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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)

(Hong Kong Stock Code: 1085)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

**Independent Financial Adviser
to the Independent Board Committee and the Independent Shareholders**



RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Jiangsu Hengxin, a wholly-owned subsidiary of the Company, has been selling the Group's products to and purchasing materials from Suzhou Hengli since December 2008 under relevant purchase master agreements or sales master agreements. The term of the Existing Sales Master Agreement and the Existing Purchase Master Agreement expired on 31 December 2022.

On 3 January 2023, Jiangsu Hengxin, Hengtong Group and Hengtong Optic-Electric (the holding company of Suzhou Hengli) entered into (i) the New Sales Master Agreement to govern the terms of the Sales; and (ii) the New Purchase Master Agreement to govern the terms of the Purchases, for the periods up to 31 December 2025.

GENERAL

Each of Hengtong Group, Hengtong Optic-Electric and Suzhou Hengli is considered as a connected person of the Company under Rule 14A.07 of the Listing Rules. Accordingly, the transactions contemplated under the CCT Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Proposed Sales Caps is higher than 0.1% but less than 5%, the New Sales Master Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Proposed Purchases Caps is higher than 5%, the New Purchases Master Agreement and the transactions contemplated thereunder are subject to the reporting, announcement, annual review, circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The EGM will be convened by the Company at which resolutions will be proposed to seek approval from the Independent Shareholders for the New Purchases Master Agreement and the transactions contemplated thereunder (including the Proposed Purchases Caps) by way of poll.

The Independent Board Committee has been established to advise the Independent Shareholders on the New Purchases Master Agreement and the transactions contemplated thereunder (including the Proposed Purchases Caps). Gram Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the New Purchases Master Agreement and the transactions contemplated thereunder (including the Proposed Purchases Caps).

A circular containing, among other things, (i) details of the New Purchases Master Agreement and the transactions contemplated thereunder (including the Proposed Purchases Caps); (ii) the letter of recommendation from the Independent Board Committee regarding the New Purchases Master Agreement and the transactions contemplated thereunder (including the Proposed Purchases Caps); (iii) the letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders regarding the New Purchases Master Agreement and the transactions contemplated thereunder (including the Proposed Purchases Caps); and (iv) a notice of the EGM will be despatched to the Shareholders in compliance with the Listing Rules on or before 27 January 2023.

INTRODUCTION

Jiangsu Hengxin, a wholly-owned subsidiary of the Company, has been selling the Group's products to and purchasing materials from Suzhou Hengli since December 2008 under relevant purchase master agreements or sales master agreements. The term of the Existing Sales Master Agreement and the Existing Purchase Master Agreement expired on 31 December 2022.

On 3 January 2023, Jiangsu Hengxin, Hengtong Group and Hengtong Optic-Electric (the holding company of Suzhou Hengli) entered into (i) the New Sales Master Agreement to govern the terms of the Sales; and (ii) the New Purchase Master Agreement to govern the terms of the Purchases, for the periods up to 31 December 2025.

NEW SALES MASTER AGREEMENT

Date

3 January 2023

Parties

Jiangsu Hengxin, Hengtong Group and Hengtong Optic-Electric

Subject matter

Pursuant to the New Sales Master Agreement, Jiangsu Hengxin will provide the Group's products, such as radio frequency coaxial cable series for mobile communications, telecommunications equipment and accessories, high temperature resistant cables and antennas and scrap materials derived from the Group's production (the "**Products**") to the Connected Parties, on terms no more favourable than those offered to any Independent Third Parties.

Term

3 January 2023 to 31 December 2025

Selling price and pricing policy

Pursuant to the New Sales Master Agreement, the selling price shall be determined by negotiation between the Connected Parties to the New Sales Master Agreement in respect of the market price to be paid for each commodity during the term of the New Sales Master Agreement. The main factor to be taken into account in determining the market price is the estimated gross profit that the supplier can obtain from the transaction and taking reference of the prevailing market price.

The New Sales Master Agreement sets out that the details to be included in any separate individual sale agreement to be entered into between the parties thereto.

