

2014

First Quarterly Report
第一季業績報告



HENGXIN
恒芯中國

Heng Xin China Holdings Limited
恒芯中國控股有限公司*

(Incorporated in Bermuda with limited liability)
(於百慕達註冊成立之有限公司)

(Stock Code 股份代號 : 8046)

* For identification purpose only 僅供識別

IMPORTANT NOTICE

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors of Heng Xin China Holdings Limited (the “Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to Heng Xin China Holdings Limited. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

重要事項

香港聯合交易所有限公司(「聯交所」)創業板(「創業板」)之特色

創業板的定位乃為相比起其他在聯交所上市之公司帶有較高投資風險之公司提供一個上市之市場。有意投資之人士應瞭解投資於該等公司之潛在風險，並應經過審慎周詳之考慮後方作出投資決定。創業板之較高風險及其他特色表示創業板較適合專業及其他經驗豐富之投資者。

由於創業板上市公司新興之性質使然，在創業板買賣之證券可能會較於聯交所主板買賣之證券承受較大市場波動風險，同時無法保證在創業板買賣之證券會有高流通量之市場。

香港交易及結算所有限公司及聯交所對本報告之內容概不負責，對其準確性或完整性亦無發表聲明，且明確表示不會就本報告全部或任何部份內容而產生或因倚賴該等內容而引致之任何損失承擔任何責任。

本報告乃遵照聯交所創業板證券上市規則(「創業板上市規則」)之規定提供有關恒芯中國控股有限公司之資料。恒芯中國控股有限公司各董事(「董事」)對本報告所載資料願共同及個別承擔全部責任。董事在作出一切合理查詢後確認，就彼等所深知及確信，本報告所載資料在各主要方面均為準確及完整，且無誤導或欺詐成份，以及本報告並無遺漏其他事項致使本文件或本報告所載內容有所誤導。

RESULTS

The board of Directors (the “Board”) of Heng Xin China Holdings Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended 31 March 2014 together with the comparative unaudited figures for the corresponding period in 2013.

業績

恒芯中國控股有限公司(「本公司」)董事會(「董事會」)公佈本公司及其附屬公司(統稱「本集團」)截至二零一四年三月三十一日止三個月之未經審核綜合業績，連同二零一三年同期之未經審核比較數字。

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

For the three months ended 31 March 2014

綜合損益及其他全面收入表 (未經審核)

截至二零一四年三月三十一日止三個月

		Three months ended 31 March	
		截至三月三十一日止三個月	
		2014	2013
		二零一四年	二零一三年
		HK\$'000	HK\$'000
		千港元	千港元
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
	Note 附註		
Revenue	3	21,980	129,154
Cost of sales		(15,371)	(76,408)
Gross profit		6,609	52,746
Other income	3	331	1,101
Selling and marketing expenses		(54)	(2,634)
Other operating expenses		(18,846)	(16,484)
Finance costs	4	(3,110)	(2,342)
Share of loss of associate		(95)	-
(Loss)/profit before taxation		(15,165)	32,387
Taxation	5	(14)	(5,668)
(Loss)/profit for the period	6	(15,179)	26,719
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		(13,300)	10,171
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		(28,479)	36,890

CONSOLIDATED STATEMENT OF PROFIT OR
LOSS AND OTHER COMPREHENSIVE INCOME
(UNAUDITED)

For the three months ended 31 March 2014

綜合損益及其他全面收入表
(未經審核)

截至二零一四年三月三十一日止三個月

Three months ended 31 March
截至三月三十一日止三個月

	Note 附註	2014 二零一四年 HK\$'000 千港元 (Unaudited) (未經審核)	2013 二零一三年 HK\$'000 千港元 (Unaudited) (未經審核)
(Loss)/profit attributable to	以下人士應佔(虧損)/溢利：		
Owners of the Company	本公司擁有人	(14,516)	26,719
Non-controlling interests	非控股股東權益	(663)	—
		(15,179)	26,719
Total comprehensive (loss)/income attributable to:	以下人士應佔全面 (虧損)/收入總額：		
Owners of the Company	本公司擁有人	(27,816)	36,890
Non-controlling interests	非控股股東權益	(663)	—
		(28,479)	36,890
(Loss)/earnings per share	每股(虧損)/盈利		
— Basic	— 基本	(0.43) cent 仙	0.86 cent 仙
— Diluted	— 攤薄	N/A 不適用	N/A 不適用
Dividends	股息	—	—

Notes:

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in Bermuda on 9 September 2002 under the Companies Act 1981 of Bermuda (as amended). The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is Unit 2, 24/F, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong.

The Company is an investment holding company. The shares of the Company have been listed on the GEM since 16 April 2003.

The principal activities of the Group are engaged in digital cable television business, wireless digital television value-added services, wireless digital terrestrial television network equipment integrated business, research, design, development on and manufacturing of electronic message security products, integrated circuits, and the integrated circuit solutions and the related services.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited consolidated financial statements for the three months ended 31 March 2014 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the GEM Listing Rules.

