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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 INTERIM RESULTS
FOR THE SECOND QUARTER AND
SIX MONTHS ENDED 30 JUNE 2013**

FINANCIAL HIGHLIGHTS

1. Revenue for the six months ended 30 June 2013 decreased by approximately 20.9% to approximately RMB503.2 million
2. Gross profit decreased by approximately 12.6% to approximately RMB99.3 million
3. Net profit attributable to equity holders of the parent decreased by approximately 28.8% to approximately RMB33.0 million
4. Basic earnings per share was RMB0.08
5. No payment of interim dividend for the six months ended 30 June 2013 has been 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 six months ended 30 June 2013 and for the three months ended 30 June 2013 together with the comparative figures for the corresponding periods in 2012 as follow:

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June (“1H”)

| | <i>Notes</i> | 1H2013 <i>RMB'000</i> (unaudited) | 1H2012 <i>RMB'000</i> (unaudited) |
|--------------------------------------------------------------------------------|--------------|-------------------------------------------------------|-----------------------------------------|
| Revenue | 5 | 503,186 | 635,816 |
| Cost of sales | | (403,874) | (522,157) |
| Gross profit | | 99,312 | 113,659 |
| Other income | 6 | 4,414 | 7,048 |
| Selling and distribution expenses | | (24,103) | (27,582) |
| Administrative expenses | | (17,474) | (17,994) |
| Other operating expenses | | (13,341) | (7,312) |
| Finance costs | 7 | (1,969) | (11,572) |
| Profit before income tax | 8 | 46,839 | 56,247 |
| Income tax expense | 9 | (13,829) | (9,907) |
| Net profit attributable to equity holders of parent | | 33,010 | 46,340 |
| Other comprehensive income | | | |
| Items that may be classified subsequently to profit or loss: | | | |
| Exchange difference arising from consolidation of foreign operations | | (49) | (369) |
| Total comprehensive income attributable to equity holders of the parent | | 32,961 | 45,971 |
| Earnings per share attributable to equity holders of the parent | | | |
| Basic and diluted (<i>RMB cents</i>) | 12 | 8.5 | 11.8 |
| Dividends per share (<i>RMB cents</i>) | | N.A. | N.A. |

CONSOLIDATED INCOME STATEMENT

For the three months ended 30 June ("2Q")

| | 2Q2013 <i>RMB'000</i> (unaudited) | 2Q2012 <i>RMB'000</i> (unaudited) |
|--------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| Revenue | 301,242 | 376,215 |
| Cost of sales | <u>(240,792)</u> | <u>(307,255)</u> |
| Gross profit | 60,450 | 68,960 |
| Other income | 1,517 | 1,793 |
| Selling and distribution expenses | (12,744) | (15,518) |
| Administrative expenses | (8,652) | (8,641) |
| Other operating expenses | (8,262) | (6,106) |
| Finance costs | (424) | (6,097) |
| Profit before income tax | 31,885 | 34,391 |
| Income tax expense | <u>(10,644)</u> | <u>(6,632)</u> |
| Net profit attributable to equity holders of parent | 21,241 | 27,759 |
| Other comprehensive income | | |
| Items that may be classified subsequently to profit or loss: | | |
| Exchange difference arising from consolidation of foreign operations | <u>(350)</u> | <u>(165)</u> |
| Total comprehensive income attributable to equity holders of the parent | <u>20,891</u> | <u>27,594</u> |
| Earnings per share attributable to equity holders of the parent | | |
| Basic and diluted (<i>RMB cents</i>) | <u>5.4</u> | <u>7.1</u> |

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year:

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

| | Group | | | Group | | |
|---------------------------------------------------|--------------------------------|--------------------------------|-------------|--------------------------------|--------------------------------|-------------|
| | 3 mths ended 30 Jun | | Change % | 6 mths ended 30 Jun | | Change % |
| | 2013 RMB'000 (unaudited) | 2012 RMB'000 (unaudited) | | 2013 RMB'000 (unaudited) | 2012 RMB'000 (unaudited) | |
| Reversal of inventory obsolescence | — | (63) | -100.0% | — | (63) | -100.0% |
| Depreciation of property, plant and equipment | 5,057 | 4,367 | 15.8% | 10,114 | 8,714 | 16.1% |
| Gain on disposal of available-for-sale investment | — | (68) | -100.0% | — | (68) | -100.0% |
| Loss on disposal of property, plant and equipment | 66 | 3 | N.M. | 86 | 10 | N.M. |
| Amortisation of prepaid lease payments | 140 | 140 | 0.0% | 280 | 280 | 0.0% |
| Foreign exchange losses (gains) | 2,537 | 2,105 | 20.5% | 3,385 | (643) | N.M. |
| Interest expense | 424 | 6,097 | -93.0% | 1,969 | 11,572 | -83.0% |
| Interest income | (427) | (1,020) | -58.1% | (1,449) | (2,229) | -35.0% |
| Research and development expenses | 5,643 | 3,964 | 42.4% | 9,354 | 6,768 | 38.2% |

