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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 INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021

FINANCIAL HIGHLIGHTS

1. Revenue for the six months ended 30 June 2021 decreased by approximately RMB54.3 million or 9.6% to approximately RMB511.4 million
2. Gross profit decreased by approximately RMB22.6 million or 17.4% to approximately RMB107.1 million
3. Net profit attributable to equity shareholders of the Company decreased by approximately RMB9.6 million or 37.8% to approximately RMB15.8 million
4. Basic earnings per share was approximately RMB0.041, representing a decrease of approximately RMB0.025 or 37.9%
5. No payment of interim dividend for the six months ended 30 June 2021 has been recommended

* For identification purposes only

The board (the “**Board**”) of directors (the “**Director(s)**”) of Hengxin Technology Ltd. (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively hereinafter referred as the “**Group**”) for the six months ended 30 June 2021 together with the comparative figures for the corresponding period in 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

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

	<i>Notes</i>	1H2021 RMB’000 (unaudited)	1H2020 RMB’000 (unaudited)
Revenue	4	511,401	565,659
Cost of sales		<u>(404,272)</u>	<u>(436,005)</u>
Gross profit		107,129	129,654
Other operating income	5	16,131	17,682
Selling and distribution expenses		(45,226)	(47,066)
Administrative expenses		(19,101)	(18,361)
Research and development costs		(36,599)	(29,753)
Other operating expenses		<u>(3,984)</u>	<u>(13,628)</u>
Profit from operations		18,350	38,528
Interest expense	6	<u>(3,965)</u>	<u>(6,953)</u>
Profit before taxation	7	14,385	31,575
Income tax	8	<u>(1,570)</u>	<u>(6,151)</u>
Profit for the period		<u>12,815</u>	<u>25,424</u>
Attributable to:			
Equity shareholders of the Company		15,844	25,424
Non-controlling interest		<u>(3,029)</u>	<u>–</u>
Profit for the period		<u>12,815</u>	<u>25,424</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME (Continued)

For the six months ended 30 June

	<i>Notes</i>	1H2021 RMB'000 (unaudited)	1H2020 <i>RMB'000</i> (unaudited)
Other comprehensive income			
<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>(247)</u>	<u>(183)</u>
Total comprehensive income for the period		<u>12,568</u>	<u>25,241</u>
Attributable to:			
Equity shareholders of the Company		15,597	25,241
Non-controlling interest		<u>(3,029)</u>	<u>–</u>
Total comprehensive income for the period		<u>12,568</u>	<u>25,241</u>
Earnings per share attributable to equity shareholders of the Company			
Basic and diluted (<i>RMB</i>)	11	<u>0.041</u>	<u>0.066</u>
Dividends per share (<i>RMB</i>)	9	<u>–</u>	<u>–</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 30 June 2021 <i>RMB'000</i> (unaudited)	As at 31 December 2020 <i>RMB'000</i> (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	12	165,714	167,495
Interest in an associate		–	–
Other investments		8,847	8,847
Deferred tax assets		9,803	10,146
		<hr/>	<hr/>
Total non-current assets		184,364	186,488
Current assets			
Inventories		174,405	106,742
Other investments		20,000	–
Trade and other receivables	13	663,022	577,478
Time deposits with original maturity more than 3 months		670,601	470,000
Cash and cash equivalents		529,779	887,073
Derivative financial asset		2,826	–
		<hr/>	<hr/>
Total current assets		2,060,633	2,041,293
		<hr/>	<hr/>
TOTAL ASSETS		2,244,997	2,227,781
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	14	199,409	179,019
Short-term loans		292,060	278,371
Derivative financial liability		–	19,954
Lease liabilities		933	1,027
Income tax payable		266	2,611
		<hr/>	<hr/>
Total current liabilities		492,668	480,982
		<hr/>	<hr/>
NET CURRENT ASSETS		1,567,965	1,560,311
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,752,329	1,746,799
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

		As at 30 June 2021 <i>RMB'000</i> (unaudited)	As at 31 December 2020 <i>RMB'000</i> (audited)
Non-current liabilities			
Deferred income		5,748	6,341
Lease liabilities		280	703
Deferred tax liabilities		7,449	7,341
		<hr/>	<hr/>
Total non-current liabilities		13,477	14,385
		<hr/>	<hr/>
TOTAL LIABILITIES		506,145	495,367
		<hr/>	<hr/>
NET ASSETS		1,738,852	1,732,414
		<hr/> <hr/>	<hr/> <hr/>
CAPITAL AND RESERVES			
Share capital	10	295,000	295,000
General reserves		262,923	262,923
Special reserve		(6,017)	(6,017)
Fair value reserve		(1,530)	(1,530)
Translation reserves		(2,900)	(2,653)
Accumulated profits		1,192,277	1,182,563
		<hr/>	<hr/>
Total equity attributable to equity shareholders of the Company		1,739,753	1,730,286
		<hr/>	<hr/>
Non-controlling interest		(901)	2,128
		<hr/>	<hr/>
TOTAL EQUITY		1,738,852	1,732,414
		<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June

