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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 Company Registration Number 200414927H)

(Hong Kong Stock Code: 1085)

(Singapore Stock Code: I85)

**ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2015
AND
RECOMMENDATION FOR
DECLARATION AND PAYMENT OF FIRST AND FINAL DIVIDEND FOR 2015
AND
CLOSURE OF REGISTER OF MEMBERS**

FINANCIAL HIGHLIGHTS

1. Revenue increased by approximately 6.1% to approximately RMB1,566.0 million
2. Gross profit increased by approximately 17.0% to approximately RMB306.0 million
3. Net profit attributable to equity holders of the Company increased by approximately 18.6% to approximately RMB115.2 million
4. Basic earnings per share was RMB0.297
5. Proposed first and final dividend of RMB2.97 cents per share

The board of directors (the “**Board**”) of Hengxin Technology Ltd. (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively hereinafter referred as the “**Group**”) for the year ended 31 December 2015 together with the comparative figures for the corresponding period in 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December (“FY”) 2015

| | Notes | 2015 RMB'000 | 2014 RMB'000 |
|---|-------|------------------------|--------------------|
| Revenue | 5 | 1,565,984 | 1,475,410 |
| Cost of sales | | <u>(1,259,965)</u> | <u>(1,213,829)</u> |
| Gross profit | | 306,019 | 261,581 |
| Other income | 6 | 20,573 | 11,758 |
| Selling and distribution expenses | | (87,693) | (74,877) |
| Administrative expenses | | (44,399) | (37,626) |
| Other operating expenses | | (52,328) | (40,083) |
| Finance costs | 7 | <u>(7,001)</u> | <u>(4,657)</u> |
| Profit before income tax | 8 | 135,171 | 116,096 |
| Income tax expense | 9 | <u>(19,993)</u> | <u>(19,009)</u> |
| Net profit attributable to equity holders of the Company | | 115,178 | 97,087 |
| Other comprehensive income | | | |
| <i>Items that may be classified subsequently to profit or loss:</i> | | | |
| Exchange difference arising from consolidation of foreign operations | | <u>(484)</u> | <u>490</u> |
| Total comprehensive income attributable to equity holders of the Company | | <u>114,694</u> | <u>97,577</u> |
| Earnings per share attributable to equity holders of the Company | | | |
| Basic and diluted (RMB cents) | 12 | <u>29.7</u> | <u>25.0</u> |
| Dividends per share (RMB cents) | 10 | <u>2.97</u> | <u>—</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*As at 31 December*

| | <i>Notes</i> | 2015 <i>RMB'000</i> | 2014 <i>RMB'000</i> |
|----------------------------------|--------------|-------------------------------|------------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | | 605,907 | 469,100 |
| Pledged bank deposits | | 19,177 | 22,777 |
| Trade receivables | 14 | 535,093 | 639,331 |
| Other receivables and prepayment | | 67,615 | 56,374 |
| Inventories | | 115,694 | 153,041 |
| Leasehold land | | 1,355 | 1,355 |
| Total current assets | | 1,344,841 | 1,341,978 |
| Non-current assets | | | |
| Leasehold land | | 52,049 | 53,404 |
| Available-for-sale investment | | 10,647 | 10,000 |
| Property, plant and equipment | | 154,343 | 147,725 |
| Deferred tax assets | | 3,417 | 2,648 |
| Total non-current assets | | 220,456 | 213,777 |
| Total assets | | 1,565,297 | 1,555,755 |
| LIABILITIES AND EQUITY | | | |
| Current liabilities | | | |
| Short term loans | | 117,404 | 204,848 |
| Trade payables | 15 | 104,432 | 126,357 |
| Other payables | | 41,871 | 33,175 |
| Income tax payable | | 2,601 | 3,438 |
| Total current liabilities | | 266,308 | 367,818 |
| NET CURRENT ASSETS | | 1,078,533 | 974,160 |

| | <i>Notes</i> | 2015 <i>RMB'000</i> | 2014 <i>RMB'000</i> |
|---|--------------|-------------------------------|------------------------|
| Non-current liabilities | | | |
| Deferred income | | 6,231 | 10,500 |
| Deferred tax liabilities | | 4,583 | 3,956 |
| TOTAL NON-CURRENT LIABILITIES | | 10,814 | 14,456 |
| TOTAL LIABILITIES | | 277,122 | 382,274 |
| NET ASSETS | | 1,288,175 | 1,173,481 |
| Equity attributable to equity holders of the Company | | | |
| Share capital | | 295,000 | 295,000 |
| General reserves | | 182,898 | 163,829 |
| Special reserve | | (6,017) | (6,017) |
| Translation reserves | | (1,314) | (830) |
| Accumulated profits | | 817,608 | 721,499 |
| TOTAL EQUITY | | 1,288,175 | 1,173,481 |

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December

| Group | 2015 | 2014 |
|--|-----------------|-------------|
| <i>RMB'000</i> | | |
| Operating activities | | |
| Profit before tax | 135,171 | 116,096 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 21,334 | 17,678 |
| Amortisation of leasehold land | 1,355 | 1,022 |
| Reversal of allowance for doubtful trade receivables | (1,649) | — |
| Allowance (reversal) of stock obsolescence | 234 | (44) |
| Loss (gain) on disposal of property, plant and equipment | 1,943 | (102) |
| Interest expense | 7,001 | 4,657 |
| Interest income | (6,883) | (2,675) |
| Gain on disposal of available-for-sale investments | — | (48) |
| Exchange differences arising on foreign currency translation | (12,322) | 705 |
| Operating profit before working capital changes | 146,184 | 137,289 |
| Trade receivables | 105,887 | 17,464 |
| Other receivables and prepayments | (11,241) | (17,262) |
| Inventories | 37,113 | 29,552 |
| Trade payables | (21,925) | 103 |
| Other payables, accruals and deferred income | 4,427 | 1,353 |
| Cash generated from operations | 260,445 | 168,499 |
| Interest paid | (7,001) | (4,657) |
| Interest income received | 6,883 | 2,675 |
| Income tax paid | (20,972) | (15,714) |
| Net cash generated from operating activities | 239,355 | 150,803 |