The unaudited consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values. The accounting policies and methods of computation used in the preparation of the unaudited consolidated financial statements are consistent with those used in the financial statements for the year ended 31 December 2013. These unaudited consolidated financial statements should be read in conjunction with the Company's annual report for the year ended 31 December 2013. Those new accounting standards, amendments to accounting standards and interpretations which are mandatory for financial year ending 31 December 2014 have no material impact on the Group.

The unaudited consolidated financial statements have not been audited by the auditors of the Company, but have been reviewed by the Company's audit committee and were approved for issue by the Board.

附註：

1. 一般資料

本公司於二零零二年九月九日根據百慕達一九八一年公司法(經修訂)於百慕達註冊成立為受豁免有限公司。本公司註冊辦事處地址為Clarendon House, 2 Church Street, Hamilton HM11, Bermuda。其主要營業地點為香港灣仔告士打道39號夏慤大廈24樓2室。

本公司為一間投資控股公司。本公司股份自二零零三年四月十六日起於創業板上市。

本集團之主要業務則包括從事有線數位電視業務、無線數位電視增值服務、地面無線數位電視網絡設備集成業務、研究、設計、開發及製造電子資訊安全產品、芯片，以及芯片之解決方案及相關服務。

2. 編製基準及會計政策

截至二零一四年三月三十一日止三個月之未經審核綜合財務報表乃按香港會計師公會頒佈之香港財務報告準則(「香港財務報告準則」)及創業板上市規則之適用披露規定編製。

未經審核綜合財務報表乃根據歷史成本基準編製，惟若干金融工具乃以公平值計量。編製未經審核綜合財務報表所採用之會計政策及計算方法與編製截至二零一三年十二月三十一日止年度之財務報表所採用者一致。該等未經審核綜合財務報表應與本公司截至二零一三年十二月三十一日止年度之年報一併閱讀。須於截至二零一四年十二月三十一日止財政年度強制採用之新訂會計準則、會計準則之修訂及詮釋不會對本集團構成重大影響。

未經審核綜合財務報表未經本公司核數師審核，但已經本公司之審核委員會審閱並由董事會批准刊發。

3. REVENUE

Revenue recognised by category during the three months ended 31 March 2014 are as follows:

3. 收益

截至二零一四年三月三十一日止三個月之收益分類確認如下：

		Three months ended 31 March 截至三月三十一日止三個月	
		2014 二零一四年 HK\$'000 千港元 (Unaudited) (未經審核)	2013 二零一三年 HK\$'000 千港元 (Unaudited) (未經審核)
Revenue	收益		
Digital cable television business	有線數位電視業務	18,987	57,111
Wireless digital television value-added services	無線數位電視增值服務	2,980	10,959
Encrypted integrated circuits and the derived integrated business	加密芯片及所產生之集成業務	-	7,698
Wireless digital audio products business	無線數位音頻產品業務	13	7,128
Wireless digital terrestrial television network equipment integration business	地面無線數位電視網絡設備集成業務	-	46,258
		21,980	129,154
Other income	其他收入		
Bank interest income	銀行利息收入	5	73
Gain on disposal of property, plant and equipment	出售物業、廠房及設備之收益	283	-
Other interest income	其他利息收入	-	1,028
Sundry income	雜項收入	43	-
		331	1,101

4. FINANCE COSTS

4. 融資成本

		Three months ended 31 March 截至三月三十一日止三個月	
		2014 二零一四年 HK\$'000 千港元 (Unaudited) (未經審核)	2013 二零一三年 HK\$'000 千港元 (Unaudited) (未經審核)
Interest element of finance leases	融資租約之利息	-	5
Interest on bank and other loans	銀行及其他貸款之利息	242	118
Interest on redeemable notes	可贖回票據之利息	2,868	2,219
		3,110	2,342

5. TAXATION

5. 稅項

		Three months ended 31 March 截至三月三十一日止三個月	
		2014 二零一四年 HK\$'000 千港元 (Unaudited) (未經審核)	2013 二零一三年 HK\$'000 千港元 (Unaudited) (未經審核)
Current tax:	即期稅項：		
Hong Kong	香港		
- charge for the period	- 本期間支出	-	-
PRC	中國		
- charge for the period	- 本期間支出	14	5,668
		14	5,668

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods. PRC Enterprise Income Tax is calculated at 25% of the estimated assessable profit for both periods. Pursuant to the relevant laws and regulations in the PRC, some of the Company's PRC subsidiaries are entitled to exemption from PRC income tax for the two years commencing from the first profit-making year of operation and thereafter, those subsidiaries will be entitled to a 50% relief from PRC income tax for the following three years.