The Group has adopted the following policy to ensure the pricing basis under the New Sales Master Agreement is on normal commercial terms:

When the Connected Parties obtain quotation from Jiangsu Hengxin for purchase of a particular type of the products, the sales department of Jiangsu Hengxin will give quotation such that acceptance of the Connected Parties' order will generate a positive gross profit margin to the Group. If Jiangsu

Hengxin receives orders from both the Connected Parties and Independent Third Parties for the same product at the same time, the order from the Connected Parties will be accepted only when the Connected Parties' order can generate a higher gross profit margin to the Group or when Jiangsu Hengxin is capable of accepting the orders from both the Connected Parties and other third party customers based on the Group's then production capacity. In addition, it is a general policy of the Group that approval from the general manager of Jiangsu Hengxin is required in the event where an order (whether from the Connected Parties or other Independent Third Parties) can only generate a gross profit margin of less than 10% to the Group.

By implementing the above policy, the Directors consider that the Company has sufficient internal control to ensure that the pricing basis for the Products supplied by Jiangsu Hengxin to the Connected Parties under the New Sales Master Agreement will be in accordance with the terms under the agreement, on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

Proposed Sales Caps

Set out below are (i) the historical Sales amount for the two years ended 31 December 2021 and the 11 months ended 30 November 2022; (ii) the Existing Sales Caps for the three years ended 31 December 2022; and (iii) the Proposed Sales Caps for the three years ending 31 December 2025:

	For the year ended 31 December 2020 ("FY2020") (audited) RMB	For the year ended 31 December 2021 ("FY2021") (audited) RMB	For the year ended 31 December 2022 ("FY2022") (unaudited) RMB
Historical Sales amount	7,745,686	7,116,245	8,131,637 <i>(Note)</i>
Existing Sales Caps	10,000,000	10,000,000	10,000,000
	For the year ending 31 December 2023 ("FY2023") RMB	For the year ending 31 December 2024 ("FY2024") RMB	For the year ending 31 December 2025 ("FY2025") RMB
Proposed Sales Caps	46,000,000	57,400,000	71,900,000

Note: For the 11 months ended 30 November 2022.

The Proposed Sales Caps for the three years ending 31 December 2025 were determined after taking into account the estimated demand for the Products indicated by the Connected Parties.

The historical Sales amount for each of FY2020, FY2021 and the 11 months ended 30 November 2022 was approximately RMB7 million to RMB8 million. Jiangsu Hengxin intends to extend the Sales to overseas subsidiaries/associates of the Connected Parties and include scrap materials derived from the Group's production under the Products for the three years ending 31 December 2025. Accordingly, the Proposed Sales Caps for the three years ending 31 December 2025 are substantially higher than the Existing Sales Caps for the three years ended 31 December 2022.

For FY2023, Jiangsu Hengxin estimated to sell (i) scrap materials derived from the Group's production of approximately RMB35 million to the Connected Parties; and (ii) other Products of approximately RMB11 million to the Connected Parties (including their overseas subsidiaries/associates). Accordingly, the Company set the Proposed Sales Caps at RMB46 million for FY2023.

For FY2024, Jiangsu Hengxin estimated to sell (i) scrap materials derived from the Group's production of approximately RMB35 million to the Connected Parties; and (ii) other Products of approximately RMB22 million to overseas entities to the Connected Parties (including their overseas subsidiaries/associates). Accordingly, the Company set the Proposed Sales Caps at approximately RMB57 million for FY2024.

For FY2025, Jiangsu Hengxin estimated to sell (i) scrap materials derived from the Group's production of approximately RMB35 million to the Connected Parties; and (ii) other Products of approximately RMB37 million to overseas entities to the Connected Parties (including their overseas subsidiaries/associates). Accordingly, the Company set the Proposed Sales Caps at approximately RMB72 million for FY2025.

Having taken into account the Group's historical sales of (i) scrap materials derived from the Group's production of approximately RMB35.6 million; and (ii) other Products of approximately RMB1,590.2 million, to Independent Third Parties for FY2021, the Board is of the view that the aforesaid estimated Sales are achievable.

