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HENGXIN TECHNOLOGY LTD.

亨鑫科技有限公司*

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

(Incorporated in Singapore with limited liability)

(Singapore Registration No.: 200414927H)

(Hong Kong Stock Code: 1085)

(Singapore Stock Code: I85)

OVERSEAS REGULATORY ANNOUNCEMENT

FIRST QUARTER FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2011 AND RESUMPTION OF TRADING

This overseas regulatory announcement is a reproduction of the announcement made by Hengxin Technology Ltd. (the “**Company**”) regarding the first quarter results of the Company and its subsidiaries (collectively the “**Group**”) for the period ended 31 March 2011 pursuant to the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). In compliance with Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, please refer to the attached announcement on the next page issued on the SGX-ST on 6 May 2011.

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

**For identification purpose only*

At the request of the Company, trading in the shares of the Company on The Stock Exchange of Hong Kong Limited (the “SEHK”) has been suspended with effect from 9:00 a.m. on 6 May 2011 pending the release of this announcement. Application will be made by the Company to the SEHK for the resumption of trading in the shares of the Company on the Stock Exchange with effect from 1:30 p.m. on 6 May 2011.

On behalf of the Board
Hengxin Technology Ltd.
Cui Genxiang
Executive Chairman

Singapore, 6 May 2011

As at the date of this announcement, the executive directors of the Company are Mr. Cui Genxiang and Dr. Song Haiyan; the non-executive director of the Company is Ms. Zhang Zhong; and the independent non-executive directors of the Company are Mr. Tay Ah Kong Bernard, Mr. Chee Teck Kwong Patrick and Mr. Tam Chi Kwan Michael.

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The Company is pleased to announce the unaudited operating results of the Group and the Company for the first quarter ended 31 March 2011.

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

INCOME STATEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2011

	Group		Change %
	3 months ended 31 March		
	2011 <i>RMB'000</i>	2010 <i>RMB'000</i>	
Revenue	278,526	261,475	6.5%
Cost of sales	<u>(227,378)</u>	<u>(211,003)</u>	7.8%
Gross profit	51,148	50,472	1.3%
Other operating income	2,379	10,795	-78.0%
Distribution & selling expenses	(15,240)	(12,695)	20.0%
Administrative expenses	(9,972)	(7,984)	24.9%
Other operating expenses	(2,485)	(2,437)	2.0%
Finance costs	<u>(1,395)</u>	<u>(3,202)</u>	-56.4%
Profit before income tax	24,435	34,949	-30.1%
Income tax expense	<u>(3,830)</u>	<u>(5,637)</u>	-32.1%
Net profit	<u>20,605</u>	<u>29,312</u>	-29.7%
Gross profit margin	18.4%	19.3%	
Net profit margin	7.4%	11.2%	

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

Profit before income tax is determined after charging the following:-

	Group		Change
	3 months ended 31 March		
	2011	2010	%
	<i>RMB'000</i>	<i>RMB'000</i>	
Depreciation of property, plant and equipment	4,103	3,439	19.3%
Gain on disposal of available-for-sale investment	(690)	—	N.M.
Loss on disposal of property, plant and equipment	1	3	-66.7%
Amortisation of prepaid lease payments	140	140	0.0%
Foreign exchange gains	(823)	(667)	23.4%
Interest expense	1,395	3,202	-56.4%
Interest income	(623)	(2,028)	-69.3%
Research and development expenses	<u>8,815</u>	<u>7,829</u>	12.6%

N.M.: Not meaningful

1(a)(iii) Statement of Comprehensive Income

	Group		Change
	3 months ended 31 March		
	2011	2010	%
	<i>RMB'000</i>	<i>RMB'000</i>	
Net profit	20,605	29,312	-30%
<i>Other comprehensive income:</i>			
Exchange differences arising from consolidation of foreign operations	<u>(6)</u>	<u>28</u>	N.M.
Total comprehensive income for the period	<u>20,599</u>	<u>29,340</u>	-30%