	1H2021 RMB'000 (unaudited)	1H2020 <i>RMB'000</i> (unaudited)
Operating activities		
Profit before tax	14,385	31,575
Adjustments for:		
Depreciation of property, plant and equipment	10,002	14,780
Net losses on disposal of property, plant and equipment	37	53
Interest expense	3,965	6,953
Interest income	(5,152)	(6,921)
Amortisation of deferred income	(593)	31
Net gain on derivative financial asset	(2,826)	–
Unrealised foreign exchange losses/(gains)	2,303	(917)
	22,121	45,554
Changes in working capital:		
Trade receivables and other receivables	(86,129)	18,616
Inventories	(67,954)	(34,430)
Trade payables and other payables	26,847	20,449
Cash (used in)/generated from operating activities	(105,115)	50,189
Interest income received	1,990	6,921
Income tax paid	(3,465)	(6,376)
Net cash (used in)/generated from operating activities	(106,590)	50,734

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)*For the six months ended 30 June*

	1H2021	1H2020
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Investing activities		
Acquisition of property, plant and equipment	(8,393)	(10,659)
Payment for time deposits	(771,616)	(271,457)
Proceeds from time deposits	571,015	236,059
Proceeds from disposal of property, plant and equipment	222	214
Acquisition of other investments	(20,000)	(30,000)
Changes in pledged bank deposits	(7,201)	15,206
Interest received from time deposits	3,162	–
	<u> </u>	<u> </u>
Net cash used in investing activities	<u>(232,811)</u>	<u>(60,637)</u>
Financing activities		
Capital elements of lease rentals paid	(517)	(459)
Interest element of lease rentals paid	(29)	(33)
Other interest expense paid	(9,541)	(6,920)
Net (payments for)/proceeds from short-term loans	(6,265)	17,783
Dividends paid	(6,130)	(11,329)
	<u> </u>	<u> </u>
Net cash used in financing activities	<u>(22,482)</u>	<u>(958)</u>
Net decrease in cash and cash equivalents	(361,883)	(10,861)
Effects of foreign exchange translation	(2,612)	952
Cash and cash equivalents at the beginning of the period	876,226	592,096
	<u> </u>	<u> </u>
Cash and cash equivalents at the end of the period	<u>511,731</u>	<u>582,187</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021 (unaudited)

GROUP – RMB'000	Share capital	General reserves	Special reserve	Fair value reserve	Translation reserves	Accumulated profits	Total	Non-controlling interest	Total
Balance at 1 January 2021	295,000	262,923	(6,017)	(1,530)	(2,653)	1,182,563	1,730,286	2,128	1,732,414
Changes in equity for the period:									
Profit for the period	-	-	-	-	-	15,844	15,844	(3,029)	12,815
Other comprehensive income for the period	-	-	-	-	(247)	-	(247)	-	(247)
Total comprehensive income	-	-	-	-	(247)	15,844	15,597	(3,029)	12,568
Final dividends paid for 2020	-	-	-	-	-	(6,130)	(6,130)	-	(6,130)
Balance at 30 June 2021	<u>295,000</u>	<u>262,923</u>	<u>(6,017)</u>	<u>(1,530)</u>	<u>(2,900)</u>	<u>1,192,277</u>	<u>1,739,753</u>	<u>(901)</u>	<u>1,738,852</u>

For the six months ended 30 June 2020 (unaudited)

GROUP – RMB'000	Share capital	General reserves	Special reserve	Fair value reserve	Translation reserves	Accumulated profits	Total
Balance at 1 January 2020	295,000	252,344	(6,017)	(850)	(1,541)	1,143,173	1,682,109
Changes in equity for the period:							
Profit for the period	-	-	-	-	-	25,424	25,424
Other comprehensive income for the period	-	-	-	-	(183)	-	(183)
Total comprehensive income	-	-	-	-	(183)	25,424	25,241
Final dividends paid for 2019	-	-	-	-	-	(11,329)	(11,329)
Balance at 30 June 2020	<u>295,000</u>	<u>252,344</u>	<u>(6,017)</u>	<u>(850)</u>	<u>(1,724)</u>	<u>1,157,268</u>	<u>1,696,021</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in Singapore on 18 November 2004 under the Singapore Companies Act and its shares are listed on Main Board of The Stock Exchange of Hong Kong Limited. The address of the Company's principal place of business is 5 Tampines Central 1, #06-05 Tampines Plaza 2, Singapore 529541. 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 telecommunication 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements for the six months ended 30 June 2021 (the "**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 and Interpretations issued by the International Accounting Standards Board ("**IASB**") that are effective for annual reporting periods beginning on or after 1 January 2021.

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. The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of the new and revised IFRSs is unlikely to have a significant impact on the consolidated financial statements of the Group.

The consolidated financial statements for the six months ended 30 June 2021 comprise the Group and the Group's interest in an associate.

The Financial Statements have been prepared on a historical cost basis except that certain assets which are stated at fair value. The consolidated financial statements are presented in Renminbi ("**RMB**"), being the functional currency of the Company and the presentation currency of the Group. All values are rounded to the nearest thousand except when otherwise indicated.

3. CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group:

- Amendments to IFRS 16, *Covid-19-related rent concessions beyond 30 June 2021*
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, *Interest Rate Benchmark Reform – Phase 2*

None of these 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 in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are the manufacturing and sale of radio frequency coaxial cables, telecommunication equipment and accessories.