香港利得稅以兩個期間之估計應課稅溢利按稅率 16.5% 計算。中國企業所得稅以兩個期間之估計應課稅溢利按稅率 25% 計算。根據中國相關法律及法規，本公司若干中國附屬公司獲豁免繳納自其首個獲利經營年度起計兩年之中國所得稅，其後該等附屬公司於隨後三年則可享中國所得稅減半優惠。

6. (LOSS)/PROFIT FOR THE PERIOD

(Loss)/Profit for the period has been arrived at after charging:

		Three months ended 31 March 截至三月三十一日止三個月	
		2014 二零一四年 HK\$'000 千港元 (Unaudited) (未經審核)	2013 二零一三年 HK\$'000 千港元 (Unaudited) (未經審核)
Cost of inventories recognised as expense	確定為開支之存貨成本	-	76,408
Depreciation	折舊	4,143	1,046
Exchange loss	匯兌虧損	-	8
Operating lease charges on office premises	辦公室物業之經營租賃費用	2,071	1,343
Research and development costs	研究及開發成本	3,833	259
Staff costs (including Directors' emoluments)	員工成本(包括董事酬金)		
- salaries and allowances	- 薪金及津貼	4,337	5,714
- pension scheme contributions	- 退休金計劃供款	426	674

7. (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share for the three months ended 31 March 2014 is calculated by dividing the consolidated loss attributable to the owners of the Company for the three months ended 31 March 2014 of HK\$14,516,000 (2013: profit HK\$26,719,000) by the weighted average number of 3,408,590,000 (2013: 3,108,590,000) ordinary shares in issue during the period.

(b) Diluted

No diluted earnings per share has been presented for the three months ended 31 March 2014 and 2013 as the exercise price of the Company's outstanding share options and warrants were higher than the average market price of the Company's shares for the period.

8. INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the three months ended 31 March 2014 (2013: Nil).

6. 期內(虧損)/溢利

期內(虧損)/溢利乃經扣除下列各項後列賬：

Three months ended 31 March
截至三月三十一日止三個月

		2014 二零一四年 HK\$'000 千港元 (Unaudited) (未經審核)	2013 二零一三年 HK\$'000 千港元 (Unaudited) (未經審核)
Cost of inventories recognised as expense	確定為開支之存貨成本	-	76,408
Depreciation	折舊	4,143	1,046
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Staff costs (including Directors' emoluments)	員工成本(包括董事酬金)		
- salaries and allowances	- 薪金及津貼	4,337	5,714
- pension scheme contributions	- 退休金計劃供款	426	674

7. 每股(虧損)/盈利

(a) 基本

截至二零一四年三月三十一日止三個月之每股基本(虧損)/盈利乃按截至二零一四年三月三十一日止三個月本公司擁有人應佔綜合虧損14,516,000港元(二零一三年：溢利26,719,000港元)除以期內已發行普通股加權平均數3,408,590,000股(二零一三年：3,108,590,000股)計算。

(b) 攤薄

由於截至二零一四年及二零一三年三月三十一日止三個月本公司尚未行使購股權及認股權證之行使價高於本公司股份之平均市價，因此期內並無呈列每股攤薄盈利。

8. 中期股息

董事會議決不宣派截至二零一四年三月三十一日止三個月之任何中期股息(二零一三年：無)。

9. SHARE CAPITAL AND RESERVES

9. 股本及儲備

		Unaudited 未經審核									
		Attributable to the owners of the Company 本公司擁有人應佔									
		Share capital	Share premium	Capital reserve	Exchange fluctuation reserve	Other reserve	Share option reserve	Retained profits/ losses (Accumulated)	Sub-total	Non-controlling interests	Total Equity
		股本	股份溢價	資本儲備	匯兌儲備	其他儲備	購股權儲備	保留溢利 / (累計虧損)	小計	非控股股東權益	權益總額
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Balance at 1 January 2013	於二零一三年一月一日之結餘	31,086	1,394,441	2,325	66,821	(79,992)	11,322	613,901	2,039,904	-	2,039,904
Recognition of share-based payments	確認以股份為基礎付款	-	-	-	-	-	817	-	817	-	817
Transfer to retained profits upon expiry of share options	於購股權屆滿後撥入保留溢利	-	-	-	-	-	(10,330)	10,330	-	-	-
Disposal of subsidiaries	出售附屬公司	-	-	-	(28,269)	-	-	-	(28,269)	-	(28,269)
Total comprehensive income for the three months ended 31 March 2013	截至二零一三年三月三十一日止三個月之全面收入總額	-	-	-	10,171	-	-	26,719	36,890	-	36,890
Balance at 31 March 2013	於二零一三年三月三十一日之結餘	31,086	1,394,441	2,325	48,723	(79,992)	1,809	650,950	2,049,342	-	2,049,342
Balance at 1 January 2014	於二零一四年一月一日之結餘	34,086	1,466,350	2,325	100,274	(79,992)	3,396	(415,328)	1,111,111	25,692	1,136,803
Recognition of share-based payments	確認以股份為基礎付款	-	-	-	-	-	417	-	417	-	417
Total comprehensive loss for the three months ended 31 March 2014	截至二零一四年三月三十一日止三個月之全面虧損總額	-	-	-	(13,300)	-	-	(14,516)	(27,816)	(663)	(28,479)
Balance at 31 March 2014	於二零一四年三月三十一日之結餘	34,086	1,466,350	2,325	86,974	(79,992)	3,813	(429,844)	1,083,712	25,029	1,108,741

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

For the three months ended 31 March 2014, the Group recorded a consolidated revenue of approximately HK\$22.0 million, representing a decrease of approximately 83% when compared to approximately HK\$129.2 million for the corresponding period in 2013.

