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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 RESULTS
FOR THE THIRD QUARTER AND
NINE MONTHS ENDED 30 SEPTEMBER 2012**

FINANCIAL HIGHLIGHTS

1. Revenue for the nine months ended 30 September 2012 decreased by approximately 19.3% to approximately RMB891.0 million
2. Gross profit for the nine months ended 30 September 2012 decreased by approximately 20.3% to approximately RMB161.3 million
3. Net profit attributable to equity holders of the parent for the nine months ended 30 September 2012 decreased by approximately 22.3% to approximately RMB63.1 million
4. Basic earnings per share was RMB0.16
5. No payment of dividend for the nine months ended 30 September 2012 is recommended

* *for identification purpose only*

The board of directors (the “**Board**”) of Hengxin Technology Ltd. (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively hereinafter referred as the “**Group**”) for the nine months ended 30 September 2012 and for the three months ended 30 September 2012 together with the comparative figures for the corresponding periods in 2011 as follow:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the nine months ended 30 September (“9M”)

	<i>Notes</i>	9M2012 RMB'000 (unaudited)	9M2011 <i>RMB'000</i> (unaudited)
Revenue	5	891,028	1,104,785
Cost of sales		(729,692)	(902,339)
Gross profit		161,336	202,446
Other income	6	11,172	3,788
Selling and distribution expenses		(41,542)	(46,457)
Administrative expenses		(27,107)	(31,428)
Other operating expenses		(12,028)	(19,587)
Finance costs	7	(15,842)	(9,917)
Profit before income tax	8	75,989	98,845
Income tax expense	9	(12,936)	(17,682)
Net profit attributable to equity holders of parent		63,053	81,163
Other comprehensive income:			
Exchange difference arising from consolidation of foreign operations		(555)	(174)
Total comprehensive income attributable to equity holders of the parent		62,498	80,989
Earnings per share attributable to equity holders of the parent			
Basic and diluted (<i>RMB cents</i>)	12	16.1	20.9
Dividends per share (<i>RMB cents</i>)		N.A.	N.A.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*For the three months ended 30 September ("3Q")*

	3Q2012 <i>RMB'000</i> (unaudited)	3Q2011 <i>RMB'000</i> (unaudited)
Revenue	255,212	429,349
Cost of sales	(207,535)	(347,916)
Gross profit	47,677	81,433
Other income	4,124	1,374
Selling and distribution expenses	(13,960)	(16,825)
Administrative expenses	(9,113)	(8,981)
Other operating expenses	(4,716)	(12,492)
Finance costs	(4,270)	(4,753)
Profit before income tax	19,742	39,756
Income tax expense	(3,029)	(7,579)
Net profit attributable to equity holders of parent	16,713	32,177
Other comprehensive income:		
Exchange difference arising from consolidation of foreign operations	(186)	(204)
Total comprehensive income attributable to equity holders of the parent	16,527	31,973
Earnings per share attributable to equity holders of the parent		
Basic and diluted (<i>RMB cents</i>)	4.3	8.2

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

	Group			Group		
	3 mths ended 30 September		Change %	9 mths ended 30 September		Change %
	2012	2011		2012	2011	
	<i>RMB'000</i>	<i>RMB'000</i>		<i>RMB'000</i>	<i>RMB'000</i>	
	(unaudited)	(unaudited)		(unaudited)	(unaudited)	
(Reversal of) Allowance for inventory obsolescence	—	—	—	(63)	251	N.M.
Depreciation of property, plant and equipment	4,860	4,152	17.1%	13,574	12,403	9.4%
Gain on disposal of available-for-sale investment	(49)	—	N.M.	(117)	(690)	-83.0%
(Gain) loss on disposal of property, plant and equipment	1	(29)	N.M.	11	697	-98.4%
Amortisation of prepaid lease payments	140	140	0.0%	420	420	0.0%
Foreign exchange losses (gains)	(2,756)	8,638	N.M.	(3,399)	8,280	-99.9%
Interest expense	4,270	4,753	-10.2%	15,842	9,917	59.7%
Interest income	(989)	(735)	34.6%	(3,218)	(2,047)	57.2%
Research and development expenses	5,165	3,850	34.2%	11,392	10,077	13.0%

N.M.: Not meaningful

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at	
		30 September	31 December
		2012	2011
	<i>Notes</i>	RMB'000	RMB'000
		(unaudited)	(audited)
ASSETS			
Current assets			
Cash and bank balances		352,398	323,710
Pledged cash deposits		54,663	52,883
Trade receivables	14	737,296	734,596
Other receivables and prepayments		54,241	28,256
Inventories		107,682	135,911
Prepaid lease payment		560	560
		1,306,840	1,275,916
Total current assets			
Non-current assets			
Prepaid lease payment		19,041	19,461
Property, plant and equipment	13	153,014	157,889
Other receivables and prepayments		5,760	5,760
Available-for-sale investment		10,000	10,000
Deferred tax assets		2,513	2,523
		190,328	195,633
Total non-current assets			
Total assets		1,497,168	1,471,549
LIABILITIES AND EQUITY			
Current liabilities			
Short term loans		222,194	230,000
Trade payables	15	254,050	258,489
Other payables		13,226	28,719
Income tax payable		3,285	12,771
		492,755	529,979
Total current liabilities			
NET CURRENT ASSETS		814,085	745,937