| Group | 2015 | 2014 |
|---|------------------|-------------|
| <i>RMB'000</i> | | |
| Investing activities | | |
| Acquisition of property, plant and equipment | (30,212) | (22,154) |
| Acquisition of leasehold land | — | (31,120) |
| Proceeds from disposal of property, plant and equipment | 317 | 467 |
| Acquisition of available-for-sale investments | (647) | (10,000) |
| Proceeds from disposal of available-for-sale investments | — | 10,048 |
| | <hr/> | <hr/> |
| Net cash used in investing activities | (30,542) | (52,758) |
| | <hr/> <hr/> | <hr/> <hr/> |
| Financing activities | | |
| Repayment of short-term bank loans | (253,157) | (176,810) |
| Proceeds from short-term bank loans | 165,713 | 204,848 |
| Decrease (increase) in pledged bank deposits | 3,600 | (20,817) |
| Dividends paid | — | (8,129) |
| | <hr/> | <hr/> |
| Net cash (used in) generated from financing activities | (83,844) | (908) |
| | <hr/> <hr/> | <hr/> <hr/> |
| Net increase in cash and cash equivalents | 124,969 | 97,137 |
| Effects of foreign exchange translation | 11,838 | (214) |
| Cash and cash equivalents at the beginning of the financial year | 469,100 | 372,177 |
| | <hr/> | <hr/> |
| Cash and cash equivalents at the end of the financial year | 605,907 | 469,100 |
| | <hr/> <hr/> | <hr/> <hr/> |

STATEMENT OF CHANGES IN EQUITY — GROUP

Consolidated Statement of Changes in Equity for the year ended 31 December 2015

| | Share capital | General reserve | Special reserve | Translation reserve | Accumulated profits | Total |
|--|------------------|--------------------|--------------------|------------------------|------------------------|------------------|
| <i>RMB'000</i> | | | | | | |
| Balance at 1 January 2015 | 295,000 | 163,829 | (6,017) | (830) | 721,499 | 1,173,481 |
| Total comprehensive income for the year | | | | | | |
| Profit for the year | — | — | — | — | 115,178 | 115,178 |
| Other comprehensive income for the year | — | — | — | (484) | — | (484) |
| Total | 295,000 | 163,829 | (6,017) | (1,314) | 836,677 | 1,288,175 |
| Transactions with owners, recognised directly in equity | | | | | | |
| Transfer to reserves | — | 19,069 | — | — | (19,069) | — |
| Balance at 31 December 2015 | 295,000 | 182,898 | (6,017) | (1,314) | 817,608 | 1,288,175 |

Consolidated Statement of Changes in Equity for the year ended 31 December 2014

| | Share capital | General reserve | Special reserve | Translation reserve | Accumulated profits | Total |
|--|------------------|--------------------|--------------------|------------------------|------------------------|------------------|
| <i>RMB'000</i> | | | | | | |
| Balance at 1 January 2014 | 295,000 | 149,215 | (6,017) | (1,320) | 647,155 | 1,084,033 |
| Total comprehensive income for the year | | | | | | |
| Profit for the year | — | — | — | — | 97,087 | 97,087 |
| Other comprehensive income for the year | — | — | — | 490 | — | 490 |
| Total | 295,000 | 149,215 | (6,017) | (830) | 744,242 | 1,181,610 |
| Transactions with owners, recognised directly in equity | | | | | | |
| Dividends paid | — | — | — | — | (8,129) | (8,129) |
| Transfer to reserves | — | 14,614 | — | — | (14,614) | — |
| Balance at 31 December 2014 | 295,000 | 163,829 | (6,017) | (830) | 721,499 | 1,173,481 |

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 primary-listed on Main Board of The Stock Exchange of Hong Kong Limited (the “SEHK”) and secondary-listed on the Main Board of the Singapore Exchange Securities Trading Limited (the “SGX-ST”). The registered office of the Company is located at 55 Market Street #08-01, Singapore 048941. The principal place of business of the Group is located at No. 138 Taodu Road, Dingshu Town, Yixing City, Jiangsu Province, the People’s Republic of China (the “PRC”).

The Company is an investment holding company, and the principal activities of the subsidiaries are research, design, development and manufacture of telecommunications and technological products, production of radio frequency coaxial cables for mobile communications and mobile communications systems exchange equipment. The Group’s operations are principally conducted in the PRC.

The consolidated financial statements are presented in Renminbi (“RMB”), being the functional currency of the Company and the presentation currency of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements have been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (“IFRSs”), amendments (hereinafter referred to as the “IFRS”) issued by the International Accounting Standards Board (“IASB”) that are effective for annual reporting periods beginning on or after 1 January 2015.

On 1 January 2014, the Group adopted IFRS in the preparation of these financial information. The first time adoption of IFRS did not result in any changes to the financial information in prior periods.

These financial statements have been prepared on a historical cost basis. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (“RMB’000”) except when otherwise indicated.

Accounting policies

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 2014.

3. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group adopted the new and revised IFRS that are mandatory for the periods beginning on or after 1 January 2015.

The adoption of new and revised IFRS did not have any impact on the results of the Group for the current and prior financial years.

4. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products, and currently has three reportable operating segments as follows:

- Manufacturing and sale of RF Coaxial Cable Series for mobile communications (“**RF Coaxial Cables**”)
- Coaxial Cables for telecommunications equipment and accessories (“**Accessories**”)
- Others (includes Antennas, High Temperature Resistant Cables (“**HTRC**”) and Service Income)

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

Segment revenues and results

For management purpose, the Group is currently organised into three core product lines — radio frequency coaxial cables, telecommunications equipment and others. These product lines are the basis on which the Group reports its primary segment information.

Segment revenue and expense include the operating revenue and expenses which are directly attributable to a segment and the relevant portion of such revenue and expense that can be allocated on a reasonable basis to a segment.

