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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 Republic of Singapore with limited liability)*  
**(Stock Code: 1085)**

**ANNOUNCEMENT OF FINAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2019  
AND  
RECOMMENDATION FOR  
DECLARATION AND PAYMENT OF  
FINAL DIVIDEND FOR 2019  
AND  
CLOSURE OF REGISTER OF MEMBERS**

**FINANCIAL HIGHLIGHTS**

1. Revenue decreased by approximately 10.0% to approximately RMB1,428.6 million
2. Gross profit decreased by approximately 10.2% to approximately RMB338.4 million
3. Gross profit margin decreased by approximately 0.1 percentage point to approximately 23.7%
4. Net profit attributable to equity holders of the Company decreased by approximately 4.1% to approximately RMB113.5 million
5. Basic earnings per share was RMB0.292
6. Proposed final dividend of RMB0.0292 per share

The board of directors (the “**Director(s)**”) of Hengxin Technology Ltd. (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively hereinafter referred as the “**Group**”) for the year ended 31 December 2019 (the “**Reporting Period**”) together with the comparative figures for the corresponding period in 2018 as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December

		2019	2018
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Note)</i>
<b>Revenue</b>	5	<b>1,428,564</b>	1,586,950
Cost of sales		<u>(1,090,208)</u>	<u>(1,210,021)</u>
<b>Gross profit</b>		<b>338,356</b>	376,929
Other operating income	6	<b>35,476</b>	30,048
Selling and distribution expenses		<b>(114,708)</b>	(102,429)
Administrative expenses		<b>(45,389)</b>	(56,883)
Impairment loss on trade and other receivables		<b>(641)</b>	(19,183)
Other operating expenses		<u>(68,041)</u>	<u>(74,407)</u>
<b>Profit from operations</b>		<b>145,053</b>	154,075
Interest expense	7	<b>(15,024)</b>	(1,042)
Share of loss of an associate		<u>–</u>	<u>(12,440)</u>
<b>Profit before taxation</b>	8	<b>130,029</b>	140,593
Income tax	9	<b>(16,558)</b>	(22,317)
<b>Profit for the year</b>		<b><u>113,471</u></b>	<b><u>118,276</u></b>
<b>Attributable to:</b>			
Equity shareholders of the Company		<u>113,471</u>	<u>118,276</u>
<b>Profit for the year</b>		<b><u>113,471</u></b>	<b><u>118,276</u></b>
<b>Earnings per share (RMB)</b>	12		
Basic and diluted		<u>0.292</u>	<u>0.305</u>
<b>Dividends per share (RMB)</b>	10	<u>0.0292</u>	<u>0.0305</u>

*Note:* The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See Note 3.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December*

	<b>2019</b>	2018
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Profit for the year</b>	<b>113,471</b>	118,276
<b>Other comprehensive income for the year (after tax and reclassification adjustments)</b>		
<i>Items that will not be reclassified to profit or loss:</i>		
Equity investments at fair value through other comprehensive income – net movement in fair value reserves (non-recycling)	<u>(1,020)</u>	<u>–</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of – financial statements of entities with functional currencies other than RMB	<u>(118)</u>	<u>(306)</u>
<b>Other comprehensive income for the year</b>	<b>(1,138)</b>	<b>(306)</b>
<b>Total comprehensive income for the year</b>	<b><u>112,333</u></b>	<b><u>117,970</u></b>
<b>Attributable to:</b>		
Equity shareholders of the Company	<u>112,333</u>	<u>117,970</u>
<b>Total comprehensive income for the year</b>	<b><u>112,333</u></b>	<b><u>117,970</u></b>

*Note:* The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See Note 3.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

		31 December 2019	31 December 2018 (Note)
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	13	177,748	129,391
Lease prepayments		–	47,985
Interest in an associate		–	–
Other investments		9,647	10,847
Deferred tax assets		8,693	10,488
		<u>196,088</u>	<u>198,711</u>
<b>Current assets</b>			
Lease prepayments		–	1,355
Inventories		94,847	168,853
Trade and other receivables	14	885,354	788,557
Time deposits with original maturity more than 3 months		400,000	–
Cash and cash equivalents		616,564	978,604
		<u>1,996,765</u>	<u>1,937,369</u>
<b>Current liabilities</b>			
Trade and other payables	15	183,230	207,446
Short-term loans		310,000	315,000
Lease liabilities		828	–
Income tax payable		2,493	16,627
		<u>496,551</u>	<u>539,073</u>
<b>Net current assets</b>		<u>1,500,214</u>	<u>1,398,296</u>
<b>Total assets less current liabilities</b>		<u><u>1,696,302</u></u>	<u><u>1,597,007</u></u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)***As at 31 December*

	<b>31 December 2019</b>	31 December 2018
	<i>RMB'000</i>	<i>(Note)</i> <i>RMB'000</i>
<b>Non-current liabilities</b>		
Deferred income	6,255	3,146
Lease liabilities	958	–
Deferred tax liabilities	6,980	6,353
	<u>14,193</u>	<u>9,499</u>
<b>NET ASSETS</b>	<b><u>1,682,109</u></b>	<b><u>1,587,508</u></b>
<b>CAPITAL AND RESERVES</b>		
Share capital	295,000	295,000
General reserves	252,344	233,658
Special reserve	(6,017)	(6,017)
Fair value reserve	(850)	170
Translation reserves	(1,541)	(1,423)
Accumulated profits	1,143,173	1,066,120
<b>Total equity attributable to equity shareholders of the Company</b>	<b><u>1,682,109</u></b>	<b><u>1,587,508</u></b>
<b>TOTAL EQUITY</b>	<b><u>1,682,109</u></b>	<b><u>1,587,508</u></b>

*Note:* The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See Note 3.

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December

	2019	2018
	<i>RMB'000</i>	<i>(Note)</i> <i>RMB'000</i>
<b>Operating activities</b>		
Profit before tax	<b>130,029</b>	140,593
Adjustments for:		
Share of losses of an associate	–	12,440
Depreciation of property, plant and equipment	<b>21,404</b>	25,233
Amortisation of lease prepayment	–	1,355
Impairment losses on trade and other receivables	<b>641</b>	19,183
(Reversal of)/allowance for stock obsolescence provision	<b>(135)</b>	38
Gain on disposal of property, plant and equipment	<b>(260)</b>	(18)
Interest expense	<b>15,024</b>	1,042
Interest income	<b>(20,445)</b>	(8,311)
Amortisation of deferred income	<b>(1,451)</b>	(1,029)
	<b>144,807</b>	190,526
Changes in working capital:		
Inventories	<b>74,008</b>	42,316
Trade and other receivables	<b>(97,733)</b>	(29,403)
Trade and other payables	<b>(19,326)</b>	(19,466)
Cash generated from operations	<b>101,756</b>	183,973
Interest received	<b>9,268</b>	6,963
Income tax paid	<b>(28,090)</b>	(23,235)
Net cash generated from operating activities	<b>82,934</b>	167,701
<b>Investing activities</b>		
Acquisition of property, plant and equipment	<b>(18,560)</b>	(15,033)
Proceeds on maturity of other investments	–	50,000
Interest received from other investments	–	1,348
Proceeds from disposal of property, plant and equipment	<b>1,045</b>	116
Changes in pledged bank deposits	<b>7,233</b>	(4,948)
Interest received from time deposits	<b>11,177</b>	–
Proceeds from time deposits	<b>357,498</b>	–
Payment for time deposits	<b>(757,498)</b>	–
Net cash (used in)/generated from investing activities	<b>(399,105)</b>	31,483

**CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)***For the year ended 31 December*

	<b>2019</b>	2018
	<i>RMB'000</i>	<i>(Note)</i>
		<i>RMB'000</i>
<b>Financing activities</b>		
Capital element of lease rentals paid	<b>(883)</b>	–
Interest element of lease rentals paid	<b>(82)</b>	–
Repayment of short-term bank loans	<b>(315,000)</b>	–
Proceeds from short-term bank loans	<b>310,000</b>	315,000
Other interest expense paid	<b>(14,942)</b>	(1,042)
Dividends paid to shareholders of the Company	<b>(17,732)</b>	(11,407)
	<hr/>	<hr/>
Net cash (used in)/generated from financing activities	<b>(38,639)</b>	302,551
	<hr/> <hr/>	<hr/> <hr/>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(354,810)</b>	501,735
<b>Effects of foreign exchange translation</b>	<b>3</b>	48
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>946,903</b>	445,120
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>592,096</b>	946,903
	<hr/> <hr/>	<hr/> <hr/>