		As at	
		30 September 2012	31 December 2011
	<i>Notes</i>	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
Non-current liability			
Deferred tax liabilities		<u>2,941</u>	<u>2,596</u>
TOTAL LIABILITIES		<u>495,696</u>	<u>532,575</u>
NET ASSETS		<u>1,001,472</u>	<u>938,974</u>
Equity attributable to equity holders of the parent			
Share capital	11	295,000	295,000
General reserves		125,676	122,889
Special reserve		(6,017)	(6,017)
Translation reserve		(849)	(294)
Accumulated profits		<u>587,662</u>	<u>527,396</u>
TOTAL EQUITY		<u>1,001,472</u>	<u>938,974</u>
TOTAL EQUITY AND LIABILITIES		<u>1,497,168</u>	<u>1,471,549</u>

STATEMENT OF FINANCIAL POSITION — COMPANY LEVEL

	As at	
	30 September	31 December
	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(audited)
ASSETS		
Current assets		
Cash and bank balances	56,894	63,085
Other receivables and prepayments	5,570	10,083
	<u>62,464</u>	<u>73,168</u>
Total current assets		
Non-current assets		
Subsidiaries	361,081	354,793
Property, plant and equipment	—	5
	<u>361,081</u>	<u>354,798</u>
Total non-current assets		
Total assets	<u>423,545</u>	<u>427,966</u>
LIABILITIES AND EQUITY		
Current liabilities		
Other payables	3,170	2,126
	<u>3,170</u>	<u>2,126</u>
Total current liabilities		
NET CURRENT ASSETS	<u>59,294</u>	<u>71,042</u>
TOTAL LIABILITIES	<u>3,170</u>	<u>2,126</u>
NET ASSETS	<u>420,375</u>	<u>425,840</u>
Equity attributable to equity holders of the parent		
Share capital	295,000	295,000
Accumulated profits	125,375	130,840
	<u>420,375</u>	<u>425,840</u>
TOTAL EQUITY	<u>420,375</u>	<u>425,840</u>
TOTAL EQUITY AND LIABILITIES	<u>423,545</u>	<u>427,966</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 September

Group RMB'000	1 Jul 12 to 30 Sep 12 (unaudited)	1 Jul 11 to 30 Sep 11 (unaudited)	1 Jan 12 to 30 Sep 12 (unaudited)	1 Jan 11 to 30 Sep 11 (unaudited)
Cash flows from operating activities				
Profit before income tax	19,742	39,756	63,053	98,845
Adjustments for:				
Depreciation of property, plant and equipment	4,860	4,152	13,574	12,403
Amortisation of prepaid lease payments	140	140	420	420
(Reversal of) Allowance for inventory obsolescence	—	—	(63)	251
(Gain) loss on disposal of property, plant and equipment	1	(29)	11	697
Interest expense	4,270	4,753	15,842	9,917
Interest income	(989)	(735)	(3,218)	(2,047)
Gain on disposal of available-for-sale investment	(49)	—	(117)	(690)
Exchange differences arising on foreign currency translation	(1,781)	5,426	9,867	4,211
Operating profit before working capital changes	26,194	53,463	99,369	124,007
Trade receivables	125,491	(67,967)	(2,700)	(213,913)
Other receivables and prepayments	(10,809)	(704)	(25,985)	(10,944)
Inventories	14,132	11,667	28,292	189
Trade and bill payables	20,272	(4,476)	(4,439)	91,879
Other payables and accruals	(2,112)	2,319	(15,493)	(1,707)
Cash generated from (used in) operations	173,168	(5,698)	79,044	(10,489)
Interest paid	(4,270)	(4,753)	(15,842)	(9,917)
Interest income received	989	735	3,218	2,047
Income tax paid	(5,790)	(5,585)	(22,067)	(15,971)
Net cash generated from (used in) operating activities	164,097	(15,301)	44,353	(34,330)
Cash flows from investing activities				
Acquisition of property, plant and equipment	(5,088)	(9,374)	(8,710)	(19,840)
Proceeds from disposal of property, plant and equipment	—	63	—	443
Acquisition of available-for-sale investment	(15,000)	(10,000)	(30,000)	(10,000)
Proceeds from disposal of available-for-sale investment	15,049	—	30,117	2,690
Net cash used in investing activities	(5,039)	(19,311)	(8,593)	(26,707)
Cash flows from financing activities				
Dividend paid	—	—	—	(15,694)
Repayment of short-term bank loans	(60,013)	(17,079)	(140,014)	(32,826)
Proceeds from short-term bank loans	62,207	20,000	132,208	120,000
Decrease (increase) in pledged bank deposits	(17,188)	(20,000)	(1,780)	(60,000)
Net cash used in financing activities	(14,994)	(17,079)	(9,586)	11,480
Net (decrease) increase in cash and cash equivalents	144,064	(51,691)	26,174	(49,557)
Effects of foreign exchange translation	1,596	(5,560)	2,514	(4,883)
Cash and cash equivalents at the beginning of the period	206,738	249,889	323,710	247,078
Cash and cash equivalents at the end of the period	352,398	192,638	352,398	192,638