Gross profit margin of the Group decreased from approximately 41% for the corresponding period of the last financial year to approximately 30% for the current three-month period, resulting from the change of business mix.

Other income amounted to HK\$0.3 million for the three months ended 31 March 2014, representing a decrease of about 70% when compared to approximately HK\$1.1 million for the corresponding period of the last financial year. For the three months ended 31 March 2014, other income mainly arised from the gain on disposal of fixed assets.

Other operating expenses amounted to HK\$18.8 million for the three months ended 31 March 2014, representing an increase of approximately 14% when compared to approximately HK\$16.5 million for the corresponding period of the last financial year. The increase was principally due to higher depreciation expense arising from significant construction of transmission and network equipment completed during 2013 and there was increase in the research and development cost.

The loss attributable to owners of the Company amounted to approximately HK\$14.5 million for the three months ended 31 March 2014, while profit attributable to the owners of the Company amounted to approximately HK\$26.7 million over the corresponding period in the previous financial year. Basic loss per share was approximately HK0.43 cent for the three months ended 31 March 2014, while basic earnings per share was approximately HK0.86 cent for the three months ended 31 March 2013.

As at 31 March 2014, the cash and bank balances of the Group (including the restricted bank deposits) amounted to approximately HK\$22.1 million, representing a decrease of approximately 83% when compared to that of approximately HK\$130.7 million as at 31 December 2013. As at 31 March 2014, the gearing ratio of the Group, calculated as total borrowings over total assets, was approximately 0.09 (31 December 2013: 0.06).

管理層討論及分析

財務回顧

於截至二零一四年三月三十一日止三個月，本集團錄得綜合收益約22,000,000港元，較二零一三年同期之約129,200,000港元減少約83%。

本三個月期間本集團之毛利率由上一財政年度同期之約41%減少至約30%，乃由於業務組合變動所致。

截至二零一四年三月三十一日止三個月之其他收入為300,000港元，較上一財政年度同期之約1,100,000港元減少約70%。截至二零一四年三月三十一日止三個月，其他收入主要來自出售固定資產之收益。

截至二零一四年三月三十一日止三個月之其他經營費用為18,800,000港元，較上一財政年度同期之約16,500,000港元增加約14%。此增加主要由於大量建造於二零一三年完成之傳輸及網絡設備產生之折舊費用增加所致，而研發成本亦有所增加。

截至二零一四年三月三十一日止三個月，本公司擁有人應佔虧損約為14,500,000港元，而上一財政年度同期之本公司擁有人應佔溢利則約為26,700,000港元。截至二零一四年三月三十一日止三個月之每股基本虧損約為0.43港仙，而截至二零一三年三月三十一日止三個月之每股基本盈利則約0.86港仙。

於二零一四年三月三十一日，本集團之現金及銀行結餘(包括有限制銀行存款)約為22,100,000港元，較二零一三年十二月三十一日之130,700,000港元減少約83%。於二零一四年三月三十一日，本集團之資本負債比率(總借款除以總資產)約為0.09(二零一三年十二月三十一日：0.06)。

Disposal of assets

深圳中澤明芯集團有限公司 (Shenzhen Champion Maxiumic Group Co., Limited), an indirect wholly-owned subsidiary of the Company, as vendor (the “Vendor”) and 河北廣電網絡投資有限公司 (Hebei Guangdian Network Investment Limited) as purchaser (the “Purchaser”) entered into a conditional termination agreement on 31 December 2013 (the “Termination Agreement”) for the sale and purchase of the telecommunication equipment in relation to digital cable television broadcasting network and the termination of the cooperation agreement (the “Cooperation Agreement”) (being the business cooperation agreement dated 26 November 2010 made between the Vendor and 河北廣電信息網絡集團股份有限公司 (Hebei Television Broadcasts and Information Network Group Co., Ltd) (“Hebei TV”) together with the subsequent subsidiary contracts made between the Vendor and the Purchaser (which performed the Cooperation Agreement for Hebei TV) with detailed terms on the technical cooperation and the construction and operation of the networks between the parties). The Termination Agreement and the transactions contemplated thereunder had been approved by the shareholders of the Company at the special general meeting held on 10 March 2014 and the completion of which has not yet taken place as at the date of this report. Details of the Termination Agreement were set out in the circular of the Company dated 21 February 2014.

Possible acquisition

On 17 January 2014, the Company entered into a letter of intent with an independent third party pursuant to which the Company intended to acquire the entire equity interest of 山西經作蓖麻科技有限公司 (Shanxi Jingzuo Bima Technology Limited*) (the “Target Company”), a company incorporated in the People’s Republic of China (the “PRC”) and principally engaged in research and development on the application technologies and genetic engineering of castor seeds, manufacturing and selling of castor seed, castor oil and other related products such as biodiesel, Nylon 11 plastics, lubricants and so on (the “Possible Acquisition”). As at the date of this report, the Company has been conducting due diligence exercise on the Target Company and its business and affairs and no formal agreement in relation to the Possible Acquisition has been entered into.

