in finance costs during the financial year.

### *Profit before income tax*

Profit before income tax decreased by approximately RMB2.1 million or approximately 7.3% from approximately RMB28.8 million in 4Q2010 to approximately RMB26.7 million in 4Q2011 due to lower revenue generated in 4Q2011.

### *Income tax expense*

The Group's main subsidiary is subject to an incentive tax rate of 15% as it had been awarded as a high-tech enterprise. Income tax expenses is relatively unchanged at RMB5.6 million for both 4Q2010 and 4Q2011.

### *Net profit*

In view of the above, net profit attributable to equity holders of the parent decreased by approximately RMB2.1 million or approximately 9.1% from approximately RMB23.2 million in 4Q2010 to approximately RMB21.1 million in 4Q2011.

## **STATEMENT OF FINANCIAL POSITION**

Material fluctuations of balance sheet items are explained below:

### *Pledged bank deposits*

Pledged bank deposits are used as a pledged against commercial bills used for payment to suppliers. The decrease by approximately RMB9.7 million from approximately RMB62.6 million as at 31 December 2010 to approximately RMB52.9 million as at 31 December 2011 was due to a lower amount of bank deposits required to be set aside as securities for a correspondingly lower amount payable in the form of commercial bills to suppliers.

### *Trade receivables*

Trade receivables increased by approximately RMB107.9 million from approximately RMB626.7 million as at 31 December 2010 to approximately RMB734.6 million as at 31 December 2011.

Average trade receivables turnover days are 179 days as at 31 December 2011 compared to 212 days as at 31 December 2010. Efforts by the Group during the year to increase collection which resulted in a lower trade receivables turnover days as at the end of the financial year.

#### ***Other receivables and prepayments***

Other receivables and prepayments increased by approximately RMB15.3 million from approximately RMB13.0 million as at 31 December 2010 to approximately RMB28.3 million as at 31 December 2011. The increase in balance is mainly due to a higher amount of advanced payment made to certain suppliers as at 31 December 2011.

#### ***Inventories***

Inventories (comprising raw materials, work-in-progress and finished goods) increased by approximately RMB7.5 million from approximately RMB128.4 million as at 31 December 2010 to approximately RMB135.9 million as at 31 December 2011. This is in anticipation of deliveries prior to the Chinese New Year in 2012.

#### ***Property, plant and equipment***

Property, plant and equipment increased by approximately RMB16.9 million from approximately RMB141.0 million in 31 December 2010 to approximately RMB157.9 million as at 31 December 2011 due to the construction of a new building in the premises of our PRC subsidiary arising from the need for more office space by the Group.

#### ***Available-for-sale investment***

The Group made a 10% equity stake in a PRC-based company during 3Q2011. The Company is also in the telecommunications industry, and the Group believes that the business of the investee company is able to complement its existing business moving forward.

#### ***Short-term bank loans***

Short-term bank loans increased by approximately RMB190.0 million from approximately RMB40.0 million in 31 December 2010 to approximately RMB230.0 million as at 31 December 2011 as the need for more working capital arising from the higher demand for the Group's products and the reduction in available liquidity in the PRC resulted in a higher amount of loans obtained during the year.

#### ***Trade payables and Other payables***

Trade payables decreased by approximately RMB64.8 million from approximately RMB323.3 million as at 31 December 2010 to approximately RMB258.5 million as at 31 December 2011 in line with the decrease in purchases for raw materials during the period.

Other payables and accruals increased by approximately RMB3.2 million from approximately RMB25.5 million as at 31 December 2010 to approximately RMB28.7 million as at 31 December 2011 as a result of certain payments to be made for the construction of the new office building.



### *Income tax payable*

Income tax payable increased by approximately RMB6.7 million during the period as income taxes for 3Q2011 had yet to be paid to the income tax authorities. It was subsequently paid off in January 2012.

### *Cash and bank balances*

Cash and bank balances increased by approximately RMB76.6 million from RMB247.1 million to approximately RMB323.7 million mainly due to higher loans obtained during the year.

## **(II) LIQUIDITY, FINANCIAL RESOURCES**

In addition to its short-term interest-bearing facilities, the Group generally finances its operations from cash flows generated internally.

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of debt and equity balance.

The Management monitors capital based on the Group net gearing ratio. The Group net gearing ratio is calculated as net borrowings divided by total equity. Net borrowings are calculated as total short-term loans less cash and cash equivalents at the end of the reporting period.

	<b>As at 31 December</b>	
	<b>2011</b>	<b>2010</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Net cash borrowings	<b>(93,710)</b>	(207,078)
Total equity	<b>938,974</b>	852,709
Net debt to equity ratio (%)	<b><u>(9.98)</u></b>	<u>(24.28)</u>

Amount repayable in one year or less, or on demand:

<b>As at 31 December 2011</b>		<b>As at 31 December 2010</b>	
<b>Secured</b>	<b>Unsecured</b>	<b>Secured</b>	<b>Unsecured</b>
<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>—</b>	<b>230,000</b>	<b>—</b>	<b>40,000</b>

There is no amount repayable after one year.

