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HENGXIN TECHNOLOGY LTD.
亨鑫科技有限公司*

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

(incorporated in Singapore with limited liability)

(Singapore Company Registration Number 200414927H)

(Hong Kong Stock Code: 1085)

(Singapore Stock Code: I85)

ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2013

FINANCIAL HIGHLIGHTS

1. Revenue increased by 9.2% to RMB1,238.2 million
2. Gross profit increased by 16.2% to RMB242.2 million
3. Net profit attributable to equity holders of the parent increased by 17.1% to RMB78.8 million
4. Basic earnings per share was RMB0.2
5. Proposed first and final dividend of S\$0.0042 (equivalent to approximately RMB2.03 cents) per share

The board of directors (the “**Board**”) of Hengxin Technology Ltd. (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiary (collectively hereinafter referred as the “**Group**”) for the year ended 31 December 2013 and for the three months ended 31 December 2013 together with the comparative figures for the corresponding periods in 2012 as follows:

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 STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	<i>Notes</i>	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Revenue	5	1,238,209	1,134,343
Cost of sales		(996,042)	(925,952)
Gross profit		242,167	208,391
Other income	6	6,624	12,135
Selling and distribution expenses		(67,950)	(62,899)
Administrative expenses		(39,859)	(38,539)
Other operating expenses		(33,628)	(17,436)
Finance costs	7	(4,241)	(20,507)
Profit before income tax	8	103,113	81,145
Income tax expense	9	(24,306)	(13,867)
Net profit attributable to equity holders of parent		78,807	67,278
Other comprehensive income			
Items that may be classified subsequently to profit or loss:			
Exchange difference arising from consolidation of foreign operations		(222)	(804)
Total comprehensive income attributable to equity holders of the parent		78,585	66,474
Earnings per share attributable to equity holders of the parent			
Basic and diluted (<i>RMB cents</i>)	12	20.3	17.3
Dividends per share (<i>RMB cents</i>)	10	2.03	—

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*For the 3 months ended 31 December (“4Q”) 2013*

	4Q ended 2013 RMB'000	4Q ended 2012 RMB'000
Revenue	386,797	243,315
Cost of sales	(314,906)	(196,260)
Gross profit	71,891	47,055
Other income	1,421	963
Selling and distribution expenses	(25,521)	(21,357)
Administrative expenses	(12,193)	(11,432)
Other operating expenses	(12,265)	(5,408)
Finance costs	(1,147)	(4,665)
Profit before income tax	22,186	5,156
Income tax expense	(4,559)	(931)
Net profit attributable to equity holders of parent	17,627	4,225
Other comprehensive income		
Items that may be classified subsequently to profit or loss:		
Exchange difference arising from consolidation of foreign operations	(66)	(249)
Total comprehensive income attributable to equity holders of the parent	17,561	3,976
Earnings per share attributable to equity holders of the parent		
Basic and diluted (RMB cents)	4.5	1.1

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 31 Dec		Change %	Full year ended 31 Dec		Change %
	2013 RMB'000	2012 RMB'000		2013 RMB'000	2012 RMB'000	
(Reversal) Allowance for inventory obsolescence	(1,180)	501	N.M.	(1,180)	438	N.M.
Depreciation of property, plant and equipment	4,357	4,976	-12.4%	19,033	18,550	2.6%
Gain on disposal of available-for-sale investments	—	(61)	-100.0%	—	(178)	-100.0%
Loss on disposal of property, plant and equipment	246	2	N.M.	339	13	N.M.
Amortisation of leasehold land	140	140	0.0%	560	560	0.0%
Foreign exchange losses (gains)	130	1,107	-88.3%	3,947	(2,292)	N.M.
Interest expense	1,147	4,665	-75.4%	4,241	20,507	-79.3%
Interest income	(809)	(1,422)	-43.1%	(2,815)	(4,640)	-39.3%
Research and development expenses	13,973	5,398	158.9%	28,622	16,790	70.5%

N.M.: Not meaningful

1(a)(iii) Statement of Comprehensive Income

STATEMENT OF COMPREHENSIVE INCOME

<i>RMB'000</i>	Group		<i>Change</i> %
	3 months ended 31 December 2013	2012	
Net profit	17,627	4,225	317.2%
Other comprehensive income			
Items that may be subsequently classified to profit or loss:			
Exchange differences arising from consolidation of foreign operations	<u>(66)</u>	<u>(249)</u>	-73.5%
Total comprehensive income for the period	<u>17,561</u>	<u>3,976</u>	341.7%

<i>RMB'000</i>	Group		<i>Change</i> %
	12 months ended 31 December 2013	2012	
Net profit	78,807	67,278	17.1%
Other comprehensive income			
Items that may be subsequently classified to profit or loss:			
Exchange differences arising from consolidation of foreign operations	<u>(222)</u>	<u>(804)</u>	-72.4%
Total comprehensive income for the year	<u>78,585</u>	<u>66,474</u>	18.2%

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year (in RMB).

