

2014

Third Quarterly Report
第三季業績報告



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”)

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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 and nine months ended 30 September 2014, together with the comparative unaudited figures for the corresponding periods 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」)截至二零一四年九月三十日止三個月及九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。

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the nine months ended 30 September 2014

簡明綜合損益表

截至二零一四年九月三十日止九個月

		Notes 附註	Three months ended 30 September 截至九月三十日 止三個月		Nine months ended 30 September 截至九月三十日 止九個月	
			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)	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	3	5,199	48,714	57,556	245,525
Cost of sales	銷售成本		(15,934)	(29,594)	(52,341)	(150,382)
Gross (loss)/profit	(毛虧)/毛利		(10,735)	19,120	5,215	95,143
Other income	其他收入	3	101	2,317	667	3,432
Selling and marketing expenses	銷售及市場推廣開支		(184)	(1,821)	(260)	(6,981)
Other operating expenses	其他經營費用		(23,790)	(16,649)	(67,330)	(49,418)
Finance costs	融資成本	4	(2,867)	(2,783)	(8,841)	(7,517)
Share of loss of associate	分佔聯營公司虧損		(183)	-	(430)	-
(Loss)/profit before taxation	除稅前(虧損)/溢利	5	(37,658)	184	(70,979)	34,659
Taxation	稅項	6	(21)	(5,734)	(377)	(18,347)
(Loss)/profit for the period	期內(虧損)/溢利		(37,679)	(5,550)	(71,356)	16,312
(Loss)/profit attributable to:	以下人士應佔(虧損)/溢利:					
Owners of the Company	本公司擁有人		(35,600)	(5,436)	(68,111)	16,426
Non-controlling interests	非控股股東權益		(2,079)	(114)	(3,245)	(114)
			(37,679)	(5,550)	(71,356)	16,312
(Loss)/earnings per share	每股(虧損)/盈利	7				
- basic and diluted	- 基本及攤薄		(1.03) cents 仙	(0.16) cent 仙	(1.98) cents 仙	0.52 cent 仙
Dividends	股息	8	-	-	-	-

CONDENSED CONSOLIDATED STATEMENT OF
OTHER COMPREHENSIVE INCOME

For the nine months ended 30 September 2014

簡明綜合其他全面收入表

截至二零一四年九月三十日止九個月

		Three months ended 30 September 截至九月三十日 止三個月		Nine months ended 30 September 截至九月三十日 止九個月	
		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)	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 for the period	期內(虧損)/溢利	(37,679)	(5,550)	(71,356)	16,312
Other comprehensive (loss)/income:	其他全面(虧損)/收入:				
Items that may be reclassified subsequently to profit or loss:	其後可能重新分類至損益之項目:				
Exchange differences on translating foreign operations	換算海外業務之匯兌差額	3,358	7,582	(12,997)	36,900
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	期內全面(虧損)/收入總額	(34,321)	2,032	(84,353)	53,212
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	(32,242)	2,195	(81,108)	53,375
Non-controlling interests	非控股股東權益	(2,079)	(163)	(3,245)	(163)
		(34,321)	2,032	(84,353)	53,212

Notes:

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in Bermuda. The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, 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 of the Stock Exchange since 16 April 2003.

The principal activities of the Group are engaged in digital cable television business, wireless digital terrestrial television network equipment integrated business, wireless digital television value-added services, 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 nine months ended 30 September 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 the financial instruments, which are measured at fair value. 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 HM 11, Bermuda，而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聯交所創業板上市。

本集團之主要業務則包括從事有線數字電視業務、地面無線數字電視網絡設備集成業務、無線數字電視增值服務、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

截至二零一四年九月三十日止九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」)及創業板上規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 and nine months ended 30 September 2014 are as follows:

3. 收益

截至二零一四年九月三十日止三個月及九個月之收益分類確認如下：

		Three months ended 30 September 截至九月三十日 止三個月		Nine months ended 30 September 截至九月三十日 止九個月	
		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)	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	有線數字電視業務	2,213	35,692	40,228	125,724
Wireless digital television value-added services	無線數字電視增值服務	2,986	6,889	8,921	40,023
Encrypted integrated circuits	加密芯片	-	695	8,394	12,592
Wireless digital audio integrated circuits	無線數字音頻芯片	-	5,243	13	20,432
Wireless digital terrestrial television network equipment integration	地面無線數字電視網絡設備集成	-	195	-	46,754
		5,199	48,714	57,556	245,525
Other income	其他收入				
Bank interest income	銀行利息收入	1	9	29	96
Gain on disposal of property, plant and equipment	出售物業、廠房及設備之收益	85	-	368	-
Sundry income	雜項收入	15	2,308	270	3,336
		101	2,317	667	3,432