*Note:* The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See Note 3.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

<i>RMB'000</i>	Share capital	General reserves	Special reserve	Fair value reserve	Translation reserves	Accumulated profits	Total
<b>Balance at 1 January 2018</b>	295,000	217,391	(6,017)	170	(1,117)	975,518	1,480,945
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	118,276	118,276
Other comprehensive income for the year	-	-	-	-	(306)	-	(306)
Total	-	-	-	-	(306)	118,276	117,970
Dividends paid	-	-	-	-	-	(11,407)	(11,407)
Transfer to reserves	-	16,267	-	-	-	(16,267)	-
<b>Balance at 31 December 2018 and 1 January 2019</b>	295,000	233,658	(6,017)	170	(1,423)	1,066,120	1,587,508
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	113,471	113,471
Other comprehensive income for the year	-	-	-	(1,020)	(118)	-	(1,138)
Total	-	-	-	(1,020)	(118)	113,471	112,333
Dividends paid	-	-	-	-	-	(17,732)	(17,732)
Transfer to reserves	-	18,686	-	-	-	(18,686)	-
<b>Balance at 31 December 2019</b>	<u>295,000</u>	<u>252,344</u>	<u>(6,017)</u>	<u>(850)</u>	<u>(1,541)</u>	<u>1,143,173</u>	<u>1,682,109</u>



## NOTES:

### 1. STATEMENT OF COMPLIANCE

Hengxin Technology Ltd. (“**the Company**”) is a limited liability company incorporated in Singapore on 18 November 2004 under the Singapore Companies Act and currently its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**SEHK**”). The registered office of the Company is located at 138 Robinson Road, #26-03, Oxley Tower, Singapore 068906. 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 Group’s consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“**IFRSs**”), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“**IASs**”) and Interpretations issued by the International Accounting Standards Board (“**IASB**”). These financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

The financial information relating to the years ended 31 December 2019 and 2018 included in this preliminary announcement of annual results does not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements.

### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

These financial statements have been prepared on a historical cost basis except for the other investments, which are measured at fair value on each reporting date.

These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (“**RMB’000**”) except when otherwise indicated. Renminbi (“**RMB**”) is also the functional currency of the Company and the presentation currency of the Group.

### 3. CHANGES IN ACCOUNTING POLICIES

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Except for IFRS 16, *Leases*, none of the developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The Group has initially applied IFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under IAS 17.

The following table summarises the impacts of the adoption of IFRS 16 on the Group's consolidated statement of financial position:

	<b>Carrying amount at 31 December 2018</b>	<b>Capitalisation of operating lease contracts</b>	<b>Re- classification</b>	<b>Carrying amount at 1 January 2019</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Line items in the consolidated statement of financial position impacted by the adoption of IFRS 16:</b>				
Property, plant and equipment	129,391	2,669	49,340	181,400
Lease prepayments – non current	47,985	–	(47,985)	–
<b>Total non-current assets</b>	<b>198,711</b>	<b>2,669</b>	<b>1,355</b>	<b>202,735</b>
Lease prepayments – current	1,355	–	(1,355)	–
<b>Current assets</b>	<b>1,937,369</b>	<b>–</b>	<b>(1,355)</b>	<b>1,936,014</b>
Lease liabilities (current)	–	883	–	883
<b>Current liabilities</b>	<b>539,073</b>	<b>883</b>	<b>–</b>	<b>539,956</b>
<b>Net current assets</b>	<b>1,398,296</b>	<b>(883)</b>	<b>(1,355)</b>	<b>1,396,058</b>
<b>Total assets less current liabilities</b>	<b>1,597,007</b>	<b>1,786</b>	<b>–</b>	<b>1,598,793</b>
Lease liabilities (non-current)	–	1,786	–	1,786
<b>Total non-current liabilities</b>	<b>9,499</b>	<b>1,786</b>	<b>–</b>	<b>11,285</b>
<b>Net assets</b>	<b>1,587,508</b>	<b>–</b>	<b>–</b>	<b>1,587,508</b>

#### **Impact on the financial result, segment results and cash flows of the Group**

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's consolidated statement of profit or loss, as compared to the results if IAS 17 had been applied during the year.

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, rather than as operating cash outflows, as was the case for operating leases under IAS 17. Although total cash flows are unaffected, the adoption of IFRS 16 therefore results in a significant change in presentation of cash flows within the cash flow statement.

The following tables give an indication of the estimated impact of the adoption of IFRS 16 on the Group's financial result, segment results and cash flows for the year ended 31 December 2019, by adjusting the amounts reported under IFRS 16 in these consolidated financial statements to compute estimates of the hypothetical amounts that would have been recognised under IAS 17 if this superseded standard had continued to apply in 2019 instead of IFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under IAS 17.

	2019			2018	
	Amounts reported under IFRS 16 (A) RMB'000	Add back: IFRS 16 depreciation and interest expense (B) RMB'000	Deduct: Estimated amounts related to operating leases as if under IAS 17 (Note 1) (C) RMB'000	Hypothetical amounts for 2019 as if under IAS 17 (D=A+B-C) RMB'000	Compared to amounts reported for 2018 under IAS 17 RMB'000
<b>Financial result for year ended 31 December 2019 impacted by the adoption of IFRS 16:</b>					
Profit from operations	145,053	2,256	(2,319)	144,990	154,075
Interest expense	(15,024)	82	–	(14,942)	(1,042)
Profit before taxation	130,029	2,338	(2,319)	130,048	140,593
Profit for the year	113,471	2,338	(2,319)	113,490	118,276
	2019			2018	
	Amounts reported under IFRS 16 (A) RMB'000	Estimated amounts related to operating leases as if under IAS 17 (Notes 1 & 2) (B) RMB'000	Hypothetical amounts for 2019 as if under IAS 17 (C=A+B) RMB'000	Compared to amounts reported for 2018 under IAS 17 RMB'000	
<b>Line items in the consolidated cash flow statement for year ended 31 December 2019 impacted by the adoption of IFRS 16:</b>					
Cash generated from operations	101,756	(966)	100,790	183,973	
Net cash generated from operating activities	82,934	(966)	81,968	167,701	
Capital element of lease rentals paid	(883)	883	–	–	
Interest element of lease rentals paid	(82)	82	–	–	
Net cash (used in)/ generated from financing activities	(38,639)	965	(37,674)	302,551	

*Note 1:* The “estimated amounts related to operating leases” is an estimate of the amounts of the cash flows in 2019 that relate to leases which would have been classified as operating leases, if IAS 17 had still applied in 2019. This estimate assumes that there were no differences between rentals and cash flows and that all of the new leases entered into in 2019 would have been classified as operating leases under IAS 17, if IAS 17 had still applied in 2019. Any potential net tax effect is ignored.

*Note 2:* In this impact table these cash outflows are reclassified from financing to operating in order to compute hypothetical amounts of net cash generated from operating activities and net cash used in financing activities as if IAS 17 still applied.

#### **4. SEGMENT INFORMATION**

For management purposes, the Group is organised 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**”)
- Telecommunications equipment and accessories (“**Accessories**”)
- Manufacturing and sale of antennas (“**Antennas**”)
- Others (includes High Temperature Resistant Cables (“**HTRC**”) and antenna testing services)

##### **Segment revenues and results**

The Group determines its operating segments based on internal reports about components of the Group that are regularly reviewed by the Executive Directors (the chief operating decision makers) in order to allocate resources to the segments and to assess their performance.

Based on the segment information reported to the Executive Directors, the Group is organised into five product lines – radio frequency coaxial cables, telecommunication equipment and accessories, antennas, high temperature resistant cables and antenna testing services.

The Group has presented the three main products, radio frequency coaxial cables, telecommunication equipment and accessories and antennas, as reportable segments for the years ended 31 December 2018 and 2019.