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

	<i>Notes</i>	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
ASSETS			
Current assets			
Cash and bank balances		372,177	265,853
Pledged bank deposits		1,960	20,170
Trade receivables	14	656,795	618,352
Other receivables and prepayment		39,112	24,297
Inventories		182,549	108,241
Leasehold land		560	560
		<hr/>	<hr/>
Total current assets		1,253,153	1,037,473
Non-current assets			
Leasehold land		18,342	18,901
Available-for-sale investment		10,000	10,000
Property, plant and equipment		143,615	151,957
Other receivables and prepayment		5,760	5,760
Deferred tax assets		2,737	3,618
		<hr/>	<hr/>
Total non-current assets		180,454	190,236
		<hr/>	<hr/>
Total assets		1,433,607	1,227,709
LIABILITIES AND EQUITY			
Current liabilities			
Short term loans		176,810	41,999
Trade payables	15	126,254	156,293
Other payables		34,822	19,074
Income tax payable		721	1,916
		<hr/>	<hr/>
Total current liabilities		338,607	219,282
		<hr/>	<hr/>
NET CURRENT ASSETS		914,546	818,191
		<hr/>	<hr/>

	<i>Notes</i>	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Non-current liabilities			
Deferred income		7,500	—
Deferred tax liabilities		3,467	2,979
TOTAL NON-CURRENT LIABILITIES		10,967	2,979
TOTAL LIABILITIES		349,574	222,261
NET ASSETS		1,084,033	1,005,448
Equity attributable to equity holders of the parent			
Share capital		295,000	295,000
General reserves		149,215	134,381
Special reserve		(6,017)	(6,017)
Translation reserves		(1,320)	(1,098)
Accumulated profits		647,155	583,182
TOTAL EQUITY		1,084,033	1,005,448

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

	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
ASSETS		
Current assets		
Cash and bank balances	17,215	22,863
Other receivables and prepayment	96,086	5,496
Total current assets	113,301	28,359
Non-current assets		
Subsidiaries	392,544	392,386
Total non-current assets	392,544	392,386
Total assets	505,845	420,745
LIABILITIES AND EQUITY		
Current liability		
Other payables	7,853	3,663
Total current liability	7,853	3,663
NET CURRENT ASSETS	105,448	24,696
TOTAL LIABILITIES	7,853	3,663
NET ASSETS	497,992	417,082
Equity attributable to equity holders of the parent		
Share capital	295,000	295,000
Accumulated profits	202,992	122,082
TOTAL EQUITY	497,992	417,082

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.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the period/year ended 31 December 2013

Group	1 Oct 13 to 31 Dec 13	1 Oct 12 to 31 Dec 12	1 Jan 13 to 31 Dec 13	1 Jan 12 to 31 Dec 12
<i>RMB'000</i>				
Operating activities				
Profit before tax	22,186	5,156	103,113	81,145
Adjustments for:				
Depreciation of property, plant and equipment	4,357	4,976	19,033	18,550
Amortisation of leasehold land	140	140	560	560
(Reversal) Allowance for stock obsolescence	(1,180)	501	(1,180)	438
Loss on disposal of property, plant and equipment	246	2	339	13
Interest expense	1,147	4,665	4,241	20,507
Interest income	(809)	(1,422)	(2,815)	(4,640)
Gain on disposal of available-for-sale investments	—	(61)	—	(178)
Exchange differences arising on foreign currency translation	202	298	1,984	(1,762)
Operating profit before working capital changes	26,289	14,255	125,275	114,633
Trade receivables	51,610	118,944	(38,443)	116,244
Other receivables and prepayments	44,674	29,945	(14,815)	3,959
Inventories	(70,921)	(1,061)	(73,128)	27,232
Trade and bill payables	52,790	(97,759)	(30,039)	(102,196)
Other payables, accruals and deferred income	20,659	5,848	23,250	(9,645)
Cash generated from (used in) operations	125,101	70,172	(7,900)	150,227
Interest paid	(1,147)	(4,665)	(4,241)	(20,507)
Interest income received	809	1,422	2,815	4,640
Income tax paid	(8,757)	(3,367)	(24,131)	(25,434)
Net cash generated from (used in) operating activities	116,006	63,562	(33,457)	108,926