GROUP

| Year ended 31 December | Radio frequency coaxial cables <i>RMB'000</i> | Telecommunication equipment and accessories <i>RMB'000</i> | Others <i>RMB'000</i> | Unallocated <i>RMB'000</i> | Total <i>RMB'000</i> |
|---------------------------------|---|---|--------------------------|-------------------------------|-------------------------|
| 2015 | | | | | |
| Revenue | <u>1,059,713</u> | <u>408,058</u> | <u>98,213</u> | <u>—</u> | <u>1,565,984</u> |
| Segment Results | | | | | |
| Segment profit | 89,979 | 34,689 | 8,240 | (8,606) | 124,302 |
| Interest income | 4,656 | 1,795 | 426 | 6 | 6,883 |
| Finance costs | (4,740) | (1,827) | (434) | — | (7,001) |
| Other income | | | | | 13,690 |
| Other expenses* | | | | | (2,703) |
| Profit before income tax | | | | | 135,171 |
| Income tax | | | | | (19,993) |
| Net profit for the year | | | | | <u>115,178</u> |
| 2014 | | | | | |
| Revenue | <u>1,064,740</u> | <u>337,130</u> | <u>73,540</u> | <u>—</u> | <u>1,475,410</u> |
| Segment Results | | | | | |
| Segment profit | 84,377 | 26,645 | 5,844 | (4,254) | 112,612 |
| Interest income | 2,025 | 640 | — | 10 | 2,675 |
| Finance costs | (3,539) | (1,118) | — | — | (4,657) |
| Other income | | | | | 9,083 |
| Other expenses* | | | | | (3,617) |
| Profit before income tax | | | | | 116,096 |
| Income tax | | | | | (19,009) |
| Net profit for the year | | | | | <u>97,087</u> |

* excludes research and development expenses

Other segment information

GROUP

| Year ended 31 December | Radio frequency coaxial cables <i>RMB'000</i> | Telecommunication equipment and accessories <i>RMB'000</i> | Others <i>RMB'000</i> | Unallocated <i>RMB'000</i> | Total <i>RMB'000</i> |
|---|---|---|--------------------------|-------------------------------|-------------------------|
| 2015 | | | | | |
| Capital expenditure | 8,859 | 3,415 | 17,928 | 10 | 30,212 |
| Depreciation expense | 12,625 | 4,861 | 3,842 | 6 | 21,334 |
| Amortisation of leasehold land | 917 | 354 | 84 | — | 1,355 |
| Allowance (reversal of) for inventory obsolescence | — | — | 293 | (59) | 234 |
| 2014 | | | | | |
| Capital expenditure | 15,535 | 4,906 | 1,696 | 17 | 22,154 |
| Depreciation expense | 11,513 | 3,636 | 2,526 | 3 | 17,678 |
| Amortisation of leasehold land | 777 | 245 | — | — | 1,022 |
| Reversal of inventory obsolescence | — | (16) | 45 | (73) | (44) |
| Statement of net assets | | | | | |
| As at 31 December | Radio frequency coaxial cables <i>RMB'000</i> | Telecommunication equipment and accessories <i>RMB'000</i> | Others <i>RMB'000</i> | Unallocated <i>RMB'000</i> | Total <i>RMB'000</i> |
| 2015 | | | | | |
| Assets: | | | | | |
| Segment assets | 1,053,363 | 406,097 | 96,468 | — | 1,555,928 |
| Unallocated assets | | | | 9,369 | 9,369 |
| Total assets | | | | | 1,565,297 |
| Liabilities: | | | | | |
| Segment liabilities | 186,158 | 71,768 | 17,049 | — | 274,975 |
| Unallocated liabilities | | | | 2,147 | 2,147 |
| Total liabilities | | | | | 277,122 |
| 2014 | | | | | |
| Assets: | | | | | |
| Segment assets | 1,136,013 | 358,741 | 41,245 | — | 1,535,999 |
| Unallocated assets | | | | 19,756 | 19,756 |
| Total assets | | | | | 1,555,755 |
| Liabilities: | | | | | |
| Segment liabilities | 276,769 | 87,401 | 11,846 | — | 376,016 |
| Unallocated liabilities | | | | 6,258 | 6,258 |
| Total liabilities | | | | | 382,274 |

Geographical segment

The segment information for geographical regions is based on the locations of customers and the location of the assets. In line with the group's business strategy, the market is currently grouped into three geographical regions, namely People's Republic of China, India and Others.

| | For the year ended 31 December | | | |
|----------------------------|---------------------------------|------------------|-----------------------|----------------|
| | Revenue from external customers | | Non-current assets * | |
| | 2015 | 2014 | 2015 | 2014 |
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| People's Republic of China | 1,409,304 | 1,320,575 | 206,369 | 201,107 |
| India | 78,988 | 82,810 | 6 | 9 |
| Others | 77,692 | 72,025 | 17 | 13 |
| Total | <u>1,565,984</u> | <u>1,475,410</u> | <u>206,392</u> | <u>201,129</u> |

* excluding available-for-sale investment and deferred tax assets

5. REVENUE

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold and services rendered, after deduction of relevant taxes and allowances for returns and trade discounts. An analysis of the Group's revenue is as follows:

| | For the year ended 31 December | |
|----------------|--------------------------------|------------------|
| | 2015 | 2014 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Sale of goods | 1,565,167 | 1,474,930 |
| Service income | 817 | 480 |
| Total | <u>1,565,984</u> | <u>1,475,410</u> |

6. OTHER INCOME

| | For the year ended 31 December | |
|--|--------------------------------|----------------|
| | 2015 | 2014 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Interest income | 6,883 | 2,675 |
| Government grants | 7,059 | 8,063 |
| Net foreign exchange gains | 5,748 | — |
| Compensation claims received | 551 | 459 |
| Gain on disposal of available-for-sale investments | — | 48 |
| Gain on disposal of property, plant and equipment | — | 102 |
| Others | 332 | 411 |
| Total | <u>20,573</u> | <u>11,758</u> |