N.M.: Not meaningful

1(a)(iii) Statement of Comprehensive Income

| | Group | | |
|-----------------------------------------------------------------------|------------------------|-----------------|-------------|
| | 3 months ended 30 June | | Change % |
| | 2013 RMB'000 | 2012 RMB'000 | |
| Net profit | 21,241 | 27,759 | -23.5% |
| Other comprehensive income | | | |
| Items that may be subsequently classified to profit or loss: | | | |
| Exchange differences arising from consolidation of foreign operations | (350) | (165) | 112.1% |
| Total comprehensive income for the period | 20,891 | 27,594 | -24.3% |

| | Group | | |
|-----------------------------------------------------------------------|------------------------|-----------------|-------------|
| | 6 months ended 30 June | | Change % |
| | 2013 RMB'000 | 2012 RMB'000 | |
| Net profit | 33,010 | 46,340 | -28.8% |
| Other comprehensive income | | | |
| Items that may be subsequently classified to profit or loss: | | | |
| Exchange differences arising from consolidation of foreign operations | (49) | (369) | -86.7% |
| Total comprehensive income for the period | 32,961 | 45,971 | -28.3% |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | | As at | |
|-----------------------------------|--------------|--------------------------------------|------------------------------------|
| | | 30 June 2013 | 31 December 2012 |
| | <i>Notes</i> | RMB'000 (unaudited) | RMB'000 (audited) |
| ASSETS | | | |
| Current assets | | | |
| Cash and bank balances | | 145,165 | 265,853 |
| Pledged cash deposits | | 822 | 20,170 |
| Trade receivables | 14 | 731,723 | 618,352 |
| Other receivables and prepayments | | 59,252 | 24,297 |
| Inventories | | 101,842 | 108,241 |
| Leasehold land | | 560 | 560 |
| | | <hr/> | <hr/> |
| Total current assets | | 1,039,364 | 1,037,473 |
| Non-current assets | | | |
| Leasehold land | | 18,622 | 18,901 |
| Property, plant and equipment | 13 | 143,859 | 151,957 |
| Other receivables and prepayments | | 5,760 | 5,760 |
| Available-for-sale investment | | 10,000 | 10,000 |
| Deferred tax assets | | 3,522 | 3,618 |
| | | <hr/> | <hr/> |
| Total non-current assets | | 181,763 | 190,236 |
| | | <hr/> | <hr/> |
| Total assets | | 1,221,127 | 1,227,709 |
| LIABILITIES AND EQUITY | | | |
| Current liabilities | | | |
| Short term loans | | 30,000 | 41,999 |
| Trade payables | 15 | 123,307 | 156,293 |
| Other payables | | 20,718 | 19,074 |
| Income tax payable | | 5,493 | 1,916 |
| | | <hr/> | <hr/> |
| Total current liabilities | | 179,518 | 219,282 |
| | | <hr/> | <hr/> |
| NET CURRENT ASSETS | | 859,846 | 818,191 |

| | | As at | |
|------------------------------------------------------------|--------------|-------------------------------|-----------------------------|
| | | 30 June 2013 | 31 December 2012 |
| | <i>Notes</i> | <i>RMB'000</i> (unaudited) | <i>RMB'000</i> (audited) |
| Non-current liability | | | |
| Deferred tax liabilities | | 3,200 | 2,979 |
| TOTAL LIABILITIES | | 182,718 | 222,261 |
| NET ASSETS | | 1,038,409 | 1,005,448 |
| Equity attributable to equity holders of the parent | | | |
| Share capital | 11 | 295,000 | 295,000 |
| General reserves | | 137,682 | 134,381 |
| Special reserve | | (6,017) | (6,017) |
| Translation reserve | | (1,147) | (1,098) |
| Accumulated profits | | 612,891 | 583,182 |
| TOTAL EQUITY | | 1,038,409 | 1,005,448 |
| TOTAL EQUITY AND LIABILITIES | | 1,221,127 | 1,227,709 |

(1)(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:

- (A) the amount repayable in one year or less, or on demand;
- (B) the amount repayable after one year;
- (C) whether the amounts are secured or unsecured; and
- (D) details of any collaterals.

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

| As at 30 June 2013 | | As at 31 December 2012 | |
|---------------------------|-----------------------------|---------------------------|-----------------------------|
| Secured <i>RMB'000</i> | Unsecured <i>RMB'000</i> | Secured <i>RMB'000</i> | Unsecured <i>RMB'000</i> |
| — | 30,000 | — | 41,999 |

As at 30 June 2013, all bank borrowings are unsecured.

There is no amount repayable after one year.

STATEMENT OF FINANCIAL POSITION — COMPANY LEVEL

| | As at | |
|------------------------------------------------------------|--------------------------------------------------|----------------------------------------------------|
| | 30 June 2013 <i>RMB'000</i> (unaudited) | 31 December 2012 <i>RMB'000</i> (audited) |
| ASSETS | | |
| Current assets | | |
| Cash and bank balances | 22,233 | 22,863 |
| Other receivables and prepayments | 194 | 154 |
| Amount due from subsidiaries | 95,927 | 5,342 |
| Total current assets | <u>118,354</u> | <u>28,359</u> |
| Non-current assets | | |
| Subsidiaries | 392,544 | 392,386 |
| Total non-current assets | <u>392,544</u> | <u>392,386</u> |
| Total assets | <u>510,898</u> | <u>420,745</u> |
| LIABILITIES AND EQUITY | | |
| Current liabilities | | |
| Other payables | 4,184 | 3,663 |
| Total current liabilities | <u>4,184</u> | <u>3,663</u> |
| NET CURRENT ASSETS | <u>114,170</u> | <u>24,696</u> |
| Non-current liability | | |
| Deferred tax liabilities | — | — |
| Total non-current liability | <u>—</u> | <u>—</u> |
| TOTAL LIABILITIES | <u>4,184</u> | <u>3,663</u> |
| NET ASSETS | <u>506,714</u> | <u>417,082</u> |
| Equity attributable to equity holders of the parent | | |
| Share capital | 295,000 | 295,000 |
| Accumulated profits | 211,714 | 122,082 |
| TOTAL EQUITY | <u>506,714</u> | <u>417,082</u> |
| TOTAL EQUITY AND LIABILITIES | <u>510,898</u> | <u>420,745</u> |