Information related to each reportable segment is set out below. Segment profit before tax is used to measure performance because management believes that such information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

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

	Reportable segments					
	Radio frequency coaxial cables <i>RMB'000</i>	Telecommunication equipment and accessories <i>RMB'000</i>	Antennas <i>RMB'000</i>	Total reportable segments <i>RMB'000</i>	All other segments <i>RMB'000</i>	Total <i>RMB'000</i>
<b>2019</b>						
<b>Disaggregated by timing of revenue recognition</b>						
Point in time	608,114	341,448	396,654	1,346,216	80,436	1,426,652
Over time	–	–	–	–	1,912	1,912
<b>Revenue from external customers</b>	<b>608,114</b>	<b>341,448</b>	<b>396,654</b>	<b>1,346,216</b>	<b>82,348</b>	<b>1,428,564</b>
Segment profit before tax	47,848	47,191	28,633	123,672	2,033	125,705
Interest income	8,703	4,887	5,676	19,266	1,179	20,445
Interest expense	(6,380)	(3,582)	(4,162)	(14,124)	(864)	(14,988)
Reversal of stock obsolescence provision	–	–	135	135	–	135
Depreciation and amortisation expense	(8,976)	(5,040)	(5,854)	(19,870)	(1,215)	(21,085)
<b>2018</b>						
<b>Disaggregated by timing of revenue recognition</b>						
Point in time	727,243	359,018	433,103	1,519,364	67,149	1,586,513
Over time	–	–	–	–	437	437
<b>Revenue from external customers</b>	<b>727,243</b>	<b>359,018</b>	<b>433,103</b>	<b>1,519,364</b>	<b>67,586</b>	<b>1,586,950</b>
Segment profit before tax	55,578	59,208	27,715	142,501	(1,135)	141,366
Interest income	3,796	1,874	2,261	7,931	380	8,311
Interest expense	(478)	(236)	(284)	(998)	(44)	(1,042)
Amortisation of lease prepayment	(621)	(306)	(370)	(1,297)	(58)	(1,355)
Stock obsolescence provision	–	–	(38)	(38)	–	(38)
Depreciation	(11,561)	(5,707)	(6,884)	(24,152)	(1,074)	(25,226)

Note 1:

Segment profit before tax represent the profits earned by each segment without allocation of central administration costs, independent directors' fees, interest income, foreign exchange gains and losses and interest expense at corporate level.

#### Reconciliation of information on reportable segments

	<b>Group</b>	
	<b>For the year ended 31 December</b>	
	<b>2019</b>	<b>2018</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Profit before tax</b>		
Total profit before tax for reportable segments	<b>123,672</b>	142,501
Profit/(loss) before tax for other segments	<b>2,033</b>	(1,135)
Unallocated amounts:		
– Other income	<b>15,032</b>	21,737
– Other expenses	<b>(1,368)</b>	(1,905)
– Share of losses of an associate	–	(12,440)
– Other unallocated amounts	<b>(9,304)</b>	(8,165)
	<b>130,029</b>	140,593

#### Other material items

	<b>Reportable and all other segment totals</b>	<b>Adjustments</b>	<b>Consolidated totals</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>For the year ended 31 December 2019</b>			
Depreciation and amortisation expense	<b>(21,085)</b>	<b>(319)</b>	<b>(21,404)</b>
<b>For the year ended 31 December 2018</b>			
Depreciation expense	<b>(25,226)</b>	<b>(7)</b>	<b>(25,233)</b>

#### Geographical segment

The geographical regions of the customers of the Group principally comprise the People's Republic of China ("PRC"), India and other countries.

The following table sets out the geographic information analyses the Group's revenue and specified non-current assets including property, plant and equipment and lease prepayments. In presenting the geographic information, segment revenue has been based on the geographic location of customers and segment assets have been based on the geographic location of the assets.

	Revenue from		Specified non-current assets*	
	external customer		As at	
	2019	2018	31 December	31 December
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
PRC	1,228,711	1,261,818	174,970	176,362
India	27,974	101,742	1,628	1,003
Others	171,879	223,390	1,150	11
Total	<u>1,428,564</u>	<u>1,586,950</u>	<u>177,748</u>	<u>177,376</u>

\* excludes other investments and deferred tax assets

## 5. REVENUE

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold and services rendered, 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	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Sales of goods:		
– Radio frequency coaxial cables	608,114	727,243
– Telecommunication equipment and accessories	341,448	359,018
– Antennas	396,654	433,103
– Others	80,436	67,149
Service income	1,912	437
Total	<u>1,428,564</u>	<u>1,586,950</u>

## 6. OTHER OPERATING INCOME

	For the year ended 31 December	
	2019	2018
	<i>RMB'000</i>	<i>RMB'000</i>
Interest income	20,445	8,311
Government grants	11,368	11,527
Compensation claims received	1,048	1,620
Gain on disposal of property, plant and equipment	260	18
Net foreign exchange gains	–	5,648
Rental income	–	2,803
Service fee income	1,377	–
Others	978	121
Total	<u>35,476</u>	<u>30,048</u>

## 7. INTEREST EXPENSE

	For the year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Interest on short-term bank borrowings	13,874	1,042
Interest on lease liabilities	82	–
Other interest expense	1,068	–
	<u>15,024</u>	<u>1,042</u>

## 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	
	2019	2018
	RMB'000	RMB'000
Cost of inventories recognised as expense (including effect of inventory obsolescence provision)	1,090,073	1,210,059
Depreciation of owned property, plant and equipment	19,148	25,233
Depreciation of right-of-use assets	2,256	–
Amortisation of lease prepayment under IAS 17	–	1,355
Impairment losses on trade and other receivables	641	19,183
Auditors' remuneration	1,817	1,591
Salaries and bonus	116,912	124,344
Contributions to defined contribution plans	5,622	6,540
Directors' fees – non-executive directors of the Company	1,638	1,568
Directors' remuneration:		
Executive directors of the Company	2,190	2,129
Directors of the subsidiaries	–	–
Total staff costs	<u>126,362</u>	<u>134,581</u>
Research and development expenses (included in other operating expenses)	66,673	72,501
Net foreign exchange losses/(gains)	419	(5,648)
Gain on disposal of property, plant and equipment	(260)	(18)
	<u>66,832</u>	<u>66,835</u>

## 9. INCOME TAX

	For the year ended 31 December	
	2019	2018
	RMB'000	RMB'000
Current	17,382	30,284
Over-provision in prior years	(3,426)	(2,471)
Deferred tax: origination and reversal of temporary differences	2,602	(5,496)
	<u>16,558</u>	<u>22,317</u>



- (i) Singapore, PRC and India income tax liabilities are calculated at the applicable rates in accordance with the relevant tax laws and regulation in respective countries.
- (ii) The provision for PRC Income Tax is based on the respective corporate income tax rates applicable to the subsidiaries located in the PRC as determined in accordance with the relevant income tax rules and regulations of the PRC.

The statutory corporate income tax rate of the Group's operating subsidiaries in the PRC is 25% (2018: 25%).

Jiangsu Hengxin Technology Co., Ltd (“**Jiangsu Hengxin**”) and Jiangsu Hengxin Wireless Technology Co., Ltd. (“**Hengxin Wireless**”), are subject to a preferential income tax rate of 15% in 2019 available to enterprises which qualify as a High and New Technology Enterprise (2018: 15%).

- (iii) Hong Kong Profits Tax has been provided for Hengxin Technology International Co., Ltd. (“**Hengxin International**”) at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits arising in Hong Kong for the year ended 31 December 2019.

## 10. DIVIDENDS

	2019 <i>RMB'000</i>	2018 <i>RMB'000</i>
Proposed final cash dividend of RMB0.0292 (2018: RMB0.0457) per ordinary share	<u>11,330</u>	<u>17,732</u>

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

## 11. SHARE CAPITAL

Details of the changes in the Company's share capital are as follows:

Share capital – Ordinary Shares	<i>No. of shares '000</i>	<i>RMB'000</i>	<i>S\$'000</i>
Balance as at 31 December 2019 and 2018	<u>388,000</u>	<u>295,000</u>	<u>58,342</u>

In accordance with the Constitution of the Company, treasury shares are not allowed in the Company.