Group	1 Oct 13 to 31 Dec 13	1 Oct 12 to 31 Dec 12	1 Jan 13 to 31 Dec 13	1 Jan 12 to 31 Dec 12
<i>RMB'000</i>				
Investing activities				
Acquisition of property, plant and equipment	(7,862)	(3,921)	(11,075)	(12,631)
Proceeds from disposal of property, plant and equipment	8	—	44	—
Acquisition of available-for-sale investments	—	(15,000)	—	(45,000)
Proceeds from disposal of available-for-sale investments	—	15,061	—	45,178
Net cash used in investing activities	<u>(7,854)</u>	<u>(3,860)</u>	<u>(11,031)</u>	<u>(12,453)</u>
Financing activities				
Repayment of short-term bank loans	(4,800)	(180,195)	(106,799)	(320,000)
Proceeds from short-term bank loans	—	—	241,610	131,999
Decrease in pledged bank deposits	1,108	34,493	18,210	32,713
Net cash (used in) generated from financing activities	<u>(3,692)</u>	<u>(145,702)</u>	<u>153,021</u>	<u>(155,288)</u>
Net increase (decrease) in cash and cash equivalents	104,460	(86,000)	108,533	(58,815)
Effects of foreign exchange translation	(269)	(545)	(2,209)	958
Cash and cash equivalents at the beginning of the financial period/year	267,986	352,398	265,853	323,710
Cash and cash equivalents at the end of the financial period/year	<u>372,177</u>	<u>265,853</u>	<u>372,177</u>	<u>265,853</u>

(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.

STATEMENT OF CHANGES IN EQUITY

Consolidated Statement of Changes in Equity for the year ended 31 December 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
Profit for the year	—	—	—	—	78,807	78,807
Other comprehensive income for the year	—	—	—	(222)	—	(222)
Transfer to reserves	—	14,834	—	—	(14,834)	—
Balance at 31 December 2013	<u>295,000</u>	<u>149,215</u>	<u>(6,017)</u>	<u>(1,320)</u>	<u>647,155</u>	<u>1,084,033</u>

Consolidated Statement of Changes in Equity for the year ended 31 December 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
Profit for the year	—	—	—	—	67,278	67,278
Other comprehensive income for the year	—	—	—	(804)	—	(804)
Transfer to reserves	—	11,492	—	—	(11,492)	—
Balance at 31 December 2012	<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>

STATEMENT OF CHANGES IN EQUITY

Statement of Changes in Equity of the Company for the year ended 31 December 2013

COMPANY <i>RMB'000</i>	Share capital	Accumulated profits	Total
Balance at 1 January 2013	295,000	122,082	417,082
Profit for the year, representing comprehensive income for the year	—	80,910	80,910
Balance at 31 December 2013	295,000	202,992	497,992

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

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

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 #32–15, 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 subsidiaries 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 Company and the presentation currency of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The report has been prepared in accordance with the recognition and measurement criteria of 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 SINGAPORE FINANCIAL REPORTING STANDARDS

The Group adopted the new and revised SFRS that are mandatory for the 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 current and prior financial years.

4. SEGMENT INFORMATION

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

- Manufacturing and sale of RF Coaxial Cable Series for mobile communications (“**RF Coaxial Cables**”)
- Coaxial Cables for telecommunications equipment and accessories (“**Accessories**”)
- Others (includes Antennas and High Temperature Resistant Cables (“**HTRC**”))

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 three core product lines — radio frequency coaxial cables, telecommunication equipment and others. These product lines are the basis on which the Group report its primary segment information.

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

GROUP

Year ended 31 December	Radio frequency coaxial cables <i>RMB'000</i>	Telecommunication equipment and accessories <i>RMB'000</i>	Others <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
2013					
Revenue	<u>932,998</u>	<u>270,370</u>	<u>34,841</u>	<u>—</u>	<u>1,238,209</u>
Segment Results					
Segment profit	95,172	27,631	1,020	(18,087)	105,736
Interest income	2,165	629	—	21	2,815
Finance costs	(3,287)	(954)	—	—	(4,241)
Other income					3,809
Other expenses*					<u>(5,006)</u>
Profit before income tax					103,113
Income tax					<u>(24,306)</u>
Net profit for the year					<u>78,807</u>
2012					
Revenue	<u>875,414</u>	<u>252,675</u>	<u>6,254</u>	<u>—</u>	<u>1,134,343</u>
Segment Results					
Segment profit	76,217	22,002	1,374	(9,430)	90,163
Interest income	3,214	754	—	672	4,640
Finance costs	(16,037)	(4,470)	—	—	(20,507)
Other income					7,495
Other expenses*					<u>(646)</u>
Profit before income tax					81,145
Income tax					<u>(13,867)</u>
Net profit for the year					<u>67,278</u>