N.M.: Not meaningful

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

	Group		Company	
	31-Mar-11 <i>RMB'000</i>	31-Dec-10 <i>RMB'000</i>	31-Mar-11 <i>RMB'000</i>	31-Dec-10 <i>RMB'000</i>
Current assets				
Cash and bank balances	193,117	247,078	56,410	103,303
Pledged cash deposits	45,592	62,596	—	—
Trade receivables	667,800	626,702	—	—
Other receivables and prepayments	26,941	12,958	196	63
Amount due from subsidiary	—	—	14,292	5,706
Inventories	146,065	128,377	—	—
Available-for-sale investment	—	2,000	—	—
Prepaid lease payment	560	560	—	—
Total current assets	<u>1,080,075</u>	<u>1,080,271</u>	<u>70,898</u>	<u>109,072</u>
Non-current assets				
Subsidiaries	—	—	354,793	321,984
Other receivables and prepayments	5,760	5,760	—	—
Prepaid lease payment	19,881	20,021	—	—
Property, plant and equipment	139,901	140,978	12	15
Deferred tax assets	2,519	2,518	—	—
Total non-current assets	<u>168,061</u>	<u>169,277</u>	<u>354,805</u>	<u>321,999</u>
TOTAL ASSETS	<u>1,248,136</u>	<u>1,249,548</u>	<u>425,703</u>	<u>431,071</u>
Current liabilities				
Short term loans	60,000	40,000	—	—
Trade payables	294,389	323,263	—	—
Other payables	13,763	25,476	1,478	4,423
Income tax payable	4,573	6,102	—	—
Total current liabilities	<u>372,725</u>	<u>394,841</u>	<u>1,478</u>	<u>4,423</u>
Non-current liability				
Deferred tax liabilities	2,103	1,998	—	—
Capital and reserves				
Share capital	295,000	295,000	295,000	295,000
General reserves	107,930	104,839	—	—
Special reserve	(6,017)	(6,017)	—	—
Translation reserves	(10)	(4)	—	—
Accumulated profits	476,405	458,891	129,225	131,648
Total equity	<u>873,308</u>	<u>852,709</u>	<u>424,225</u>	<u>426,648</u>
TOTAL LIABILITIES AND EQUITY	<u>1,248,136</u>	<u>1,249,548</u>	<u>425,703</u>	<u>431,071</u>

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

(A) the amount repayable in one year or less, or on demand;

(B) the amount repayable after one year;

(C) whether the amounts are secured or unsecured; and

(D) details of any collaterals.

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

As at 31 March 2011		As at 31 December 2010	
Secured	Unsecured	Secured	Unsecured
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
—	60,000	—	40,000

As at 31 March 2011, all bank borrowings are unsecured.

There is no amount repayable after one year.

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

GROUP	1 Jan 2011 to 31 Mar 2011 RMB'000	1 Jan 2010 to 31 Mar 2010 RMB'000
Cash flows from operating activities		
Profit before income tax	24,435	34,949
Adjustments for:		
Depreciation of property, plant and equipment	4,103	3,439
Amortisation of prepaid lease payments	140	140
Loss on disposal of property, plant and equipment	1	3
Interest expense	1,395	3,202
Interest income	(623)	(2,028)
Gain on disposal of available-for-sale investment	(690)	(29)
Exchange differences arising on foreign currency translation	202	39
Operating profit before working capital changes	28,963	39,715
Trade receivables	(41,098)	(62,357)
Other receivables and prepayments	(13,983)	12,858
Inventories	(17,688)	20,436
Trade and bill payables	(28,874)	(111,999)
Other payables and accruals	(11,713)	(16,992)
Cash generated from operations	(84,393)	(118,339)
Interest paid	(1,395)	(3,202)
Interest income received	623	2,028
Income tax paid	(5,255)	—
Net cash used in operating activities	<u>(90,420)</u>	<u>(119,513)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,027)	(3,596)
Proceeds from disposal of available-for-sale financial assets	2,690	10,029
Acquisition of available-for-sale financial assets	—	(30,029)
Net cash used in investing activities	<u>(337)</u>	<u>(23,596)</u>
Cash flows from financing activities		
Repayment of short-term bank loans	—	(105,580)
Proceeds from short-term bank loans	20,000	310,000
Decrease in pledged bank deposits	17,004	38,391
Net cash generated from financing activities	<u>37,004</u>	<u>242,811</u>
Net (decrease) increase in cash and cash equivalents	(53,753)	99,702
Effects of foreign exchange translation	(208)	14
Cash and cash equivalents at the beginning of the financial period	<u>247,078</u>	<u>147,676</u>
Cash and cash equivalents at the end of the financial period	<u>193,117</u>	<u>247,392</u>

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(1)(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

(i) Consolidated Statement of Changes in Equity for the 3 months ended 31 March 2011

GROUP	Share capital	General reserves	Special reserves	Translation reserves	Accumulated profits	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Balance at 01.01.2011	295,000	104,839	(6,017)	(4)	458,891	852,709
Total comprehensive income for the period	—	—	—	(6)	20,605	20,599
Transfer to reserves	—	3,091	—	—	(3,091)	—
Balance at 31.03.2011	<u>295,000</u>	<u>107,930</u>	<u>(6,017)</u>	<u>(10)</u>	<u>476,405</u>	<u>873,308</u>

(ii) Consolidated Statement of Changes in Equity for the 3 months ended 31 March 2010

