

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2012

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 2012 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 9 May 2012.

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

By order of the Board
Cui Genxiang
Chairman and Executive Director

Hong Kong, 9 May 2012

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

* *For identification purpose only*

Hengxin Technology Ltd.

The directors are pleased to announce the unaudited operating results of the Group and the Company for the first quarter ended 31 March 2012.

- 1(a)(i) **An income statement and statement of comprehensive income, or a statement of comprehensive income, for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

INCOME STATEMENT FOR THE FIRST QUARTER ENDED 31 MARCH 2012

	Group		Change %
	3 months ended 31 March		
	2012 RMB'000	2011 RMB'000	
Revenue	259,601	278,526	(6.8)
Cost of Sales	<u>(214,902)</u>	<u>(227,378)</u>	(5.5)
Gross profit	44,699	51,148	(12.6)
Other income	7,360	2,379	209.4
Selling & distribution expenses	(12,064)	(15,240)	(20.8)
Administrative expenses	(9,353)	(9,972)	(6.2)
Other operating expenses	(3,311)	(2,485)	33.2
Finance costs	<u>(5,475)</u>	<u>(1,395)</u>	292.5
Profit before income tax	21,856	24,435	(10.6)
Income tax expense	<u>(3,275)</u>	<u>(3,830)</u>	(14.5)
Net profit	<u>18,581</u>	<u>20,605</u>	(9.8)
Gross profit margin	17.2%	18.4%	
Net profit margin	7.2%	7.4%	

Hengxin Technology Ltd.

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

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

	Group		Change
	3 months ended 31 March		
	2012	2011	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>%</i>
Depreciation of property, plant and equipment	4,347	4,103	5.9%
Gain on disposal of available-for-sale investment	—	(690)	-100.0%
Loss on disposal of property, plant and equipment	7	1	N.M.
Amortisation of prepaid lease payments	140	140	0.0%
Foreign exchange gains	(2,747)	(823)	N.M.
Interest expense	5,475	1,395	N.M.
Interest income	(1,209)	(623)	94.1%
Research and development expenses ¹	<u>2,804</u>	<u>1,983</u>	<u>41.4%</u>

N.M.: Not meaningful

¹ Included in Other Operating Expenses

Hengxin Technology Ltd.

1(a)(iii) Statement of Comprehensive Income

	Group		Change %
	3 months ended 2012	31 March 2011	
<i>RMB'000</i>			
Net profit	18,581	20,605	-9.8%
<i>Other comprehensive income/(expense):</i>			
Exchange differences arising from consolidation of foreign operations	<u>(204)</u>	<u>(6)</u>	N.M.
Total comprehensive income for the period	<u>18,377</u>	<u>20,599</u>	<u>-10.8%</u>

N.M. — Not meaningful

Hengxin Technology Ltd.

(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-12 RMB'000	31-Dec-11 RMB'000	31-Mar-12 RMB'000	31-Dec-11 RMB'000
Current assets				
Cash and bank balances	246,353	323,710	60,862	63,085
Pledged cash deposits	18,404	52,883	—	—
Trade receivables	741,932	734,596	—	—
Other receivables and prepayments	42,255	28,256	147	128
Amount due from subsidiary	—	—	5,357	9,955
Inventories	124,290	135,911	—	—
Prepaid lease payment	560	560	—	—
Total current assets	1,173,794	1,275,916	66,366	73,168
Non-current assets				
Subsidiaries	—	—	361,081	354,793
Available-for-sale investment	10,000	10,000	—	—
Deposit for acquisition of land use right	5,760	5,760	—	—
Prepaid lease payment	19,322	19,461	—	—
Property, plant and equipment	156,699	157,889	3	5
Deferred tax assets	2,523	2,523	—	—
Total non-current assets	194,304	195,633	361,084	354,798
TOTAL ASSETS	1,368,098	1,471,549	427,450	427,966
Current liabilities				
Short-term loans	250,000	230,000	—	—
Trade payables	138,051	258,489	—	—
Other payables	16,371	28,719	2,680	2,126
Income tax payable	3,639	12,771	—	—
Total current liabilities	408,061	529,979	2,680	2,126
Non-current liability				
Deferred tax liabilities	2,686	2,596	—	—
Capital and reserves				
Share capital	295,000	295,000	295,000	295,000
General reserves	125,676	122,889	—	—
Special reserve	(6,017)	(6,017)	—	—
Translation reserves	(498)	(294)	—	—
Accumulated profits	543,190	527,396	129,770	130,840
Total equity	957,351	938,974	424,770	425,840
TOTAL LIABILITIES AND EQUITY	1,368,098	1,471,549	427,450	427,966

Hengxin Technology Ltd.

(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 2012		As at 31 December 2011	
Secured	Unsecured	Secured	Unsecured
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
—	250,000	—	230,000

As at 31 March 2012, all bank borrowings are unsecured.

There is no amount repayable after one year.

Hengxin Technology Ltd.