## 12. EARNINGS PER SHARE

	Year ended	
	31 December 2019	31 December 2018
Earning per share ( <i>RMB</i> )		
– Basic	<u>0.292</u>	<u>0.305</u>
– Diluted	<u>0.292</u>	<u>0.305</u>
Weighted average no. of shares applicable to basic EPS ( <i>'000</i> )	<b>388,000</b>	388,000
Weighted average no. of shares based on fully diluted basis ( <i>'000</i> )	<b>388,000</b>	388,000

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.

There were no potential dilutive ordinary shares in existence during the two years ended 31 December 2019 and 2018.

### 13. PROPERTY, PLANT AND EQUIPMENT

During the financial year ended 31 December 2019, the Group's additions of property, plant and equipment during the year was approximately RMB18.6 million (2018: RMB15.0 million).

### 14. TRADE AND OTHER RECEIVABLES

	<b>As at 31 December</b>	
	<b>2019</b>	2018
	<b>RMB'000</b>	RMB'000
Trade receivables from:		
– third parties	<b>696,080</b>	673,819
– affiliated corporation*	<b>4,828</b>	1,449
Bills receivables	<b>129,078</b>	72,134
Less: Loss allowance	<b>(9,705)</b>	(9,705)
	<hr/>	<hr/>
Net trade and bills receivables	<b>820,281</b>	737,697
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Loans to associate	<b>21,191</b>	21,191
Non-trade amounts due from associate	<b>1,680</b>	1,680
Less: Loss allowance	<b>(22,871)</b>	(22,871)
	<hr/>	<hr/>
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Advances to suppliers	<b>13,401</b>	6,143
Advances to staff	<b>4,064</b>	2,218
Refundable deposits	<b>11,839</b>	7,349
Tax recoverables	<b>34,590</b>	34,212
Prepayments	<b>1,179</b>	921
Others	<b>–</b>	17
	<hr/>	<hr/>
Net prepayments and non-trade receivables	<b>65,073</b>	50,860
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
	<b>885,354</b>	788,557
	<hr style="border-top: 3px double black;"/>	<hr style="border-top: 3px double black;"/>

\* An affiliated corporation is defined as one:

- (a) in which a director of the Company has substantial financial interests or who is in a position to exercise significant influence; and/or
- (b) which directly or indirectly, through one or more intermediaries, are under the control of a common shareholder.

The Group allows credit period of 90–270 days from the date of billing. As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

	<b>As at 31 December</b>	
	<b>2019</b>	2018
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Within 6 month	<b>614,610</b>	614,491
7 to 12 months	<b>163,802</b>	106,622
1 to 2 years	<b>41,303</b>	15,812
Over 2 years	<b>566</b>	772
	<b>820,281</b>	737,697

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	<b>2019</b>	2018
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Balance at 1 January	<b>(9,705)</b>	(13,393)
Reversal of impairment loss on trade receivables	–	13,393
Impairment loss recognised during the year	<b>(641)</b>	(9,705)
Amounts written off during the year	<b>641</b>	–
	<b>(9,705)</b>	(9,705)

## 15 TRADE AND OTHER PAYABLES

	<b>As at 31 December</b>	
	<b>2019</b>	2018
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Trade payables due to:		
– third parties	<b>90,925</b>	116,490
– affiliated corporation	<b>5,499</b>	1,277
	<b>96,424</b>	117,767
Accrued operating expenses	<b>58,153</b>	59,681
Contract liabilities	<b>13,265</b>	9,404
Advanced receipt	<b>2,441</b>	7,000
Tender deposit	<b>6,890</b>	6,405
Value added tax, business tax and other taxes payable	<b>4,044</b>	6,047
Other payables	<b>2,013</b>	1,142
	<b>183,230</b>	207,446

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 based on the invoice date are as follows:

	<b>As at 31 December</b>	
	<b>2019</b>	2018
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
0 to 90 days	<b>91,604</b>	113,417
91 to 180 days	<b>1,157</b>	1,442
181 to 360 days	<b>1,341</b>	1,508
Over 360 days	<b>2,322</b>	1,400
	<b>96,424</b>	117,767

## 16. NET ASSET VALUE

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

	<b>Group</b>	
	<b>As at 31 December 2019</b>	As at 31 December 2018
Net Assets ( <i>RMB'000</i> )	<b>1,682,109</b>	1,587,508
Number of ordinary shares ( <i>'000</i> )	<b>388,000</b>	388,000
Net Asset Value per ordinary share ( <i>RMB</i> )	<b>4.34</b>	4.09

## 17. RELATED PARTY TRANSACTIONS

### (a) Transactions

	<b>Year ended 31 December</b>	
	<b>2019</b>	2018
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Sale of finished goods	<b>8,548</b>	5,998
Purchase of raw materials	<b>33,200</b>	23,420
Purchase of power*	<b>–</b>	5,209

During the financial year, the Group entered into the above significant transactions with Suzhou Hengli Telecommunications Materials Co., Ltd. (sale of finished goods and purchase of raw materials).

\* During the year 31 December 2018, the Group purchased of power from Jiangsu Hengtong Sell Electricity Co., Ltd (“**Hengtong SE**”). Since Hengtong SE was no longer held by Hengtong Group Co., Ltd., commencing on 17 August 2018, Hengtong SE was no longer the Group’s related party thereafter.

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

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

	<b>Year ended 31 December</b>	
	<b>2019</b>	<b>2018</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Short term benefits	<b>8,026</b>	8,478
Retirement benefits scheme contributions	<b>182</b>	61
	<hr/>	<hr/>
Total	<b>8,208</b>	8,539
	<hr/> <hr/>	<hr/> <hr/>

**18. DONATIONS & CAPITAL COMMITMENTS**

	<b>As at 31 December</b>	
	<b>2019</b>	<b>2018</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Contracted for but not provided for property, plant and equipment	<b>1,474</b>	1,250
Donation commitment	<b>3,500</b>	4,000
	<hr/>	<hr/>
	<b>4,974</b>	5,250
	<hr/> <hr/>	<hr/> <hr/>

The Group's PRC subsidiary has signed an intention letter and committed to donate RMB500,000 per annum from 2007 for a period of 20 years to a charitable organization in the PRC when making profit in the year.

## (I) MANAGEMENT DISCUSSION AND ANALYSIS

### **Consolidated statement of profit or loss**

Material fluctuations of the consolidated statement of profit or loss items are explained below:

#### **Revenue**

The Group's revenue for the financial year ended 31 December 2019 (“**FY2019**” or the “**Reporting Period**”) decreased by approximately RMB158.4 million, or approximately 10.0% from approximately RMB1,587.0 million in the previous financial year ended 31 December 2018 (“**FY2018**”) to approximately RMB1,428.6 million in FY2019.

#### ***RF Coaxial Cables***

Revenue generated from the segment of RF Coaxial Cables decreased by approximately RMB119.1 million or approximately 16.4% from approximately RMB727.2 million in FY2018 to approximately RMB608.1 million in FY2019. In particular, the decrease in sales for this segment is due to the decrease in sales of feeder cables of approximately RMB188.4 million or 30.0% from FY2018's approximately RMB627.5 million to approximately RMB439.1 million in FY2019 amidst the declining demand in feeder cable in the context of weakening 4G investment with 5G technology being at the initial stage of official commercial application.

Included in the segment revenue of RF Coaxial Cables are the revenue from leaky cables of approximately RMB169.0 million for FY2019, representing an increase of approximately RMB69.2 million or 69.3% from approximately RMB99.8 million in FY2018. Leaky cables are special coaxial cables commonly used for the tunnels and underground mobile communication in mass transit railways and thus normally have higher gross profit margins than other RF Coaxial Cables products. In FY2019, the overall gross profit margin of RF Coaxial Cables increased by approximately 1.3 percentage point as compared with that of FY2018 due to the improvement of the gross profit margin of leaky cables as compared with that of FY2018, despite that the gross profit margin of RF Coaxial Cables (feeder cables) decreased as a result of weakened demand. During FY2019, the Group has continued to increase its effort in business transformation, and also allocated more resources for promoting leaky cables relating to usage in tunnels and underground mobile communications while consolidating its position in existing RF Coaxial Cables (feeder cables) markets and expanding into the overseas markets.