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Radio frequency coaxial cables	281,772	286,647
Telecommunication equipment and accessories	98,426	120,520
Antennas	101,065	134,181
Others	30,138	24,311
	<u>511,401</u>	<u>565,659</u>

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's senior management for the purposes of resource allocation and performance assessment, the Group has presented the following reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Radio frequency coaxial cables: the transmission of high-frequency signals between antenna and base station equipment in outdoor base station wireless signal coverage system and indoor wireless signal coverage system in buildings.
- Telecommunication equipment and accessories: the transmission of signals within microwave communications systems, radio broadcast wireless systems and air/sea radar systems, the accessories are such as connectors and jumper cables used for wireless signal coverage systems equipment within base stations.
- Antennas: are adopted by telecom operators for use in signal transmission for wireless communications.

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitor the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is profit or loss before tax, adjusted for items not specifically attributed to individual segments, such as other income, central interest expense, central administration costs, independent directors' fees at corporate level and foreign exchange gains or losses. Segment profit or loss is used to measure performance as 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.

In addition to receiving segment information concerning segment results, management is provided with segment information concerning interest income, interest expense, depreciation and amortisation, asset impairment losses and related reversals.

Segment assets and liabilities are not regularly reported to the Group's executive directors and therefore information of reportable segment assets and liabilities are not presented in the consolidated financial statements.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2021 and 2020 is set out below.

Group	Reportable segments					
	Radio Frequency Coaxial Cables RMB'000	Telecommunication Equipment and Accessories RMB'000	Antennas RMB'000	Total Reportable Segments RMB'000	All Other Segments RMB'000	Total RMB'000
Six months ended 30 June 2021 (unaudited)						
Disaggregated by timing of revenue recognition						
Point in time	281,772	98,426	101,065	481,263	28,985	510,248
Over time	-	-	-	-	1,153	1,153
Revenue from external customers	281,772	98,426	101,065	481,263	30,138	511,401
Segment profit/(loss) before tax (Note 1)	16,058	5,859	1,544	23,461	(2,006)	21,455
Interest income	2,838	992	1,018	4,848	304	5,152
Interest expense	(2,178)	(761)	(781)	(3,720)	(232)	(3,952)
Depreciation and amortisation expenses	(5,410)	(1,890)	(1,940)	(9,240)	(579)	(9,819)

Group	Reportable segments					
	Radio			Total Reportable Segments	All Other Segments	Total
	Frequency Coaxial Cables	Telecommunication Equipment and Accessories	Antennas			
Six months ended 30 June 2020 (unaudited)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Disaggregated by timing of revenue recognition						
Point in time	286,647	120,520	134,181	541,348	23,080	564,428
Over time	-	-	-	-	1,231	1,231
Revenue from external customers	286,647	120,520	134,181	541,348	24,311	565,659
Segment profit/(loss) before tax (Note 1)	27,337	17,025	(5,844)	38,519	902	39,421
Interest income	3,507	1,475	1,642	6,624	297	6,921
Interest expense	(3,514)	(1,477)	(1,645)	(6,636)	(298)	(6,934)
Depreciation and amortisation expenses	(7,382)	(3,104)	(3,456)	(13,942)	(626)	(14,568)

Note 1:

Segment profit before tax represent the profits earned by each segment without allocation of other income, central interest expense, central administrative expenses, independent non-executive directors' fees at corporate level and foreign exchange gains or losses.

Reconciliation of reportable segment profit

	Group	
	For the six months ended 30 June 2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Profit before tax		
Total profit before tax for reportable segments	23,461	38,519
(Loss)/profit before tax for other segments	(2,006)	902
Unallocated amounts:		
– Other operating income	10,980	10,761
– Other operating expenses	(3,984)	(13,628)
– Other unallocated amounts	(14,066)	(4,979)
Consolidated profit before tax	14,385	31,575

Other material items

	Reportable and all other segment totals <i>RMB'000</i>	Adjustments <i>RMB'000</i>	Consolidated totals <i>RMB'000</i>
For the six months ended			
30 June 2021 (unaudited)			
Depreciation and amortisation expenses	(9,819)	(183)	(10,002)
For the six months ended			
30 June 2020 (unaudited)			
Depreciation and amortisation expenses	(14,568)	(212)	(14,780)

Geographical segment

The Company is an investment holding company and the Group's major operational subsidiaries are domiciled in the PRC. The geographical regions of the customers of the Group are principally located in the PRC and India.