7. FINANCE COSTS

| | For the year ended 31 December | |
|--|--------------------------------|--------------|
| | 2015 | 2014 |
| | RMB'000 | RMB'000 |
| Interest on short term bank borrowings | <u>7,001</u> | <u>4,657</u> |

8. PROFIT BEFORE INCOME TAX

Profit before tax is arrived at after charging/(crediting) the following during the year:

| | For the year ended 31 December | |
|--|--------------------------------|---------------|
| | 2015 | 2014 |
| | RMB'000 | RMB'000 |
| Cost of inventories recognised as expense (including effect of allowance of inventory obsolescence) | 1,260,199 | 1,213,873 |
| Depreciation of property, plant and equipment | 21,334 | 17,678 |
| Reversal of allowance for doubtful trade receivables | (1,649) | — |
| Amortisation of leasehold land | 1,355 | 1,022 |
| Auditors' remuneration | 1,598 | 1,435 |
| Employee benefits expense | 102,632 | 82,168 |
| Cost of defined contribution plans | 5,865 | 4,049 |
| Directors' fees — directors of the Company | 1,862 | 1,794 |
| Directors' remuneration: | | |
| Directors of the Company | 2,145 | 2,423 |
| Directors of the subsidiaries | 36 | 37 |
| Total staff costs | <u>112,540</u> | <u>90,471</u> |
| Research and development expenses (included in Other Operating Expenses) | 49,625 | 36,466 |
| Net foreign exchange (gains) losses | (5,748) | 2,914 |
| Loss (gain) on disposal of property, plant and equipment | 1,943 | (102) |
| Fair value gain on sale of available-for-sale financial assets | — | 48 |

9. INCOME TAX EXPENSE

| | For the year ended 31 December | |
|--|--------------------------------|---------------|
| | 2015 | 2014 |
| | RMB'000 | RMB'000 |
| Current | 20,578 | 17,450 |
| (Over) Under provision of current tax in prior years | (443) | 981 |
| Deferred tax expense | (142) | 578 |
| | <u>19,993</u> | <u>19,009</u> |

The Company is incorporated in Singapore and is subject to income tax rate of 17% for the year ended 31 December 2015 (2014: 17%).

Under the law of the PRC on Enterprise Income Tax (the “EIT Law”), the applicable corporate income tax rate of Jiangsu Hengxin Technology Co. Ltd (the Group’s PRC incorporated key subsidiary) in 2015 is 25% (2014: 25%). As it had previously been given the High-Tech Enterprise Award status, the applicable effective tax rate is 15% (2014: 15%) based on PRC Enterprise Income Tax laws. In 2014, the subsidiary renewed the status to enjoy a further three financial years starting from 31 December 2014.

Taxes on profits in all other subsidiaries have been calculated at the rates of tax prevailing in the country in which the Group operates.

10. DIVIDENDS

| | 2015 <i>RMB'000</i> | 2014 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Proposed first and final tax-exempt cash dividend of RMB2.97 cents (2014: Nil) per ordinary share | <u>11,524</u> | <u>—</u> |

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

11. SHARE CAPITAL

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

| Share capital — Ordinary Shares | <i>No. of shares '000</i> | <i>RMB'000</i> | <i>S\$'000</i> |
|---|-------------------------------|----------------|----------------|
| Balance as at 31 December 2014 and 2015 | <u>388,000</u> | <u>295,000</u> | <u>58,342</u> |

In accordance with the memorandum of association and articles of association of the Company, treasury shares are not allowed in the Company.

12. EARNINGS PER SHARE

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

| GROUP | Year ended | |
|--|---------------------|---------------------|
| | 31 December 2015 | 31 December 2014 |
| Earning per share (<i>RMB cents</i>) | | |
| — Basic | <u>29.7</u> | <u>25.0</u> |
| — Diluted | <u>29.7</u> | <u>25.0</u> |
| Weighted average no. of shares applicable to basic EPS (<i>'000</i>) | 388,000 | 388,000 |
| Weighted average no. shares based on fully diluted basis (<i>'000</i>) | 388,000 | 388,000 |

There were no potential dilutive ordinary shares in existence during the two years ended 31 December 2014 and 2015.

13. PROPERTY, PLANT AND EQUIPMENT

During the financial year ended 31 December 2015, the Group’s capital expenditure was approximately RMB30.2 million (2014: RMB22.2 million).

14. TRADE RECEIVABLES

| | As at 31 December | |
|--|-------------------|----------------|
| | 2015 | 2014 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Trade receivables | 505,576 | 569,605 |
| Allowance for doubtful trade receivables | (14,113) | (15,762) |
| Sub-total | 491,463 | 553,843 |
| Notes receivable | 43,630 | 85,488 |
| Total | <u>535,093</u> | <u>639,331</u> |

The Group allows credit period of 180 days to its trade customers. The aging of trade receivables, net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period, is as follows:

| | As at 31 December | |
|-----------------|-------------------|----------------|
| | 2015 | 2014 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| 0 to 180 days | 495,639 | 549,759 |
| 181 to 360 days | 29,170 | 76,577 |
| Over 360 days | 10,284 | 12,995 |
| | <u>535,093</u> | <u>639,331</u> |

The movement in allowance for doubtful trade receivables is as follows:

| | 2015 | 2014 |
|-----------------------------|----------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| At 1 January | 15,762 | 15,762 |
| Reversal to profit and loss | (1,649) | — |
| At 31 December | <u>14,113</u> | <u>15,762</u> |

15. TRADE PAYABLES

| | As at 31 December | |
|----------------------------------|-------------------|----------------|
| | 2015 | 2014 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Trade payables — Outside parties | <u>104,432</u> | <u>126,357</u> |

Trade payables comprise amounts outstanding for trade purchases. Payment terms with suppliers are mainly on credit within 90 days from the invoice date. The aging of trade payables payables are as follows:

| | As at 31 December | |
|-----------------|-------------------|----------------|
| | 2015 | 2014 |
| | RMB'000 | RMB'000 |
| 0 to 90 days | 100,819 | 124,414 |
| 91 to 180 days | 2,273 | 962 |
| 181 to 360 days | 587 | 248 |
| Over 360 days | 753 | 733 |
| | <u>104,432</u> | <u>126,357</u> |