* *excludes research and development expenses*

Other segment information

GROUP

Year ended 31 December	Radio frequency coaxial cables <i>RMB'000</i>	Telecommunication equipment and accessories <i>RMB'000</i>	Others <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
2013					
Capital expenditure	5,222	1,516	4,337	—	11,075
Depreciation expense	13,336	3,872	1,820	5	19,033
Amortisation of leasehold land	434	126	—	—	560
Allowance for inventory obsolescence	(839)	(243)	—	(98)	(1,180)
2012					
Capital expenditure	2,552	740	9,339	—	12,631
Depreciation expense	13,601	3,941	1,003	5	18,550
Amortisation of leasehold land	434	126	—	—	560
Allowance for inventory obsolescence	340	98	—	—	438
Statement of net assets					
As at 31 December	Radio frequency coaxial cables <i>RMB'000</i>	Telecommunication equipment and accessories <i>RMB'000</i>	Others <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
2013					
Assets:					
Segment assets	1,057,875	330,048	28,297	—	1,416,220
Unallocated assets				17,387	17,387
Total assets					1,433,607
Liabilities:					
Segment liabilities	257,996	80,492	3,235	—	341,723
Unallocated liabilities				7,851	7,851
Total liabilities					349,574
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 People's Republic of China, India and Others.

	For the year ended 31 December			
	Revenue from external customer		Non-current assets*	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
People's Republic of China	1,113,436	1,050,741	170,113	179,185
India	47,431	57,482	341	1,051
Others	77,342	26,120	—	—
Total	<u>1,238,209</u>	<u>1,134,343</u>	<u>170,454</u>	<u>180,236</u>

* *excluding available-for-sale investment*

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 is as follows:

	For the year ended 31 December	
	2013	2012
	RMB'000	RMB'000
Sale of goods	<u>1,238,209</u>	<u>1,134,343</u>

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

Group	2013	2012	Change
	RMB'000	RMB'000	%
(a) Sales reported for first half	503,186	635,816	-20.9%
(b) Net profit reported for first half	33,010	46,340	-28.8%
(c) Sales reported for second half	735,023	498,527	47.4%
(d) Net profit reported for second half	45,797	20,938	118.7%
Total Sales:	<u>1,238,209</u>	<u>1,134,343</u>	<u>9.2%</u>
Total Net Profit:	<u>78,807</u>	<u>67,278</u>	<u>17.1%</u>

6. OTHER INCOME

	For the year ended 31 December	
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income	2,815	4,640
Compensation claims received	376	565
Foreign exchange gains	—	2,292
Government grants	3,252	4,411
Gain on disposal of available-for-sale investments	—	178
Others	181	49
	<hr/>	<hr/>
Total	6,624	12,135

7. FINANCE COSTS

	For the year ended 31 December	
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on short term bank borrowings	4,241	20,507
	<hr/>	<hr/>

8. PROFIT BEFORE INCOME TAX

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

	For the year ended 31 December	
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of inventories recognised as expense (including effect of allowance of (reversal of) inventory obsolescence)	997,222	925,514
Depreciation of property, plant and equipment	19,033	18,550
Amortisation of leasehold land	560	560
Auditors' remuneration	1,228	1,418
Employee benefits expense	58,557	47,739
Cost of defined contribution plans	3,177	3,069
Directors' fees — directors of the Company	1,573	1,616
Directors' remuneration:		
Directors of the Company	1,972	1,840
Directors of the subsidiaries	38	381
	<hr/>	<hr/>
Total staff costs	65,317	54,645
Research and development expenses (included in Other Operating Expenses)	28,622	16,790
Net foreign exchange losses (gains)	3,947	(2,292)
Loss on disposal of property, plant and equipment	339	13
Fair value gain on sale of available-for-sale financial assets	—	(178)
	<hr/>	<hr/>

9. INCOME TAX EXPENSE

	For the year ended 31 December	
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
Current	22,426	14,256
Under provision of current tax in prior years	511	323
Deferred	1,369	(712)
	<u>24,306</u>	<u>13,867</u>

The Company is incorporated in Singapore and is subject to income tax rate of 17% for the year ended 31 December 2013 (2012: 17%).

Under the law of the People's Republic of China on Enterprise Income Tax (the "EIT Law"), the 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

	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
Proposed first and final tax-exempt cash dividend of S\$0.0042 (equivalent to approximately RMB2.03 cents) (2012: Nil) per ordinary share	<u>7,876</u>	<u>—</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

Translation of SGD into RMB is based on the approximate exchange rate of SGD1.00 to RMB4.83 for information purposes only. Such translation should not be construed as representations that the relevant amounts have been, could have been, or could be converted at that or any other rate or at all.

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 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/year by the weighted average number of ordinary shares outstanding during the year.

	Group		Group	
	3 months ended 31-Dec-13	31-Dec-12	Full year ended 31-Dec-13	31-Dec-12
Earning per share (<i>RMB</i>)				
— Basic	<u>0.05</u>	0.01	<u>0.20</u>	0.17
— Diluted	<u>0.05</u>	0.01	<u>0.20</u>	0.17
Weighted average no. of shares applicable to basic EPS (<i>'000</i>)	388,000	388,000	388,000	388,000
Weighted average no. shares based on fully diluted basis (<i>'000</i>)	388,000	388,000	388,000	388,000

There were no potential dilutive ordinary shares in existence during the two years ended 31 December 2012 and 2013.