STATEMENT OF CHANGES IN EQUITY

Consolidated Statement of Changes in Equity for the period ended 30 September 2012

GROUP <i>RMB'000</i>	Share capital	General reserve	Special reserve	Translation reserve	Accumulated profits	Total
Balance at 1 January 2012	295,000	122,889	(6,017)	(294)	527,396	938,974
Total comprehensive income for the period	—	—	—	(555)	63,053	62,498
Transfer to reserves	—	2,787	—	—	(2,787)	—
Balance at 30 September 2012	295,000	125,676	(6,017)	(849)	587,662	1,001,472

Consolidated Statement of Changes in Equity for the period ended 30 September 2011

GROUP <i>RMB'000</i>	Share capital	General reserve	Special reserve	Translation reserve	Accumulated profits	Total
Balance at 1 January 2011	295,000	104,839	(6,017)	(4)	458,891	852,709
Total comprehensive income for the period	—	—	—	(174)	81,163	80,989
Transfer to reserves	—	7,348	—	—	(7,348)	—
Dividends	—	—	—	—	(15,694)	(15,694)
Balance at 30 September 2011	295,000	112,187	(6,017)	(178)	517,012	918,004

STATEMENT OF CHANGES IN EQUITY

Statement of Changes in Equity of the Company for the period ended 30 September 2012

COMPANY <i>RMB'000</i>	Share capital	Accumulated profits	Total
Balance at 1 January 2012	295,000	130,840	425,840
Total comprehensive income for the period	—	(5,465)	(5,465)
Balance at 30 September 2012	295,000	125,375	420,375

Statement of Changes in Equity of the Company for the period ended 30 September 2011

COMPANY <i>RMB'000</i>	Share capital	Accumulated profits	Total
Balance at 1 January 2011	295,000	131,648	426,648
Total comprehensive income for the period	—	18,657	18,657
Dividends	—	(15,694)	(15,694)
Balance at 30 September 2011	295,000	134,611	429,611

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 Company is an investment holding company, and the principal activities of the Group 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**”), being the functional currency of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The report has been prepared in accordance with the measurement and recognition criteria of the Singapore Financial Reporting Standards (“**SFRS**”). The report also include the applicable disclosure requirements of the Hong Kong Companies Ordinance (Chapter 32 of the Laws of Hong Kong) and the Rules Governing the Listing of Securities on the SEHK (the “**Listing Rules**”).

The report is presented in RMB and all values are rounded to the nearest thousand (“**RMB’000**”) except when otherwise indicated.

Accounting policies

The Group has applied the same accounting policies and methods of computation in the financial statements for the current period reported on, as in the recently audited consolidated financial statements for the financial year ended 31 December 2011.

3. APPLICATION OF SFRS

The Group adopted the new and revised SFRS that are mandatory for the periods beginning on or after 1 January 2012.

The adoption of new and revised SFRS did not have any impact on the results of the Group for the period ended 30 September 2012.

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 (includes Antennas and High Temperature Resistant Cables)

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

Segment revenues and results

For management purpose, the Group is currently organised into two distinct core product lines — radio frequency coaxial cables, and other telecommunication equipment. These product lines are the basis on which the Group reports 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

Nine months ended 30 September	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>
2012					
Revenue	694,654	193,519	2,855	—	891,028
Segment Results					
Segment profit	67,637	18,844	715	(5,901)	81,295
Interest income	2,176	606	—	436	3,218
Finance costs	(12,390)	(3,452)	—	—	(15,842)
Other income					7,954
Other expenses*					(636)
Profit before income tax					75,989
Income tax					(12,936)
Net profit for the period					63,053
2011					
Revenue	936,102	168,683	—	—	1,104,785
Segment Results					
Segment profit	100,548	18,119	—	(11,278)	107,389
Interest income	1,680	303	—	64	2,047
Finance costs	(8,403)	(1,514)	—	—	(9,917)
Other income					1,741
Other expenses*					(2,415)
Profit before income tax					98,845
Income tax					(17,682)
Net profit for the period					81,163

* exclude research and development expenses

Other segment information

GROUP

Nine months ended 30 September	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>
2012					
Capital expenditure	3,029	844	7,296	—	11,169
Depreciation expense	10,110	2,817	642	5	13,574
Amortisation of leasehold land	328	92	—	—	420
Reversal of inventory obsolescence	(49)	(14)	—	—	(63)
2011					
Capital expenditure	15,889	2,863	1,088	—	19,840
Depreciation expense	10,460	1,885	51	7	12,403
Amortisation of leasehold land	356	64	—	—	420
Allowance for inventory obsolescence	213	38	—	—	251

Statement of net assets

	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>
As at 30 September 2012					
Assets:					
Segment assets	1,116,940	311,190	11,963	—	1,440,093
Unallocated assets				57,075	57,075
Total assets					1,497,168
Liabilities:					
Segment liabilities	385,205	107,321	—	—	492,526
Unallocated liabilities				3,170	3,170
Total liabilities					495,696
As at 31 December 2011					
Assets:					
Segment assets	1,174,067	220,327	3,982	—	1,398,376
Unallocated assets				73,173	73,173
Total assets					1,471,549
Liabilities:					
Segment liabilities	447,043	83,406	—	—	530,449
Unallocated liabilities				2,126	2,126
Total liabilities					532,575

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.