16. NET ASSET VALUE

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

| | Group | |
|--|----------------|----------------|
| | 31-Dec-15 | 31-Dec-14 |
| Net Assets (RMB'000) | 1,288,175 | 1,173,481 |
| Number of ordinary shares ('000) | <u>388,000</u> | <u>388,000</u> |
| Net Asset Value per ordinary share (RMB) | <u>3.32</u> | <u>3.02</u> |

17. RELATED PARTY TRANSACTIONS

(a) Transactions

During the financial year, the Group entered into the following significant transactions with Suzhou Hengli Telecommunications Materials Co. Ltd:

| | Year ended 31 December | |
|---------------------------|------------------------|--------------|
| | 2015 | 2014 |
| | RMB'000 | RMB'000 |
| | (unaudited) | (unaudited) |
| Sale of finished goods | 1,238 | 1,399 |
| Purchase of raw materials | <u>20,111</u> | <u>9,216</u> |

(b) Compensation of key management personnel

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

| | Year ended 31 December | |
|--|------------------------|--------------|
| | 2015 | 2014 |
| | RMB'000 | RMB'000 |
| | (unaudited) | (unaudited) |
| Short term benefits | 5,410 | 5,300 |
| Retirement benefits scheme contributions | <u>109</u> | <u>105</u> |
| Total | <u>5,519</u> | <u>5,405</u> |

18. DONATIONS & CAPITAL COMMITMENTS

| | As at 31 December | |
|----------------------------------|-------------------|----------------|
| | 2015 | 2014 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Contracted but not provided for: | | |
| Property, plant and equipment | 126 | 5,305 |
| Donation commitment | 5,500 | 6,000 |
| | <hr/> | <hr/> |
| Total | 5,626 | 11,305 |
| | <hr/> <hr/> | <hr/> <hr/> |

The PRC subsidiary has committed to donate RMB500,000 per annum from 2007 for a period of 20 years to a charitable organization in the PRC.

19. OPERATING LEASE ARRANGEMENTS

As at 31 December 2015, the Group had total future minimum lease payments under non-cancellable operating leases, which are payable as follows:

| | As at 31 December | |
|--|-------------------|----------------|
| | 2015 | 2014 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Within one year | 731 | 715 |
| In the second to fifth years inclusive | 196 | 803 |
| | <hr/> | <hr/> |
| | 927 | 1,518 |
| | <hr/> <hr/> | <hr/> <hr/> |

Operating lease payments represent rentals payable by the Group and Company for certain of its office and workshop properties. Leases are negotiated for an average of 1 to 3 years.

20. EVENTS AFTER THE REPORTING PERIOD

On 2 February 2016, Jiangsu Hengxin Technology Co., Ltd (“**Hengxin (Jiangsu)**”), a wholly-owned subsidiary of the Company, entered into a Sale and Purchase Agreement with the vendors and Mianyang City Siemax Industrial Co., Ltd (“**Mianyang Siemax**”), pursuant to which the vendors had conditionally agreed to sell and Hengxin (Jiangsu) had conditionally agreed to purchase an equity interest at a total consideration of RMB72 million representing 24% equity interest in Mianyang Siemax.

(I) MANAGEMENT DISCUSSION AND ANALYSIS

Year-on-year performance — 12 months ended 31 December 2015

Revenue

The Group's revenue for the financial year ended 31 December 2015 ("FY2015" or the "Reporting Period") increased by approximately RMB90.6 million, or approximately 6.1% from approximately RMB1,475.4 million in the previous financial year ended 31 December 2014 ("FY2014") to approximately RMB1,566.0 million in FY2015. Despite the drop in copper prices during FY2015 which should result in a decrease in the unit price of the Group's major products, the Group experienced a material increase in orders from telecom operators for our products, generating higher revenue for the Reporting Period.

RF Coaxial Cables

Revenue generated from RF Coaxial Cables decreased by approximately RMB5.0 million or approximately 0.5% from approximately RMB1,064.7 million in FY2014 to approximately RMB1,059.7 million in FY2015.

Telecommunication equipment and accessories ("Accessories")

Revenue generated from Accessories increased by approximately RMB71.0 million or approximately 21.1% from approximately RMB337.1 million in FY2014 to approximately RMB408.1 million in FY2015.

Others

Revenue generated from other products increased by approximately RMB24.7 million or approximately 33.6% from approximately RMB73.5 million in FY2014 to approximately RMB98.2 million in FY2015.

Gross profit margin

Gross profit margin for FY2015 was approximately 19.5%, compared to approximately 17.7% in FY2014. Although the slide in copper prices will also result in a similar adjustment in selling prices, the Company's timing of entry in the purchase of copper during the Reporting Period generally helped lift gross margins higher. The Group continues to monitor production efficiencies to ensure optimal raw materials and labour utilisation, stringent selection of suppliers in tender biddings to keep costs to a minimum, coupled with efficient use of various resources to keep up with price pressures resulting from keen competition.

Other income

Other income increased by approximately RMB8.9 million or approximately 76.1% from approximately RMB11.7 million in FY2014 to approximately RMB20.6 million in FY2015. The increase primarily arose from the following:

- (i) higher interest income earned from certain deposits; and
- (ii) foreign exchange gains recognised arising from the devaluation of Renminbi in FY2015.

Selling and distribution expenses

Selling and distribution expenses increased by approximately RMB12.8 million or approximately 17.1% from approximately RMB74.9 million in FY2014 to approximately RMB87.7 million in FY2015 in tandem with the increase in revenue during the Reporting Period.

Administrative expenses

Administrative expenses increased by approximately RMB6.8 million or approximately 18.1% from approximately RMB37.6 million in FY2014 to approximately RMB44.4 million in FY2015. This is due to a general increase in expenses during the Reporting Period, of which also includes an increase in payroll costs, entertainment, depreciation, advertising, amortisation of land and buildings which were purchased in FY2014, and an one-time administrative charge with respect to an additional loan obtained during the Reporting Period.