### ***Telecommunication equipment and accessories***

Revenue generated from the segment of telecommunication equipment and accessories decreased by approximately RMB17.6 million or approximately 4.9% from approximately RMB359.0 million in FY2018 to approximately RMB341.4 million in FY2019. As the demand for feeder cables decreased, the revenue for related telecommunication equipment and accessories also decreased.

### ***Antennas***

Revenue generated from Antennas during FY2019 was approximately RMB396.7 million and the revenue of Antennas during FY2018 decreased by approximately RMB36.4 million to approximately RMB433.1 million, representing a decrease of approximately 8.4%. As 4G products entered its life cycle tail stage during FY2019 with 5G products pending large-scale commercialization, our sales of 5G related Antennas remained yet to achieve the satisfactory results. In line with gradual introduction of commercialized 5G products, the Group will continue to increase its efforts in antennas market promotion during the future telecommunications network upgrade for the major domestic telecom operators.

### ***Others (HTRC and antennas testing services)***

Revenue generated in this segment increased by approximately RMB14.7 million or approximately 21.7% from approximately RMB67.6 million during FY2018 to approximately RMB82.3 million during FY2019, of which the increase was mostly attributable to the increase in sales of HTRC during FY2019. Such increase was mainly because the Group has managed to establish favourable business relationships with a number of domestic antennas and equipment companies in FY2019 and thus can boost revenue for this business segment.

### **Gross profit margin**

The Group achieved an overall gross profit margin of approximately 23.7% during FY2019 compared to approximately 23.8% during FY2018, representing a decrease of approximately 0.1 percentage point year-on-year. Although higher than average gross profit margin for the product line of leaky cables in FY2019 of approximately 8.7 percentage points has lifted the overall gross profit margin of the Group, facing intense market competition and declining market demand, gross profit margin of RF Coaxial Cables (feeder cables) has decreased by approximately 2.0 percentage points from FY2018's approximately 18.3% to approximately 16.3% in FY2019. On the other hand, the gross profit margin of Antennas has increased by approximately 1.0 percentage point from FY2018's approximately 25.4% to approximately 26.4% in FY2019 (mainly because the Antennas sold in FY2019 generally have higher profitability), but revenue from Antennas reported a year-to-year decrease. As a result, the overall gross profit margin of the Group did not increase. The Group will continue 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 pressure resulting from keen competition.

### **Other income**

Other income increased by approximately RMB5.5 million or approximately 18.3% from approximately RMB30.0 million in FY2018 to approximately RMB35.5 million in FY2019. The increase is primarily due to:

- (i) increase in interest income earned due to a significant year-to-year increase in cash and cash equivalents and time deposits in FY2019;
- (ii) no rental income earned from the lease of the Group's testing facilities during FY2019; and
- (iii) exchange losses of approximately RMB0.4 million arising from movements in renminbi exchange rate in FY 2019, which was classified as other operating expenses as compared to net exchange gains of approximately RMB5.6 million in FY2018.

### **Selling and distribution expenses**

Selling and distribution expenses increased by approximately RMB12.3 million or approximately 12.0% from approximately RMB102.4 million in FY2018 to approximately RMB114.7 million in FY2019 due to an increase in salary expenses under selling and distribution expenses, which is attributed to the increase in the salary payable to our sales staff in FY 2019 for the purpose of motivating our sales staff to boost the marketing activities of the Group and stimulate the demand for our products.

### **Administrative expenses**

Administrative expenses decreased by approximately RMB11.5 million or approximately 20.2% from approximately RMB56.9 million in FY2018 to approximately RMB45.4 million in FY2019. The decrease is mainly due to the decrease in staff costs attributable to a decrease in the number of staff of the Group in FY 2019, as well as a decrease in annual incentives payable to our staff in light of the decrease in revenue.

### **Other operating expenses**

Other operating expenses decreased by approximately RMB6.4 million or approximately 8.6% from approximately RMB74.4 million in FY2018 to approximately RMB68.0 million in FY2019. Such decrease is mainly due to (i) a decrease in research and development (“**R&D**”) expenses incurred from continuing R&D activities under taken



for the modifications and improvements to the Group's products in FY2019; and (ii) net exchange losses of RMB0.4 million incurred in FY2019 (as compared to net exchange gains of approximately RMB5.6 million in FY2018 recorded as other income).

### **Impairment loss on trade and other receivables**

The impairment loss on trade and other receivables for FY2018 represented the combined effects of (i) the expected credit loss of approximately RMB22.9 million relating to the other receivables of the outstanding amount of the loan to Mianyang Xintong Industrial Co., Ltd. (formerly known as Mianyang City Siemax Industrial Co., Ltd.) ("**Mianyang Xintong**", a limited liability company established in PRC held through Jiangsu Hengxin Technology Co., Ltd. ("**Hengxin (Jiangsu)**") due to the poor operating results of Mianyang Xintong in FY2018 and the expected deteriorating future business of Mianyang Xintong; and (ii) the reversal of the allowance for impairment in respect of trade receivables of the amount of approximately RMB3.7 million. Upon the assessment on the recoverability of the outstanding amount of the loan to Mianyang Xintong, no change in the expected credit loss relating to Mianyang Xintong is recorded in FY2019.

### **Share of loss of an associate**

As the Group's equity interest in Mianyang Xintong has been fully impaired in FY2018, the Group recorded no share of loss of an associate for FY2019. The amount of approximately RMB12.4 million for FY2018 represents: (i) the Group's proportionate share of the loss incurred by the Group's 24% equity interest in Mianyang Xintong recognised during FY2018 of approximately RMB1.8 million (after tax); and (ii) the impairment loss on the equity interest in Mianyang Xintong of approximately RMB10.6 million.

### **Interest expense**

Interest expense increased by approximately RMB14.0 million from approximately RMB1.0 million in FY2018 to approximately RMB15.0 million in FY2019, mainly because the Group has increased its short-term loans during the final quarter of FY2018 and such short-term loans incurred interest expenses during FY2019.

### **Profit before income tax**

Profit before income tax decreased by approximately RMB10.6 million or approximately 7.5% from approximately RMB140.6 million in FY2018 to approximately RMB130.0 million in FY2019.

## **Income tax**

The Group's main subsidiary, Hengxin (Jiangsu), 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. It had been awarded the same status for a further three years commencing on 7 December 2018.

Income tax expense decreased by approximately RMB5.7 million or approximately 25.5% from approximately RMB22.3 million in FY2018 to approximately RMB16.6 million in FY2019, mainly due to the increase in additional deduction for qualified research and development costs during the Reporting Period.

## **Net profit**

In view of the above, net profit attributable to equity holders of the Company decreased approximately RMB4.8 million or approximately 4.1% from approximately RMB118.3 million in FY2018 compared to approximately RMB113.5 million in FY2019.

## **Consolidated statement of financial position**

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

### **Trade and other receivables**

- (i) Net trade and bills receivables increased by approximately RMB82.6 million or approximately 11.2% from approximately RMB737.7 million as at 31 December 2018 to approximately RMB820.3 million as at 31 December 2019.

Average trade receivables turnover days was 202 days as at 31 December 2019 compared to 169 days as at 31 December 2018. The increase in trade receivables turnover by approximately 33 days was mainly because more customers have used bills for settlement thus leading to an extension of the settlement cycle. Bill receivables was approximately RMB129.1 million as at 31 December 2019 representing an increase by approximately RMB57.0 million from approximately RMB72.1 million as at 31 December 2018. Although the collection of trade receivables from certain customers of the Group had been stretched longer as some adopted the payment by bank bills of exchange which had a longer period of maturity, the Group focused on other collections to mitigate the longer turnover effects by certain customers as mentioned above.

Nonetheless, most of the trade and bills receivables balances were recent sales which were within the average credit period given to the Group's customers. As at 31 December 2019, approximately 74.2% of the trade and bills receivable were within the credit period given as compared with that of approximately 82.2% as at 31 December 2018.