The following table sets out the geographic information analyses the Group's revenue and specified non-current assets including property, plant and equipment. 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 external customer		Specified non-current assets*	
	For the six months ended		As at	
	30 June 2021 <i>RMB'000</i> (unaudited)	2020 <i>RMB'000</i> (unaudited)	30 June 2021 <i>RMB'000</i> (unaudited)	31 December 2020 <i>RMB'000</i> (audited)
People's Republic of China	411,184	449,952	164,392	165,856
India	4,954	18,460	776	910
Other countries	95,263	97,247	546	729
Total	511,401	565,659	165,714	167,495

* *excludes other investments and deferred tax assets*

5. OTHER OPERATING INCOME

	For the six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Government grants	4,675	8,276
Interest income	5,152	6,921
Net gain on commodity future contracts	1,375	–
Net gain on derivative financial asset	2,826	–
Compensation claims received	296	155
Gains on disposal of property, plant and equipment	–	60
Net foreign exchange gains	–	1,573
Service fee income	1,377	–
Others	430	697
	<u>16,131</u>	<u>17,682</u>

6. INTEREST EXPENSE

	For the six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Interest expense on short term bank loans	3,936	6,360
Interest on lease liabilities	29	33
Other interest expense	–	560
	<u>3,965</u>	<u>6,953</u>

7. PROFIT BEFORE TAXATION

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

	For the six months ended 30 June	
	2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Cost of inventories sold	404,272	436,005
Depreciation of property, plant and equipment	10,002	14,780
Salaries and bonus	69,040	66,918
Contributions to defined contribution plans	2,179	947
Executive directors' remuneration (including contribution to defined contribution plans)	1,261	1,170
Non-executive directors' fees	774	841
	<u>73,254</u>	<u>69,876</u>
Total staff costs		
Net foreign exchange gains, included in other income	–	(1,573)
Net foreign exchange losses, included in other operating expenses	3,443	–
Net losses on disposal of property, plant and equipment	37	53
Net loss on commodity future contracts, included in other operating expenses	–	12,335
	<u>–</u>	<u>12,335</u>

8. INCOME TAX

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(unaudited)	(audited)
Current tax expense		
Current year	2,658	5,756
(Over)/under provision in prior years	(1,539)	1,946
	<u>1,119</u>	<u>7,702</u>
Deferred tax expense		
Origination and reversal of temporary differences	451	(1,551)
	<u>1,570</u>	<u>6,151</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% (2020: 25%).

Jiangsu Hengxin Technology Co., Ltd (“**Jiangsu Hengxin**”) and Jiangsu Hengxin Wireless Technology Co., Ltd., are subject to a preferential income tax rate of 15% in 2021 available to enterprises which qualify as a High and New Technology Enterprise (2020: 15%).

- (iii) Hong Kong Profits Tax has been provided for Hengxin Technology International Co., Ltd. at the rate of 16.5% (2020: 16.5%) on the estimated assessable profits arising in Hong Kong for the year ending 31 December 2021.

9. DIVIDENDS

The Company did not recommend or declare any interim dividend for the six months ended 30 June 2021 and 30 June 2020.

10. SHARE CAPITAL

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

Share capital – Ordinary Shares	No. of shares		
	'000	RMB'000	S\$'000
Balance as at 31 December 2020 and 30 June 2021	<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.

11. EARNINGS PER SHARE

Earnings per share is calculated by dividing the Group's net profit attributable to equity shareholders of the Company for the period by the weighted average number of ordinary shares outstanding during the period.

	Group	
	For the six months ended	
	30 June 2021 (unaudited)	30 June 2020 (unaudited)
Earnings per share (<i>RMB</i>)		
– Basic	<u>0.041</u>	<u>0.066</u>
– Diluted	<u>0.041</u>	<u>0.066</u>
Weighted average no. of shares applicable to basic EPS (<i>'000</i>)	388,000	388,000

There were no potential dilutive ordinary shares in existence during the six months ended 30 June 2021 and 2020.

12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2021, the Group's capital expenditure was approximately RMB8.4 million (six months ended 30 June 2020: approximately RMB10.7 million).

13. TRADE AND OTHER RECEIVABLES

	As at 30 June 2021 <i>RMB'000</i> (unaudited)	As at 31 December 2020 <i>RMB'000</i> (audited)
Trade receivables	539,320	460,750
Bills receivables	57,994	48,258
Less: Loss allowance	<u>(9,705)</u>	<u>(9,705)</u>
Net trade and bills receivables	587,609	507,257
Loans to the associate	21,191	21,191
Non-trade amount due from the associate	1,680	1,680
Less: Loss allowance	<u>(22,871)</u>	<u>(22,871)</u>
Other receivables	<u>75,413</u>	<u>70,221</u>
	<u>663,022</u>	<u>577,478</u>

Trade and bills receivables are due from 90–270 days from the date of billing. The aging of trade and bills receivables based on the invoice date, net of allowance for impairment in respect of trade receivables at the end of the reporting period, is as follows:

	As at 30 June 2021 <i>RMB'000</i> (unaudited)	As at 31 December 2020 <i>RMB'000</i> (audited)
Within 6 months	431,131	348,378
7 to 12 months	81,442	88,268
1 to 2 years	66,771	66,794
Over 2 years	8,265	3,817
	<u>587,609</u>	<u>507,257</u>

14. TRADE AND OTHER PAYABLES

	As at 30 June 2021 <i>RMB'000</i> (unaudited)	As at 31 December 2020 <i>RMB'000</i> (audited)
Trade payables	147,760	103,512
Other payables	51,649	75,507
	<u>199,409</u>	<u>179,019</u>

As at the end of the reporting period, the aging profile of trade payables of the Group, based on invoice date, is as follows:

	As at 30 June 2021 <i>RMB'000</i> (unaudited)	As at 31 December 2020 <i>RMB'000</i> (audited)
0 to 90 days	130,619	94,660
91 to 180 days	4,005	3,373
181 to 360 days	10,522	3,356
Over 360 days	2,614	2,123
	<u>147,760</u>	<u>103,512</u>

15. NET ASSET VALUE ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The net asset value per attributable to equity shareholders of the Company ordinary share of the Group is shown below:

	As at 30 June 2021 (unaudited)	As at 31 December 2020 (audited)
Net assets value attributable to equity shareholders of the Company (<i>RMB'000</i>)	1,739,753	1,730,286
Number of ordinary shares (<i>'000</i>)	<u>388,000</u>	<u>388,000</u>
Net asset value attributable to equity shareholders of the Company per ordinary share (<i>RMB</i>)	<u>4.48</u>	<u>4.46</u>

16. CONNECTED TRANSACTIONS

(a) Transactions

During the Reporting Period, the Group had the following significant transactions with Suzhou Hengli Telecommunications Materials Co. Ltd.:

	For the six months ended 30 June	
	2021 <i>RMB'000</i> (unaudited)	2020 <i>RMB'000</i> (unaudited)
Sale of finished goods	6,986	7,746
Purchase of raw materials	<u>5,787</u>	<u>12,432</u>

Suzhou Hengli Telecommunications Materials Co., Ltd. is a subsidiary of Hengtong Group Co., Ltd., a company in which Cui Wei, the non-executive director of the Company and his father are the substantial shareholders of. Cui Wei is a substantial shareholder with shareholding of 28.06% of the total issued shares in the Company and has significant influence over the Company.

(b) Compensation of key management personnel

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

	For the six months ended 30 June	
	2021 <i>RMB'000</i> (unaudited)	2020 <i>RMB'000</i> (unaudited)
Short term benefits	3,572	3,301
Retirement benefits scheme contribution	<u>97</u>	<u>80</u>
Total	<u>3,669</u>	<u>3,381</u>

17. DONATIONS & CAPITAL COMMITMENTS

	As at 30 June 2021 RMB'000 (unaudited)	As at 31 December 2020 RMB'000 (audited)
Contracted but not provided for property, plant and equipment	544	285
Donation commitment	<u>3,000</u>	<u>3,000</u>
	<u><u>3,544</u></u>	<u><u>3,285</u></u>

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 six months ended 30 June 2021 (“**1H2021**” or the “**Reporting Period**”) decreased by approximately RMB54.3 million, or approximately 9.6% from approximately RMB565.7 million during the six months ended 30 June 2020 (“**1H2020**”) to approximately RMB511.4 million in 1H2021.

RF Coaxial Cables

Revenue generated from the segment of RF Coaxial Cables (including feeder cables and leaky cables) decreased slightly by approximately RMB4.8 million or approximately 1.7% from approximately RMB286.6 million in 1H2020 to approximately RMB281.8 million in 1H2021.

Amid the COVID-19 post pandemic effect during 1H2021 and the general poor demand for feeder cables, revenue from feeder cables declined by approximately RMB6.6 million or 3.0% from 1H2020's approximately RMB222.8 million to 1H2021's approximately RMB216.2 million. On the other hand, revenue from leaky cables has increased slightly by approximately RMB1.8 million or 2.8% from 1H2020's approximately RMB63.8 million to 1H2021's approximately RMB65.6 million.

Telecommunication equipment and accessories

Revenue generated from the segment of telecommunication equipment and accessories decreased by approximately RMB22.1 million or approximately 18.3% from approximately RMB120.5 million in 1H2020 to approximately RMB98.4 million in 1H2021. The decrease in the revenue from telecommunication equipment and accessories is because the continued COVID-19 pandemic has delayed the demand on 5G related products and the holding up of purchase orders on 4G related products from various telecommunication operators in China.

Antennas

Revenue generated from Antennas during 1H2021 was approximately RMB101.1 million and the revenue of Antennas during 1H2020 was approximately RMB134.2 million, representing a decrease of approximately RMB33.1 million or approximately 24.7%. The decrease in revenue for Antennas is in line with the general poor market demand for telecommunication products in 1H2021. On the gradual introduction of commercialized

5G products and mobile devices in the future, the Group will continue to increase its efforts in antennas market promotion during the future telecommunication network upgrade for the major domestic telecommunication operators.

Others (HTRC (High Temperature Resistant Cables) and antennas testing services)

Revenue generated from this segment increased by approximately RMB5.8 million or approximately 23.9% from approximately RMB24.3 million during 1H2020 to approximately RMB30.1 million during 1H2021, of which the increase was mostly attributable to the increase in the sales of HTRC during 1H2021.

Gross profit margin

The Group achieved an overall gross profit margin of approximately 20.9% during 1H2021 compared to approximately 22.9% during 1H2020, representing a decrease of approximately 2.0 percentage points period-on-period. As mentioned above, due to the COVID-19 post pandemic effect and the impact of the 4G-to-5G transition period, market became very competitive with rising raw material costs, feeder cables and leaky cables have recorded a lower gross profit margin and gross profit contribution during 1H2021 as compared with 1H2020, overall gross profit margin of RF Coaxial Cables (feeder cables and leaky cables) has decreased by approximately 3.4 percentage points from 1H2020's approximately 22.2% to approximately 18.8% in 1H2021 with gross profit contribution decreased by approximately RMB10.6 million or 16.6% period-on-period.