	Revenue from external customers		Non-current assets	
	For the nine months ended		As at	
	30 September		30 September	31 December
	2012	2011	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Central Asia	823,587	995,751	190,302	195,588
South Asia	52,604	100,151	26	45
Others	14,837	8,883	—	—
Total	891,028	1,104,785	190,328	195,633

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. An analysis of the Group's revenue, other income and gains is as follows:

	For the nine months ended	
	30 September	
	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Sale of goods	891,028	1,104,785

6. OTHER INCOME

	For the nine months ended	
	30 September	
	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Government grants	4,139	470
Interest income	3,218	2,047
Foreign exchange gains	3,399	—
Gain on disposal of available-for-sale investment	117	690
Others	299	581
Total	11,172	3,788

7. FINANCE COSTS

	For the nine months ended	
	30 September	
	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Interest on short term bank borrowings	15,842	9,917

8. PROFIT BEFORE INCOME TAX

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

	For the nine months ended	
	30 September	
	2012	2011
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Cost of inventories recognised as expense (including allowance of (reversal of) inventory obsolescence)	729,755	902,088
Depreciation of property, plant and equipment	13,574	12,403
Amortisation of leasehold land	420	420
Employee benefits expense	30,386	38,392
Cost of defined contribution plans	4,486	3,750
Directors' fees — directors of the Company	1,207	1,271
Directors' remuneration:		
Directors of the Company	1,368	1,493
Directors of the subsidiaries	371	388
Total staff costs	37,818	45,294
Net foreign exchange (gains) losses	(3,399)	8,280
Loss on disposal of property, plant and equipment	11	697
Gain on disposal of available-for-sale investments	(117)	(690)

9. INCOME TAX EXPENSE

	For the nine months ended	
	30 September	
	2012	2011
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current	12,581	17,220
Deferred	355	462
	12,936	17,682

The Company is incorporated in Singapore and is subject to income tax rate of 17% for the nine months ended 30 September 2012 (2011: 17%).

Under the law of the People's Republic of China on Enterprise Income Tax (the "EIT Law"), applicable income tax rate of Jiangsu Hengxin Technology Co. Ltd, the Group's PRC incorporated key subsidiary, in 2012 is 15% (2011: 15%).

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

10. DIVIDENDS

The Company did not recommend or declare any dividend for the nine months ended 30 September 2012. No dividend was also declared nor paid for the previous financial period ended 30 September 2011.

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	SS'000
Balance as at 31 December 2011 and 30 September 2012	388,000	295,000	58,342

In accordance with the memorandum of association and articles of association of the Company, treasury shares are not allowed in the Company.

12. EARNINGS PER SHARE

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

	Group 3 months ended		Group 9 months ended	
	30-Sep-12 (unaudited)	30-Sep-11 (unaudited)	30-Sep-12 (unaudited)	30-Sep-11 (unaudited)
Earnings per share (<i>RMB</i>)				
— Basic	0.04	0.08	0.16	0.21
— Diluted	0.04	0.08	0.16	0.21
Weighted average no. of shares applicable to basic EPS ('000)	388,000	388,000	388,000	388,000
Weighted average no. of shares based on fully diluted basis ('000)	388,000	388,000	388,000	388,000

There were no potential dilutive ordinary shares in existence during the period ended 30 September 2011 and 2012.

13. PROPERTY, PLANT AND EQUIPMENT

During the nine months ended 30 September 2012, the Group's capital expenditure was approximately RMB11.2 million (2011: RMB19.8 million).

14. TRADE RECEIVABLES

	30 September 2012 <i>RMB'000</i> (unaudited)	31 December 2011 <i>RMB'000</i> (audited)
Trade receivables	686,319	666,807
Allowance for doubtful debts	(15,762)	(15,762)
Net Notes receivable	670,557 66,739	651,045 83,551
Total	737,296	734,596

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:

	30 September 2012 RMB'000 (unaudited)	31 December 2011 RMB'000 (audited)
0 to 180 days	553,194	590,053
181 to 360 days	132,121	131,544
1 to 2 years	51,981	12,999
	<u>737,296</u>	<u>734,596</u>

15. TRADE PAYABLES

	30 September 2012 RMB'000 (unaudited)	31 December 2011 RMB'000 (audited)
Trade payables	75,944	82,819
Bill payables	178,106	175,670
	<u>254,050</u>	<u>258,489</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:

	30 September 2012 RMB'000 (unaudited)	31 December 2011 RMB'000 (audited)
0 to 90 days	131,980	126,475
91 to 180 days	120,096	111,687
181 to 360 days	679	19,953
Over 360 days to 2 years	1,194	374
>2 years	101	—
	<u>254,050</u>	<u>258,489</u>