For amounts due more than six months and longer, they mainly pertain to final payment owed by the two main PRC telecom operators. 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 such two main PRC telecom operators and the regular receipts of payments from these customers, the Group does not foresee any issue in the collection of these receivables. The Group will continue to endeavour in its collection efforts on the outstanding balances.

- (ii) Net prepayments and non-trade receivables increased by approximately RMB14.2 million or approximately 27.9% from approximately RMB50.9 million as at 31 December 2018 to approximately RMB65.1 million as at 31 December 2019. The increase was mainly due to (i) the increase in advance payment to suppliers for the purchase of raw materials; and (ii) an increase in the bid bond for certain projects.

### **Inventories**

Inventories (comprising raw materials, work-in-progress and finished goods) decreased by approximately RMB74.1 million or approximately 43.9% from approximately RMB168.9 million as at 31 December 2018 to approximately RMB94.8 million as at 31 December 2019. The decrease was mainly due to a significant decrease in raw materials for inventories, work in progress, and finished goods amidst the decrease in revenue for FY2019 and the Group's measure to control inventory level on implementing business transformation.

### **Other investments**

Other investments relates to an equity investment held by the Group. As at 31 December 2019, based on the valuation report prepared by an independent valuer, an adjustment for the decrease in the valuation of that equity investment of RMB1.2 million as compared with 31 December 2018 is recorded as an other comprehensive income item.

### **Short-term loans**

During the second half of FY2018, the Group has raised funds from short-term loans provided by banks in the PRC, which expired in the fourth quarter of FY2019 and was extended at a fixed interest rate. Such short-term loans aim to enhance the working capital position of the Group. Short-term loans as at 31 December 2019 will become due for repayment by the fourth quarter of 2020.

### **Trade payables**

Trade payables decreased by approximately RMB21.4 million or approximately 18.2% from approximately RMB117.8 million as at 31 December 2018 to approximately RMB96.4 million as at 31 December 2019. The decrease is mainly due to the gradual decrease in revenue throughout FY2019 and is in line with the decrease in the inventory levels.

### **Income tax payable**

Income tax payable decreased by approximately RMB14.1 million or approximately 84.9% from RMB16.6 million as at 31 December 2018 to approximately RMB2.5 million as at 31 December 2019. The decrease mainly arose from the timing differences in the payment of income taxes.

### **Deferred income**

Deferred income increased by approximately RMB3.2 million or approximately 103.2% from approximately RMB3.1 million as at 31 December 2018 to approximately RMB6.3 million as at 31 December 2019. This relates to the subsidies received from local government on acquisition of equipment for certain projects for supporting the Group's project of transformation of science and technology achievements in the PRC.

### **Cash and cash equivalents and time deposits**

Cash and cash equivalents and time deposits increased by approximately RMB38.0 million or approximately 3.9% from approximately RMB978.6 million as at 31 December 2018 to approximately RMB1,016.6 million as at 31 December 2019. The increase is mainly due to the cash of approximately RMB82.9 million generated from operating activities, cash outflows of approximately RMB18.6 million on acquisition of fixed assets from investing activities, interest expense of approximately RMB13.9 million incurred from funds raised from short-term loans and final dividends of approximately RMB17.7 million paid for FY2018 during the Reporting Period under financing activities.

## **(II) SUBSIDIARIES**

The subsidiaries of the Company are Hengxin (Jiangsu), Jiangsu Hengxin Wireless Technology Co., Ltd, Hengxin Technology (India) Pvt Ltd and Hengxin Technology International Co., Limited.

### **(III) FOREIGN CURRENCY EXPOSURE**

Renminbi (“**RMB**”) is the functional currency of the Group. Currencies other than RMB expose the Group to foreign currency risk. The Group has foreign currency sales and its revenue and costs are denominated in RMB, India Rupees (“**INR**”) and United States dollars (“**USD**”). Some of the Group’s bank balances are denominated in USD, Singapore dollars (“**SGD**”), Hong Kong dollars (“**HKD**”) and INR, whilst some costs may be denominated in Hong Kong dollars, SGD and INR. The Group has implemented a hedging policy to strike a balance between the uncertainty and the risk of opportunity loss in light of the growing significance of its exposure to the fluctuations in foreign currency, under which policy foreign exchange forward contracts may be used to eliminate the currency exposure. The Group has not entered into such forward contracts as at the end of the Reporting Period but will continue to monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

### **(IV) DONATION AND CAPITAL COMMITMENTS**

As at 31 December 2019, the capital commitments of the Group in respect of the purchase of property, plant and equipment were approximately RMB1,474,000 (2018: approximately RMB1,250,000).

The Group’s PRC subsidiary has signed an intention letter and committed to donate RMB500,000 per annum from 2007 for a period of 20 years to a charitable organization in the PRC when making profit in the year. As at 31 December 2019, the donation commitment was approximately RMB3,500,000 (2018: approximately RMB4,000,000).

### **(V) CHARGE OR PLEDGE OF ASSETS**

As at 31 December 2019, the Group did not charge nor pledge any assets (2018: Nil) as securities for banking facilities granted by its bankers.

### **(VI) CONTINUING CONNECTED TRANSACTION ENTERED INTO DURING THE REPORTING PERIOD**

References are made to the announcement and circular of the Company dated 10 October 2019 and 22 November 2019 respectively in relation to renewal of the continuing connected transactions (“**CCTs**”) agreements.

In contemplation of the expiry of the Raw Materials Purchase Master Agreement and the Products Sales Master Agreement entered into in 2016 on 31 December 2019, on 10 October 2019, Hengxin (Jiangsu) and Suzhou Hengli entered into the CCTs agreements to renew them, each for a term of three years commencing from 1 January 2020 to 31 December 2022, and to revise the annual caps for the transactions contemplated thereunder.

The CCTs agreements were duly passed at the extraordinary general meeting of the Company held on 17 December 2019.

For further details of the CCTs agreements, please refer to the announcements of the Company dated 10 October 2019 and 17 December 2019 and the circular of the Company dated 22 November 2019.

## **(VII) LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 December 2019, the Group's total assets were approximately RMB2,192,853,000 (2018: RMB2,136,080,000) (of which current assets were approximately RMB1,996,765,000 (2018: RMB1,937,369,000) and non-current assets were approximately RMB196,088,000 (2018: RMB198,711,000)), the total liabilities were approximately RMB510,744,000 (2018: RMB548,572,000) (of which current liabilities were approximately RMB496,551,000 (2018: RMB539,073,000) and non-current liabilities were approximately RMB14,193,000 (2018: RMB9,499,000)), and shareholder's equity reached approximately RMB1,682,109,000 (2018: RMB1,587,508,000). As at 31 December 2019, the Group's cash and cash equivalents and time deposits were approximately RMB1,016.6 million (31 December 2018: approximately RMB978.6 million). The Group's time deposits were all due within one year. As at 31 December 2019, the Group has short-term bank borrowings due within one year of RMB310,000,000 (2018: RMB315,000,000) carrying fixed interest rate.

The Group generally finances its operations from cash flows generated internally and short-term bank borrowings.

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimization of debt and equity balance.

Management monitors capital based on the Group's debt-to-assets ratio. This ratio is calculated as total liabilities divided by total assets.

As at the end of the Reporting Period, the Group is in compliance with all capital requirements on its external borrowings.

The debt-to-assets ratio at the end of the reporting period is as follows:

	<b>As at 31 December</b>	
	<b>2019</b>	2018
	<b>RMB'000</b>	RMB'000
Total liabilities	<b>510,744</b>	548,572
Total assets	<b>2,192,853</b>	2,136,080
	<hr/>	<hr/>
Debt-to-assets ratio	<b>23%</b>	26%
	<hr/> <hr/>	<hr/> <hr/>

The following tables show the remaining contractual maturities at the end of the Reporting Period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the Reporting Period) and the earliest date the Group can be required to pay:

	Contractual cash flows			Total RMB'000	Carrying amount at 31 December RMB'000
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000		
<b>2019</b>					
<b>Non-derivative financial liabilities</b>					
Short-term loans	322,503	–	–	322,503	310,000
Trade and other payables <sup>#</sup>	163,480	–	–	163,480	163,480
Lease liabilities	884	514	484	1,882	1,786
<b>At 31 December 2019</b>	<b>486,867</b>	<b>514</b>	<b>484</b>	<b>487,865</b>	<b>475,266</b>

	Contractual cash flows			Total RMB'000	Carrying amount at 31 December RMB'000
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000		
<b>2018</b>					
<b>Non-derivative financial liabilities</b>					
Short-term loans	315,000	–	–	315,000	315,000
Trade and other payables <sup>#</sup>	184,995	–	–	184,995	184,995
<b>At 31 December 2018</b>	<b>499,995</b>	<b>–</b>	<b>–</b>	<b>499,995</b>	<b>499,995</b>

<sup>#</sup> Exclude contract liabilities, advanced receipt, value added tax, business tax and other taxes payable.

