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HENGXIN TECHNOLOGY LTD.

亨鑫科技有限公司*

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

(Incorporated in Singapore with limited liability)

(Singapore Registration No.: 200414927H)

(Hong Kong Stock Code: 1085)

(Singapore Stock Code: I85)

OVERSEAS REGULATORY ANNOUNCEMENT FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2014

This overseas regulatory announcement is a reproduction of the announcement made by Hengxin Technology Ltd. (the “**Company**”) regarding the first quarter results of the Company and its subsidiaries (collectively the “**Group**”) for the period ended 31 March 2014 pursuant to the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). In compliance with Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, please refer to the attached announcement on the next page issued on the SGX-ST on 14 May 2014.

This quarterly report is prepared in accordance with relevant regulations of the SGX-ST. The financial information set out in this quarterly report has been prepared in accordance with Singapore Financial Reporting Standard and has not been audited nor reviewed by auditors. Shareholders of the Company and public investors should exercise caution when trading in the shares of the Company.

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

Hong Kong, 14 May 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 independent non-executive 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

The board of directors (the “**Board**”) of the Company is pleased to announce the unaudited consolidated results of the Group for the first quarter ended 31 March 2014 together with the comparative figures of the corresponding periods in 2013 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 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Group		Change %
	3 months ended 31 March		
	2014	2013	
	<i>RMB'000</i>	<i>RMB'000</i>	
	(unaudited)	(unaudited)	
Revenue	308,771	201,944	52.9
Cost of Sales	(256,994)	(163,082)	57.6
Gross profit	51,777	38,862	33.2
Other income	2,807	2,897	(3.1)
Selling and distribution expenses	(15,202)	(11,359)	33.8
Administrative expenses	(7,125)	(8,822)	(19.2)
Other operating expenses	(7,983)	(5,079)	57.2
Finance costs	(1,107)	(1,545)	(28.3)
Profit before income tax	23,167	14,954	54.9
Income tax expense	(3,387)	(3,185)	6.3
Net profit attributable to equity holders of the parent	19,780	11,769	68.1
Other comprehensive income			
Items that may be classified subsequently to profit or loss:			
Exchange differences arising from consolidation of foreign differences	706	301	134.6
Total comprehensive income attributable to equity holders of the parent	20,486	12,070	69.7

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		Change
	3 months ended 31 March		
	2014	2013	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>%</i>
	(unaudited)	(unaudited)	
Depreciation of property, plant and equipment	4,468	5,057	-11.6%
(Gain) Loss on disposal of property, plant and equipment	(19)	20	N.M.
Amortisation of leasehold land	139	140	-0.7%
Foreign exchange (gains) losses	(425)	848	N.M.
Interest expense	1,107	1,545	-28.3%
Interest income	(761)	(1,022)	-25.5%
Research and development expenses	7,480	3,711	101.6%

N.M.: Not meaningful

1(a)(iii) Statement of Comprehensive Income

<i>RMB'000</i>	Group		Change
	3 months ended 31 March		
	2014	2013	
	(unaudited)	(unaudited)	<i>%</i>
Net profit	19,780	11,769	68.1%
Other comprehensive income			
Items that may be classified subsequently to profit or loss:			
Exchange differences arising from consolidation of foreign operations	706	301	N.M.
Total comprehensive income for the period	20,486	12,070	69.7%