In addition, the gross profit margin of telecommunication equipment and accessories has also decreased by approximately 5.6 percentage points from 1H2020's 29.5% to approximately 23.9% in 1H2021 because the products sold in 1H2021 for this category of product segment generally have lower profitability than that sold in 1H2020. Coupling with the lower revenue as compared with 1H2020, the gross profit contribution for this product segment has decreased by approximately RMB12.0 million or 33.8% period-on-period. As for Antennas, gross profit margin has increased by approximately 6.2 percentage points from 1H2020's approximately 20.1% to 1H2021's approximately 26.3% because the products sold in 1H2021 are more profitable than those sold in 1H2020. As a result of the combined effects of the above changes, the overall gross profit margin and gross profit of the Group decreased accordingly.

Other operating income

Other operating income decreased by approximately RMB1.6 million or approximately 9.0% from approximately RMB17.7 million in 1H2020 to approximately RMB16.1 million in 1H2021. The decrease is primarily due to:

- (i) decrease in government subsidy by approximately RMB3.6 million;
- (ii) during 1H2020, there was net exchange gains of approximately RMB1.6 million included in other income, however, in 1H2021, there was net exchange losses of approximately RMB3.4 million that was classified as other operating expenses;

- (iii) a net gain on commodity future contracts of approximately RMB1.4 million during 1H2021, whereas in 1H2020, there was a net loss on commodity future contracts of approximately RMB12.3 million that was classified as other other operating expenses; and
- (iv) during 1H2021, there was a net gain on financial derivative of approximately RMB2.8 million, no such item for 1H2020.

Selling and distribution expenses

Selling and distribution expenses decreased slightly by approximately RMB1.9 million or approximately 4.0% from approximately RMB47.1 million in 1H2020 to approximately RMB45.2 million in 1H2021. The decrease is mainly due to the decrease in transportation costs and travelling expenses as a result of the decrease in revenue during 1H2021.

Administrative expenses

Administrative expenses increased slightly by approximately RMB0.7 million or approximately 3.8% from approximately RMB18.4 million in 1H2020 to approximately RMB19.1 million in 1H2021.

Research and development costs

Research and development increased from 1H2020's approximately RMB29.8 million to 1H2021's approximately RMB36.6 million, representing an increase of approximately RMB6.8 million or 22.8%. The increase is mainly due to the increase in the research and development costs for 5G related micro base station.

Other operating expenses

Other operating expenses decreased by approximately RMB9.6 million or approximately 70.6% from approximately RMB13.6 million in 1H2020 to approximately RMB4.0 million in 1H2021. The other operating expenses for 1H2020 mainly represented the net loss on commodity future contracts of approximately RMB12.3 million and as for 1H2021, other operating expenses mainly represented the net foreign exchange loss of approximately RMB3.4 million.

Interest expense

Interest expense decreased by approximately RMB3.0 million or approximately 42.9% from approximately RMB7.0 million in 1H2020 to approximately RMB4.0 million in 1H2021. Interest expense mainly represented the finance costs on the Group's short-term loans during the relevant periods. The decrease in interest expense is mainly due to the decrease in effective interest rates for the Group's short-term loans during 1H2021.

Profit before tax

Profit before tax decreased by approximately RMB17.2 million or approximately 54.4% from approximately RMB31.6 million in 1H2020 to approximately RMB14.4 million in 1H2021.

Income tax

The Group's main subsidiary, Jiangsu Hengxin, 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 RMB4.6 million or approximately 74.2% from approximately RMB6.2 million in 1H2020 to approximately RMB1.6 million in 1H2021, mainly due to the decrease in operating profit as compared with 1H2020 and over-provision for income tax in prior years.

Net profit attributable to equity shareholders of the Company

In view of the above, net profit attributable to equity shareholders of the Company decreased by approximately RMB9.6 million or approximately 37.8% from approximately RMB25.4 million in 1H2020 compared to approximately RMB15.8 million in 1H2021.

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 RMB80.3 million or approximately 15.8% from approximately RMB507.3 million as at 31 December 2020 to approximately RMB587.6 million as at 30 June 2021. The main reasons for the increase are because of the increase in revenue during the second quarter of 2021 and these revenue are still not due for payment and the increase on trade receivables collection during late 2020.

Average trade and bills receivables turnover days was 199 days as at 30 June 2021 compared to 216 days as at 31 December 2020. The improvement in trade and bills receivables turnover by approximately 17 days was mainly because COVID-19 pandemic has caused customers' settlement relatively slow during 2020.

As at 30 June 2021, approximately 73.4% of the total net trade and bills receivable are within six months from the date of invoice as compared with that of approximately 68.7% as at 31 December 2020.