13. PROPERTY, PLANT AND EQUIPMENT

During the financial year ended 31 December 2013, the Group's capital expenditure was approximately RMB11.1 million (2012: RMB12.6 million).

14. TRADE RECEIVABLES

	As at 31 December	
	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
Trade receivables	609,413	581,661
Allowance for doubtful debts	<u>(15,762)</u>	<u>(15,762)</u>
	593,651	565,899
Notes receivable	<u>63,144</u>	52,453
	<u>656,795</u>	<u>618,352</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:

	As at 31 December	
	2013 <i>RMB'000</i>	2012 <i>RMB'000</i>
0 to 180 days	518,088	435,238
181 to 360 days	69,083	148,025
Over 360 days	<u>69,624</u>	<u>35,089</u>
	<u>656,795</u>	<u>618,352</u>

15. TRADE PAYABLES

	As at 31 December	
	2013	2012
	RMB'000	RMB'000
Outside parties	126,254	93,422
Notes payables	—	62,871
	<u>126,254</u>	<u>156,293</u>

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

	As at 31 December	
	2013	2012
	RMB'000	RMB'000
0 to 90 days	120,242	84,370
91 to 180 days	3,500	67,931
181 to 360 days	1,074	2,621
Over 360 days	1,438	1,371
	<u>126,254</u>	<u>156,293</u>

16. NET ASSET VALUE

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

	Group		Company	
	31-Dec-13	31-Dec-12	31-Dec-13	31-Dec-12
Net Assets (RMB'000)	1,084,033	1,005,448	497,992	417,082
Number of ordinary shares ('000)	388,000	388,000	388,000	388,000
Net Asset Value per ordinary share (RMB)	<u>2.79</u>	<u>2.59</u>	<u>1.28</u>	<u>1.07</u>

17. RELATED PARTY TRANSACTIONS

(a) Transactions

During the financial year, the Group entered into the following significant transactions with Suzhou Hengli Telecommunications Materials Co. Ltd:

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Purchase of raw materials	<u>5,597</u>	<u>3,581</u>

(b) **Compensation of key management personnel**

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

	Year ended 31 December	
	2013	2012
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Short term benefits	4,408	4,290
Retirement benefits scheme contributions	101	73
Total	4,509	4,363

18. DONATIONS & CAPITAL COMMITMENTS

	As at 31 December	
	2013	2012
	RMB'000	RMB'000
Contracted but not provided for:		
Property, plant and equipment	73	1,120
Donation commitment	6,500	7,000
Total	6,573	8,120

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

19. COMMITMENTS

As at 31 December 2013, certain constructions were built on a piece of land located in the PRC (the “**No. 5 Land**”) amounting to approximately RMB26.5 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, management remains committed to secure the No. 5 Land.

20. OPERATING LEASE ARRANGEMENTS

As at 31 December 2013, the Group had total future minimum lease payments under non-cancellable operating leases, which are payable as follows:

	As at 31 December	
	2013	2012
	RMB'000	RMB'000
Within one year	801	961
In the second to fifth years inclusive	302	1,177
	1,103	2,138

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

Year-on-year performance — 12 months ended 31 December

Revenue

Group revenue for the financial year ended 31 December 2013 (“FY2013”) increased by approximately RMB103.9 million, or approximately 9.2% from RMB1,134.3 million in the previous financial year (“FY2012”) to approximately RMB1,238.2 million in FY2013. The Group experienced an increase in demand for our products during the financial year, recording higher sales for the financial year.

RF Coaxial Cable

Revenue generated from RF Coaxial Cables increased by approximately RMB57.6 million or approximately 6.6% from approximately RMB875.4 million in FY2012 to approximately RMB933.0 million in FY2013.

Telecommunication equipment and accessories (“Accessories”)

Revenue generated from Accessories increased by approximately RMB17.8 million or approximately 7.0% from approximately RMB252.6 million in FY2012 to approximately RMB270.4 million in FY2013.

Others

Revenue generated from other products increased by approximately RMB28.5 million or approximately 452.4% from approximately RMB6.3 million in FY2012 to approximately RMB34.8 million in FY2013.

Gross profit margin

Gross profit margin for FY2013 was approximately 19.6%, compared to approximately 18.4% in FY2012. This was due to RF Coaxial Cables which traditionally generate lower margins arising from intense competition being partially buoyed by relatively higher margins generated from the sale of accessories. 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 RMB5.5 million or approximately 45.5% from approximately RMB12.1 million in FY2012 to approximately RMB6.6 million in FY2013. The decrease is mainly due to:

1. Outright government grants amounting approximately RMB3.3 million being given to the Group’s key subsidiary, Jiangsu Hengxin Technology Co. Ltd in the financial year as against RMB4.4 million in 2012; and
2. Foreign exchange gains of RMB2.3 million in FY2012 as compared to a loss in the current financial year (this amount is recognised under “Other Operating Expenses”); and

3. Lower interest income of RMB2.8 million in the current financial year compared to RMB4.6 million in the previous financial year.