16. NET ASSET VALUE

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

	Group		Company	
	30-Sep-12 (unaudited)	31-Dec-11 (audited)	30-Sep-12 (unaudited)	31-Dec-11 (audited)
Net Assets (RMB'000)	1,001,472	938,974	420,375	425,840
Number of ordinary shares ('000)	388,000	388,000	388,000	388,000
Net Asset Value per ordinary share (RMB)	<u>2.58</u>	<u>2.42</u>	<u>1.08</u>	<u>1.10</u>

17. RELATED PARTY TRANSACTIONS

(a) Transactions

During the period, the Group had the following significant transactions with Suzhou Hengli Telecommunications Materials Co. Ltd:

	For the nine months ended	
	30 September	
	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Purchase of raw materials	<u>3,366</u>	<u>7,623</u>

(b) Compensation of key management personnel

The remuneration of directors and other members of key management during the period were as follows:

	For the nine months ended	
	30 September	
	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
	(unaudited)	(unaudited)
Short term benefits	3,054	3,733
Retirement benefits scheme contribution	55	79
Total	<u>3,109</u>	<u>3,812</u>

18. CAPITAL COMMITMENTS

	As at	
	30 September	31 December
	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
Contracted but not provided for:		
Property, plant and equipment	1,120	6,258
Donation commitment	7,000	7,500
Total	<u>8,120</u>	<u>13,758</u>

19. COMMITMENT

As at 30 September 2012, certain constructions were built on a piece of land located in the PRC (the “No. 5 Land”) amounting to approximately RMB28.6 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. At the end of the reporting period, the management remains committed to secure the No. 5 Land.

20. OPERATING LEASE ARRANGEMENTS

As at 30 September 2012, the Group had total future minimum lease payments under non-cancellable operating leases, which are payable as follows:

	As at	
	30 September 2012 <i>RMB'000</i>	31 December 2011 <i>RMB'000</i>
Within one year	815	680
In the second to fifth years inclusive	<u>1,406</u>	<u>174</u>
	<u><u>2,221</u></u>	<u><u>854</u></u>

Operating lease payments represent rentals payable by the Group and Company for certain of its office and workshop properties. Leases are negotiated for an average of 1 to 3 years.

(I) MANAGEMENT DISCUSSION AND ANALYSIS

Material changes are explained below:

Nine months performance — Nine months ended 30 September

Revenue

Revenue decreased by approximately RMB213.8 million, or approximately 19.3% from approximately RMB1,104.8 million in the nine months ended 30 September 2011 (“9M2011”) to approximately RMB891.0 million in the nine months ended 30 September 2012 (“9M2012”). Lower spending by telecom operators on our products in the domestic and overseas markets resulted in a lower revenue earned during the period.

RF Coaxial Cable

Revenue generated from RF Coaxial Cables decreased by approximately RMB241.4 million or approximately 25.8% from approximately RMB936.1 million in 9M2011 to approximately RMB694.7 million in 9M2012.

Accessories

Revenue generated from Accessories increased by approximately RMB24.8 million or approximately 14.7% from approximately RMB168.7 million in 9M2011 to approximately RMB193.5 million in 9M2012.

Gross profit margin

The Group achieved an overall gross profit margin of approximately 18.1% in 9M2012, relatively unchanged compared to 9M2011 at 18.3%. The Group continues to monitor production efficiencies to ensure optimal raw materials utilisation, stringent selection of suppliers in tender biddings to keep costs to a minimum, coupled with efficient use of various resources to keep up with price pressures resulting from keen competition.

Other income

Other income increased by approximately RMB7.4 million or approximately 194.7% from approximately RMB3.8 million in 9M2011 to approximately RMB11.2 million in 9M2012. The increase is mainly due to gains from favourable exchange rate movements, government grants being awarded to the Group’s key subsidiary, Jiangsu Hengxin Technology Co., Ltd and a higher interest income earned in 9M2012.

Selling and distribution expenses

Selling and distribution expenses decreased by approximately RMB5.0 million or approximately 10.8% from approximately RMB46.5 million in 9M2011 to approximately RMB41.5 million in 9M2012. The decrease was in line with the Group’s lower sales generated during the financial period.

Administrative expenses

Administrative expenses decreased by approximately RMB4.3 million or approximately 13.7% from approximately RMB31.4 million in 9M2011 to approximately RMB27.1 million in 9M2012 as the Group adopted various cost control measures during the financial period.

Other operating expenses

Other operating expenses decreased by approximately RMB7.6 million or approximately 38.8% from approximately RMB19.6 million in 9M2011 to approximately RMB12.0 million in 9M2012. The decrease is mainly due to an absence of foreign exchange losses in the current period as compared to 9M2011.

Finance costs

Finance costs increased by approximately RMB5.9 million or approximately 59.6% from approximately RMB9.9 million in 9M2011 to approximately RMB15.8 million in 9M2012. The Group secured a higher amount of borrowings to finance its working capital needs, resulting in an increase in finance costs in 9M2012 compared to that in 9M2011.

Profit before income tax

Profit before income tax decreased by approximately RMB22.8 million or approximately 23.0% from approximately RMB98.8 million in 9M2011 to approximately RMB76.0 million in 9M2012 due to lower revenue generated.