4. FINANCE COSTS

4. 融資成本

	Three months ended 30 September 截至九月三十日 止三個月		Nine months ended 30 September 截至九月三十日 止九個月	
	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)	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	-	1	-	9
Interest on bank loans and other loans 銀行貸款及其他貸款之利息	-	514	271	776
Interest on redeemable notes 可贖回票據之利息	2,867	2,268	8,570	6,732
	2,867	2,783	8,841	7,517

5. (LOSS)/PROFIT BEFORE TAXATION

5. 除稅前(虧損)/溢利

The Group's (loss)/profit before taxation is arrived at after (crediting)/charging:

本集團除稅前(虧損)/溢利乃經(抵免)/扣除下列各項後列賬：

	Three months ended 30 September 截至九月三十日 止三個月		Nine months ended 30 September 截至九月三十日 止九個月	
	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)	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	-	24,673	-	145,083
Depreciation 折舊	4,325	1,042	14,141	3,252
Exchange loss 匯兌虧損	-	85	-	93
Net loss/(gain) on disposal of a subsidiary 出售一間附屬公司之 虧損/(收益)淨額	-	6	-	(897)
Research and development costs 研究及開發成本	5,123	106	14,920	625
Staff costs (including Directors' emoluments) 員工成本(包括董事酬金)				
- salaries and allowances - 薪金及津貼	3,644	4,902	11,783	15,961
- pension scheme contributions - 退休金計劃供款	601	628	1,342	1,565
- share based payment expenses - 以股份支付款項 開支	-	-	-	241

6. TAXATION

6. 稅項

		Three months ended 30 September 截至九月三十日 止三個月		Nine months ended 30 September 截至九月三十日 止九個月	
		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)	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	-	-	-	-
- PRC Enterprise Income Tax	- 中國企業所得稅	21	5,733	377	18,206
Under/(over) provision in prior year:	過往年度不足/(超額)撥備：				
- PRC Enterprise Income Tax	- 中國企業所得稅	-	1	-	141
		21	5,734	377	18,347

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自其首個獲利經營年度起計兩年繳納中國所得稅，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。

7. (LOSS)/EARNINGS PER SHARE

7. 每股(虧損)/盈利

(a) Basic

(a) 基本

Basic loss per share for the three months ended 30 September 2014 is calculated by dividing the consolidated loss attributable to the owners of the Company for the three months ended 30 September 2014 of HK\$35,600,000 (2013: loss of HK\$5,436,000) by the weighted average number of 3,458,590,000 (2013: 3,301,924,000) ordinary shares in issue during the period.

截至二零一四年九月三十日止三個月之每股基本虧損乃按截至二零一四年九月三十日止三個月本公司擁有人應佔綜合虧損 35,600,000 港元(二零一三年：虧損 5,436,000 港元)除以期內已發行普通股加權平均數 3,458,590,000 股(二零一三年：3,301,924,000 股)計算。

Basic loss per share for the nine months ended 30 September 2014 is calculated by dividing the consolidated loss attributable to the owners of the Company for the nine months ended 30 September 2014 of HK\$68,111,000 (2013: profit of HK\$16,426,000) by the weighted average number of 3,442,107,000 (2013: 3,183,315,000) ordinary shares in issue during the period.

截至二零一四年九月三十日止九個月之每股基本虧損乃按截至二零一四年九月三十日止九個月本公司擁有人應佔綜合虧損 68,111,000 港元(二零一三年：盈利 16,426,000 港元)除以期內已發行普通股加權平均數 3,442,107,000 股(二零一三年：3,183,315,000 股)計算。

7. (LOSS)/EARNINGS PER SHARE (Continued)

(b) Diluted

No diluted (loss)/earnings per share is presented for the three months and nine months ended 30 September 2014 and 2013 as the exercise prices of the Company's outstanding share options and warrants were higher than the average market price of the Company's shares for the periods.

8. INTERIM DIVIDEND

The Board does not declare the payment of an interim dividend for the nine months ended 30 September 2014 (2013: Nil).