**(VIII) PROSPECTS (A COMMENTARY AT THE DATE OF THIS 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 unexpected advent of COVID-19 in early 2020 halts social and economic development throughout China, which also almost causes the stagnation of economic activities. Since then, the epidemic has gradually spread globally. The raging epidemic caused a significant decline in the overall economy, with almost no demand and greatly damaged supply chain. The grave impacts will inevitably prejudice the development of the telecommunication industry and the operation of the Group. Currently, the epidemic is gradually brought under control in China, evidenced by resumed production activities in companies, as well as recovering market demand and supply chain. In this view, the Group is mainly exposed to negative impacts during the first quarter. At this point, the Group has at large resumed our production activities on the condition that our employee safety is safeguarded. The Group will keep a close track of the epidemic development, and give all-out efforts to recover our losses as soon as normal market activities are restored.

Looking into 2020, unfavorable factors will continue to constrain China's economic development. For instance, due to the insufficient total social demand, enterprises demonstrate weaker investment ability and appetite, while the consumers' capacity and willingness is also limited by the level of income growth. Although the United States-China "Phase 1" trade agreement has been concluded, the economic and trade relations between the United States and China will remain obscure, coupled with the rising protectionism in international trade, thereby overshadowing China's exports. However, formal commercialization of 5G technology undoubtedly highlights the development of the telecommunications industry in the PRC, as this represents not only an initiative to expand related investments but also an avenue for stimulating new consumer demands. Considering that the commercialized 5G technology becomes increasingly crystalized and shaped in the areas for application, such as the Industrial Internet of Things, smart factories, and the Internet of Vehicles, in addition to the rapidly increasing number of 5G base stations and users and the constant expanding applications, the industrial players find hope and a bright future against the current adverse environment. In this regard, the Group proposes to strategically re-position from "the world's leading expert of antenna feeder systems" to "the world's leading expert of wireless access systems". Furthermore, the Group will strive to break through "the research and development of 5G network RF products" and "the research and development of various intelligent terminal communication modules vertically integrated with the 5G technology". These actions will help drive and facilitate the Company's overall transformation. In 2020, we will strengthen our commitments to mainly 5G antennas, filters, 5G indoor leaky cables, and UHF cables. By comprehensively tapping into the strengths of all parties in research and development, production and sales, we will actively explore new products, businesses, markets and areas, while advancing the development of enterprise-level



customers. Besides seeking breakthroughs in system solutions, the Group will gradually evolve from a simple manufacturer into a system solution provider and engineering contractor in terms of business model. We recognize that the business transformation will experience a myriad of difficulties, uncertainties and setbacks, which are believed to be the only path for the Group to the prosperity in the future.

## **(IX) DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES**

As at 31 December 2019, the interests and short positions of 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 interests 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 to the Listing Rules, were as follows:

### *Long positions in the Company:*

Name of Directors	Capacity and nature of interests	Number of ordinary shares held	Approximate percentage of the Company's issued share capital
Mr. Cui Wei <sup>(1)</sup>	Deemed interest and interest in controlled corporation	96,868,662	24.97%
Ms. Zhang Zhong <sup>(2)</sup>	Deemed interest and interest in controlled corporation	28,082,525	7.24%
Mr. Du Xiping	Beneficial owner	11,468,000	2.96%

### *Notes:*

- (1) Mr. Cui Wei beneficially owns the entire issued share capital of Kingever Enterprises Limited (“Kingever”), and Kingever in turn holds approximately 24.97% of the total issued shares in the Company. According to the register of the Company, during FY2018, Mr. Cui Wei has acquired a total of 4,240,000 ordinary shares of the Company in April 2018 through Kingever.
- (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.

***Short position in the Company:***

<b>Name of Director</b>	<b>Capacity and nature of interests</b>	<b>Number of ordinary shares held</b>	<b>Approximate percentage of the Company's issued share capital</b>
Ms. Zhang Zhong <sup>(1)</sup>	Deemed interest and interest in controller corporation	12,000,000	3.09%

*Note:*

- (1) Ms. Zhang Zhong is deemed to have short position in the Company through her interest in the entire issued share capital of Wellahead.

Saved as disclosed above, as at 31 December 2019, none of the Directors and chief executives of the Company nor their associates had or deemed to have any interests or short positions 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.

**(X) SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES**

As at 31 December 2019, in so far as is known to the Directors, 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 in the Company:***

<b>Name of substantial shareholders</b>	<b>Capacity and nature of interests</b>	<b>Number of ordinary shares held</b>	<b>Approximate percentage of the Company's issued share capital</b>
Kingever <sup>(1)</sup>	Beneficial owner	96,868,662	24.97%
Mr. Cui Wei <sup>(1)</sup>	Deemed interest and interest in controlled corporation	96,868,662	24.97%
Wellahead <sup>(2)</sup>	Beneficial owner	28,082,525	7.24%
Ms. Zhang Zhong <sup>(2)</sup>	Deemed interest and interest in controlled corporation	28,082,525	7.24%

*Short positions in the Company:*

<b>Name of substantial shareholders</b>	<b>Capacity and nature of interests</b>	<b>Number of ordinary shares held</b>	<b>Approximate percentage of the Company's issued share capital</b>
Wellahead <sup>(2)</sup>	Beneficial owner	12,000,000	3.09%
Ms. Zhang Zhong <sup>(2)</sup>	Deemed interest and interest in controlled corporation	12,000,000	3.09%

*Notes:*

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

Saved as disclosed above, as at 31 December 2019, 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, had an interest or short position in the shares or underlying shares of the Company that was required to be recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO.

**(XI) ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES**

Neither at the end of the Reporting Period nor at any time during the Reporting Period did there subsist any arrangement which objective is to enable the Directors of the Company to acquire benefits by means of acquisition of shares or debentures in the Company or any other body corporate, except for the share option scheme (the “**Share Option Scheme**”) adopted by the Company at its extraordinary general meeting held on 27 October 2010 and the employee equity incentive scheme (the “**Incentive Scheme**”) adopted by the Company at its extraordinary general meeting held on 26 April 2019.

## (XII) SHARE OPTION SCHEME

The Company adopted the Share Option Scheme on 27 October 2010, as approved by its shareholders at the extraordinary general meeting held on the same date. The Share Option Scheme is valid and effective for a period of 10 years from 27 October 2010. It is a share incentive scheme and is established to provide the people and the parties working for the interests of the Group with an opportunity to obtain an equity interest in the Company, thus linking their interests with the Group's interest and providing them with an incentive to work better for the interest of the Group. Pursuant to the Share Option Scheme, the Board may, at its discretion, offer to grant an option to all Directors (whether executive or non-executive and whether independent or not), any employee (whether full time or part time) of the Group (whether on an employment or contractual or honorary basis and whether paid or unpaid), who in the absolute opinion of the remuneration committee of the Company (the "**Remuneration Committee**"), has contributed to the Group. An option granted under the Share Option Scheme entitles the option holder to subscribe for a specific number of new ordinary shares in the Company.

The Share Option Scheme is administered by the Remuneration Committee which comprises:

Dr. Li Jun (*Chairman*)

Mr. Cui Wei

Mr. Tam Chi Kwan Michael

Mr. Xu Guoqiang

Mr. Pu Hong

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes must not in aggregate exceed 10% of the shares of the Company in issue on 27 October 2010 (i.e. 33,600,000 shares), representing approximately 8.66% of the total number of the issued shares of the Company as at 31 December 2019.