Income tax expense

The Group's main subsidiary has been subject to an incentive tax rate of 15% as it has been awarded as a high-tech enterprise in the PRC since 2008. The decrease in income tax expenses is in line with the decrease in profit before tax for 9M2012. Accordingly, income tax expense decreased by approximately RMB4.8 million or approximately 27.1% from approximately RMB17.7 million in 9M2011 to approximately RMB12.9 million in 9M2012.

Net profit

In view of the above, net profit attributable to equity holders of the parent decreased by approximately RMB18.1 million or approximately 22.3% from approximately RMB81.2 million in 9M2011 compared to approximately RMB63.1 million in 9M2012.

Third quarter performance — Three months ended 30 September

Revenue

Group revenue decreased by approximately RMB174.1 million, or approximately 40.6% from approximately RMB429.3 million in the three months ended 30 September 2011 (“**3Q2011**”) to approximately RMB255.2 million in the three months ended 30 September 2012 (“**3Q2012**”). The decrease was due to lower spending by telecom operators in the PRC and overseas during the period.

RF Coaxial Cable

Revenue generated from RF Coaxial Cables decreased by approximately RMB178.8 million or approximately 49.9% from approximately RMB358.1 million in 3Q2011 to approximately RMB179.3 million in 3Q2012.

Accessories

Revenue generated from Accessories increased by approximately RMB2.9 million or approximately 4.1% from approximately RMB71.2 million in 3Q2011 to approximately RMB74.1 million in 3Q2012.

Gross profit margin

Gross profit margin for 3Q2012 stood at approximately 18.7% compared to approximately 19.0% in 3Q2011. This is due to RF Coaxial Cables which traditionally generate lower margins arising from intense competition, which is partially buoyed by relatively higher margins generated from the sale of accessories. The mix of products sold during the period resulted in a comparatively lower margin. The Group continues to monitor production efficiencies to ensure optimal raw materials utilisation, stringent selection of suppliers in tender biddings to keep costs to a minimum, coupled with efficient use of various resources to keep up with price pressures resulting from keen competition.

Other income

Other income increased by approximately RMB2.7 million or approximately 192.9% from approximately RMB1.4 million in 3Q2011 to approximately RMB4.1 million in 3Q2012. The increase arose from favourable exchange rate movements during the period, which generally resulted in foreign exchange gains.

Selling and distribution expenses

Selling and distribution expenses decreased by approximately RMB2.8 million or approximately 16.7% from approximately RMB16.8 million in 3Q2011 to approximately RMB14.0 million in 3Q2012. The decrease was in line with the Group's lower sales generated during the financial period.

Administrative expenses

Administrative expenses was relatively constant at RMB9.1 million in 3Q2012 compared to RMB9.0 million in 3Q2011.

Other operating expenses

Other operating expenses decreased by approximately RMB7.8 million or approximately 62.4% from approximately RMB12.5 million in 3Q2011 to approximately RMB4.7 million in 3Q2012. The decrease was mainly due to foreign exchange losses incurred in the previous period.

Finance costs

Finance costs decreased by approximately RMB0.5 million or approximately 10.4% from approximately RMB4.8 million in 3Q2011 to approximately RMB4.3 million in 3Q2012. The Group had discounted a higher amount of bills to banks for cash in 3Q2011, resulting in a higher amount of finance costs compared to 3Q2012.

Profit before income tax

Profit before income tax decreased by approximately RMB20.1 million or approximately 50.5% from approximately RMB39.8 million in 3Q2011 to approximately RMB19.7 million in 3Q2012 as a result of lower revenue generated in 3Q2012.

Income tax expense

The Group's main subsidiary has been subject to an incentive tax rate of 15% as it has been awarded as a high-tech enterprise in the PRC since 2008. The decrease in income tax expense is due to lower profits achieved by the Group's main subsidiary, Jiangsu Hengxin Technology Co., Ltd in 3Q2012 compared to 3Q2011.

Net profit

In view of the above, net profit attributable to equity holders of the parent decreased by approximately RMB15.5 million or approximately 48.1% from approximately RMB32.2 million in 3Q2011 to approximately RMB16.7 million in 3Q2012.

STATEMENT OF FINANCIAL POSITION

Material fluctuations on the statement of financial position items are explained below:

Pledged bank deposits

Pledged bank deposits are used as a pledged against commercial bills used for payment to suppliers. Pledged bank deposits increased by approximately RMB1.8 million or approximately 3.4% from approximately RMB52.9 million as at 31 December 2011 to approximately RMB54.7 million as at 30 September 2012 due to a higher amount of commercial bills payable to suppliers, requiring a lower amount of bank balances required to be set aside as securities.

Trade receivables

Trade receivables increased by approximately RMB2.7 million or approximately 0.4% from approximately RMB734.6 million as at 31 December 2011 to approximately RMB737.3 million as at 30 September 2012.

Average trade receivables turnover days are 247 days as at 30 September 2012 compared to 179 days as at 31 December 2011 and 239 days as at 30 June 2012. Due to the macro-economic slowdown in the PRC, its major customers are taking a longer period in making payments. Coupled with the lower revenue generated during 3Q2012, this resulted in a higher turnover days. Nonetheless, most trade receivables balances are recent sales which are well within the average credit period given to our customers. The Group will endeavour to continue its collection efforts on the outstanding balances.