7. 每股(虧損)/盈利(續)

(b) 攤薄

由於截至二零一四年以及二零一三年九月三十日止三個月及九個月，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(虧損)/盈利。

8. 中期股息

董事會不宣派截至二零一四年九月三十日止九個月之中期股息(二零一三年：無)。

9. RESERVES

9. 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	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	小計	股東權益 非控股	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 (audited)	於二零一三年 一月一日之結餘 (經審核)	31,086	1,394,441	2,325	66,821	(79,992)	11,322	613,901	2,039,904	-	2,039,904
Issue of new shares	發行新股份	3,000	72,000	-	-	-	-	-	75,000	-	75,000
Share issue expenses	發行股份開支	-	(91)	-	-	-	-	-	(91)	-	(91)
Recognition of share-based payments	確認以股份為 基礎付款	-	-	-	-	-	1,987	-	1,987	-	1,987
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	-	-	0
Acquisition of subsidiary	收購附屬公司	-	-	-	-	-	-	-	-	25,620	25,620
Disposal of subsidiaries	出售附屬公司	-	-	-	(29,034)	-	-	-	(29,034)	-	(29,034)
Total comprehensive income for the nine months ended 30 September 2013	截至二零一三年 九月三十日止九個月 之全面收入總額	-	-	-	36,949	-	-	16,426	53,375	(163)	53,212
Balance at 30 September 2013 (unaudited)	於二零一三年 九月三十日之結餘 (未經審核)	34,086	1,466,350	2,325	74,736	(79,992)	2,979	640,657	2,141,141	25,457	2,166,598
Balance at 1 January 2014 (audited)	於二零一四年 一月一日之結餘 (經審核)	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	-	-	-	-	-	1,248	-	1,248	-	1,248
Issue of new shares	發行新股份	500	12,000	-	-	-	-	-	12,500	-	12,500
Total comprehensive loss for the nine months ended 30 September 2014	截至二零一四年 九月三十日 止九個月之 全面虧損總額	-	-	-	(12,997)	-	-	(68,111)	(81,108)	(3,245)	(84,353)
Balance at 30 September 2014 (unaudited)	於二零一四年 九月三十日之結餘 (未經審核)	34,586	1,478,350	2,325	87,277	(79,992)	4,644	(483,439)	1,043,751	22,447	1,066,198

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

For the nine months ended 30 September 2014, the Group recorded a consolidated revenue of approximately HK\$57.6 million, representing a decrease of approximately 76.6% when compared to approximately HK\$245.5 million for the corresponding period in the last year. Revenue for the three months ended 30 September 2014 amounted to approximately HK\$5.2 million, representing a decrease of approximately 89.3% when compared to HK\$48.7 million of the preceding quarter.

Gross profit margin of the Group for the period was approximately 9.1%, representing a decrease by 29.7% from approximately 38.8% of the corresponding period of last year, resulting from the change of business mix.

Other income amounted to approximately HK\$0.7 million, compared to approximately HK\$3.4 million for the corresponding period in the last year. For the nine months ended 30 September 2014, other income mainly arised from the gain on disposal of fixed assets.

Other operating expenses amounted to approximately HK\$67.3 million for the nine months ended 30 September 2014, representing an increase of 36.2% when compared to HK\$49.4 million for the nine months ended 30 September 2013. 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 research and development costs.

Finance costs amounted to approximately HK\$8.8 million, of which approximately HK\$8.6 million represents interest on redeemable notes.

The loss attributable to the owners of the Company amounted to approximately HK\$68.1 million for the nine months ended 30 September 2014 while the profit attributable to the owners of the Company amounted to approximately HK\$16.4 million in the corresponding period in the previous financial year.

Basic loss per share for the nine months ended 30 September 2014 was approximately HK1.98 cents, while basic earnings per share was approximately HK0.52 cent for the corresponding period of the last year.

管理層討論及分析

財務回顧

於截至二零一四年九月三十日止九個月，本集團錄得綜合收益約57,600,000港元，較去年同期之約245,500,000港元減少約76.6%。截至二零一四年九月三十日止三個月之收益約為5,200,000港元，較上一季度之48,700,000港元減少約89.3%。

本期間本集團之毛利率約為9.1%，較去年同期約38.8%減少29.7%，乃由於業務組合變動所致。

其他收入約為700,000港元，上一年度同期則約為3,400,000港元。截至二零一四年九月三十日止九個月之其他收入主要來自出售固定資產之收益。

截至二零一四年九月三十日止九個月之其他經營費用約為67,300,000港元，較截至二零一三年九月三十日止九個月之49,400,000港元增加36.2%。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。