Other operating expenses

Other operating expenses increased by approximately RMB12.2 million or approximately 30.4% from approximately RMB40.1 million in FY2014 to approximately RMB52.3 million in FY2015. The increase was mainly due to R&D expenses from continuing R&D activities undertaken for new product specifications, increasing by approximately RMB13.2 million in FY2015 compared to FY2014.

Finance costs

Finance costs increased by approximately RMB2.3 million or approximately 48.9% from approximately RMB4.7 million in FY2014 to approximately RMB7.0 million in FY2015 due to a higher average loan outstanding throughout the Reporting Period.

Profit before income tax

Profit before income tax increased by approximately RMB19.1 million or approximately 16.5% from approximately RMB116.1 million in FY2014 to approximately RMB135.2 million in FY2015.

Income tax expense

The Group's main subsidiary 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 in FY2014 for a further three years.

Income tax expense increased by approximately RMB1.0 million or approximately 5.3% from approximately RMB19.0 million in FY2014 to approximately RMB20.0 million in FY2015 due to an increase in profit before tax during the Reporting Period.

Net profit

In view of the above, net profit attributable to equity holders of the Company increased approximately RMB18.1 million or approximately 18.6% from approximately RMB97.1 million in FY2014 compared to approximately RMB115.2 million in FY2015.

STATEMENT OF FINANCIAL POSITION

Material fluctuations of balance sheet items are explained below:

Pledged bank deposits

Pledged bank deposits decreased by approximately RMB3.6 million or approximately 15.8% from approximately RMB22.8 million as at 31 December 2014 to approximately RMB19.2 million as at 31 December 2015 mainly due to a repayment of bank loan in which the corresponding security was no longer required.

Trade receivables

Trade receivables decreased by approximately RMB104.2 million or approximately 16.3% from approximately RMB639.3 million as at 31 December 2014 to approximately RMB535.1 million as at 31 December 2015.

Average trade receivables turnover days were 140 days as at 31 December 2015 compared to 164 days as at 31 December 2014.

Most of the trade receivables balances are recent sales which are within the average credit period given to our customers.

For amounts due more than six months and longer, these mainly pertain to final payment (upon project completion) owed by the three main PRC telecom operators. These outstanding balances relate to projects undertaken by these operators which had longer project completion date than as initially anticipated. These operators have been the Group's long-time customers and the Group has been receiving regular payments from them. In addition, the majority of these outstanding balances pertain to one of the telecom operators in the PRC. In view of the Group's long-standing dealings with them and the regular receipts it had obtained from these customers, the Group does not foresee any issue in the collection of these receivables. Efforts will continue be focused on collection of the Group's outstanding trade receivables.

Other receivables and prepayments

Other receivables and prepayments increased by approximately RMB11.2 million or approximately 19.9% from approximately RMB56.4 million as at 31 December 2014 to approximately RMB67.6 million as at 31 December 2015. The increase mainly arose from a rise in advances made to suppliers in enabling the Group to obtain better raw materials pricing.

Inventories

Inventories (comprising raw materials, work-in-progress and finished goods) decreased by approximately RMB37.3 million or approximately 24.4% from approximately RMB153.0 million as at 31 December 2014 to approximately RMB115.7 million as at 31 December 2015. Controls were stepped up to reduce inventory levels, resulting in a lower inventory amount.

Property, plant and equipment

Property, plant and equipment increased by approximately RMB6.6 million or approximately 4.5% from approximately RMB147.7 million as at 31 December 2014 to approximately RMB154.3 million as at 31 December 2015 mainly due to acquisition of assets for the manufacture of different lines of products during the Reporting Period.

Short-term bank loans

Short-term bank loans decreased by approximately RMB87.4 million or approximately 42.7% from approximately RMB204.8 million as at 31 December 2014 to approximately RMB117.4 million as at 31 December 2015 due to certain loans being repaid during the Reporting Period.

Trade payables and Other payables

Trade payables decreased by approximately RMB22.0 million or approximately 17.4% from approximately RMB126.4 million as at 31 December 2014 to approximately RMB104.4 million as at 31 December 2015. The Company adopted a cash payment terms for some of its bigger raw material suppliers in return for better pricing terms, thus reducing the overall trade payables balance.

Other payables and accruals increased by approximately RMB8.7 million or approximately 26.2% from approximately RMB33.2 million as at 31 December 2014 to approximately RMB41.9 million as at 31 December 2015 due to higher bonus accruals for FY2015.

Deferred income

Deferred income decreased by approximately RMB4.3 million or approximately 41.0% from approximately RMB10.5 million as at 31 December 2014 to approximately RMB6.2 million as at 31 December 2015. This relates to grants with conditions attached requiring certain milestones to be met. As some of these conditions had been met, some of the deferred income had been recognised as other income.

Cash and bank balances

Cash and bank balances increased by approximately RMB136.8 million or approximately 29.2% from RMB469.1 million as at 31 December 2014 to approximately RMB605.9 million as at 31 December 2015 mainly due to improved collections and a reduction in inventory levels, increasing overall bank balances.

(II) LIQUIDITY, FINANCIAL RESOURCES

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

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

The Management monitors capital based on the Group's net gearing ratio. The Group's net gearing ratio is calculated as net borrowings divided by total equity. Net borrowings are calculated as total short-term loans less cash and cash equivalents at the end of the reporting period.

| | As at 31 December | |
|------------------------------|-----------------------|----------------|
| | 2015 | 2014 |
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Net cash borrowings | (488,503) | (264,252) |
| Total equity | 1,288,175 | 1,173,481 |
| Net debt to equity ratio (%) | <u>(37.92)</u> | <u>(22.52)</u> |

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

| As at 31 December 2015 | | As at 31 December 2014 | |
|------------------------|----------------|------------------------|----------------|
| Secured | Unsecured | Secured | Unsecured |
| <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| — | 117,404 | 19,634 | 185,214 |

There is no amount repayable after one year.