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June

(1)(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

| GROUP <i>RMB'000</i> | 1 Apr 13 to 30 Jun 13 (unaudited) | 1 Apr 12 to 30 Jun 12 (unaudited) | 1 Jan 13 to 30 Jun 13 (unaudited) | 1 Jan 12 to 30 Jun 12 (unaudited) |
|-----------------------------------------------------------------|--------------------------------------------------------|-----------------------------------------|--------------------------------------------------------|-----------------------------------------|
| Operating activities | | | | |
| Profit before income tax | 31,885 | 34,391 | 46,839 | 56,247 |
| Adjustments for: | | | | |
| Depreciation of property, plant and equipment | 5,057 | 4,367 | 10,114 | 8,714 |
| Amortisation of prepaid lease payments | 140 | 140 | 280 | 280 |
| Reversal of inventory obsolescence | — | (63) | — | (63) |
| Loss on disposal of property, plant and equipment | 66 | 3 | 86 | 10 |
| Interest expense | 424 | 6,097 | 1,969 | 11,572 |
| Interest income | (427) | (1,020) | (1,449) | (2,229) |
| Gain on disposal of available-for-sale investments | — | (68) | — | (68) |
| Exchange differences arising on foreign currency translation | 1,567 | 1,219 | 2,714 | (1,496) |
| Operating profit before working capital changes | 38,712 | 45,066 | 60,553 | 72,967 |
| Trade receivables | (86,426) | (120,855) | (113,371) | (128,191) |
| Other receivables and prepayments | (25,184) | (1,177) | (34,955) | (15,176) |
| Inventories | 692 | 2,540 | 6,399 | 14,161 |
| Trade and bill payables | 39,308 | 95,727 | (32,986) | (24,711) |
| Other payables and accruals | 9,074 | (1,033) | 1,644 | (13,381) |
| Cash (used in) generated from operations | (23,824) | 20,268 | (112,716) | (94,331) |
| Interest paid | (424) | (6,097) | (1,969) | (11,572) |
| Interest income received | 427 | 1,020 | 1,449 | 2,229 |
| Income tax paid | (7,501) | (3,982) | (9,935) | (16,299) |

| GROUP <i>RMB'000</i> | 1 Apr 13 to 30 Jun 13 (unaudited) | 1 Apr 12 to 30 Jun 12 (unaudited) | 1 Jan 13 to 30 Jun 13 (unaudited) | 1 Jan 12 to 30 Jun 12 (unaudited) |
|-----------------------------------------------------------------|--------------------------------------------------|--------------------------------------------------|--------------------------------------------------|--------------------------------------------------|
| Net cash (used in) generated from operating activities | <u>(31,322)</u> | <u>11,209</u> | <u>(123,171)</u> | <u>(119,973)</u> |
| Investing activities | | | | |
| Acquisition of property, plant and equipment | (1,512) | (929) | (2,654) | (3,622) |
| Proceeds from disposal of property, plant and equipment | 36 | — | 36 | — |
| Acquisition of available-for-sale investment | — | (15,000) | — | (15,000) |
| Proceeds from disposal of available-for-sale investment | — | 15,068 | — | 15,068 |
| Net cash used in investing activities | <u>(1,476)</u> | <u>(861)</u> | <u>(2,618)</u> | <u>(3,554)</u> |
| Financing activities | | | | |
| Repayment of short-term bank loans | — | (60,000) | (71,999) | (80,000) |
| Proceeds from short-term bank loans | — | 30,000 | 60,000 | 70,000 |
| Decrease (increase) in pledged bank deposits | (42) | (19,071) | 19,348 | 15,408 |
| Net cash (used in) from financing activities | <u>(42)</u> | <u>(49,071)</u> | <u>7,349</u> | <u>5,408</u> |
| Net decrease in cash and cash equivalents | (32,840) | (38,723) | (118,440) | (118,119) |
| Effects of foreign exchange translation | (1,401) | (892) | (2,248) | 1,147 |
| Cash and cash equivalents at the beginning of the period | 179,406 | 246,353 | 265,853 | 323,710 |
| Cash and cash equivalents at the end of the period | 145,165 | 206,738 | 145,165 | 206,738 |

STATEMENT OF CHANGES IN EQUITY

(1)(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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Changes in Equity for the period ended 30 June 2013

| GROUP <i>RMB'000</i> | Share capital | General reserve | Special reserve | Translation reserve | Accumulated profits | Total |
|----------------------------------------------|-----------------------|-----------------------|-----------------------|------------------------|------------------------|-------------------------|
| Balance at 1 January 2013 | 295,000 | 134,381 | (6,017) | (1,098) | 583,182 | 1,005,448 |
| Total comprehensive income for the period | — | — | — | (49) | 33,010 | 32,961 |
| Transfer to reserves | — | 3,301 | — | — | (3,301) | — |
| Balance at 30 June 2013 | <u>295,000</u> | <u>137,682</u> | <u>(6,017)</u> | <u>(1,147)</u> | <u>612,891</u> | <u>1,038,409</u> |