N.M. — Not meaningful

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

	Group		Company	
	31-Mar-14 <i>RMB'000</i> (unaudited)	31-Dec-13 <i>RMB'000</i> (audited)	31-Mar-14 <i>RMB'000</i> (unaudited)	31-Dec-13 <i>RMB'000</i> (audited)
Current assets				
Cash and bank equivalents	203,218	372,177	15,796	17,215
Pledged cash deposits	1,484	1,960	—	—
Available-for-sale investment	10,000	—	—	—
Trade receivables	774,284	656,795	—	—
Other receivables and prepayments	87,055	39,113	95,238	96,086
Inventories	171,213	182,549	—	—
Leasehold land	560	560	—	—
Total current assets	1,247,814	1,253,154	111,034	113,301
Non-current assets				
Subsidiaries	—	—	392,544	392,544
Available-for-sale investment	10,000	10,000	—	—
Other receivables and prepayment	5,760	5,760	—	—
Leasehold land	18,202	18,341	—	—
Property, plant and equipment	141,033	143,615	—	—
Deferred tax assets	2,757	2,737	—	—
Total non-current assets	177,752	180,453	392,544	392,544
TOTAL ASSETS	<u>1,425,566</u>	<u>1,433,607</u>	<u>503,578</u>	<u>505,845</u>
Current liabilities				
Short-term loans	177,750	176,810	—	—
Trade payables	109,576	126,254	—	—
Other payables	19,367	34,822	5,759	7,853
Income tax payable	3,295	721	—	—
Total current liabilities	309,988	338,607	5,759	7,853
Non-current liabilities				
Deferred income	7,500	7,500	—	—
Deferred tax liabilities	3,559	3,467	—	—
Total non-current liabilities	11,059	10,967	—	—
Capital and reserves				
Share capital	295,000	295,000	295,000	295,000
General reserves	152,182	149,215	—	—
Special reserve	(6,017)	(6,017)	—	—
Translation reserves	(614)	(1,320)	—	—
Accumulated profits	663,968	647,155	202,819	202,992
Total equity	1,104,519	1,084,033	497,819	497,992
TOTAL LIABILITIES AND EQUITY	<u>1,425,566</u>	<u>1,433,607</u>	<u>503,578</u>	<u>505,845</u>

(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 31 March 2014		As at 31 December 2013	
Secured	Unsecured	Secured	Unsecured
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
—	177,750	—	176,810

As at 31 March 2014, all bank borrowings are unsecured.

There is no amount repayable after one year.

(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	1-Jan-2014 to	1-Jan-2013 to
<i>RMB'000</i>	31-Mar-2014	31-Mar-2013
Cash flows from operating activities		
Profit before income tax	23,167	14,954
Adjustments for:		
Depreciation of property, plant and equipment	4,468	5,057
Amortisation of leasehold land	139	140
(Gain) Loss on disposal of property, plant and equipment	(19)	20
Interest expense	1,107	1,545
Interest income	(761)	(1,022)
Exchange differences arising on foreign currency translation	1,099	691
	<hr/>	<hr/>
Operating profit before working capital changes	29,200	21,385
Trade receivables	(117,489)	(26,945)
Other receivables and prepayments	(47,942)	(9,771)
Inventories	11,336	5,707
Trade payables	(16,678)	(72,294)
Other payables	(15,455)	(7,430)
	<hr/>	<hr/>
Cash used in operations	(157,028)	(89,348)
Interest paid	(1,107)	(1,545)
Interest received	761	1,022
Income tax paid	(741)	(2,434)
	<hr/>	<hr/>
Net cash used in operating activities	<u>(158,115)</u>	<u>(92,305)</u>
Cash flows from investing activity		
Acquisition of property, plant and equipment	(1,930)	(1,142)
Proceeds from disposal of property, plant and equipment	63	—
Acquisition of available-for-sale investment	(10,000)	—
	<hr/>	<hr/>
Net cash used in investing activities	<u>(11,867)</u>	<u>(1,142)</u>
Cash flows from financing activities		
Decrease in pledged bank deposits	476	19,390
Proceeds from bank loans	—	60,000
Repayment of bank loans	—	(71,999)
	<hr/>	<hr/>
Net cash generated from financing activities	<u>476</u>	<u>7,391</u>
Net decrease in cash and cash equivalents	(169,506)	(86,056)
Effects of foreign exchange translation	547	(391)
Cash and cash equivalents at the beginning of the financial period	<hr/>	<hr/>
	372,177	265,853
Cash and cash equivalents at the end of the financial period	<u>203,218</u>	<u>179,406</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.

(i) Consolidated Statement of Changes in Equity for the 3 months ended 31 March 2014

GROUP — RMB'000	Share capital	General reserves	Special reserves	Translation reserves	Accumulated profits	Total
Balance at 01.01.2014	295,000	149,215	(6,017)	(1,320)	647,155	1,084,033
Profit for the period	—	—	—	—	19,780	19,780
Other comprehensive income for the period	—	—	—	706	—	706
Transfer to general reserves	—	2,967	—	—	(2,967)	—
Balance at 31.03.2014	<u>295,000</u>	<u>152,182</u>	<u>(6,017)</u>	<u>(614)</u>	<u>663,968</u>	<u>1,104,519</u>