The bank loan of approximately RMB19.6 million as at 31 December 2014 was secured through bank deposits amounting to approximately RMB21.1 million.

(III) PROSPECTS (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)

Telecommunications networks continue to be a key in the internet evolution. The continued proliferation of communication devices such as smartphones and tablets, rapid subscriber growth, the change of lifestyle habits such as e-commerce, e-banking and over-the-top services, business practices such as cloud computing, IOT (Internet of Things) infrastructure, M2M (machine to machine) and big data management are placing increasing demands on network infrastructures. Many of these applications will be adopted using 4G network technology. With the emergence of VoLTE (voice over LTE) which provides diversified voice applications with more abundant contents, the three telecom operators in China have announced that such service will be commercially available in 2016 to 2017. For the first time, China's economic strategy is being centred round the internet with its "Internet Plus" effort, which was first announced in March 2015. The impact of these initiatives will greatly benefit the telecommunications industry in China and the Group, as we bear witness to telecom operators' continued expansion and upgrade of its networks.

The "Internet Plus" strategy also directly benefits the growth of rail communications infrastructure. Following the Group's successful penetration to the railway communications through its tender in the first half of 2015 to market its leaky cable series of products, we were being awarded tenders by China Mobile for the sale of leaky cables in December 2015. Such awards are testament to the Group's favourable rating by customers arising from its brand recognition and product reliability.

Over the years, we have placed increasing emphasis on research and development to improve and expand the range of our products. Part of the research is focused on lowering the cost of manufacturing existing and future products. As part of the research process, we maintain very close relationships with customers to explore emerging trends and technology.

As a result of the Group's relentless efforts to expand its marketing reach and influence, we have reached several milestones during FY2015:

1. Successfully introduced 4G-capable antennas into the market, especially camouflaged antennas which is potentially developing into a bigger market than traditional antennas;
2. Establishing itself as one of three antenna test centres by one of the three telecom operators in China;
3. Successful penetration of the Group's leaky cables into the railway communications market; and
4. Acceptance by International Electrotechnical Commission ("IEC") and publication of the proposed IEC standard 61196-4 on "Standard Specification of Radiating Cables".

IEC is a non-profit, non-governmental international standards organization that prepares and publishes International Standards for all electrical, electronic and related technologies. The acceptance by IEC on IEC standard 61196-4 is significant as this standard was proposed by China and jointly drafted by the Group and China Electronics Standardization Institute. It reflects the Group's domestic standing and influence in the RF Coaxial Cables sphere, and lays

a solid foundation for the Group's recognition domestically and internationally. The Group, through its research efforts, will continue its active involvement in shaping next generation standards and technologies.

Despite the decline in copper prices, sales to overseas markets improved in FY2015, although absolute revenue rose by approximately 1.2% compared to FY2014. Our venture into overseas markets has made some headway with our products being endorsed by various international telecom equipment vendors, evident from the continued orders from these vendors. Such recognition together with the Group's consistent product quality has also contributed to the major tenders which were awarded to the Group by large telecom equipment vendors and telecom operators during the first half of FY2015.

On 2 February 2016, the Company, through its wholly-owned subsidiary, Jiangsu Hengxin Technology Co., Ltd., entered into a sale and purchase agreement to acquire a 24% equity interest in Mianyang City Siemax Industrial Co., Ltd, ("**Mianyang Siemax**") for RMB72.0 million. The rationale for such an acquisition is two-fold: Firstly, adopting its competitive advantage of deriving high quality zirconia ceramics products with its self-developed technology, Mianyang Siemax rides on these strengths and is able to manufacture products at competitive costs with product quality that is in line with industry requirements. Nano zirconia ceramic is found in many parts and components, such as mobile phone components, precision machinery parts and electrical components. Mianyang Siemax will initially focus its business development in the area of telecommunications, specifically for the supply of fibre optic ceramic ferrules. Secondly, as part of China's "Internet Plus" plans to improve broadband connections and fuel growth, the demand for fibre optic connectors will continue to be robust. As fibre optic ceramic ferrules form a main component of fibre optic connectors, the Company views it as an opportune time for such an investment as the Company's vast marketing networks in the same industry can serve as a bridge for Mianyang Siemax's business strategy. This synergistic effect is in line with the Company's focus to extend its operating footprint in the telecommunications industry. In addition, the Group's solid foundation and its resources in terms of funding, technology and marketing allow Mianyang Siemax to implement its expansion plan, while continuing research and development work on advanced ceramics. In the medium term, this will bring added-value for the Company and its shareholders.

Telecom operators continue to adopt a cautious approach in capital spending within and outside China. The old model of simply adding capacity due to increasing demand would inadvertently increase telecom operators' capital expenditure. In this aspect, telecom operators have been exploring efficient uses of existing infrastructure and assets, which invariably led to the establishment of the China Communications Facilities Services Corporation Limited, which is a joint venture by China's three telecom operators owning telecom infrastructure assets, to enable resources sharing and lower operating costs.

4G telecommunications require a much higher data capacity and transmission, and this constraint has led to smaller but a larger number of base stations being built but covering a smaller area with higher transmission capacity. These newer base stations adopt smaller sized cables, which have lower selling prices compared to larger cables. However, technology evolution has also led to other possible alternative products to be used on base stations. The combination of the above elements, coupled with rising competition between telecom operators and telecom equipment suppliers is likely to impose a ceiling on our product margins.

Despite technology evolution and the industry's cautious spending, network growth in China continues to be on an expansion phase supported by the growing demands of content-rich data throughput by the relatively robust growth of local 3G/4G mobile subscribers. The Group witnessed growth in its products both in terms of substance and value during the Reporting Period, despite sustained lower copper prices during FY2015 which resulted in a decrease in the unit price of the Group's major products.