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

Group	1-Jan-2012 to	1-Jan-2011 to
<i>RMB'000</i>	31-Mar-2012	31-Mar-2011
Cash flows from operating activities		
Profit before income tax	21,856	24,435
Adjustments for:		
Depreciation of property, plant and equipment	4,347	4,103
Amortisation of prepaid lease payments	140	140
(Gain)loss on disposal of property, plant and equipment	7	1
Gain on disposal of available-for-sale investments	—	(690)
Interest expense	5,475	1,395
Interest income	(1,209)	(623)
Exchange differences arising on foreign currency translation	(1,928)	202
Operating profit before working capital changes	28,688	28,963
Trade receivables	(7,336)	(41,098)
Other receivables and prepayments	(13,999)	(13,983)
Inventories	11,621	(17,688)
Trade and bill payables	(120,438)	(28,874)
Other payables and accruals	(12,348)	(11,713)
Cash used in operations	(113,812)	(84,393)
Interest paid	(5,475)	(1,395)
Interest received	1,209	623
Income tax paid	(12,317)	(5,255)
Net cash used in operating activities	<u>(130,395)</u>	<u>(90,420)</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(2,693)	(3,027)
Proceeds from disposal of property, plant and equipment	—	—
Proceeds from disposal of available-for-sale investment	—	2,690
Net cash used in investing activities	<u>(2,693)</u>	<u>(337)</u>
Cash flows from financing activities		
Dividend paid	—	—
(Increase) decrease in pledged bank deposits	34,479	17,004
Proceeds from bank loans	40,000	20,000
Repayment of bank loans	(20,000)	—
Net cash generated from financing activities	<u>54,479</u>	<u>37,004</u>
Net decrease in cash and cash equivalents	(78,609)	(53,753)
Effects of foreign exchange translation	1,252	(208)
Cash and cash equivalents at the beginning of the financial period	<u>323,710</u>	<u>247,078</u>
Cash and cash equivalents at the end of the financial period	<u>246,353</u>	<u>193,117</u>

Hengxin Technology Ltd.

(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 2012

GROUP —RMB'000	Share capital	General reserves	Special reserves	Translation reserves	Accumulated profits	Total
Balance at 01.01.2012	295,000	122,889	(6,017)	(294)	527,396	938,974
Total comprehensive income for the period	—	—	—	(204)	18,581	18,377
Transfer to reserves	—	2,787	—	—	(2,787)	—
Balance at 31.03.2012	<u>295,000</u>	<u>125,676</u>	<u>(6,017)</u>	<u>(498)</u>	<u>543,190</u>	<u>957,351</u>

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

GROUP —RMB'000	Share capital	General reserves	Special reserves	Translation reserves	Accumulated profits	Total
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>

Hengxin Technology Ltd.

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

(iii) Statement of Changes in Equity of the Company for the 3 months ended 31 March 2012

COMPANY	Share capital <i>RMB'000</i>	Accumulated profits <i>RMB'000</i>	Total <i>RMB'000</i>
Balance at 01.01.2012	295,000	130,840	425,840
Total comprehensive income for the period	—	(1,070)	(1,070)
Balance at 31.03.2012	<u>295,000</u>	<u>129,770</u>	<u>424,770</u>

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

COMPANY	Share capital <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>129,225</u>	<u>424,225</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</i> <i>'000</i>	<i>RMB'000</i>
Balance as at 31 December 2011 and 31 March 2012	<u>388,000</u>	<u>295,000</u>

Hengxin Technology Ltd.

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 2012 and 31 December 2011, there were no treasury shares.

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

Not applicable.

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period reported on, as in the recently audited consolidated financial statements for the financial year ended 31 December 2011.

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

Not applicable.

Hengxin Technology Ltd.

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-12	31-Mar-11
Earnings per share (RMB cents)		
— Basic	0.05	0.05
— Diluted	0.05	0.05
Weighted average no. of shares applicable to basic EPS	388,000,000	388,000,000
Weighted average no. shares based on fully diluted basis	388,000,000	388,000,000

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

	Group		Company	
	31-Mar-12	31-Dec-11	31-Mar-12	31-Dec-11
Net Assets (RMB'000)	957,351	938,974	424,770	425,840
Number of ordinary shares ('000)	388,000	388,000	388,000	388,000
Net Asset Value per share (RMB)	<u>2.47</u>	<u>2.42</u>	<u>1.09</u>	<u>1.10</u>

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

1st Quarter of FY2012 ("1Q2012") vs 1st Quarter of FY2011 ("1Q2011")

Material fluctuations of items are explained below:

Revenue

Revenue decreased by RMB 18.9 million from RMB 278.5 million in 1Q2011 to RMB 259.6 million in 1Q2012. The Group experienced a slightly lower revenue generated from overseas markets during the period.

Gross profit margin

Gross profit margin decreased from 18.4% in 1Q2011 to 17.2% in 1Q2012, mainly affected by stiff competition and as part of the Group's overall strategy in maintaining market share.

Other income

Other income increased by RMB 5.0 million from RMB 2.4 million in 1Q2011 to RMB 7.4 million in 1Q2012 due to favourable foreign exchange adjustments and higher government grants received during the period.