Consolidated Statement of Changes in Equity for the period ended 30 June 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 | — | — | — | (369) | 46,340 | 45,971 |
| Transfer to reserves | — | 2,787 | — | — | (2,787) | — |
| Balance at 30 June 2012 | <u>295,000</u> | <u>125,676</u> | <u>(6,017)</u> | <u>(663)</u> | <u>570,949</u> | <u>984,945</u> |

STATEMENT OF CHANGES IN EQUITY

Statement of Changes in Equity of the Company for the period ended 30 June 2013

| COMPANY <i>RMB'000</i> | Share capital | Accumulated profits | Total |
|-------------------------------------------|----------------------|--------------------------------|----------------|
| Balance at 1 January 2013 | 295,000 | 122,082 | 417,082 |
| Total comprehensive income for the period | — | 89,632 | 89,632 |
| Balance at 30 June 2013 | <u>295,000</u> | <u>211,714</u> | <u>506,714</u> |

Statement of Changes in Equity of the Company for the period ended 30 June 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 | — | (3,978) | (3,978) |
| Balance at 30 June 2012 | <u>295,000</u> | <u>126,862</u> | <u>421,862</u> |

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 presentation 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 financial period reported on, as in the recently audited consolidated financial statements for the financial year ended 31 December 2012.

3. APPLICATION OF SFRS

The Group adopted the new and revised SFRS that are mandatory for the financial periods beginning on or after 1 January 2013.

The adoption of new and revised SFRS did not have any impact on the results of the Group for the financial period ended 30 June 2013.

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 | Radio frequency coaxial cables | Telecommunication equipment and accessories | Others | Unallocated | Total |
|----------------------------------|---------------------------------------------------|------------------------------------------------------------|----------------|--------------------|----------------|
| Six months ended 30 June | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| 2013 | | | | | |
| Revenue | 386,959 | 113,398 | 2,829 | — | 503,186 |
| Segment Results | | | | | |
| Segment profit | 40,591 | 11,876 | 317 | (5,534) | 47,250 |
| Interest income | 1,115 | 327 | — | 7 | 1,449 |
| Finance costs | (1,522) | (447) | — | — | (1,969) |
| Other income | | | | | 2,965 |
| Other expenses* | | | | | (2,856) |
| Profit before income tax | | | | | 46,839 |
| Income tax | | | | | (13,829) |
| Net profit for the period | | | | | 33,010 |
| 2012 | | | | | |
| Revenue | 515,397 | 119,456 | 963 | — | 635,816 |
| Segment Results | | | | | |
| Segment profit | 54,675 | 12,672 | 103 | (6,167) | 61,283 |
| Interest income | 1,629 | 380 | — | 220 | 2,229 |
| Finance costs | (9,380) | (2,192) | — | — | (11,572) |
| Other income | | | | | 4,819 |
| Other expenses* | | | | | (512) |
| Profit before income tax | | | | | 56,247 |
| Income tax | | | | | (9,907) |
| Net profit for the period | | | | | 46,340 |

* *excludes research and development expenses*

Other segment information

GROUP

| Six months ended 30 June | Radio frequency coaxial cables RMB'000 | Telecommunication equipment and accessories RMB'000 | Others RMB'000 | Unallocated RMB'000 | Total RMB'000 |
|-------------------------------------------------------|---------------------------------------------------------------|------------------------------------------------------------------------|---------------------------|--------------------------------|--------------------------|
| 2013 | | | | | |
| Capital expenditure | 1,961 | 576 | 117 | — | 2,654 |
| Depreciation expense | 7,149 | 2,099 | 865 | 1 | 10,114 |
| Amortisation of leasehold land | 216 | 64 | — | — | 280 |
| Reversal of (Allowance for) inventory obsolescence | — | — | — | — | — |
| 2012 | | | | | |
| Capital expenditure | 1,442 | 337 | 1,843 | — | 3,622 |
| Depreciation expense | 6,746 | 1,563 | 401 | 4 | 8,714 |
| Amortisation of leasehold land | 227 | 53 | — | — | 280 |
| Reversal of (Allowance for) inventory obsolescence | 111 | (21) | — | (27) | 63 |

Statement of net assets

| | Radio frequency coaxial cables RMB'000 | Telecommunication equipment and accessories RMB'000 | Others RMB'000 | Unallocated RMB'000 | Total RMB'000 |
|-------------------------------|---------------------------------------------------------------|------------------------------------------------------------------------|---------------------------|--------------------------------|--------------------------|
| As at 30 June 2013 | | | | | |
| Assets: | | | | | |
| Segment assets | 912,554 | 267,981 | 18,165 | — | 1,198,700 |
| Unallocated assets | | | | 22,427 | 22,427 |
| Total assets | | | | | 1,221,127 |
| Liabilities: | | | | | |
| Segment liabilities | 137,789 | 40,463 | 282 | — | 178,534 |
| Unallocated liabilities | | | | 4,184 | 4,184 |
| Total liabilities | | | | | 182,718 |
| As at 31 December 2012 | | | | | |
| Assets: | | | | | |
| Segment assets | 925,282 | 267,092 | 12,318 | — | 1,204,692 |
| Unallocated assets | | | | 23,017 | 23,017 |
| Total assets | | | | | 1,227,709 |
| Liabilities: | | | | | |
| Segment liabilities | 167,294 | 48,291 | 3,013 | — | 218,598 |
| Unallocated liabilities | | | | 3,663 | 3,663 |
| Total liabilities | | | | | 222,261 |