## **(III) PROSPECTS (A COMMENTARY AT THE DATE OF THE ANNOUNCEMENT OF THE COMPETITIVE CONDITIONS OF THE INDUSTRY IN WHICH THE GROUP OPERATES AND ANY KNOWN FACTORS OR EVENTS THAT MAY AFFECT THE GROUP IN THE NEXT REPORTING PERIOD AND THE NEXT 12 MONTHS)**

According to statistics provided by the three major Chinese telecom operators China Mobile, China Unicom and China Telecom, the number of 3G subscribers in the PRC has now reached a total of 127.5 million as at 31 December 2011, compared to only 47.1 million as at 31 December 2010. The growth in 3G subscribers is largely driven by the expansion of smartphones' penetration to the lay mobile subscribers.

With the proliferation of smartphones across China and the introduction of cloud computing, the demand for mobile phone data traffic remains increasingly high, further driving the expansion of mobile networks.

Nonetheless, the average revenue per user (“ARPU”) has been decreasing steadily in the PRC, and telecom operators are exploring ways to reduce costs, which includes cutting down network expansions while increasing network optimisation. In addition, the older networks which rely on Radio Frequency (“RF”) systems will be gradually replaced with better and higher quality RF cabling systems at even lower costs. In this aspect, the Group is working continuously to improve its quality while mindful of the costs to customers. We will however, continue to closely monitor market and industry developments so that we can respond quickly and effectively to relevant changes.

India continues to be the Group’s significant market after China. Our sales to the Indian market have slowed down in the second half of 2011 due to various telecom regulatory issues raised by the Indian authorities. The successful execution of our Indian business in 2012 is heavily reliant on whether the Indian regulatory bodies will restrict telecom operators’ ability to boost revenue through charging higher-paying services to more customers through various collaborations with other Indian telecom operators. This will directly impact on the rate of expansion of mobile communication networks within India. With the telecom operators’ market’s revenue stagnating due to rapidly declining ARPU, and the fact that it has one of the lowest ARPU in the world, the Group is witnessing an intensely competitive market in the Indian continent.

The Group will hence continue to focus in expanding its overseas clientele base outside India and the PRC.

The antenna manufacturing line, together with its testing facility, is scheduled to be completed by mid 2012. The Group hopes to be able to commence manufacture for sale within the PRC in the second half of 2012, but this is conditional upon the Group being able to submit its tender in time, as telecom operators will require a certain timeframe in conducting vigorous quality assessment before accepting our products for tender.

The purchase of large scale equipments for production of high temperature resistant cable (“HTRC”) products is temporarily suspended due to the high costs of certain raw material components. The Group will provide updates as and when new developments arise.

In view of the mobile networks consolidation across the globe and increasing competition, the Group is expected to face continued pressure on selling prices and narrowing margins. If we are unable to effectively respond to these risks and pricing pressures, our revenue, gross margin & profitability could be materially affected and our gross margins could continue to be reduced. The global economic recovery is still fragile with the debt crisis in Europe casting its shadow over consumer sentiment. We are also mindful of the expected further strengthening of the Renminbi, the rising costs of labour across China, the rising costs of commodities such as copper and aluminium, and the intense competition within the industry.

The Group will also be keeping a close tab on the technological and business developments within the industry and explore other investment and business opportunities.

## (IV) SUPPLEMENTARY INFORMATION

### 1. Reconciliation between SFRSs and IFRSs

For the year ended 31 December 2011, there were no material differences between the consolidated financial statements of the Group under SFRSs and IFRSs (this includes all of IFRS, International Accounting Standards and Interpretations).

### 2. Operational and Financial Risk Management

#### (i) Market risk

The major market risks the Group is exposed to include changes in the sale prices of key products, changes in the costs of raw materials (mainly copper) and fluctuations in interest and foreign exchange rates.

#### (ii) Commodity price risk

The Group is also exposed to commodity price risk arising from fluctuations in product sale prices and costs of raw materials.

#### (iii) Interest rate risk

The major market interest rate risk that the Group is exposed to includes the Group's short-term debt obligations which are subject to variable interest rates.

#### (iv) Foreign currency risk

The Group's revenue and costs are denominated in RMB, Indian Rupees ("INR") and United States Dollars ("USD"). Some costs may be denominated in HKD, INR or Singapore Dollars ("SGD").