Details of the Possible Acquisition were disclosed in the Company’s announcement dated 17 January 2014.

出售資產

於二零一三年十二月三十一日，本公司之間接全資附屬公司深圳中澤明芯集團有限公司（作為賣方（「賣方」））與河北廣電網絡投資有限公司（作為買方（「買方」））就買賣有線數位電視廣播網絡之電訊設備訂立有條件終止協議（「終止協議」），及終止合作協議（「合作協議」）（即賣方與河北廣電信息網絡集團股份有限公司（「河北廣電」）所訂立日期為二零一零年十一月二十六日之業務合作協議，連同賣方與買方（已為河北廣電履行合作協議）其後所訂立之附屬合約，以訂明訂約方之技術合作及網絡之建設及營運之詳細條款）。終止協議及其項下擬進行之交易已於二零一四年三月十日舉行之股東特別大會上獲本公司股東批准，而於本報告日期，有關交易尚未完成。有關終止協議之詳情載於本公司日期為二零一四年二月二十一日之通函。

可能收購事項

於二零一四年一月十七日，本公司與獨立第三方訂立意向書，據此，本公司擬收購山西經作蓖麻科技有限公司（「目標公司」）（一間於中華人民共和國（「中國」）註冊成立之公司）之全部股權，其主要從事研發蓖麻籽應用技術及基因工程、生產及銷售蓖麻籽、蓖麻油及其他有關產品，例如生物柴油、尼龍11塑料、潤滑油等（「可能收購事項」）。於本報告日期，本公司已對目標公司及其業務及事務進行盡職審查，且並無就有關可能收購事項訂立任何正式協議。

有關可能收購事項之詳情披露於本公司日期為二零一四年一月十七日之公告。

Business review

The Group recorded a net loss for the three months ended 31 March 2014 as compared to a net profit recorded in the corresponding period in 2013. The net loss was principally due to the drop in the Group's revenue mainly for the reasons of (a) no revenue contribution from the Group's wireless digital terrestrial television network equipment integration business segment following the disposal of Magic Golden Limited, an indirect wholly-owned subsidiary of the Company, and its subsidiaries included 北京中廣視通科技有限公司 (Beijing Zhongguang Shitong Technology Co., Ltd.) in January 2013; and (b) the significant decrease in revenue contribution from the Group's digital cable television business segment as a result of the disposal of the telecommunication equipment in relation to digital cable television broadcasting network (the "Assets") in three tranches pursuant to the terms and conditions of the Termination Agreement. As at the date of this report, the disposal of the Assets has not yet been completed.

There was no indication of further impairments on assets during the quarter ended 31 March 2014 and the carrying amounts of assets were fairly stated.

(i) Digital cable television business

The Group has a significant drop in revenue for its network construction project in the integration of the three networks and greater than expected revenue for the digital cable television operational business in rural areas. The revenue in the three months ended 31 March 2014 amounted to approximately HK\$19.0 million (2013: HK\$57.1 million) (around 86% (2013: 44%) of the total revenue of the Group).

The significant decrease in revenue contribution from this segment was as a result of the disposal of the Assets in three tranches pursuant to the Termination Agreement where no revenue was generated in the first quarter of 2014.

(ii) Wireless digital television value-added services

Revenue for the three months ended 31 March 2014 amounted to approximately HK\$3 million (2013: HK\$10.9 million) or around 14% (2013: 8%) of the total revenue. The Group has signed contracts on wireless mobile digital television operation in Hebei province, which includes operation for value-added businesses such as 6,000 advertising display panels in public areas.

業務回顧

本集團截至二零一四年三月三十一日止三個月錄得虧損淨額，相比二零一三年同期則錄得淨溢利。虧損淨額乃主要由於本集團之收益減少所致，主要原因是(a)於二零一三年一月出售本公司間接全資附屬公司 Magic Golden Limited 及其附屬公司(包括北京中廣視通科技有限公司)後，並無來自本集團地面無線數位電視網絡設備集成業務分部的收益貢獻；及(b)由於根據終止協議之條款及條件分三期完成出售有線數位電視網絡之電訊設備(「資產」)，以致本集團有線數位電視業務分部的收益貢獻顯著下降。於本報告日期，資產出售尚未完成。

資產於截至二零一四年三月三十一日止季度並無進一步減值之跡象，資產之賬面值則大致持平。

(i) 有線數位電視業務

本集團之網絡建設項目於三網融合方面之收益出現顯著下滑，而農村地區之有線數位電視經營業務取得之收益則超出預期。截至二零一四年三月三十一日止三個月之收益約為 19,000,000 港元(二零一三年：57,100,000 港元)(佔本集團總收益約 86%(二零一三年：44%))。