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 customer | | Non-current assets | |
|--------------|--------------------------------|----------------|--------------------|----------------|
| | For the six months ended | | As at | |
| | 30 June | | 30 June | 31 December |
| | 2013 | 2012 | 2013 | 2012 |
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Central Asia | 439,449 | 589,773 | 168,240 | 176,613 |
| South Asia | 25,380 | 35,506 | 2 | 6 |
| Others | 38,357 | 10,537 | — | — |
| Total | <u>503,186</u> | <u>635,816</u> | <u>168,242</u> | <u>176,619</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. An analysis of the Group's revenue, other income and gains is as follows:

| | For the six months ended | |
|---------------|--------------------------|----------------|
| | 30 June | |
| | 2013 | 2012 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | (unaudited) | (unaudited) |
| Sale of goods | <u>503,186</u> | <u>635,816</u> |

6. OTHER INCOME

| | For the six months ended | |
|----------------------------------------------------|--------------------------|----------------|
| | 30 June | |
| | 2013 | 2012 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | (unaudited) | (unaudited) |
| Government grants | 2,509 | 3,839 |
| Interest income | 1,449 | 2,229 |
| Compensation claims received | 274 | 232 |
| Foreign exchange gains | — | 643 |
| Gain on disposal of available-for-sale investments | — | 68 |
| Others | 182 | 37 |
| Total | <u>4,414</u> | <u>7,048</u> |

7. FINANCE COSTS

For the six months ended
30 June
2013 2012
RMB'000 *RMB'000*
(unaudited) (unaudited)

| | | |
|----------------------------------------|--------------|---------------|
| Interest on short term bank borrowings | <u>1,969</u> | <u>11,572</u> |
|----------------------------------------|--------------|---------------|

8. PROFIT BEFORE INCOME TAX

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

For the six months ended
30 June
2013 2012
RMB'000 *RMB'000*
(unaudited) (unaudited)

| | | |
|------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Cost of inventories recognised as expense (including allowance of (reversal of) inventory obsolescence) | 403,874 | 522,220 |
| Depreciation of property, plant and equipment | 10,114 | 8,714 |
| Amortisation of leasehold land | 280 | 280 |
| Employee benefits expense | 23,504 | 20,528 |
| Cost of defined contribution plans | 1,515 | 3,043 |
| Directors' fees — directors of the Company | 797 | 800 |
| Directors' remuneration: | | |
| Directors of the Company | 952 | 804 |
| Directors of the subsidiaries | 20 | 360 |
| Total staff costs | <u>26,788</u> | <u>25,535</u> |
| Net foreign exchange loss (gain) | 3,385 | (643) |
| Loss on disposal of property, plant and equipment | 66 | 10 |
| Gain on disposal of available-for-sale investments | — | (68) |

9. INCOME TAX EXPENSE

For the six months ended
30 June
2013 2012
RMB'000 *RMB'000*
(unaudited) (unaudited)

| | | |
|----------|---------------|--------------|
| Current | 13,512 | 9,656 |
| Deferred | 317 | 251 |
| | <u>13,829</u> | <u>9,907</u> |

The Company is incorporated in Singapore and is subject to income tax rate of 17% for the six months ended 30 June 2013 (2012: 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 2013 is 15% (2012: 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 interim dividend for the six months ended 30 June 2013. No interim dividend was also declared nor paid for the previous financial period ended 30 June 2012.

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 2012 and 30 June 2013 | <u>388,000</u> | <u>295,000</u> | <u>58,342</u> |

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 6 months ended | |
|-----------------------------------------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | 30-Jun-13 (unaudited) | 30-Jun-12 (unaudited) | 30-Jun-13 (unaudited) | 30-Jun-12 (unaudited) |
| Earnings per share (<i>RMB</i>) | | | | |
| — Basic | <u>5.4</u> | <u>7.1</u> | <u>8.5</u> | <u>11.8</u> |
| — Diluted | <u>5.4</u> | <u>7.1</u> | <u>8.5</u> | <u>11.8</u> |
| 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 June 2012 and 2013.

13. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2013, the Group's capital expenditure was approximately RMB2.7 million (2012: RMB3.6 million).

14. TRADE RECEIVABLES

| | 30 June 2013 RMB'000 (unaudited) | 31 December 2012 RMB'000 (audited) |
|------------------------------|-----------------------------------------------------|---------------------------------------------|
| Trade receivables | 688,178 | 581,661 |
| Allowance for doubtful debts | <u>(15,762)</u> | <u>(15,762)</u> |
| Net | 672,416 | 565,899 |
| Notes receivable | <u>59,307</u> | <u>52,453</u> |
| Total | <u><u>731,723</u></u> | <u><u>618,352</u></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:

| | 30 June 2013 RMB'000 (unaudited) | 31 December 2012 RMB'000 (audited) |
|-----------------|-----------------------------------------------------|---------------------------------------------|
| 0 to 180 days | 499,385 | 435,238 |
| 181 to 360 days | 183,447 | 148,025 |
| 1 to 2 years | <u>48,891</u> | <u>35,089</u> |
| | <u><u>731,723</u></u> | <u><u>618,352</u></u> |