For long overdue trade receivables, as at 30 June 2021, approximately 14.1% were overdue by more than six months (as compared with 12.8% as at 31 December 2020). The trade receivables that were overdue by more than six months were mostly non-operator customers. Considering the Group's longstanding dealings with these customers 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 RMB5.2 million or approximately 7.4% from approximately RMB70.2 million as at 31 December 2020 to approximately RMB75.4 million as at 30 June 2021. The increase was mainly due to the increase in prepayment on input tax to be certified.

Inventories

Inventories (comprising raw materials, work-in-progress and finished goods) increased by approximately RMB67.7 million or approximately 63.4% from approximately RMB106.7 million as at 31 December 2020 to approximately RMB174.4 million as at 30 June 2021. The increase was mainly due to the need to build up the Group's inventories to meet the increase in demand for the products of the Group during the second half of 2021 and the delay of goods delivery for certain export orders.

Other investments

Other investments as at 30 June 2021 represented the subscription of short-term investments in wealth management products to enhance the return on the working capital of the Group.

Short-term loans

Short-term loans were raised with an aim to enhance the working capital position of the Group. Short-term loans as at 30 June 2021 with fixed interest rates will become due for repayment by the fourth quarter of 2021 and second quarter of 2022 respectively.

Trade and other payables

- (i) Trade payables increased by approximately RMB44.3 million or approximately 42.8% from approximately RMB103.5 million as at 31 December 2020 to approximately RMB147.8 million as at 30 June 2021. The increase is mainly due to the acquisition of raw materials in anticipation of the business requirements in the second half of 2021.

- (ii) Other payables decreased by approximately RMB23.9 million or approximately 31.7% from approximately RMB75.5 million as at 31 December 2020 to approximately RMB51.6 million as at 30 June 2021. The decrease is mainly due to the payment of the accrued staff costs from the year ended 31 December 2020 during 1H2021.

(II) LIQUIDITY, FINANCIAL RESOURCES

As at 30 June 2021, the Group's total assets were approximately RMB2,244,997,000 (31 December 2020: RMB2,227,781,000) (of which current assets were approximately RMB2,060,633,000 (31 December 2020: RMB2,041,293,000) and non-current assets were approximately RMB184,364,000 (31 December 2020: RMB186,488,000)), the total liabilities were approximately RMB506,145,000 (31 December 2020: RMB495,367,000) (of which current liabilities were approximately RMB492,668,000 (31 December 2020: RMB480,982,000) and non-current liabilities were approximately RMB13,477,000 (31 December 2020: RMB14,385,000)), and total equity attributable to equity shareholders of the Company reached approximately RMB1,739,753,000 (31 December 2020: RMB1,730,286,000). As at 30 June 2021, the Group's cash and cash equivalents and time deposits were approximately RMB1,200,380,000 (31 December 2020: approximately RMB1,357,073,000). The Group's time deposits have original maturity of more than three months and will all mature within one year.

As at 30 June 2021, the Group has short-term bank borrowings due within one year of approximately RMB292,060,000 (31 December 2020: RMB278,371,000) carrying fixed interest rates.

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

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

The management of the Group monitors capital based on the Group's gearing ratio. The Group's debt-to-assets ratio is calculated as total liabilities divided by total assets.

	As at	
	30 June 2021	31 December 2020
	RMB'000	RMB'000
	(unaudited)	(audited)
Total liabilities	506,145	495,367
Total assets	2,244,997	2,227,781
Debt-to-assets ratio (%)	23%	22%

The amount repayable for bank borrowings in one year or less, or on demand:

As at 30 June 2021		As at 31 December 2020	
Secured	Unsecured	Secured	Unsecured
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
(unaudited)	(unaudited)	(audited)	(audited)
–	292,060	–	278,371
<u> </u>	<u> </u>	<u> </u>	<u> </u>

(III) REVIEW AND OUTLOOK

Due to the better control of the outbreak of COVID-19 in the PRC and against the backdrop of a more relaxed international economic environment, China's macro-economy recovered in a rapid and orderly manner during 1H2021, with GDP growth hitting a new record high in recent years. In the meantime, copper prices increased significantly in 1H2021 due to the recovery of the global economy, coupled with excessive liquidity, speculation based on inflation expectations, and additional demand for copper and other non-ferrous metals in the process of energy transition worldwide.

From an industry perspective, however, investment in China's telecommunications sector failed to keep pace with the macro economy. In the first quarter of 2021, few of domestic operators invested in major projects, and there was a significant decrease in centralized procurement by headquarters and direct procurement by provincial and municipal offices, resulting in a significant drop in procurement prices. Procurement volume did not level off until the second quarter of 2021, when domestic operators in the PRC commenced the construction of their projects one by one. In overseas markets, despite strong market demand for the Group's products, the ongoing widespread of COVID-19 overseas has an impact on the shipment of the Group's products.