(ii) Consolidated Statement of Changes in Equity for the 3 months ended 31 March 2013

GROUP — RMB'000	Share capital	General reserves	Special reserves	Translation reserves	Accumulated profits	Total
Balance at 01.01.2013	295,000	134,381	(6,017)	(1,098)	583,182	1,005,448
Profit for the period	—	—	—	—	11,769	11,769
Other comprehensive income for the period	—	—	—	301	—	301
Transfer to general reserves	—	1,424	—	—	(1,424)	—
Balance at 31.03.2013	<u>295,000</u>	<u>135,805</u>	<u>(6,017)</u>	<u>(797)</u>	<u>593,527</u>	<u>1,017,518</u>

(1)(d)(i) (continued)

(iii) Statement of Changes in Equity of the Company for the 3 months ended 31 March 2014

COMPANY	Share capital <i>RMB'000</i>	Accumulated profits <i>RMB'000</i>	Total <i>RMB'000</i>
Balance at 01.01.2014	295,000	202,992	497,992
Loss for the period representing total comprehensive income	—	(173)	(173)
Balance at 31.03.2014	<u>295,000</u>	<u>202,819</u>	<u>497,819</u>

(iv) Statement of Changes in Equity of the Company for the 3 months ended 31 March 2013

COMPANY	Share capital <i>RMB'000</i>	Accumulated profits <i>RMB'000</i>	Total <i>RMB'000</i>
Balance at 01.01.2013	295,000	122,082	417,082
Loss for the period representing total comprehensive income	—	(2,582)	(2,582)
Balance at 31.03.2013	<u>295,000</u>	<u>119,500</u>	<u>414,500</u>

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

Share capital — Ordinary Shares	<i>No. of shares '000</i>	<i>RMB'000</i>
Balance as at 31 March 2014 and 31 December 2013	<u>388,000</u>	<u>295,000</u>

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

As above. As at 31 March 2014 and 31 December 2013, there were no treasury shares.

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

Not applicable.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard).

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

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. 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 2013.

5. 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.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:

	Group	
	3 months ended	
	31-Mar-14	31-Mar-13
Earnings per share (RMB cents)		
— Basic	0.05	0.03
— Diluted	0.05	0.03
Weighted average no. of shares applicable to basic EPS	388,000,000	388,000,000
Weighted average no. shares based on fully diluted basis	388,000,000	388,000,000

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.

	Group		Company	
	31-Mar-14	31-Dec-13	31-Mar-14	31-Dec-13
Net Assets (RMB'000)	1,104,519	1,084,033	497,819	497,992
Number of ordinary shares ('000)	388,000	388,000	388,000	388,000
Net Asset Value per share (RMB)	<u>2.85</u>	<u>2.79</u>	<u>1.28</u>	<u>1.28</u>

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

First Quarter of FY2014 ("1Q2014") vs First Quarter of FY2013 ("1Q2013")

Material fluctuations of items are explained below:

Revenue

Revenue increased by RMB106.9 million from RMB201.9 million in 1Q2013 to RMB308.8 million in 1Q2014 due to higher orders during the period.

Gross profit margin

Gross profit margin decreased from 19.2% in 1Q2013 to 16.8% in 1Q2014, primarily due to lower margins arising from keen competition during the period.

Operating expenses

Overall operating expenses increased by RMB5.0 million from RMB25.3 million in 1Q2013 to RMB30.3 million in 1Q2014. The changes in the respective expenses are detailed below.

(i) Selling & distribution expenses

Selling and distribution expenses increased by RMB3.8 million in line with the increase in sales activities during the period.

(ii) Administrative expenses

Administrative expenses decreased by RMB1.7 million due to certain cost reductions during the period.

(iii) Other operating expenses

Other operating expenses increased by RMB2.9 million mainly arising from an increase in R&D expenses from continuing research for new product specifications as requested by customers.

Finance costs

Finance costs comprise of bank interest expenses.

Finance costs decreased by RMB0.4 million in 1Q2014 compared to 1Q2013. The lower cost of financing compared to the same period last year attributed to the decrease in finance costs.

Profit before income tax

Profit before income tax increased by RMB8.2 million to RMB23.2 million arising from higher revenue generated in 1Q2014.

Income tax expense

The Group's main operating subsidiary is subject to an incentive tax rate of 15% in accordance to its award as a high-tech enterprise since September 2011.