15. TRADE PAYABLES

| | 30 June 2013 RMB'000 (unaudited) | 31 December 2012 RMB'000 (audited) |
|----------------|-----------------------------------------------------|---------------------------------------------|
| Trade payables | 123,307 | 93,422 |
| Bill payables | <u>—</u> | <u>62,871</u> |
| | <u><u>123,307</u></u> | <u><u>156,293</u></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 June 2013 RMB'000 (unaudited) | 31 December 2012 RMB'000 (audited) |
|-----------------|-----------------------------------------------------|---------------------------------------------|
| 0 to 90 days | 113,580 | 84,370 |
| 91 to 180 days | 4,515 | 67,931 |
| 181 to 360 days | 4,185 | 2,621 |
| Over 360 days | <u>1,027</u> | <u>1,371</u> |
| | <u><u>123,307</u></u> | <u><u>156,293</u></u> |

16. NET ASSET VALUE

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

| | Group | | Company | |
|---------------------------------------------------|--------------------------|------------------------|--------------------------|------------------------|
| | 30-Jun-13 (unaudited) | 31-Dec-12 (audited) | 30-Jun-13 (unaudited) | 31-Dec-12 (audited) |
| Net Assets (<i>RMB'000</i>) | 1,038,409 | 1,005,448 | 506,714 | 417,082 |
| Number of ordinary shares (<i>'000</i>) | 388,000 | 388,000 | 388,000 | 388,000 |
| Net Asset Value per ordinary share (<i>RMB</i>) | 2.68 | 2.59 | 1.31 | 1.07 |

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 six months ended 30 June | |
|---------------------------|---------------------------------------|---------------------------------------|
| | 2013 <i>RMB'000</i> (unaudited) | 2012 <i>RMB'000</i> (unaudited) |
| Purchase of raw materials | 1,117 | 3,294 |

(b) Compensation of key management personnel

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

| | For the six months ended 30 June | |
|-----------------------------------------|---------------------------------------|---------------------------------------|
| | 2013 <i>RMB'000</i> (unaudited) | 2012 <i>RMB'000</i> (unaudited) |
| Short term benefits | 1,800 | 2,169 |
| Retirement benefits scheme contribution | 61 | 30 |
| Total | 1,861 | 2,199 |

18. CAPITAL COMMITMENTS

| | As at | |
|----------------------------------|-----------------------------------|---------------------------------------|
| | 30 June 2013 <i>RMB'000</i> | 31 December 2012 <i>RMB'000</i> |
| Contracted but not provided for: | | |
| Property, plant and equipment | 1,120 | 1,120 |
| Donation commitment | 6,500 | 7,000 |
| Total | 7,620 | 8,120 |

19. COMMITMENT

As at 30 June 2013, the net book value of certain constructions were built on a piece of land located in the PRC (the “No. 5 Land”) amounted to approximately RMB27.2 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 June 2013, the Group had total future minimum lease payments under non-cancellable operating leases, which are payable as follows:

| | As at | |
|----------------------------------------|----------------------------|--------------------------------|
| | 30 June 2013 RMB'000 | 31 December 2012 RMB'000 |
| Within one year | 958 | 961 |
| In the second to fifth years inclusive | 713 | 1,177 |
| | <u>1,671</u> | <u>2,138</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

Half year performance

Material changes are explained below:

Revenue

Revenue decreased by approximately RMB132.6 million, or approximately 20.9% from approximately RMB635.8 million in the six months ended 30 June 2012 (“1H2012”) to approximately RMB503.2 million in the six months ended 30 June 2013 (“1H2013”) due to lower orders for the Group’s products during the period.

RF Coaxial Cable

Revenue generated from RF Coaxial Cables decreased by approximately RMB128.4 million or approximately 24.9% from approximately RMB515.4 million in 1H2012 to approximately RMB387.0 million in 1H2013.

Accessories

Revenue generated from Accessories decreased by approximately RMB6.1 million or approximately 5.1% from approximately RMB119.5 million in 1H2012 to approximately RMB113.4 million in 1H2013.

Others (HTRC and Antenna)

Revenue generated in this segment increased by approximately RMB1.9 million or approximately 211.1% from approximately RMB0.9 million in 1H2012 to approximately RMB2.8 million in 1H2013.

Gross profit margin

The Group achieved an overall gross profit margin of approximately 19.7% in 1H2013 compared to 1H2012, arising from sales of products with higher margins during the period. The Group continues to monitor production efficiencies to ensure optimal raw materials and labour 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 decreased by approximately RMB2.6 million or approximately 37.1% from approximately RMB7.0 million in 1H2012 to approximately RMB4.4 million in 1H2013, which is due to lower interest income and government grants awarded to the Group’s key subsidiary, Jiangsu Hengxin Technology Co., Ltd.

Selling and distribution expenses

Selling and distribution expenses decreased by approximately RMB3.5 million or approximately 12.7% from approximately RMB27.6 million in 1H2012 to approximately RMB24.1 million in 1H2013, which is in line with the Group’s lower sales during the period.

Administrative expenses

Administrative expenses remained largely constant at approximately RMB17.5 million, decreasing RMB0.5 million or approximately 2.8% compared to RMB18.0 million in 1H2012.

Other operating expenses

Other operating expenses increased by approximately RMB6.0 million or approximately 82.2% from approximately RMB7.3 million in 1H2012 to approximately RMB13.3 million in 1H2013. The increase arose from foreign exchange losses incurred at approximately RMB3.4 million and an increase in R&D expenses of approximately RMB2.6 million from customer requests for new product specifications during the period.

Finance costs

Finance costs decreased by approximately RMB9.6 million or approximately 82.8% from approximately RMB11.6 million in 1H2012 to approximately RMB2.0 million in 1H2013. The decrease is due to lower borrowings in 2013 compared to the same period in 2012.