Looking ahead, although the telecom industry particularly in the area of wireless systems remains challenging due to a host of factors such as competition, changing technology and talent retention, the Group remains committed on its efforts to improve and execute its business strategies amidst a new era in mobile communications in China.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES

As at 31 December 2015, the interests and short positions of the directors (the “**Directors**”) and chief executives of the Company in shares and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”), which are required to be notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest 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 Rules Governing the Listing of Securities on the SEHK (the “**Listing Rules**”), were as follows:

Long positions in the Company:

| Name of Directors | Number of issued shares in the Company | | | Approximate percentage of the Company's issued share capital |
|--------------------------------|--|---------------------|-----------------|--|
| | Personal interests | Corporate interests | Total interests | |
| Mr. Cui Wei ⁽¹⁾ | — | 90,294,662 | 90,294,662 | 23.27% |
| Ms. Zhang Zhong ⁽²⁾ | — | 28,082,525 | 28,082,525 | 7.24% |
| Mr. Du Xiping | 11,468,000 | — | 11,468,000 | 2.96% |

Notes:

- ⁽¹⁾ Mr. Cui Wei beneficially owns the entire issued share capital of Kingever Enterprises Limited (“**Kingever**”), and Kingever in turn holds approximately 23.27% 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 7.24% of the total issued shares in the Company.

Saved as disclosed above, as at 31 December 2015, none of the Directors and chief executives of the Company nor their associates had or deemed to have any interests or short position 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.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2015, 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 | Capacity and nature of interests | Number of ordinary shares held | Approximate percentage of the Company's issued share capital |
|-------------------------------------|--|---------------------------------------|---|
| Kingever (<i>Note (a)</i>) | Registered owner and beneficially owned | 90,294,662 | 23.27% |
| Mr. Cui Wei (<i>Note (a)</i>) | Deemed interest and interest in controlled corporation | 90,294,662 | 23.27% |
| Wellahead (<i>Note (b)</i>) | Registered owner and beneficially owned | 28,082,525 | 7.24% |
| Ms. Zhang Zhong (<i>Note (b)</i>) | Deemed interest and interest in controlled corporation | 28,082,525 | 7.24% |

Notes:

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

Saved as disclosed above, as at 31 December 2015, 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, has 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.

(IV) SUPPLEMENTARY INFORMATION

1. Operational and Financial Risk Management

(i) Market risk

The major market risks that the Group is exposed to include changes in the sale prices of key products, changes in the costs of raw materials (mainly copper) and fluctuations in interest and foreign exchange rates.

(ii) Commodity price risk

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

(iii) Interest rate risk

The major market interest rate risk that the Group is exposed to includes the Group's short-term debt obligations which are subject to variable interest rates.

(iv) Foreign currency risk

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

2. Contingent liabilities

There were no material contingent liabilities as at 31 December 2015.

3. Employees and Remuneration Policies

As at 31 December 2015, there were 982 (2014: 849) 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 adopted the share option scheme for its employees at its extraordinary general meeting held on 27 October 2010 (the "Scheme"). No option has been granted under the Scheme since its adoption and up to the date of this announcement.

4. Material Litigation and Arbitration

As at 31 December 2015, the Group was not involved in any material litigation or arbitration.

5. Audit Committee

The Company's audit committee members are Mr. Tam Chi Kwan Michael, Mr. Cui Wei, Ms. Zhang Zhong, Dr. Li Jun and Mr. Pu Hong. The audit committee, which is chaired by Mr. Tam Chi Kwan Michael, has reviewed the annual results of the Group for the year ended 31 December 2015.

6. Compliance with Corporate Governance Code

The Company has complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules for the year ended 31 December 2015.

7. Compliance with the Model Code for Securities Transactions by Directors of Listed Issuer

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

8. Annual General Meeting

The 2015 annual general meeting of the Company will be held on 28 April 2016 in Hong Kong. For further details of the annual general meeting, please refer to the Notice of Annual General Meeting, which will be published and despatched by the Company in due course.

9. Review of financial results

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

The figures in respect of this results announcement of the Group for the year ended 31 December 2015 have been checked by the Company's auditors, Deloitte & Touche LLP. The work performed by Deloitte & Touche LLP in this respect did not constitute an assurance engagement in accordance with Singapore Standards of Auditing, Singapore Standards on Review Engagements or Singapore Standards on Assurance Engagements and consequently no assurance has been expressed by Deloitte & Touche LLP on this results announcement.

10. Dividends

(a) Dividend recommended for the Reporting Period

| | |
|-------------------|-------------------------|
| Name of Dividend: | First and Final |
| Dividend Type: | Cash |
| Dividend Rate: | RMB2.97 cents per share |
| Number of shares: | 388,000,000 |
| Total amount: | RMB11,523,600 |

(b) Corresponding period of the immediately preceding financial year

Nil

(c) Record date and dividend payment date

Subject to the approval by shareholders of the Company at the forthcoming annual general meeting to be held on Thursday, 28 April 2016, the first and final dividend for FY2015 will be distributed on or about Monday, 30 May 2016 to shareholders whose names appear on the Company's register of members on Monday, 16 May 2016 (the record date).

(d) Book closure date

In order to determine the entitlement to the proposed first and final dividend for FY2015 (subject to approval by the shareholders at the forthcoming annual general meeting), the Company's register of members will be closed on Monday, 16 May 2016, on which date no transfer of shares will be registered. In order to qualify for the proposed first and final dividend for FY2015, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Principal Share Registrar in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd., at Raffles Place, Singapore Land Tower #32-01, Singapore 048623 (for Singapore shareholders), or at the office of the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (for Hong Kong shareholders) not later than 4:30 p.m. on Friday, 13 May 2016. Any removal of shares of the Company between the Company's Principal Share Registrar in Singapore and Branch Share Registrar in Hong Kong shall be made not later than 4:30 p.m. on Wednesday, 4 May 2016.

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

For the year ended 31 December 2015, neither the Company nor its subsidiaries had purchased, sold or redeemed any of the securities of the Company.

12. Disclosure on the Website of the Exchanges

This announcement shall be published on the website of SGX-ST (<http://www.sgx.com>), the SEHK (<http://www.hkex.com.hk>) and on the Company's website (<http://www.hengxin.com.sg>).

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

Singapore, 23 February 2016

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.

* For identification purposes only