GROUP	Share capital	General reserves	Special reserves	Translation reserves	Accumulated profits	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Balance at 01.01.2010	205,771	87,287	(6,017)	16	388,607	675,664
Total comprehensive income for the period	—	—	—	28	29,312	29,340
Transfer to reserves	—	4,660	—	—	(4,660)	—
Balance at 31.03.2010	<u>205,771</u>	<u>91,947</u>	<u>(6,017)</u>	<u>44</u>	<u>413,259</u>	<u>705,004</u>

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(1)(d)(i) (Continued)

(iii) Statement of Changes in Equity of the Company for the 3 months ended 31 March 2011

COMPANY	Share capital <i>RMB'000</i>	Translation reserve <i>RMB'000</i>	Accumulated profits <i>RMB'000</i>	Total <i>RMB'000</i>
Balance at 01.01.2011	295,000	—	131,648	426,648
Total comprehensive income for the period	—	—	(2,423)	(2,423)
Balance at 31.03.2011	<u>295,000</u>	<u>—</u>	<u>129,225</u>	<u>424,225</u>

(iv) Statement of Changes in Equity of the Company for the 3 months ended 31 March 2010

COMPANY	Share capital <i>RMB'000</i>	Accumulated profits <i>RMB'000</i>	Total <i>RMB'000</i>
Balance at 01.01.2010, as previously reported	205,771	118,243	324,014
Total comprehensive income for the period	—	(1,245)	(1,245)
Balance at 31.03.2010	<u>205,771</u>	<u>116,998</u>	<u>322,769</u>

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

Share capital — Ordinary Shares	<i>No. of shares '000</i>	<i>Amount RMB'000</i>
Balance as at 31 March 2011 and 31 December 2010	<u>388,000</u>	<u>295,000</u>

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

As above. As at 31 March 2011 and 31 December 2010, there were no treasury shares.

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

As at 31 March 2011, there were no treasury shares.

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period reported on, as in the recently audited consolidated financial statements for the financial year ended 31 December 2010.

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

There have been no changes in accounting policies and methods of computation.

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

	Group	
	31-Mar-11	31-Mar-10
Earning per share (RMB)		
- Basic	<u>0.05</u>	<u>0.09</u>
- Diluted	<u>0.05</u>	<u>0.09</u>
Weighted average no. of shares applicable to basic EPS	388,000,000	336,000,000
Weighted average no. shares based on fully diluted basis	388,000,000	336,000,000

There were no potential dilutive ordinary shares existing during the respective financial periods.

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

	Group		Company	
	31-Mar-11	31-Dec-10	31-Mar-11	31-Dec-10
Net Assets (RMB '000)	873,308	852,709	424,225	426,648
Number of ordinary shares ('000)	<u>388,000</u>	<u>388,000</u>	<u>388,000</u>	<u>388,000</u>
Net Asset Value per share (RMB)	<u>2.25</u>	<u>2.20</u>	<u>1.09</u>	<u>1.10</u>

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

1st Quarter of FY2011 ("1Q2011") vs 1st Quarter of FY2010 ("1Q2010")

Revenue

Revenue increased RMB 17.0 million from RMB 261.5 million in 1Q2010 to RMB 278.5 million in 1Q2011 as a result of higher sales achieved for RF Coaxial Cables during the period.

Gross Profit margin

Overall gross profit margin decreased from 19.3% in 1Q2010 to 18.4% in 1Q2011 as a result of increasing competition faced by the Group giving rise to a downward impact on the selling prices of our products.

Other operating income

Other operating income decreased RMB 8.4 million from RMB 10.8 million in 1Q2010 to RMB 2.4 million in 1Q2011 due mainly to outright government grants amounting RMB 7.9 million received during 1Q2010 which were absent in 1Q2011.

Operating expenses

Overall operating expenses increased RMB 4.6 million from RMB 23.1 million in 1Q2010 to RMB 27.7 million in 1Q2011. The material changes in the expenses are as follows:

(i) Distribution and selling expenses

Distribution and selling expenses increased RMB 2.5 million due in tandem with an associated increase in sales activities, coupled with an increase in freight charges from delivery of goods during the period.

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(ii) *Administrative expenses*

Administrative expenses increased RMB 2.0 million due mainly to increased travelling expenses incurred during the period.

Finance costs

Finance costs comprise of bank interest expenses.

The decrease in finance costs by RMB 1.8 million in 1Q2011 arose from the reduction in overall borrowings for the periods under review.

Profit before income tax

Profit before income tax decreased RMB 10.5 million to RMB 24.4 million in 1Q2011 compared to 1Q2010.

