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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 Registration No.: 200414927H)*

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

**(Singapore Stock Code: I85)**

### **OVERSEAS REGULATORY ANNOUNCEMENT**

This overseas regulatory announcement is issued pursuant to Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Hengxin Technology Ltd. (the “**Company**”) has published an announcement regarding “Response to query from Singapore Exchange Securities Trading Limited” on the website of the Singapore Exchange Securities Trading Limited on 1 March 2013, the full text of which is set out on the next page for information purpose only.

On behalf of the Board  
**Hengxin Technology Ltd.**

**Cui Genxiang**

*Executive Chairman*

Hong Kong, 1 March 2013

*As at the date of 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 independent non-executive Directors are Mr. Tay Ah Kong Bernard, Mr. Chee Teck Kwong Patrick and Mr. Tam Chi Kwan Michael.*

\* *For identification purpose only*

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**RESPONSE TO QUERY FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED**

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The Board of Directors of Hengxin Technology Ltd (the “Company” or “Group”) refers to the announcement of the unaudited financial results of the Company and the Group for the fourth quarter ended 31 December 2012 (“Results Announcement”) released to Singapore Exchange Securities Trading Limited (“SGX-ST”) on 20 February 2013 (Announcement No. 00119).

The Company has received the following queries from SGX-ST and wishes to provide the information as set out below:

**SGX-ST Query 1**

“We note from page 16 of the announcement that the Company has not incurred any change in the share capital. Please disclose the information using the format as seen in Appendix 7.2, Paragraph 1(d).”

**Company’s Response**

**Part I Information Required for Quarterly (Q1, Q2 & Q3), Half-Year and Full Year Announcements**

**(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

The following statement was made by the Company on pages 9 and 10 of the Results Announcement:

**STATEMENT OF CHANGES IN EQUITY**

**Consolidated Statement of Changes in Equity for the year ended 31 December 2012**

<b>GROUP — RMB’000</b>	<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 2012</b>	295,000	122,889	(6,017)	(294)	527,396	938,974
Total comprehensive income for the year	—	—	—	(804)	67,278	66,474
Transfer to reserves	—	11,492	—	—	(11,492)	—
<b>Balance at 31 December 2012</b>	<u>295,000</u>	<u>134,381</u>	<u>(6,017)</u>	<u>(1,098)</u>	<u>583,182</u>	<u>1,005,448</u>

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

GROUP — RMB'000	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 year	—	—	—	(290)	102,249	101,959
Transfer to reserves	—	18,050	—	—	(18,050)	—
Dividends	—	—	—	—	(15,694)	(15,694)
Balance at 31 December 2011	<u>295,000</u>	<u>122,889</u>	<u>(6,017)</u>	<u>(294)</u>	<u>527,396</u>	<u>938,974</u>

## Statement of Changes in Equity of the Company for the year ended 31 December 2012

COMPANY — RMB'000	Share capital	Accumulated profits	Total
Balance at 1 January 2012	295,000	130,840	425,840
Total comprehensive income for the year	—	(8,758)	(8,758)
Balance at 31 December 2012	<u>295,000</u>	<u>122,082</u>	<u>417,082</u>

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

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

(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Share capital — Ordinary Shares	No. of shares	RMB'000
	'000	
Balance as at 31 December 2011 and 31 December 2012	<u>388,000</u>	<u>295,000</u>

There were no changes in the issued share capital of the Company for the fourth quarter and twelve months ended 31 December 2012.

**(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

As at 31 December 2011 and 31 December 2012, there were no treasury shares.

**(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

## **SGX-ST Query 2**

“As noted from page 17 of the announcement, the aging of trade receivables of over 360 days increased by over two-fold. Please disclose the reason(s) for the increase in the aging of the trade receivables of over 360 days and whether the Company foresees any issue in the collection of these receivables.”

### **Company’s Response**

The breakdown of the outstanding trade receivables over 360 days is as follows:

<b>Debtors</b>	<b>Amount</b> <i>(RMB million)</i>	<b>Proportion</b> <i>(%)</i>
PRC’s 3 major telcos	29.2	83.2
Other telecom suppliers	<u>5.9</u>	<u>16.8</u>
Total	<u><u>35.1</u></u>	<u><u>100</u></u>

The outstanding amounts of more than 360 days relate to retention monies of different telecom infrastructure projects in the PRC. A certain percentage pertaining to the total sales order of each project is set aside, only to be paid when the project is being completed. Depending on the size of each project, project completion can extend to more than a year. The various telecom infrastructure projects in relation to these receivables took a longer period of time for completion, and thus stretched the Group’s trade receivables aging. The Group understands that these projects are currently in progress and will eventually be completed.

The debtors stated in the table above have been the Group’s long-time customers and relate mainly to the three main telecom operators in the PRC, and the Group have been receiving regular payments from them. In view of the Group’s long-standing dealings with them and the regular receipts it had obtained from these customers, the Group does not foresee any issue in the collection of these receivables.

By Order of the Board  
**Cui Genxiang**  
*Executive Chairman*

1 March 2013