Net profit

In view of the above, net profit increased by RMB8.0 million to RMB19.8 million in 1Q2014 compared to RMB11.8 million in 1Q2013.

STATEMENT OF FINANCIAL POSITION

Material fluctuations of items are explained below:

Pledged cash deposits

Pledged cash deposits are used as security for commercial bills used for payment to suppliers. Pledged cash deposits decreased by RMB0.5 million from RMB2.0 million as at 31 December 2013 to RMB1.5 million as at 31 March 2014 as the Group had lower amount of commercial bills during the period.

Trade receivables

Trade receivables increased by RMB117.5 million from RMB656.8 million as at 31 December 2013 to RMB774.3 million as at 31 March 2014.

Average trade receivables turnover is 211 days as at 31 March 2014 compared to 193 days as at 31 December 2013.

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 RMB48.0 million to RMB87.1 million as at 31 March 2014 compared to RMB39.1 million as at 31 December 2013. In order to enjoy a favourable pricing framework on raw materials, advance payment amounting to RMB57.6 million were made to certain key suppliers, which contributed to the increase during the period.

Property, plant and equipment

Property, plant and equipment decreased by RMB2.6 million due to depreciation expenses during the period amounting RMB4.5 million, which is partially offset by certain additions amounting RMB1.9 million.

Short-term loans

Short-term loans (being denominated in USD) increased marginally by RMB1.0 million due to revaluation differences.

Trade payables and Other payables

Trade payables decreased by RMB16.7 million from RMB126.3 million as at 31 December 2013 to RMB109.6 million as at 31 March 2014 due to certain payments made to suppliers during the period.

Other payables and accruals decreased by RMB15.4 million from RMB34.8 million as at 31 December 2013 to RMB19.4 million as at 31 March 2014 as certain accruals made in 2013 were paid during the period.

Income tax payable

Income tax payable increased by RMB2.6 million from RMB0.7 million as at 31 December 2013 to RMB3.3 million as at 31 March 2014 as a result of higher profits generated during the period.

Cash and bank equivalents

Cash and bank equivalents decreased by RMB169.0 million from RMB372.2 million as at 31 December 2013 to RMB203.2 million as at 31 March 2014 due mainly to working capital being used for credit given to customers during the period.

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

No forecast or a prospect statement has been previously disclosed.

10. A commentary at the date of the announcement of the significant trends and 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 issuance of 4G licences to the three telecom operators in the PRC by the Ministry of Industry and Information Technology last year is expected to translate into maintaining a stable demand for our products in the near term.

Nonetheless, as the average revenue per user (ARPU) of telecom operators has either remained relatively constant or witnessed a steady decline, this is likely to result in their selective capital spending, more vigorous tenders for our products, or their projects being curtailed or deferred.

These factors will generally exert a constant downward pressure on the Group's margins.

Notwithstanding the above, the Group remains committed to broaden its product variety as well as enhance its branding in expanding the Group's business contributors in the long run.

The above note contains forward looking statements that involve a fair amount of uncertainties pertaining to future operating conditions. Actual future performance may differ from those views expressed as a result of a number of uncertainties and assumptions such as the general economy and industry conditions, level of market competition and shift in supply or demand patterns. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

Not applicable.

13. If the Group has obtained a general mandate from shareholders for Interested Person Transactions ("IPTs"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group did not obtain a general mandate from shareholders for IPTs.

14. Use of IPO Proceeds

As at the date of the financial period reported on, the Company has utilised approximately RMB71.2 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	Allocated 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	(1,429)	5,953
Enhance research and development	7,382	(4,259)	3,123
General working capital	23,859	(23,859)	—
Total	81,123	(71,240)	9,883

⁽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

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Not applicable.

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Not applicable.

17. Breakdown of sales

Not applicable.

18. Total annual dividend

Not applicable.

19. Negative assurance

We, Cui Genxiang and Xu Guoqiang, being two directors of the Company, do hereby confirm on behalf of the Board that, to the best of the Board's knowledge, nothing has come to the attention of the Board which may render the 1Q2014 financial results to be false or misleading in any material aspect.

On behalf of the board of directors of
Hengxin Technology Ltd.

Cui Genxiang
Executive Chairman

Xu Guoqiang
Executive Director

Singapore
14 May 2014