Profit before income tax

Profit before income tax decreased by approximately RMB9.4 million or approximately 16.7% from approximately RMB56.2 million in 1H2012 to approximately RMB46.8 million in 1H2013 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 2011. The increase in income tax expenses is due to withholding taxes of RMB5.0 million being paid for dividends declared from the Group's China subsidiary to its holding company during the period.

Accordingly, income tax expense increased by approximately RMB3.9 million or approximately 39.4% from approximately RMB9.9 million in 1H2012 to approximately RMB13.8 million in 1H2013.

Net profit

In view of the above, net profit attributable to equity holders of the parent decreased by approximately RMB13.3 million or approximately 28.7% from approximately RMB46.3 million in 1H2012 compared to approximately RMB33.0 million in 1H2013.

Second quarter performance — Three months ended 30 June

Revenue

Group revenue decreased by approximately RMB75.0 million, or approximately 19.9% from approximately RMB376.2 million in the three months ended 30 June 2012 (“**2Q2012**”) to approximately RMB301.2 million in the three months ended 30 June 2013 (“**2Q2013**”) as a result of lower orders for the Group's products during the period.

RF Coaxial Cable

Revenue generated from RF Coaxial Cables decreased by approximately RMB64.9 million or approximately 21.7% from approximately RMB298.5 million in 2Q2012 to approximately RMB233.6 million in 2Q2013.

Accessories

Revenue generated from Accessories decreased by approximately RMB10.3 million or approximately 13.4% from approximately RMB77.1 million in 2Q2012 to approximately RMB66.8 million in 2Q2013.

Others (HTRC and Antenna)

Revenue generated in this segment increased by approximately RMB0.2 million or approximately 33.3% from approximately RMB0.6 million in 2Q2012 to approximately RMB0.8 million in 2Q2013.

Gross profit margin

Gross profit margin for 2Q2013 stood at approximately 20.1% compared to approximately 18.3% in 2Q2012, primarily due to increased sales of products with higher margins during the period.

Other income

Other income decreased by approximately RMB0.3 million or approximately 16.7% from approximately RMB1.8 million in 2Q2012 to approximately RMB1.5 million in 2Q2013 as a result of lower interest income earned during the period.

Selling and distribution expenses

Selling and distribution expenses decreased by approximately RMB2.8 million or approximately 18.1% from approximately RMB15.5 million in 2Q2012 to approximately RMB12.7 million in 2Q2013, which is in line with the Group's lower revenue during the period.

Other operating expenses

Other operating expenses increased by approximately RMB2.2 million or approximately 36.1% from approximately RMB6.1 million in 2Q2012 to approximately RMB8.3 million in 2Q2013. The increase was due to more R&D activities undertaken in response to customer requests for new specifications during the period.

Finance costs

Finance costs decreased by approximately RMB5.7 million or approximately 93.4% from approximately RMB6.1 million in 2Q2012 to approximately RMB0.4 million in 2Q2013, primarily due to lower amount of borrowings in 2013 compared to the same period in 2012.

Profit before income tax

Profit before income tax decreased by approximately RMB2.5 million or approximately 7.3% from approximately RMB34.4 million in 2Q2012 to approximately RMB31.9 million in 2Q2013 as a result of 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 2011. The increase in income tax expenses is due to withholding taxes of RMB5.0 million being paid for dividends declared from the Group's China subsidiary to its holding company during the period.

Accordingly, income tax expense increased by approximately RMB4.0 million or approximately 60.6% from approximately RMB6.6 million in 2Q2012 to approximately RMB10.6 million in 2Q2013.

Net profit

In view of the above, net profit attributable to equity holders of the parent decreased by approximately RMB6.6 million or approximately 23.7% from approximately RMB27.8 million in 2Q2012 to approximately RMB21.2 million in 2Q2013.

Statement of Financial Position

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

Pledged bank deposits

Pledged bank deposits are used as security for commercial bills used for payment to suppliers. Pledged bank deposits decreased by approximately RMB19.4 million or approximately 96.0% from approximately RMB20.2 million as at 31 December 2012 to approximately RMB0.8 million as at 30 June 2013 due to a reduction in use of commercial bills for payment to suppliers during the period.

Trade receivables

Trade receivables increased by approximately RMB113.3 million or approximately 18.3% from approximately RMB618.4 million as at 31 December 2012 to approximately RMB731.7 million as at 30 June 2013.

Average trade receivables turnover days are 295 days as at 30 June 2013 compared to 223 days as at 31 December 2012 and 321 days as at 31 March 2013.

The macro-economic slowdown in the PRC has resulted in the Group's major customers taking a longer period in making payments. Nonetheless, most trade receivables balances are recent sales which are well within the average credit period given to our customers.

For amounts due more than six months and longer, these mainly pertain to final payment (upon project completion) owed by the three main PRC telecom operators. These outstanding balances relate to projects undertaken by these operators which had longer project completion date than as initially anticipated. These operators have been the Group's long-time customers and the Group has 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.

The Group will endeavour to continue its collection efforts on the outstanding balances.

Other receivables and prepayments

Other receivables and prepayments increased by approximately RMB35.0 million or approximately 144.0% from approximately RMB24.3 million as at 31 December 2012 to approximately RMB59.3 million as at 30 June 2013. Of this balance, RMB50.2 million relates to deposits to suppliers, compared to approximately RMB14.1 million as at 31 December 2012. The increase pertains to deposits paid to suppliers in order to facilitate strict delivery schedules as required by customers.