Selling and distribution expenses

Selling and distribution expenses increased by approximately RMB5.1 million or approximately 8.1% from approximately RMB62.9 million in FY2012 to approximately RMB68.0 million in FY2013 in tandem with increased revenue during the period.

Administrative expenses

Administrative expenses increased by approximately RMB1.4 million or approximately 3.6% from approximately RMB38.5 million in FY2012 to approximately RMB39.9 million in FY2013. This was due to a slight increase in business costs during the financial year.

Other operating expenses

Other operating expenses increased by approximately RMB16.2 million or approximately 93.1% from approximately RMB17.4 million in FY2012 to approximately RMB33.6 million in FY2013. The increase was mainly due to:

1. Foreign exchange losses of approximately RMB3.9 million in FY2013 (compared to a gain in FY2012); and
2. R&D expenses from continuing R&D activities undertaken for new product specifications, increasing by approximately RMB11.8 million in FY2013 compared to FY2012.

Finance costs

Finance costs decreased by approximately RMB16.3 million or approximately 79.5% from approximately RMB20.5 million in FY2012 to approximately RMB4.2 million in FY2013 due to the lower cost of financing from a bank loan which was obtained during the financial year.

Profit before income tax

Profit before income tax increased by approximately RMB22.0 million or approximately 27.1% from approximately RMB81.1 million in FY2012 to approximately RMB103.1 million in FY2013.

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 for a period of 3 years, and further renewed for another three years from 2011.

Income tax expense increased by approximately RMB10.4 million or approximately 74.8% from approximately RMB13.9 million in FY2012 to approximately RMB24.3 million in FY2013. The increase is in line with better performance during the year, and withholding taxes paid to China tax authorities for dividends declared by one of the Group's China subsidiary to its holding company in Singapore.

Net profit

In view of the above, net profit attributable to equity holders of the parent increased approximately RMB11.5 million or approximately 17.1% from approximately RMB67.3 million in FY2012 compared to approximately RMB78.8 million in FY2013.

Fourth quarter (“4Q”) performance — Three months ended 31 December

Revenue

Group revenue increased by approximately RMB143.5 million, or approximately 59.0% from approximately RMB243.3 million in the three months ended 31 December 2012 (“4Q2012”) to approximately RMB386.8 million in the three months ended 31 December 2013 (“4Q2013”). The Group witnessed an increase in demand for our RF Cable products, mainly due to the issue of 4G licences to the three main telecom operators in the PRC during 4Q2013.

RF Coaxial Cable

Revenue generated from RF Coaxial Cables increased by approximately RMB106.3 million or approximately 58.8% from approximately RMB180.7 million in 4Q2012 to approximately RMB287.0 million in 4Q2013.

Telecommunication equipment and accessories

Revenue generated from Accessories increased by approximately RMB11.5 million or approximately 19.5% from approximately RMB59.1 million in 4Q2012 to approximately RMB70.6 million in 4Q2013.

Others

Revenue generated from other products increased by approximately RMB25.7 million or approximately 734.3% from approximately RMB3.5 million in 4Q2012 to approximately RMB29.2 million in 4Q2013.

Gross profit margin

Gross profit margin for 4Q2013 stood at approximately 18.6% compared to approximately 19.3% in 4Q2012. The Group experienced intense competition which had a negative impact on margins during the period.

Other income

Other income increased by approximately RMB0.4 million or approximately 40.0% from approximately RMB1.0 million in 4Q2012 to approximately RMB1.4 million in 4Q2013. The increase is due mainly to higher government grants received during the period.

Selling and distribution expenses

Selling and distribution expenses increased by approximately RMB4.1 million or approximately 19.2% from approximately RMB21.4 million in 4Q2012 to approximately RMB25.5 million in 4Q2013 in tandem with the increase in revenue during the period.

Administrative expenses

Administrative expenses increased by approximately RMB0.8 million or approximately 7.0% from approximately RMB11.4 million in 4Q2012 to approximately RMB12.2 million in 4Q2013 mainly due to a slight increase in business costs during the period.

Other operating expenses

Other operating expenses increased by approximately RMB6.9 million or approximately 127.8% from approximately RMB5.4 million in 4Q2012 to approximately RMB12.3 million in 4Q2013. The increase was mainly due to an increase in clients' requirements for new specifications which led to an increase in R&D expenses.

Finance costs

Finance costs decreased by approximately RMB3.6 million or approximately 76.6% from approximately RMB4.7 million in 4Q2012 to approximately RMB1.1 million in 4Q2013, which was due to a lower cost of financing from borrowings obtained in FY2013.