由於根據終止協議分三期完成出售資產，以致本分部之收益貢獻顯著下降。本分部於二零一四年第一季度並無產生收益。

(ii) 無線數位電視增值服務

截至二零一四年三月三十一日止三個月之收益約為 3,000,000 港元(二零一三年：10,900,000 港元)或佔總收益約 14%(二零一三年：8%)。本集團在河北省簽約了無線移動數位電視運營協議，包含 6,000 塊公共廣告顯示屏等增值業務之經營。

(iii) Encrypted integrated circuits and the derived integrated business

There was no revenue for the three months ended 31 March 2014 generated from the encrypted integrated circuits and the derived integrated business and the related technical services. Revenue for the three months ended 31 March 2013 generated from the same segment amounted to approximately HK\$7.7 million or approximately 6% of the total revenue. During the first quarter ended 31 March 2014, the revenue from software sales and technical solution provision of this segment was materially affected due to less market demands and development cycle issues.

(iv) Wireless digital audio products business

The revenue for the three months ended 31 March 2014 generated from the wireless digital audio products business and the related technical services amounted to approximately HK\$13,000 (2013: HK\$7.1 million) or approximately 0.1% (2013: 6%) of the total revenue. During the first quarter of 2014, the demand from both domestic and overseas markets was mediocre.

(v) Wireless digital terrestrial TV network equipment integration business

No revenue for the three months ended 31 March 2014 was generated from wireless digital terrestrial TV network equipment integration business as a result of the disposal of Magic Golden Limited and its subsidiaries in January 2013.

Approximately HK\$46.3 million or around 36% of the total revenue of the Group in the three months ended 31 March 2013 was derived from the trading of the wireless digital terrestrial television related products.

Prospects

The Group will continue to engage in full-scale basic television broadcasting business, television broadcasting value-added business and wireless television broadcasting business as well as satellite business according to the characteristics of the broadcasting television subscribers in different regions in mainland China.

(iii) 加密芯片及所產生之集成業務

加密芯片及所產生之集成業務及相關技術服務於截至二零一四年三月三十一日止三個月並無產生收益。該相同分部於截至二零一三年三月三十一日止三個月產生之收益約為7,700,000港元或佔總收益約6%。截至二零一四年三月三十一日止第一季度，該分部軟件銷售及提供技術解決方案之收益，由於市場需求減少及開發週期問題而受到嚴重影響。

(iv) 無線數位音頻產品業務

截至二零一四年三月三十一日止三個月，來自無線數位音頻產品業務及相關技術服務之收益約為13,000港元(二零一三年：7,100,000港元)或佔總收益約0.1%(二零一三年：6%)。於二零一四年第一季度，國內外需求一般。

(v) 地面無線數位電視網絡設備集成業務

地面無線數位電視網絡設備集成業務於截至二零一四年三月三十一日止三個月並無產生收益。此乃由於於二零一三年一月出售 Magic Golden Limited 及其附屬公司所致。

截至二零一三年三月三十一日止三個月，來自買賣地面無線數位電視相關產品之收益約為46,300,000港元或佔本集團之總收益約36%。

前景

本集團將繼續根據中國內地不同區域廣電用戶之特點，進行廣電基礎業務、廣電增值業務、廣電無線業務乃至衛星業務之全面運營。

Certain companies of the Group are recognized as National High and New Tech Enterprises and therefore are entitled to favorable tax policy applicable to National High and New Tech Enterprises. Shenzhen Champion Maxiumic Group Co., Limited, a wholly-owned subsidiary of the Group, obtained two software certifications and has become a software enterprise in Shenzhen. Beijing Champion Maxiumic Technology Co., Ltd., a wholly-owned subsidiary of Shenzhen Champion Maxiumic Group Co., Limited, also obtained two software certifications and therefore is entitled to favorable tax policy applicable to software enterprises.

In year 2014, the Company will further consolidate and serve its contracted broadcasting television subscribers, and build a foundation for achieving the overall objectives of development of the Company. More importantly, the Company will seek cooperation opportunities in new provinces while sharply expand its business in the provinces in which cooperation has been established, so as to create more promising profit growth and long-term value for the Company.

For better utilizing the limited resources, the Group started investing its resources in the acquisition of new business in 2nd half of 2013, namely 中礦京資投資有限公司 (Zhong Kuang Jing Zi Investment Co., Ltd.) (details of the acquisition were set out in the Company's announcement dated 22 July 2013) and 雲南迪慶泰安礦業有限公司 (Yunnan Diqing Taian Mining Co., Ltd.) ("Yunnan Diqing") (details of the acquisition were set out in the Company's announcement dated 26 September 2013). Up to the date of this report, the acquisition of Yunnan Diqing has not been completed. The Directors opined that this could diversify the investments risk and also expect the new businesses could maximize the Group's revenue and profit in future. The Group will continue to explore new business and investment opportunities to establish new profit drivers and it is believed that the new businesses will enhance the shareholders' value of the Group.