Other receivables and prepayments

Other receivables and prepayments increased by approximately RMB25.9 million or approximately 91.5% from approximately RMB28.3 million as at 31 December 2011 to approximately RMB54.2 million as at 30 September 2012. Due to a major tender exercise held in 2012 requiring the Group to increase its manufacturing pace and adhere to strict delivery schedules, the Group made deposits to raw material suppliers amounting RMB41.9 million as at 30 September 2012 as compared to RMB16.6 million as at 31 December 2011 so as to ensure customer requirements can be met.

Inventories

Inventories (comprising raw materials, work-in-progress and finished goods) decreased by approximately RMB28.2 million or approximately 20.8% from approximately RMB135.9 million as at 31 December 2011 to approximately RMB107.7 million as at 30 September 2012. This is due to lower sales volume resulting in a lower amount of inventories being stocked up.

Property, plant and equipment

Property, plant and equipment decreased by approximately RMB4.9 million or approximately 3.1% from approximately RMB157.9 million as at 31 December 2011 to approximately RMB153.0 million as at 30 September 2012 arising from addition of property, plant and equipment, which is offset by depreciation expenses during the period.

Short-term bank loans

Short-term bank loans decreased by approximately RMB7.8 million or approximately 3.4% from approximately RMB230.0 million as at 31 December 2011 to approximately RMB222.2 million in 30 September 2012 due to repayments made during the period.

Trade payables and Other payables

Trade payables decreased by approximately RMB4.4 million or approximately 1.7% from approximately RMB258.5 million as at 31 December 2011 to approximately RMB254.1 million as at 30 September 2012 in line with lower sales during 9M2012.

Other payables decreased by approximately RMB15.5 million or approximately 54.0% from approximately RMB28.7 million as at 31 December 2011 to approximately RMB13.2 million as at 30 September 2012 due to lower accruals for bonuses arising from the Group's weak performance.

Income tax payable

Income tax payable decreased by approximately RMB9.5 million as at 30 September 2012 compared to that as at 31 December 2011. The higher balance as at 31 December 2011 related to taxes in the prior quarter which were not yet paid then, but were all paid off during the first half of the financial year 2012.

Cash and bank balances

Cash and bank balances increased RMB28.7 million or approximately 8.9% from RMB323.7 million as at 31 December 2011 compared to RMB352.4 million as at 30 September 2012 mainly due to slower payments from customers during the period.

(II) LIQUIDITY, FINANCIAL RESOURCES

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

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 of the Group monitors capital based on the Group's net gearing ratio. The Group's 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.

	As at	
	30 September 2012	31 December 2011
	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)
Net cash borrowings	130,204	93,710
Total equity	1,001,472	938,974
Net cash to equity ratio (%)	<u>13.00</u>	<u>9.98</u>

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

As at 30 September 2012		As at 31 December 2011	
Secured	Unsecured	Secured	Unsecured
<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (unaudited)	<i>RMB'000</i> (audited)	<i>RMB'000</i> (audited)
—	222,194	—	230,000

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)

The mobile communications industry remains challenging amidst intense competition. The Group continued to experience a slowdown in its RF Coaxial Cables segment, while witnessing a slight increase in demand from the Telecommunication equipment and accessories segment.

In India, the economic slowdown and intense competition have inevitably led to telecom operators looking for new ways to reduce its capital expenditure which led to the recent adoption of aluminium-made RF Coaxial cables instead of copper ones. On the foreign exchange front, the erratic fluctuations of the Indian rupee will continue to impact on our results of operations. The Group continues to keep close monitor on exchange rates and take advantage of any rate movements which will benefit the Group's operations.

Following the recent completion of the antenna manufacturing facility and testing chamber, the Group has started work on a few prototypes of mobile communication antennas. As announced previously, the commencement of manufacture for sale is solely conditional upon the Group being able to submit its tender in time and passing tests for various products put up for tender. Nonetheless, since the completion of the manufacturing facility, there have not been any tenders released by the PRC telecom operators for the purchase of antennas to date. In view of this, the commencement of sales for antenna may be delayed as a result.

The Group continues to seek new geographical markets and customers in countering the weak demand in the PRC market, and will continue its efforts to seek potential business opportunities.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES

As at 30 September 2012, the interests and short positions of the directors (the “**Directors**”) and chief executives of the Company in shares and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”), which are required to be notified to the Company and SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and short positions which they are deemed or taken to have under such provisions of the SFO) or which are required to be entered into, as recorded in the register required to be kept by the Company pursuant to Section 352 of Part XV of the SFO, or as otherwise notified to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 of the Listing Rules, were as follows:

Long positions in the Company:

Name of Directors	Number of issued shares in the Company			Approximate percentage of the Company's issued share capital
	Personal interests	Corporate interests	Total interests	
Mr. Cui Genxiang ⁽¹⁾	—	90,294,662	90,294,662	23.27%
Ms. Zhang Zhong ⁽²⁾	—	28,082,525	28,082,525	7.24%

Notes:

- (1) Mr. Cui Genxiang beneficially owns the entire issued share capital of Kingever Enterprises Limited (“**Kingever**”), and Kingever in turn holds approximately 23.27% of the total issued shares in the Company.
- (2) Ms. Zhang Zhong beneficially owns the entire issued share capital of Wellahead Holdings Limited (“**Wellahead**”), and Wellahead in turn holds approximately 7.24% of the total issued shares in the Company.