融資成本約為8,800,000港元，其中約8,600,000港元為可贖回票據之利息。

截至二零一四年九月三十日止九個月，本公司擁有人應佔虧損約為68,100,000港元，而上一財政年度同期本公司擁有人應佔溢利則約為16,400,000港元。

截至二零一四年九月三十日止九個月之每股基本虧損約為1.98港仙，而去年同期每股基本盈利則約為0.52港仙。

Acquisition of shares

On 15 July 2014, 深圳中澤明芯集團有限公司 (Shenzhen Champion Maxiumic Group Co., Limited) (formerly known as 深圳中澤明芯科技有限公司 (Shenzhen Champion Maxiumic Technologies Co., Limited)) (“**Shenzhen Champion**”), an indirect wholly-owned subsidiary of the Company, and 北京華視星源科技有限公司 (Beijing Huashi Xinyuan Technology Limited) (“**Beijing Huashi**”) entered into the share purchase agreement, pursuant to which Beijing Huashi as vendor agreed to transfer 100% equity interests in 北京亞澳博視技術有限公司 (Beijing Yaa Boshi Technology Limited) (“**Beijing Yaa Boshi**”) to Shenzhen Champion as purchaser at a consideration of RMB80 million (equivalent to approximately HK\$100 million) which will be applied to offset the accounts receivable in the sum of RMB176,695,000 (or approximately HK\$220,869,000) due from Beijing Huashi to Shenzhen Champion, representing the sum that Shenzhen Champion is entitled to share out of the revenue generated from television subscription arrangement in Hebei under the project development cooperation agreement dated 1 November 2011 and made between Shenzhen Champion and Beijing Huashi governing the construction and operation of the television networks, subscription of television channels and sharing of operating revenue between Shenzhen Champion and Beijing Huashi in Xinji, Dongguang and Qing County in Hebei Province (the “**Share Acquisition**”). Beijing Yaa Boshi was incorporated in the People’s Republic of China (the “**PRC**”) on 5 February 2004 with a paid-up registered capital of RMB5 million and is principally engaged in (i) processing radio and television broadcasting equipment, telecommunication equipment; (ii) high-technology products’ technology development, transfer, service, consulting and training; and (iii) selling machinery equipment, electrical equipment and instruments. Further details of the Share Acquisition was set out in the Company’s announcement dated 15 July 2014. The Share Acquisition was completed on 20 August 2014, which Beijing Yaa Boshi has become an indirect wholly-owned subsidiary of the Company and its financial results have been consolidated into the Group’s financial results.

收購股份

於二零一四年七月十五日，本公司之間接全資附屬公司深圳中澤明芯集團有限公司（前稱深圳中澤明芯科技有限公司）（「深圳中澤」）與北京華視星源科技有限公司（「北京華視」）訂立股份購買協議，據此，北京華視（作為賣方）同意向深圳中澤（作為買方）轉讓北京亞澳博視技術有限公司（「北京亞澳博視」）之全部權益，代價為人民幣80,000,000元（相當於約100,000,000港元），用於抵銷北京華視應付深圳中澤之應收賬款人民幣176,695,000元（或約220,869,000港元），該等款項為深圳中澤根據深圳中澤與北京華視訂立之日期為二零一一年十一月一日之項目發展合作協議（以規管於河北省辛集、東光及青縣之電視網絡興建與營運、電視頻道訂購及深圳中澤與北京華視之營運收入分成）有權享有之河北電視訂購安排所產生之收益分成（「股份收購」）。北京亞澳博視於二零零四年二月五日於中華人民共和國（「中國」）註冊成立，其繳足註冊股本為人民幣5,000,000元，主要從事(i)廣播及電視廣播設備、通訊設備加工；(ii)高科技產品之技術開發、轉讓、服務、諮詢及培訓；及(iii)機械設備、電器設備及儀器銷售。有關股份收購之進一步詳情載於本公司日期為二零一四年七月十五日之公告。股份收購已於二零一四年八月二十日完成，北京亞澳博視已成為本公司之間接全資附屬公司，其財務業績已於本集團之財務業績綜合入賬。

Business review

Affected by the overall weak domestic economy, the results of the business of the Group in the third quarter dropped.

(i) Digital cable television business

Revenue for the nine months ended 30 September 2014 amounted to approximately HK\$40.2 million (2013: HK\$125.7 million) or 70% (2013: 51%) of the total revenue. The drop of revenue in this segment was mainly due to the termination of cooperation agreement with Hebei Television Broadcasts and Information Network Group Co., Ltd.