The deviation of the industry development and the macro situation has caused considerable pressure on the operation of enterprises. In the face of various adverse factors and challenges such as the reduction of orders, the drop in unit prices and the sharp rise of raw material costs, the Group managed to survive the predicament by adopting active measures. For one thing, the Group adjusted and optimized the sales structure of its products and controlled the orders acceptance of some low-margin products; for another thing, it strengthened the development and sales of new products, and offset the impact of rising raw material costs by means of hedging. By virtue of the Group's strong technical and financial strength, strict and effective management, and the aggressive spirit of all colleagues, the Group won a large bid in the tenders of operators for procurement projects in the second quarter of 2021, which laid a solid foundation for its business growth in the second half of 2021. Overall, the Group's revenue in the first half of 2021 was approximately RMB511.4 million, representing a decrease of 9.6% as compared to the corresponding period of 2020, while the profit attributable to the equity shareholders of the Company was approximately RMB15.8 million,

representing a decrease of 37.8% as compared to the corresponding period of 2020. However, it is gratifying to note that the Group won the tender of China Mobile and China Broadcasting Network Corporation Ltd. (“CBN”) for 700 MHz antenna project at the end of the second quarter of 2021, with a tender amount of over RMB600 million, marking that the Group has successfully expanded its business into fast-growing 5G sector, with a significant market share.

Looking ahead to the second half of 2021, there is still no optimistic prospect for exports. Demand for export products is inevitably affected by the ongoing widespread of COVID-19 overseas and the absence of any improvement in Sino-US trade frictions, while the export cost of the products is pushed up by higher copper prices and higher overseas export freight rates with the first signs of inflation in major foreign economies.

There is quite different situation in China. The construction of the 700 MHz 5G wireless network jointly invested by China Mobile and CBN, and the construction of the 2.1 GHz 5G wireless network jointly invested by China Telecom and China Unicom will commence in the second half of 2021, which will drive increased demand for the Group’s products such as base station antennas, traditional feeder cables, jumper element and passive components. Currently, the Group has a full order book for antenna products and is approaching full production capacity. With the gradual expansion of 5G network coverage, 5G will be applied to more scenarios and will move towards maturity and scale application, which provides ample opportunities and a platform for the Group’s sustainable development. The Group will strive to achieve better performance in the second half of 2021.

(IV) DIRECTORS’ AND CHIEF EXECUTIVES’ INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES

As at 30 June 2021, 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 Stock Exchange of Hong Kong Limited (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 ⁽¹⁾	Deemed interest and interest in controlled corporation	108,868,662	28.06%
Ms. Zhang Zhong ⁽²⁾	Deemed interest and interest in controlled corporation	16,082,525	4.14%
Mr. Du Xiping	Beneficial owner	11,468,000	2.96%
Mr. Xu Guoqiang	Beneficial owner	3,205,146	0.83%

Notes:

- (1) Mr. Cui Wei beneficially owns the entire issued share capital of Kingever Enterprises Limited (“**Kingever**”), and Kingever in turn holds approximately 28.06% of the total issued shares in the Company.
- (2) Ms. Zhang Zhong beneficially owns the entire issued share capital of Wellahead Holdings Limited (“**Wellahead**”), and Wellahead in turn holds approximately 4.14% of the total issued shares in the Company.

Saved as disclosed above, as at 30 June 2021, 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.

(V) SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2021, insofar as is known to the Directors and chief executives of the Company, the following shareholders having interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

Long positions in the Company:

Name of substantial shareholders	Capacity and nature of interests	Number of ordinary shares held	Approximate percentage of the Company's issued share capital
Kingever ⁽¹⁾	Beneficial owner	108,868,662	28.06%
Mr. Cui Wei ⁽¹⁾	Deemed interest and interest in controlled corporation	108,868,662	28.06%
Wellahead ⁽²⁾	Beneficial owner	16,082,525	4.14%
Ms. Zhang Zhong ⁽²⁾	Deemed interest and interest in controlled corporation	16,082,525	4.14%

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 30 June 2021, 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 the SFO.

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 whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate, except for the employee equity incentive scheme (the “**Incentive Scheme**”) adopted by the Company at its extraordinary general meeting held on 26 April 2019.

(VI) SUPPLEMENTAL INFORMATION

1. Audit Committee and its Terms of Reference

The Company’s audit committee members are Mr. Tam Chi Kwan Michael, Mr. Cui Wei, Dr. Li Jun, Mr. Pu Hong and Ms. Zhang Zhong. The audit committee, which is chaired by Mr. Tam Chi Kwan Michael, has reviewed the unaudited interim results of the Group for the six months ended 30 June 2021.

2. Compliance with Corporate Governance Code

The Company has complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules for the six months ended 30 June 2021.

3. Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

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

4. Dividends

No dividend has been recommended by the Company for the six months ended 30 June 2021.

5. Review of financial results

The consolidated interim results of the Group for the six months ended 30 June 2021 have not been audited or reviewed by the Company’s auditors.

6. Purchase, sales or redemption of the Company’s securities

During the Reporting Period, neither the Company nor its subsidiaries had purchased, sold or redeemed any of the securities of the Company.

7. Employees and remuneration practices

As at 30 June 2021, there were 744 (as at 31 December 2020: 772) employees in the Group. Staff remuneration packages are determined in consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical and life insurance, and grants discretionary incentive bonuses and share options to eligible staff based on their performance and contributions to the Group.

The Company 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.

8. Disclosure on the website of the Exchanges

This announcement is published on the website of 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, 23 August 2021

As at the date of this announcement, the executive Directors of the Company are Mr. Du Xiping and Mr. Xu Guoqiang; the non-executive Directors of the Company 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.