### 3. Contingent liabilities

The Group has commitments as at 31 December 2011 in respect of the following:

	2011 <i>RMB'000</i>	2010 <i>RMB'000</i>
Contracted but not provided for:		
Property, plant and equipment	6,258	14,590
Donation commitment	7,500	8,000
	<u>13,758</u>	<u>22,590</u>

At 31 December 2011, certain constructions were built on a piece of land located in the PRC (the "No. 5 Land") amounting to approximately RMB31.6 million. In addition the Group had prepaid RMB5.76 million as deposit for the acquisition of such land but the Group has yet to obtain the land certificate. In the opinion of the Group, the No. 5 Land is highly likely to be put on auction. Pursuant to a directors' resolution in 2010, the Group resolved to take part in the future auction (if any) of the No. 5 Land at an estimated price of approximately RMB6.8 million or at a higher price to be authorised by the directors.

The PRC subsidiary has committed to donate RMB500,000 per annum from 2007, for a period of 20 years to a charitable organisation in the PRC.

#### **4. Employees and Remuneration Policies**

As at 31 December 2011, there were 698 (2010: 661) employees in the Group. Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical and life insurance, and grants discretionary incentive bonuses and share options to eligible staff based on their performance and contributions to the Group.

The Company adopted the share option scheme for its employees at an extraordinary general meeting held on 27 October 2010 (the “**Scheme**”). No option has been granted under the Scheme since its adoption and up to the date of this announcement.

#### **5. Material Litigation and Arbitration**

As at 31 December 2011, the Group was not involved in any material litigation or arbitration.

#### **6. Audit Committee**

The Company’s audit committee members are Mr. Tay Ah Kong Bernard, Mr. Chee Teck Kwong Patrick, Mr. Tam Chi Kwan Michael and Ms. Zhang Zhong. The audit committee, which is chaired by Mr. Tay Ah Kong Bernard, has reviewed the annual results of the Group for the year ended 31 December 2011.

#### **7. Compliance with the Code on Corporate Governance Practices**

The Company has complied with the code provisions of the Code on Corporate Governance Practices (the “**Corporate Governance Code**”) in Appendix 14 of the Rules Governing the Listing of Securities on the SEHK (the “**Listing Rules**”) for the year ended 31 December 2011.

#### **8. Compliance with the Model Code for Securities Transactions by Directors of Listed Issuer**

The Board confirms, having made specific enquiries with all directors and supervisors, that during the year ended 31 December 2011, all members of the Board and all supervisors have complied with the required standards of the Model Code for Securities Transactions by Directors of Listed Issuer as set out in Appendix 10 of the Listing Rules.

#### **9. Annual General Meeting**

The 2011 annual general meeting of the Company will be held on 26 April 2012 in Singapore. For further details of the annual general meeting, please refer to the Notice of Annual General Meeting, which will be despatched in due course.

#### **10. Review of financial results**

The results have not been audited or reviewed by the auditors.

## 11. Audit or review in accordance with applicable accounting standards

The figures have not been audited or reviewed by the Company's auditors.

The figures in respect of the results announcement of the Group for the year ended 31 December 2011 have been checked by the Company's auditors, Deloitte & Touche LLP. The work performed by Deloitte & Touche LLP in this respect did not constitute an assurance engagement in accordance with Singapore Standards of Auditing, Singapore Standards on Review Engagements or Singapore Standards on Assurance Engagements and consequently no assurance has been expressed by Deloitte & Touche LLP on the Results Announcement.

## 12. Auditors' report (including any qualifications or emphasis of matter)

Not applicable.

## 13. Dividends

No dividend has been recommended by the Company for the financial year ended 31 December 2011.

## 14. Purchase, Sales or Redemption of the Company's Securities

For the year ended 31 December 2011, neither the Company nor its subsidiaries had purchased, sold or redeemed any of the securities of the Company.

## 15. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to SGX Listing Manual Rule 704(11) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Cui Guoqiang	37	Nephew of Mr Cui Genxiang, Executive Chairman of the Company	He is an Assistant to Deputy General Manager and is responsible for sales. He joined the Company on 3 February 2008.	N/A

## 16. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under SGX Listing Manual Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No mandate from shareholders has been obtained for IPTs.

## 17. Disclosure on the Website of the Exchanges

This announcement shall be published on the website of SGX-ST (<http://www.sgx.com>), the SEHK (<http://www.hkex.com.hk>) and on the Company's website (<http://www.hengxin.com.sg>).

By Order of the Board  
**Hengxin Technology Ltd**  
**Cui Genxiang**  
*Executive Chairman*

Singapore, 22 February 2012

*As at the date of this announcement, the executive directors of the Company are Mr. Cui Genxiang and Mr. Xu Guoqiang; the non-executive director is Ms. Zhang Zhong; and the non-executive independent directors are Mr. Tay Ah Kong Bernard, Mr. Chee Teck Kwong Patrick and Mr. Tam Chi Kwan Michael.*

\* *for identification purpose only*