SUBSEQUENT EVENT – SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 7 May 2014, the Company entered into a conditional subscription agreement with an independent third party (the "Subscriber"). Pursuant to the subscription agreement, the Subscriber has conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue a total of 50,000,000 new shares ("Subscription Shares") at a price of HK\$0.25 per Subscription Share (the "Subscription").

The completion of which has not yet taken place as at the date of this report. Details of the Subscription were set out in the announcement of the Company dated 7 May 2014.

集團公司已獲得了國家高新企業資質，享受國家高新企業稅收優惠政策。深圳中澤明芯集團有限公司(本集團之全資附屬公司)已通過雙軟認證，獲得深圳市軟件企業。深圳中澤明芯集團有限公司的全資附屬公司北京中澤明芯科技有限公司也獲得了雙軟企業資質，享受軟件企業稅收優惠政策。

二零一四年將是本公司將進一步鞏固和建設運營好已經簽約的廣電用戶，為完成本公司的總體發展目標奠定基礎，更重要的是將在新的省份獲得一些合作機會，已合作的省份的業務也將進行一個大的擴展，為本公司帶來較好的利潤增長和長遠價值。

為更好利用有限之資源，本集團於二零一三年下半年開始投資收購新業務，即中礦京資投資有限公司(收購事項詳情載於本公司日期為二零一三年七月二十二日之公告)及雲南迪慶泰安礦業有限公司(「雲南迪慶」)(收購事項詳情載於本公司日期為二零一三年九月二十六日之公告)。截至本報告日期，雲南迪慶之收購事項尚未完成。董事認為此舉將分散投資風險，並預期新業務將增加本集團未來收益及溢利。本集團將繼續開拓新業務及投資商機，建立新的溢利增長點。本集團相信，新業務將提升本集團之股東價值。

其後事項 — 根據一般授權認購新股份

於二零一四年五月七日，本公司與一名獨立第三方(「認購人」)訂立有條件認購協議。根據認購協議，認購人有條件同意認購，而本公司有條件同意按每股認購股份0.25港元之價格配發及發行合共50,000,000股新股份(「認購股份」)(「認購事項」)。

於本報告日期，認購事項尚未完成。有關認購事項之詳情載於本公司日期為二零一四年五月七日之公告。

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 March 2014, the interests and short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or pursuant to Rules 5.46 of the GEM Listing Rules relating to securities transactions by Directors, to be notified to the Company and the Stock Exchange were as follows:

Interests and short positions in shares, underlying shares and debentures of the Company

Name	Capacity	Long position/ short position	Number of ordinary shares held 持有之 普通股數目	Approximate percentage of the issued share capital of the Company 佔本公司已發行股本 之概約百分比
名稱	身份	好倉／淡倉		
Mr. Xiao Yan 肖彥先生	Beneficial owner 實益擁有人	Long position 好倉	2,273,334	0.07%
Mr. Qiu Bin 仇斌先生	Beneficial owner 實益擁有人	Long position 好倉	2,408,000	0.07%

Save as disclosed above, none of the Directors and chief executives of the Company had any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules as at 31 March 2014, and at no time during the three months ended 31 March 2014 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors and chief executives of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or its associated corporation.

董事及主要行政人員於本公司或任何相聯法團之股份、相關股份及債權證之權益及淡倉

於二零一四年三月三十一日，本公司董事及主要行政人員於本公司或其任何相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）之股份、相關股份及債權證中，擁有根據證券及期貨條例第XV部第7及第8分部規定須知會本公司及聯交所之權益及淡倉（包括彼等根據證券及期貨條例有關條文被當作或視為擁有之權益及淡倉）；或根據證券及期貨條例第352條須記錄於該條所述登記冊內之權益及淡倉；或根據有關董事進行證券交易之創業板上市規則第5.46條須知會本公司及聯交所之權益及淡倉如下：

於本公司之股份、相關股份及債權證之權益及淡倉

除上文所披露者外，本公司董事及主要行政人員於二零一四年三月三十一日概無於本公司及其相聯法團之股份、相關股份及債權證中擁有任何本公司根據證券及期貨條例第352條存置之登記冊所記錄之權益及淡倉，或根據創業板上市規則第5.46條所述董事進行交易之規定準則須知會本公司及聯交所之權益及淡倉，且本公司或其任何附屬公司於截至二零一四年三月三十一日止三個月內任何時間概無訂立任何安排，致使本公司董事及主要行政人員可藉收購本公司或其相聯法團之股份或債權證而獲得利益。

SUBSTANTIAL SHAREHOLDERS/OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 March 2014, the register of substantial shareholders/other persons maintained by the Company under Section 336 of the SFO showed that the following shareholders had notified the Company of relevant interests in the Company's issued share capital:

Long positions in the shares of the Company

Name of shareholder 股東名稱	Number or attributable number of shares held 持有之股份數目或應佔數目	Type of interests 權益類別	Approximate percentage of the issued share capital of the Company 佔本公司已發行股本之概約百分比
Choi Chung Lam ("Mr. Choi") (Note) 蔡忠林(「蔡先生」)(附註)	623,542,451	Interest in controlled corporation 受控法團權益	18.29%
Team Effort Investments Limited ("Team Effort") (Note) ("Team Effort")(附註)	623,542,451	Beneficial owner 實益擁有人	18.29%
Yang Kui 楊魁	200,000,000	Beneficial owner 實益擁有人	5.87%

Note: Mr. Choi is the legal and beneficial owner of the entire issued share capital of Team Effort. Hence, Mr. Choi is deemed to be interested in 623,542,451 shares through the shareholding interest of Team Effort in the Company.