(ii) Wireless digital television value-added services business

Revenue for the nine months ended 30 September 2014 amounted to approximately HK\$8.9 million (2013: HK\$40.0 million) or 15% (2013: 16%) of the total revenue.

The segment recorded loss in 2014 was mainly due to the profit guarantee paid to the contracted party.

(iii) Encrypted integrated circuits business

The revenue for the nine months ended 30 September 2014 generated from the encrypted integrated circuits and the derived integrated business amounted to approximately HK\$8.4 million (2013: HK\$12.6 million) representing approximately 15% (2013: 5%) of the total revenue.

The revenue from software sales and technical solutions provision of this segment was adversely affected due to less market demand and development cycles issues.

(iv) Wireless digital audio integrated circuits business

The revenue for the nine months ended 30 September 2014 generated from the wireless digital audio integrated circuits business and the related technical services amounted to approximately HK\$13,000 (2013: HK\$20.4 million) or approximately 0.02% (2013: 8%) of the total revenue. During the period, the demand from both domestic and overseas markets was getting worse.

(v) Wireless digital terrestrial television network equipment integration business

No revenue for the nine months ended 30 September 2014 was generated from wireless digital terrestrial television network equipment integration business as a result of the disposal of Magic Golden Limited and its subsidiaries in January 2013.

業務回顧

受國內整體經濟疲弱影響，本集團業務在第三季度業績下滑。

(i) 有線數字電視業務

截至二零一四年九月三十日止九個月，收益約為40,200,000港元(二零一三年：125,700,000港元)或佔總收益70%(二零一三年：51%)。此分部收益下降乃主要由於終止與河北廣播電視網絡集團股份有限公司之合作協議所致。

(ii) 無線數字電視增值服務業務

截至二零一四年九月三十日止九個月，收益約為8,900,000港元(二零一三年：40,000,000港元)或佔總收益15%(二零一三年：16%)。

該分部於二零一四年錄得虧損，主要因向已簽約方支付溢利保證金所致。

(iii) 加密芯片業務

加密芯片及所產生之集成業務於截至二零一四年九月三十日止九個月產生之收益約為8,400,000港元(二零一三年：12,600,000港元)，約佔總收益之15%(二零一三年：5%)。

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) 無線數字音頻芯片業務

截至二零一四年九月三十日止九個月，來自無線數字音頻芯片業務及相關技術服務之收益約為13,000港元(二零一三年：20,400,000港元)，佔總收益約0.02%(二零一三年：8%)。本期間，國內外市場之需求均轉弱。

(v) 地面無線數字電視網絡設備集成業務

地面無線數字電視網絡設備集成業務於截至二零一四年九月三十日止九個月並無產生收益，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。

Approximately HK\$46.8 million or around 19% of the total revenue of the Group for the nine months ended 30 September 2013 was derived from the trading of the wireless digital terrestrial television related products.

Issue of new shares

On 7 May 2014, the Company entered into a conditional subscription agreement with Mr. Zhao Yong (趙勇) as the subscriber, pursuant to which the subscriber conditionally agreed to subscribe for and the Company conditionally agreed to allot and issue a total of 50,000,000 new shares of HK\$0.01 each in the share capital of the Company at a price of HK\$0.25 per subscription share. The subscription was completed on 15 May 2014. The net proceeds amounted to approximately HK\$12.5 million was fully utilised as general working capital of the Group as to approximately 40% for loan repayment, approximately 21% for operating expenses in China, approximately 20% for staff cost, approximately 12% for finance cost and the remaining was for other operating expenses. Relevant disclosure was made in the announcements of the Company dated 7 May 2014 and 15 May 2014.

Disposal of assets

Shenzhen Champion as vendor and 河北廣電網絡投資有限公司 (Hebei Guangdian Network Investment Limited) (“**Hebei Guangdian**”) as 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 Shenzhen Champion 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 Shenzhen Champion and Hebei Guangdian (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 was set out in the circular of the Company dated 21 February 2014.