Inventories

Inventories (comprising raw materials, work-in-progress and finished goods) decreased by approximately RMB6.4 million or approximately 5.9% from approximately RMB108.2 million as at 31 December 2012 to approximately RMB101.8 million as at 30 June 2013 due to the lower sales during the period.

Property, plant and equipment

Property, plant and equipment decreased by approximately RMB8.1 million or approximately 5.3% from approximately RMB152.0 million as at 31 December 2012 to approximately RMB143.9 million as at 30 June 2013 arising mainly due to depreciation expenses during the period.

Short-term bank loans

Short-term bank loans decreased by approximately RMB12.0 million or approximately 28.6% from approximately RMB42.0 million as at 31 December 2012 to approximately RMB30.0 million in 30 June 2013 arising from partial repayment of borrowings during the period.

Trade payables and Other payables

Trade payables decreased by approximately RMB33.0 million or approximately 21.1% from approximately RMB156.3 million as at 31 December 2012 to approximately RMB123.3 million as at 30 June 2013 in line with lower sales in 1H2013.

Other payables increased by approximately RMB1.6 million or approximately 8.4% from approximately RMB19.1 million as at 31 December 2012 to approximately RMB20.7 million as at 30 June 2013 as certain expenses have been accrued for through the year compared to year end provisions made in previous periods.

Income tax payable

Income tax payable increased by approximately RMB3.6 million or approximately 189.5% from RMB1.9 million as at 31 December 2012 compared to 30 June 2013.

Cash and bank balances

Cash and bank balances decreased RMB120.7 million or approximately 45.4% from RMB265.9 million as at 31 December 2012 compared to RMB145.2 million as at 30 June 2013 mainly due to longer customer collections, payments to suppliers and repayment of borrowings during the period.

(II) LIQUIDITY, FINANCIAL RESOURCES

In addition to its short-term interest-bearing facilities, the Group generally finances its operations from cash flows generated internally. For the six months ended 30 June 2013, the Group's negative working capital resulted in additional loans being obtained to finance the Group's operations.

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 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.

| | As at | |
|------------------------------|----------------|------------------|
| | 30 June 2013 | 31 December 2012 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| | (unaudited) | (audited) |
| Net cash borrowings | (115,165) | (223,854) |
| Total equity | 1,038,409 | 1,005,448 |
| Net debt to equity ratio (%) | <u>(11.10)</u> | <u>(22.26)</u> |

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

| As at 30 June 2013 | | As at 31 December 2012 | |
|--------------------|----------------|------------------------|----------------|
| Secured | Unsecured | Secured | Unsecured |
| <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| (unaudited) | (unaudited) | (audited) | (audited) |
| — | 30,000 | — | 41,999 |

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 recent emergence of several over-the-top services has led to a steady decline in sms/voice services revenue within the telecoms industry. With the underlying overall growth momentum in the PRC and abroad being likely to soften in the near term, telecom operators have inevitably taken the careful and selective spending approach through higher quality, yet cost-efficient equipments and systems. These factors have continued to raise competition at higher levels with continued pressure on selling prices.

Despite the factors above, the Group will endeavour to press on with efforts to monitor changing market conditions closely, make refinements on business strategies and broaden its product variety as well as enhance its branding to expand the Group's business contributors in the long

run. In addition, we will capitalize on our good relationships with our suppliers and customers to, amongst others, negotiate more favourable prices, and continue to market the Group's current range of products.

Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares and Debentures

As at 30 June 2013, 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 June 2013, 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 June 2013, insofar as is known to the Directors and chief executives of the Company, the following shareholders have 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 June 2013, 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 six months ended 30 June 2013.

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 for the six months ended 30 June 2013.

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 six months ended 30 June 2013, all the directors have complied with the required standards of the Model Code as set out in Appendix 10 of the Listing Rules.

4. Share capital

(i) 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.

| | No. of shares | |
|-------------------------------------------------|----------------------|----------------|
| Share capital — Ordinary Shares | '000 | RMB'000 |
| Balance as at 30 June 2013 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 second quarter and six months ended 30 June 2013.

(ii) 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 30 June 2013 and 31 December 2012, there were no treasury shares.

(iii) 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.

5. Dividends

No dividend has been recommended by the Company for the period ended 30 June 2013.

6. Review of financial results

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

7. Audit or review in accordance with applicable accounting standards

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

8. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

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 2012.

9. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

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

For the six months ended 30 June 2013, neither the Company nor its subsidiaries had purchased, sold or redeemed any of the securities of the Company.

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

Not applicable.

12. 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.

13. 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>).

14. 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 2Q2013 and 1H2013 financial results to be false or misleading in any material aspect.

15. Use of IPO proceeds

As at the date of the financial period reported on, the Company has utilised approximately RMB60.0 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⁾ | (2,240) | 4,890 |
| Diversify product portfolio of Antennas | 35,370 | (29,235) | 6,135 |
| Expansion of sales network into overseas market | 7,382 | (895) | 6,487 |
| Enhance research and development | 7,382 | (3,752) | 3,630 |
| General working capital | 23,859 | (23,859) | — |
| Total | 81,123 | (59,981) | 21,142 |

(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 | 23,032 |
| Purchase of equipment | 408 |
| General admin expenses | 419 |
| Total | 23,859 |

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

Singapore, 7 August 2013

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.