主要股東／其他人士於本公司之股份及相關股份之權益及淡倉

於二零一四年三月三十一日，本公司根據證券及期貨條例第336條存置之主要股東／其他人士之登記冊顯示，下列股東已知會本公司其於本公司已發行股本中之有關權益：

於本公司股份之好倉

附註：蔡先生為Team Effort全部已發行股本之合法實益擁有人。因此，蔡先生被視為透過Team Effort於本公司之股權擁有623,542,451股股份之權益。

Save as disclosed above, as at 31 March 2014, the Directors were not aware that there was any person (not being a Director or chief executive of the Company) who had, or was deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and was recorded in the register kept by the Company pursuant to section 336 of the SFO.

除上文所披露者外，於二零一四年三月三十一日，董事概不知悉有任何人士（並非本公司董事或主要行政人員）於本公司之股份或相關股份中擁有或被視為擁有根據證券及期貨條例第XV部第2及第3分部之條文須向本公司披露及按本公司根據證券及期貨條例第336條須予存置登記冊所記錄之權益或淡倉。

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors, the management shareholders of the Company nor any of their associates (as defined in the GEM Listing Rules) had an interest in a business, which competes or may compete with the business of the Group, or has any other conflict of interests with the Group.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") with written terms of reference in compliance with the GEM Listing Rules. As at the date of this report, the Audit Committee comprises three independent non-executive Directors, namely Mr. Leung Wo Ping JP (Chairman), Mr. Dong Shi and Mr. Hu Dingdong. The Audit Committee has reviewed the unaudited consolidated results of the Group for the three months ended 31 March 2014.

The duties of the Audit Committee include reviewing the Group's annual reports and accounts, half-yearly reports and quarterly reports, and providing advice and comments thereon to the Board. The Audit Committee is also responsible for reviewing and supervising the financial reporting process and internal control procedures of the Company, and to review the appointment of external auditor on an annual basis as well as to ensure independence of the continuing auditor.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its code of conduct for securities transactions by Directors throughout the three months ended 31 March 2014. Having made specific enquiry of all Directors, the Company was not aware of any non-compliance with the required standard of dealings regarding securities transactions by Directors during the three months ended 31 March 2014.

董事於競爭業務之權益

本公司董事、管理層股東或彼等之任何聯繫人(定義見創業板上市規則)概無於與本集團業務出現或可能出現競爭或與本集團有任何其他利益衝突之業務中擁有權益。

審核委員會

本公司已遵照創業板上市規則成立具明文職權範圍之審核委員會(「審核委員會」)。於本報告日期，審核委員會由三位獨立非執行董事組成，即梁和平先生，太平紳士(主席)、董石先生及胡定東先生。審核委員會已審閱本集團截至二零一四年三月三十一日止三個月之未經審核綜合業績。

審核委員會之職責包括審閱本集團年報及賬目、半年報告及季度報告，並就此向董事會提供建議及意見。審核委員會亦負責檢討及監督本公司之財務申報程序及內部控制制度，以及按年度基準檢討外聘核數師之委任及確保繼任核數師之獨立性。

董事進行證券交易之操守準則

於截至二零一四年三月三十一日止三個月內，本公司已採納創業板上市規則第5.48至5.67條所規定之交易必守標準作為其董事進行證券交易之操守準則。本公司經向全體董事作出具體查詢後，得悉截至二零一四年三月三十一日止三個月內，並無任何違反有關董事進行證券交易之交易必守標準之事宜。

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the three months ended 31 March 2014.

By Order of the Board
Heng Xin China Holdings Limited
Xiao Yan
Chief Executive Officer

Hong Kong, 13 May 2014

As at the date of this report, the Board comprises Mr. Xiao Yan (Chief Executive Officer), Mr. Qiu Bin and Mr. Li Tao as executive Directors; Mr. Xu Lei as non-executive Director; and Mr. Leung Wo Ping JP, Mr. Dong Shi and Mr. Hu Dingdong as independent non-executive Directors.

購買、出售或贖回本公司之上市證券

截至二零一四年三月三十一日止三個月，本公司或其任何附屬公司並無購買、出售或贖回本公司之任何上市證券。

承董事會命
恒芯中國控股有限公司
行政總裁
肖彥

香港，二零一四年五月十三日

於本報告日期，董事會由執行董事肖彥先生（行政總裁）、仇斌先生及李濤先生；非執行董事徐雷先生；及獨立非執行董事梁和平先生，太平紳士、董石先生及胡定東先生組成。



Heng Xin China Holdings Limited
恒芯中國控股有限公司

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