截至二零一三年九月三十日止九個月，本集團之收益總額約46,800,000港元或約19%來自買賣地面無線數字電視相關產品。

發行新股份

於二零一四年五月七日，本公司與趙勇先生（作為認購人）訂立有條件認購協議。據此，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股本公司股本中每股面值0.01港元之新股份。認購事項已於二零一四年五月十五日完成。所得款項淨額約為12,500,000港元，已悉數用作本集團之一般營運資金，約40%用於償還貸款、約21%用作中國經營費用、約20%用作員工成本、約12%用作融資成本，而剩餘所得款項則用作其他經營費用。有關披露載於本公司日期為二零一四年五月七日及二零一四年五月十五日之公告內。

出售資產

於二零一三年十二月三十一日，深圳中澤（作為賣方）與河北廣電網絡投資有限公司（「**河北廣電網絡**」）（作為買方）就買賣有線數字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**」）（即深圳中澤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，連同深圳中澤與河北廣電網絡（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。

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) (“**Shanxi Jingzuo**”), a company incorporated in 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 Shanxi Jingzuo 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.

Prospects

In the past year, the Group had invested its resources in the acquisition of new business and was prepared to enter into new business segments. In the foreseeable future, the Group will continue to consolidate and better serve its contracted broadcasting television subscribers, and build a foundation for achieving the overall objectives of development of the Group. Moreover, the Group will expand the market share of existing products to optimize the profit and explore new business to establish new profit drivers and enhance the shareholders’ value of the Company.

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(「山西經作」)(一間於中國註冊成立之公司)之全部權益，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，本公司正對山西經作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載於本公司日期為二零一四年一月十七日之公告。

前景

本集團去年致力將資源投放在收購新業務，並準備開拓新的業務分部。於可見將來，本集團將繼續鞏固及用心服務已簽約之廣電用戶，為本集團之總體發展目標奠定基礎。此外，本集團將擴大現有產品的市場份額，以提高利潤，並拓展新業務領域，力爭新利潤增長點及提高本公司之股東價值。

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

As at 30 September 2014, the interests and short positions of the Directors, the chief executive 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 Rule 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 shares	Approximate percentage of interests in the issued share capital 佔已發行 股本權益 之概約百分比
名稱	身份	好倉／淡倉	股份數目	
Xiao Yan 肖彥	Beneficial owner 實益擁有人	Long position 好倉	2,273,334	0.07%
Qiu Bin 仇斌	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 30 September 2014, and at no time during the nine months ended 30 September 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

於二零一四年九月三十日，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，於二零一四年九月三十日，本公司董事及主要行政人員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九月三十日止九個月內任何時間概無訂立任何安排，致使董事及本公司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 30 September 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 or underlying shares held 持有之股份或相關股份數目或應佔數目	Type of interests 權益類別	Approximate percentage of interests 權益之概約百分比
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	18.03%
Team Effort Investments Limited ("Team Effort") (Note) Team Effort Investments Limited ("Team Effort")(附註)	623,542,451	Beneficial owner 實益擁有人	18.03%
Yang Kui 楊魁	200,000,000	Beneficial owner 實益擁有人	5.78%

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.

Save as disclosed above, as at 30 September 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.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors or the management shareholders of the Company nor any of their associates (as defined in the GEM Listing Rules) had any 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.

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

於二零一四年九月三十日，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

Name of shareholder 股東名稱	Number or attributable number of shares or underlying shares held 持有之股份或相關股份數目或應佔數目	Type of interests 權益類別	Approximate percentage of interests 權益之概約百分比
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	18.03%
Team Effort Investments Limited ("Team Effort") (Note) Team Effort Investments Limited ("Team Effort")(附註)	623,542,451	Beneficial owner 實益擁有人	18.03%
Yang Kui 楊魁	200,000,000	Beneficial owner 實益擁有人	5.78%

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。

除上文所披露者外，於二零一四年九月三十日，董事概不知悉有任何人士（並非董事或本公司主要行政人員）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。

董事於競爭業務之權益

董事或本公司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任何權益。

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 duties of the Audit Committee include reviewing the Group’s annual reports and accounts, half-year 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.

The Audit Committee has reviewed the unaudited consolidated results of the Group for the nine months ended 30 September 2014.

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 nine months ended 30 September 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 nine months ended 30 September 2014.

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 nine months ended 30 September 2014.

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

Hong Kong, 14 November 2014

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

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**太平紳士**（主席）、董石先生及胡定東先生。

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。

審核委員會已審閱本集團截至二零一四年九月三十日止九個月之未經審核綜合業績。

董事進行證券交易之操守準則

截至二零一四年九月三十日止九個月，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九月三十日止九個月，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。

購買、出售或贖回本公司之上市證券

截至二零一四年九月三十日止九個月，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，二零一四年十一月十四日

於本報告日期，董事會由執行董事肖彥先生（行政總裁）、李濤先生及仇斌先生；非執行董事徐雷先生；獨立非執行董事梁和平**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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