Income tax expense

The Group's main subsidiary is subject to an incentive tax rate of 15% as it had been awarded as a high-tech enterprise in 2008. This rate is higher than the effective tax rate of 12.5% that the subsidiary enjoyed in 2009. The decrease in income tax expenses is due to the overall decrease in profit before tax for the financial year.

Net profit

In view of the above, net profit decreased RMB 8.7 million from RMB 29.3 million in 1Q2010 to RMB20.6 million in 1Q2011.

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STATEMENT OF FINANCIAL POSITION

The material fluctuations of are explained below:

Pledged bank deposits

Pledged bank deposits are bank balances used as a pledge against commercial bills used for payment to our suppliers. Pledged bank deposits decreased RMB 17.0 million from RMB 62.6 million as at 31 December 2010 to RMB 45.6 million as at 31 March 2011 in tandem with lower bill payables balance, requiring lower amount of the cash balances to be used as pledges.

Trade receivables

Trade receivables increased by RMB 41.1 million from RMB 626.7 million as at 31 December 2010 to RMB 667.8 million as at 31 March 2011.

Average trade receivables turnover days is 242 days as at 31 March 2011 compared to 212 days as at 31 December 2010 and 260 days as at 31 March 2010. Trade receivables tend to stretch longer during the first quarter of a calendar year largely arising from the Chinese New Year holidays. Further, the Group continues to face slower collections from one of the three major telecom operators in the PRC. The three telecom operators do not have a history of bad debts and continue to make regular payments to the Group.

Other receivables and prepayments

Other receivables and prepayments increased RMB 13.9 million from RMB 13.0 million as at 31 December 2010 to RMB 26.9 million as at 31 March 2011, which is mainly attributable to timing differences regarding input tax receivable arising from the purchase of supplies during the period.

Inventories

Inventories increased RMB 17.7 million from RMB 128.4 million as at 31 December 2010 to RMB 146.1 million as at 31 March 2011. Higher inventory level was maintained to meet the delivery orders in the forth-coming month.

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Short-term bank loans

Short-term bank loans increased RMB 20.0 million to RMB 60.0 million as at 31 March 2011 as a result of increased borrowings for working capital uses during the period.

Trade payables, Other payables and accruals

Trade payables decreased RMB 28.9 million from RMB 323.3 million as at 31 December 2010 to RMB 294.4 million as at 31 March 2011 due to certain bills being due for repayment during the period.

Other payables and accruals decreased RMB 11.7 million to RMB 13.8 million as at 31 March 2011 compared to RMB 25.5 million as at 31 December 2010 as most of the expenses accrued for in FY2010 were paid during the period.

Income tax payable

Income tax payable decreased RMB 1.5 million to RMB 4.6 million as at 31 March 2011 as a result of lower profits generated in 1Q2011 compared to 31 December 2010.

Cash and bank balances

Cash and cash balances as at 31 March 2011 stood at RMB 193.1 million compared to RMB 247.4 million as at 31 December 2010. Cash flows used in operating activities have decreased from RMB 119.5 million in 1Q2010 to RMB 90.4 million in 1Q2011. Cash and bank balances, and cash flows used in operating activities decreased by RMB 54.3 million and RMB 29.1 million respectively, is mainly due to repayment of payables, increased levels of inventories and an increased amount of trade receivables during the period.

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

No forecast or a prospect statement has been previously disclosed.

10. A commentary at the date of the announcement of the 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 telecommunications industry continues to be subject to uncertain demand and pricing volatility. While the Group sees some improvement in revenue in 1Q2011 compared to 1Q2010, the Group's business environment will continue to be challenging for the rest of the financial year.

The Group has embarked on certain measures to keep costs down, whilst ensuring production efficiencies are sustained. One of the Group's organic expansion plans is to continue its venture into developing markets other than India.

Barring unforeseen circumstances, the Group expects to maintain its market position in existing markets while exploring growth opportunities.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

(c) Date payable

Not applicable.

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(d) Books closure date

Not applicable.

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

No dividend has been declared for the period under review.

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

Not applicable for first quarter results announcement.

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

Not applicable for first quarter results announcement.

15. Breakdown of sales

Not applicable for first quarter results announcement.

16. Total annual dividend

Not applicable.

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17. Negative assurance

We, CUI GENXIANG and SONG HAIYAN, being two directors of Hengxin Technology Ltd. (the “Company”), do hereby confirm on behalf of the Board of Directors of the Company (“Board”) that, to the best of the Board’s knowledge, nothing has come to the attention of the Board which may render the financial results for the first quarter ended 31 March 2011 to be false or misleading in any material aspect.

On behalf of the board of directors

Cui Genxiang

Executive Chairman

Singapore

6 May 2011