Profit before income tax

Profit before income tax increased by approximately RMB17.0 million or approximately 326.9% from approximately RMB5.2 million in 4Q2012 to approximately RMB22.2 million in 4Q2013 due to increased revenue in 4Q2013.

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 for a period of 3 years, and further renewed for another three years from 2011.

Income tax expense increased by approximately RMB3.6 million or approximately 360.0% from approximately RMB1.0 million in 4Q2012 to approximately RMB4.6 million in 4Q2013.

Net profit

In view of the above, net profit attributable to equity holders of the parent increased by approximately RMB13.4 million or approximately 319.0% from approximately RMB4.2 million in 4Q2012 to approximately RMB17.6 million in 4Q2013.

Statement of Financial Position

Material fluctuations of balance sheet items are explained below:

Pledged bank deposits

Pledged bank deposits are used as a pledge against commercial bills used for payment to suppliers. The decrease by approximately RMB18.2 million or approximately 90.1% from approximately RMB20.2 million as at 31 December 2012 to approximately RMB2.0 million as at 31 December 2013 was due to the Group having negotiated better terms and pricing with some of its major suppliers which reduced the need for bills during the year.

Trade receivables

Trade receivables increased by approximately RMB38.4 million or approximately 6.2% from approximately RMB618.4 million as at 31 December 2012 to approximately RMB656.8 million as at 31 December 2013.

Average trade receivables turnover days are 193 days as at 31 December 2013 compared to 223 days as at 31 December 2012.

Most of the trade receivables balances are recent sales which are 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 addition, the majority of these outstanding balances pertain to one of the telecom operators in the PRC. 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 RMB14.8 million or approximately 60.9% from approximately RMB24.3 million as at 31 December 2012 to approximately RMB39.1 million as at 31 December 2013. The increase was mainly due to a rise in VAT receivable as at 31 December 2013.

Inventories

Inventories (comprising raw materials, work-in-progress and finished goods) increased by approximately RMB74.3 million or approximately 68.7% from approximately RMB108.2 million as at 31 December 2012 to approximately RMB182.5 million as at 31 December 2013. The Group increased its inventory balance in anticipation of orders to be fulfilled after year end.

Property, plant and equipment

Property, plant and equipment decreased by approximately RMB8.4 million or approximately 5.5% from approximately RMB152.0 million as at 31 December 2012 to approximately RMB143.6 million as at 31 December 2013 mainly due to depreciation expenses during the year, and partly offset by certain fixed asset acquisitions during the year.

Short-term bank loans

Short-term bank loans increased by approximately RMB134.8 million or approximately 321.0% from approximately RMB42.0 million as at 31 December 2012 to approximately RMB176.8 million as at 31 December 2013 due to additional loans during the year.

Trade payables and Other payables

Trade payables decreased by approximately RMB30.0 million or approximately 19.2% from approximately RMB156.3 million as at 31 December 2012 to approximately RMB126.3 million as at 31 December 2013 due to certain payments due and made to suppliers before 31 December 2013.

Other payables and accruals increased by approximately RMB15.7 million or approximately 82.2% from approximately RMB19.1 million as at 31 December 2012 to approximately RMB34.8 million as at 31 December 2013. The increase in balance arose mainly due to the bulk of performance-related payments to be made to employees after year end for FY2013 compared to payments made in tranches over the course of the previous financial year.

Deferred income

Deferred income of RMB7.5 million relates to a government grant given to the Group, attached with certain conditions to be fulfilled within 3 years commencing September 2013.

Income tax payable

Income tax payable decreased by approximately RMB1.2 million or approximately 63.2% from RMB1.9 million as at 31 December 2012 to RMB0.7 million as at 31 December 2013 due to advance taxes being paid during 4Q2013.

Cash and bank balances

Cash and bank balances increased by approximately RMB106.3 million or approximately 40.0% from RMB265.9 million as at 31 December 2012 to approximately RMB372.2 million as at 31 December 2013 mainly due to additional loans obtained during the year.

(II) LIQUIDITY, FINANCIAL RESOURCES

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

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 31 December	
	2013	2012
	RMB'000	RMB'000
Net cash borrowings	(195,367)	(223,854)
Total equity	1,084,033	1,005,448
Net debt to equity ratio (%)	(18.02)	(22.26)

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

As at 31 December 2013		As at 31 December 2012	
Secured	Unsecured	Secured	Unsecured
RMB'000	RMB'000	RMB'000	RMB'000
—	176,810	—	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 growth of over-the-top (OTT) services have continued to change the broad telecommunications landscape, witnessing a trend of telecommunication services gradually using alternative technologies, such as through ISPs (Internet Service Providers). As a result, the rate of revenue increase from telecommunications services has tapered over the years. Telecom operators therefore are adopting a more conservative approach in capital spending.