Operating expenses

Overall operating expenses decreased by RMB 2.9 million from RMB 27.7 million in 1Q2011 to RMB 24.8 million in 1Q2012. The changes in the respective expenses are detailed below.

(i) *Selling & distribution expenses*

Selling and distribution expenses decreased by RMB 3.1 million in line with the decrease in sales activities during the period.

(ii) *Administrative expenses*

Administrative expenses was relatively stable, decreasing by RMB 0.6 million.

(iii) *Other operating expenses*

Other operating expenses increased by RMB 0.8 million arising from more customer requests for new product specifications during the period.

Hengxin Technology Ltd.

Finance costs

Finance costs comprise of bank interest expenses.

Finance costs increased by RMB 4.1 million in 1Q2012 compared to that in 1Q2011 due to an increase in borrowings obtained in the PRC and higher interest rates arising from the PRC government's credit tightening policy.

Profit before income tax

Profit before income tax decreased by RMB 2.6 million to RMB 21.9 million due to lower revenue, lower gross margins and an increase of finance costs in 1Q2012.

Income tax expense

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

Net profit

In view of the above, net profit decreased by RMB 2.0 million to RMB 18.6 million in 1Q2012 compared to RMB 20.6 million in 1Q2011.

STATEMENT OF FINANCIAL POSITION

Material fluctuations of items are explained below:

Pledged bank deposits

Pledged bank deposits are used as a pledged against commercial bills used for payment to suppliers. Pledged deposits decreased by RMB 34.5 million from RMB 52.9 million as at 31 December 2011 to RMB 18.4 million as at 31 March 2012 as the Group had lower amount of commercial bills during the period.

Trade receivables

Trade receivables increased by RMB 7.3 million from RMB 734.6 million as at 31 December 2011 to RMB 741.9 million as at 31 March 2012.

Average trade receivables turnover days are 253 days as at 31 March 2012 compared to 179 days as at 31 December 2011. The higher turnover days is due to a lower revenue base used, coupled with a lengthening of payment period by our major customers during 1Q2012. Most of the trade receivables balances are within the average credit period given to our customers, and our major customers have no history of bad debts. The Group continue to step up its collection efforts.

Other receivables and prepayments

Other receivables and prepayments increased by RMB 14.0 million to RMB 42.3 million as at 31 March 2012 compared to RMB 28.3 million as at 31 December 2011. Due to a recent tender exercise requiring the Group to increase its manufacturing pace and adhere to strict delivery schedules, the Group made deposits to raw material suppliers amounting RMB 33.2 million as at 31 March 2012 compared to RMB 16.6 million as at 31 December 2011 so as to ensure customer requirements can

Hengxin Technology Ltd.

be met. The increase in deposits made to these suppliers was offset by the decrease in value-added tax and special additional customs duty receivables from RMB 4.0 million as at 31 December 2011 to RMB 2.2 million as at 31 March 2012.

Short-term bank loans

Short-term bank loans increased by RMB 20.0 million from RMB 230.0 million as at 31 December 2011 to RMB 250.0 million as at 31 March 2012 as the PRC government's credit tightening policies makes it necessary for the Group to secure additional credit in anticipation for its ongoing operations.

Trade payables and Other payables

Trade payables decreased by RMB 120.4 million from RMB 258.5 million as at 31 December 2011 to RMB 138.1 million as at 31 March 2012 as most of the commercial bills payable to suppliers had matured and payment made.

Other payables and accruals decreased by RMB 12.3 million from RMB 28.7 million as at 31 December 2011 to RMB 16.4 million as at 31 March 2012 as the cumulated full-year accruals made in 2011 were paid during the period.

Income tax payable

Income tax payable decreased by RMB 9.1 million as the balances for prior period taxes owing had been paid during the period.

Cash and bank balances

Cash and bank balances decreased by RMB 77.3 million from RMB 323.7 million as at 31 December 2011 to RMB 246.4 million as at 31 March 2012 due mainly to the payment of trade payables during the period.

9. WHERE A FORECAST, OR A PROSPECT STATEMENT, HAS BEEN PREVIOUSLY DISCLOSED TO SHAREHOLDERS, ANY VARIANCE BETWEEN IT AND THE ACTUAL RESULTS.

No forecast or a prospect statement has been previously disclosed.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group sees the coming quarters to be challenging in its overall business environment. Although orders continue to be steady, telecom operators are seeking ways to reduce their costs, and this directly exerts selling price pressures for the Group. Notwithstanding the above, the Group remains committed to refining its sales mix and seek other avenues for growth, while focusing in the PRC as its main market driver.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

Not applicable.

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

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

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

14. 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.

15. 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.

16. Breakdown of sales

Not applicable.

17. Total annual dividend

Not applicable.

Hengxin Technology Ltd.

18. Negative assurance

We, CUI GENXIANG and XU GUOQIANG, 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 1Q2012 financial results to be false or misleading in any material aspect.

On behalf of the board of directors

Cui Genxiang

Executive Chairman

Xu Guoqiang

Executive Director

Singapore

9 May 2012