The total number of the shares issued and to be issued upon exercise of the options granted under the Share Option Scheme to any eligible participants (including exercised, cancelled and outstanding options) in any 12-month period must not exceed 1% of the shares of the Company in issue, unless approved by the shareholders of the Company in general meeting at which the relevant participant and his/her associates shall abstain from voting.

Pursuant to the Share Option Scheme, the option has an exercise price<sup>#</sup> per share determined with reference to the market price of the shares at the time of grant of the option. The consideration for the grant of an option is S\$1.00, payable to the Company within 28 days from the offer date (or such other period as the Remuneration Committee may determine). Options granted with the exercise price set at the market price shall only be exercised after the first anniversary but before the tenth anniversary of the date of grant of that option. The shares under option may be exercised in whole or in part on the payment of the relevant exercise price (provided that an option may be exercised in part only in respect of a board lot or any integral multiple thereof). Options granted will lapse when the option holder ceases to be a full-time employee of the Company or any company of the Group subject to certain exceptions at the discretion of the Remuneration Committee.

# exercise price or subscription price shall be at least the highest of:

- (i) the closing price of the shares as stated in the daily quotation sheet issued by SEHK on the offer date, which must be a business day; and
- (ii) the average closing price of the shares as stated in the daily quotation sheet issued by SEHK for the five consecutive business days immediately preceding the offer date.

There were no unissued shares of the Company under options granted pursuant to the Share Option Scheme.

During the Reporting Period, no options to take up unissued shares of any subsidiary were granted and there were no shares of any subsidiary issued by virtue of the exercise of an option to take up unissued shares.

As at the end of the Reporting Period, there were no unissued shares of the Company or of any corporation in the Group under option.

### **(XIII) INCENTIVE SCHEME**

On the extraordinary general meeting of the Company held on 26 April 2019, the Company adopted the Incentive Scheme to implement the long-term incentive and binding mechanism of Jiangsu Hengxin, a wholly-owned subsidiary of the Company, and fully mobilize the proactiveness of core and key employees of Jiangsu Hengxin to ensure the sustainable and healthy development of the Company and Jiangsu Hengxin, and for which this Incentive Scheme is formulated with reference to the actual situation of the Company and Jiangsu Hengxin. For details of the Incentive Scheme, please refer to the announcements of the Company dated 29 March 2019, 12 November 2019 and 28 February 2020 and the circular of the Company dated 29 March 2019.

Subsequent to the shareholders' approval of the Incentive Scheme at the extraordinary general meeting held on 26 April 2019, the Company is in the process of implementing the Incentive Scheme. As at the date of this announcement, the Incentive Scheme has not yet acquired any shares of the Company.

## **(XIV) SUPPLEMENTARY INFORMATION**

### **1. Operational and Financial Risk Management**

#### **(i) Market risk**

The major market risks that the Group is exposed to include business risks relating to the global state of economy, industry risks relating to certain policies and its product adoption approaches, technology risks relating to changes in technology and credit risks relating to the non-payment by the Group's customers.

#### **(ii) Commodity price risk**

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

#### **(iii) Interest rate risk**

The major interest rate risk that the Group is exposed to includes the Group's short-term debt obligations, if any, which may be subject to variable interest rates.

#### **(iv) Foreign currency risk**

The Group's revenue and costs are denominated in Renminbi, Indian Rupees ("INR") and United States Dollars. Some costs may be denominated in Hong Kong Dollars, INR and Singapore Dollars.

### **2. Contingent liabilities**

There were no material contingent liabilities as at 31 December 2019.

### **3. Employees and Remuneration Policies**

As at 31 December 2019, there were 824 (31 December 2018: 845) employees in the Group. Staff remuneration packages are determined in consideration of the market conditions and the performance of the individual 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 its extraordinary general meeting held on 27 October 2010. No option has been granted under the Share Option Scheme since its adoption and up to the date of this announcement.

The Company also adopted the Incentive Scheme at its extraordinary general meeting held on 26 April 2019 to implement the long-term incentive and binding mechanism of Jiangsu Hengxin and fully mobilize the proactiveness of core and key employees of Jiangsu Hengxin to ensure the sustainable and healthy development of the Company.

#### **4. Material Litigation and Arbitration**

As at 31 December 2019, the Group was not involved in any material litigation or arbitration.

#### **5. Discloseable Transactions During the Reporting Period**

During the year ended 31 December 2019, the Company has not carried out any discloseable transaction.

#### **6. Audit Committee**

The Company's audit committee members are Mr. Tam Chi Kwan Michael, Mr. Cui Wei, Ms. Zhang Zhong, Dr. Li Jun and Mr. Pu Hong. The audit committee, which is chaired by Mr. Tam Chi Kwan Michael, has reviewed the annual results of the Group for the year ended 31 December 2019.

#### **7. 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 to the Listing Rules for the year ended 31 December 2019.

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

Having made specific enquiries with all the Directors, the Directors have confirmed that they have complied with the required standards of the Model Code during the Reporting Period.

#### **9. Annual General Meeting**

The 2019 annual general meeting of the Company will be held on 28 April 2020 (Tuesday) in Hong Kong. For further details of the annual general meeting, please refer to the notice of annual general meeting, which will be published and despatched by the Company in due course.

## 10. Review of financial results

The work in respect of this results announcement done by KPMG was limited to checking the accuracy of extraction of the financial information in this results announcement from the Group's consolidated financial statements and will be carried out in accordance with the Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed-Upon Procedures Regarding Financial Information" and with reference to Practice Note 730 (Revised) "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The procedures that KPMG performed in connection with this results announcement will not constitute an assurance engagement in accordance with assurance standards issued by the HKICPA and, consequently, no assurance will be expressed.

## 11. Dividends

### (a) *Final dividend recommended for the Reporting Period*

Name of Dividend:	Final
Dividend Type:	Cash
Dividend Rate:	RMB0.0292 per share
Number of shares:	388,000,000
Total amount:	RMB11,329,600

### (b) *Actual final dividend for FY2018*

Name of Dividend:	Final
Dividend Type:	Cash
Dividend Rate:	RMB0.0457 per share
Number of shares:	388,000,000
Total amount:	RMB17,731,600

### (c) *Record date and dividend payment date*

Subject to the approval by shareholders of the Company at the forthcoming annual general meeting to be held on Tuesday, 28 April 2020, the final dividend for the Reporting Period will be distributed on or about Friday, 29 May 2020 to shareholders whose names appear on the Company's register of members on Friday, 15 May 2020 (the record date).



**(d) Book closure date**

In order to determine the entitlement to the proposed final dividend for the Reporting Period (subject to the approval by the shareholders at the forthcoming annual general meeting), the Company's register of members will be closed on Friday, 15 May 2020, on which date no transfer of shares will be registered. In order to qualify for the proposed final dividend for the Reporting Period, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Principal Share Registrar in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 (for shareholders registered in Singapore), or at the office of the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong (for shareholders registered in Hong Kong) not later than 4:30 p.m. on Thursday, 14 May 2020. Any removal of shares of the Company from the Company's Principal Share Registrar in Singapore to the Branch Share Registrar in Hong Kong shall be made not later than 4:30 p.m. on Thursday, 30 April 2020.

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

For the year ended 31 December 2019, neither the Company nor its subsidiaries had purchased, sold or redeemed any of the securities of the Company.

**13. Disclosure on the Websites of the SEHK and the Company**

This announcement shall be published on the website of the SEHK (<http://www.hkexnews.hk>) and on the Company's website (<http://www.hengxin.com.sg>).

By Order of the Board  
**Hengxin Technology Ltd.**  
**Cui Wei**  
*Chairman*

Singapore, 16 March 2020

*As at the date of this announcement, the executive Directors are Mr. Du Xiping and Mr. Xu Guoqiang; the non-executive Directors are Mr. Cui Wei and Ms. Zhang Zhong; and the independent non-executive Directors of the Company are Mr. Tam Chi Kwan Michael, Dr. Li Jun and Mr. Pu Hong.*

\* *For identification purposes only*