In December 2013, China issued its first 4G licences to the three major telecom operators within the PRC. In anticipation for the issue of these licences and subsequent launch of its 4G wireless networks, there was generally a higher demand for our products from customers in FY2013. However, 4G telecommunications require a much higher data capacity and transmission, and this constraint has led to smaller but a larger number of base stations being built but covering a smaller area with higher transmission capacity. These newer base stations adopt smaller sized cables, which have lower selling prices compared to larger cables. However, technology evolution has also led to other possible alternative products to be used on base stations. The combination of the above elements, coupled with rising competition between telecom operators and telecom equipment suppliers alike may have an impact on our margins moving forward.

The telecommunications industry is characterized by fast changing, complex technologies. In order to counter the risks of technological obsolescence, we are continuing to invest in research and development to keep up with new technologies. Although such investments carry with it inherent risks, the Group is also focusing its resources to upgrading existing products in line with clients requirements.

On the marketing front, India and PRC remains the Group's key business contributor. We have been, and will be actively seeking new export markets through active engagement with potential customers and business partners.

Looking ahead, the telecoms industry especially in the area of RF cabling systems, will remain challenging. The Group will continue its efforts to monitor changing market conditions closely, make proactive refinements on the business strategies. Resources will be devoted to broadening its product variety as well as enhancing its branding. 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 products.

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

As at 31 December 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 the 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 31 December 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 31 December 2013, 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 31 December 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. Reconciliation between SFRSs and IFRSs

For the year ended 31 December 2013, there were no expected material differences between the consolidated financial statements of the Group under SFRSs and IFRSs (this includes all of IFRS, International Accounting Standards and Interpretations).

2. Operational and Financial Risk Management

(i) Market risk

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

(ii) Commodity price risk

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

(iii) Interest rate risk

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

(iv) Foreign currency risk

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

3. 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.*

Share capital — Ordinary Shares	No. of shares	RMB'000
	<i>'000</i>	
Balance as at 31 December 2012 and 31 December 2013	<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 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 31 December 2012 and 31 December 2013, 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.

4. Contingent liabilities

There are no contingent liabilities as at 31 December 2013.

5. Employees and Remuneration Policies

As at 31 December 2013, there were 735 (2011: 676) employees in the Group. Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical and life insurance, and grants discretionary incentive bonuses and share options to eligible staff based on their performance and contributions to the Group.

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

6. Material Litigation and Arbitration

As at 31 December 2013, the Group was not involved in any material litigation or arbitration.

7. Audit Committee

The Company’s audit committee members are Mr. Tay Ah Kong Bernard, Mr. Chee Teck Kwong Patrick, Mr. Tam Chi Kwan Michael and Ms. Zhang Zhong. The audit committee, which is chaired by Mr. Tay Ah Kong Bernard, has reviewed the annual results of the Group for the year ended 31 December 2013.

8. Compliance with Corporate Governance Code

The Company has complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules for the year ended 31 December 2013.

9. 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 year ended 31 December 2013, all the directors have complied with the required standards of the Model Code as set out in Appendix 10 of the Listing Rules.

10. Annual General Meeting

The 2013 annual general meeting of the Company will be held on 23 April 2014 in Singapore. For further details of the annual general meeting, please refer to the Notice of Annual General Meeting, which will be despatched in due course.

11. Review of financial results

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

12. Audit or review in accordance with applicable accounting standards

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

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

14. 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.

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

Not applicable.

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

Not applicable.

17. Dividends

(a) Any dividend recommended for the current financial period reported on?

Yes.

Name of Dividend:	First and Final
Dividend Type:	Cash
Dividend Rate:	SGD\$0.0042 per share
Number of shares:	388,000,000
Tax rate:	Tax exempt
Total amount:	SGD\$1,629,600

(b) Corresponding period of the immediately preceding financial year

No

(c) *Date payable*

To be announced at a later date.

(d) *Books closure date*

To be announced at a later date.

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

For the year ended 31 December 2013, neither the Company nor its subsidiaries had purchased, sold or redeemed any of the securities of the Company.

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

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Cui Guoqiang	39	Nephew of Mr Cui Genxiang, Executive Chairman of the Company	He is an Assistant to Deputy General Manager and is responsible for sales. He joined the Company on 3 February 2008.	N/A

20. If the group has obtained a general mandate from shareholders for Interested 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.

21. Disclosure on the Website of the Exchanges

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

22. Use of IPO proceeds

As at the date of the financial year reported on, the Company has utilised approximately RMB70.8 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⁾	(6,323)	807
Diversify product portfolio of Antennas	35,370	(35,370)	—
Expansion of sales network into overseas market	7,382	(1,153)	6,229
Enhance research and development	7,382	(4,048)	3,334
General working capital	23,859	(23,859)	—
Total	81,123	(70,753)	10,370

(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	22,918
Purchase of equipment	495
General admin expenses	446
Total	23,859

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

Singapore, 18 February 2014

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.

* *for identification purpose only.*