Saved as disclosed above, as at 30 September 2012, none of the Directors and chief executives of the Company nor their associates had or deemed to have any interests or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which has been recorded in the register maintained by the Company pursuant to Section 352 of Part XV of the SFO or which has been notified to the Company and the SEHK pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 September 2012, insofar as is known to the Directors and chief executives of the Company, the following shareholders having interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

Long positions:

Name	Capacity and nature of interests	Number of ordinary shares held	Approximate percentage of the Company's issued share capital
Kingever (<i>Note (a)</i>)	Registered owner and beneficially owned	90,294,662	23.27%
Mr. Cui Genxiang (<i>Note (a)</i>)	Deemed interest and interest in controlled company	90,294,662	23.27%
Wellahead (<i>Note (b)</i>)	Registered owner and beneficially owned	28,082,525	7.24%
Ms. Zhang Zhong (<i>Note (b)</i>)	Deemed interest and interest in controlled company	28,082,525	7.24%

Notes:

- (a) Kingever is a company incorporated in the British Virgin Islands, and the entire issued share capital of which is beneficially owned by Mr. Cui Genxiang.
- (b) Wellahead is a company incorporated in the British Virgin Islands, and the entire issued share capital of which is beneficially owned by Ms. Zhang Zhong.

Saved as disclosed above, as at 30 September 2012, no person, other than the Directors, whose interests are set out in the paragraph headed "Directors' and chief executives' interests and short positions in shares and underlying shares and debentures" above, has an interest or short position in the shares or underlying shares of the Company that was required to be recorded.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial period nor at any time during the financial period did there subsist any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

(IV) SUPPLEMENTARY INFORMATION

1. **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 unaudited interim results of the Group for the nine months ended 30 September 2012.

2. **Compliance with Corporate Governance Code**

The Company has complied with all the code provisions as set out in the Code on Corporate Governance Practices (formerly set out in Appendix 14 to the Listing Rules) and the new addition of the Corporate Governance Code which is applicable to financial reports covering periods after 1 April 2012 for the nine months ended 30 September 2012.

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

The Board confirms, having made specific enquiries with all directors of the Company that during the nine months ended 30 September 2012, all the directors have complied with the required standards of the Model Code as set out in Appendix 10 of the Listing Rules.

4. **Review of financial results**

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

5. **Purchase, Sales or Redemption of the Company's Securities**

For the nine months ended 30 September 2012, neither the Company nor its subsidiaries had purchased, sold or redeemed any of the securities of the Company.

6. **Audit or review in accordance with applicable accounting standards**

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

7. **Auditors' report (including any qualifications or emphasis of matter)**

Not applicable.

8. **If the group has obtained a general mandate from shareholders for Interest Person Transactions ("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.

9. **Negative assurance pursuant to SGX Listing Manual Rule 705(5)**

We, **Cui Genxiang** and **Xu Guoqiang**, being two directors of Hengxin Technology Ltd. (the "Company"), do hereby confirm on behalf of the Board of Directors of the Company ("Board") that, to the best of the Board's knowledge, nothing has come to the attention of the Board which may render the 3Q2012 and 9M2012 financial results to be false or misleading in any material aspect.

10. Disclosure on the Website of the Exchanges

This announcement shall be published on the websites 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>).

11. Use of IPO proceeds

As at the date of the financial period reported on, the Company has utilised approximately RMB32.60 million of the net proceeds raised from the dual primary listing on the Stock Exchange of Hong Kong Limited (the "IPO Proceeds").

The details of the use of the IPO Proceeds are tabulated below:

Intended Use	Revised Amount RMB'000	Used RMB'000	Balance RMB'000
Diversify product portfolio of High Temperature Resistant Cables	7,130 ⁽¹⁾	(2,220)	4,910
Diversify product portfolio of Antennas	35,370	(18,968)	16,402
Expansion of sales network into overseas market	7,382	(593)	6,789
Enhance research and development	7,382	(3,731)	3,651
General working capital	23,859 ⁽¹⁾	(7,083) ⁽²⁾	16,776
Total	<u>81,123</u>	<u>(32,595)</u>	<u>48,528</u>

(1) Please refer to the Company's announcement dated 9 October 2012 on the change in use of proceeds.

(2) The breakdown of the use of proceeds for general working capital is as follows:

Details	Used RMB'000
Purchase of raw materials	(6,823)
Purchase of equipment	(260)
Total	<u>(7,083)</u>

12. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The Group's 3Q2012 results is in line with the profit guidance which was announced on 25 October 2012.

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

Singapore, 2 November 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 of the Company is Ms. Zhang Zhong; and the non-executive independent directors of the Company are Mr. Tay Ah Kong Bernard, Mr. Chee Teck Kwong Patrick and Mr. Tam Chi Kwan Michael.