NEW PURCHASE MASTER AGREEMENT

Date

3 January 2023

Parties

Jiangsu Hengxin, Hengtong Group and Hengtong Optic-Electric

Subject matter

Pursuant to the New Purchase Master Agreement, the Connected Parties will supply copper tape, PE, LSZH, PVC, fibrous web, cable clamp, iron-wooden drum, plaster drum, hybrid cables, power cables, optical module and other raw materials for production of radio frequency coaxial cables and copper (the “**Materials**”) to Jiangsu Hengxin, on terms no less favourable than those offered by any Independent Third Parties.

Term

Effective Date to 31 December 2025

Conditions precedent

The New Purchases Master Agreement is subject to fulfilment of the following conditions:

- (a) publication of this announcement and the circular as required under the Listing Rules;
- (b) having obtained the approval from the Independent Shareholders in respect of the entering into of the New Purchases Master Agreement and the transactions contemplated thereunder in accordance with the Listing Rules.

Purchase price and pricing policy

Pursuant to the New Purchase Master Agreement, the purchase price shall be determined in accordance with the following basis:

- (a) Jiangsu Hengxin shall conduct the tender process for the purchase of raw materials and determine the price; and
- (b) if there is no tender process, the purchase price (per unit) shall be determined after negotiation between the Connected Parties to the New Purchase Master Agreement and Jiangsu Hengxin. The principal factor to be taken into account in fixing the market price shall be the fair price of the same or similar goods offered by Independent Third Parties in Jiangsu Province or the regions nearby or in the vicinity of the purchaser’s location.

The New Purchase Master Agreement sets out the details to be included in any separate individual purchase agreement to be entered into between the parties thereto.

The Group has adopted the following policy to ensure the pricing basis under the New Purchase Master Agreement is on normal commercial terms:

The Group has been purchasing the materials from Suzhou Hengli since December 2008, the Group has been adopting the tender process for the selection of suppliers in respect of the purchase of materials. Details of the tender process are set out below:

- (i) Every year tender documents are issued to at least 3 qualified suppliers for supply of the materials. These suppliers are selected by the purchasing department of Jiangsu Hengxin from the list of qualified suppliers. In order to admit a supplier into the list of qualified suppliers, the staff from the purchasing department will conduct site visit, review documents regarding the supplier's background, production capacity and equipment assessment, sample testing of materials, and finally conduct quality control checks on the materials and finished products by using these materials. Only when the supplier has passed all these assessments and been approved by the purchasing department will it be admitted into the list of qualified suppliers.
- (ii) The tender panel (the "**Panel**"), comprising the heads of the respective departments of production, purchasing, finance, operation planning, technical and quality as well as the general manager, will evaluate the tenders submitted and determine the successful tender. The Panel will consider various factors, such as tender price and product quality, and for recurring suppliers, timely delivery or other logistics or service-related factors, etc. during the evaluation. Generally, if the tenderers obtain similar score in overall assessment, the tenderer offering the most favourable price wins the tender.
- (iii) As a measure of internal control, the reference price for each type of materials purchased from the Connected Parties will be obtained from Dalian Commodity Exchange (if available) or the internet platform of Shanghai Metals Market (上海有色网信息科技股份有限公司 (SMM)) at www.smm.cn on a quarterly basis. If the reference price quoted at Dalian Commodity Exchange or the internet platform of Shanghai Metals Market (上海有色网信息科技股份有限公司 (SMM)) at www.smm.cn is below the tender price of more than 10%, the Company has a unilateral right to call for a new tender.

If there is no tender process, the purchase price for the materials shall be the fair price negotiated and agreed between the parties. In such circumstance, the Group will adopt the following procedures to determine the fair price for the materials:

- (i) The purchasing department of Jiangsu Hengxin will obtain quotations from the Connected Parties and at least 3 independent qualified suppliers who supply the materials.
- (ii) The purchasing department will compare the quotations and provided that the materials which have previously sold to Jiangsu Hengxin by those independent qualified suppliers and the Connected Parties are of similar quality and have passed the Group's internal quality control check, the purchasing department will purchase the materials from the supplier who has given the lowest quotation.

By implementing the above policy and procedures, the Directors consider that the Company has sufficient internal control to ensure that the pricing basis for the materials supplied by the Connected Parties to Jiangsu Hengxin under the New Purchase Master Agreement will be in accordance with the terms under the agreement, on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders as a whole.

Proposed Purchases Caps

Set out below are (i) the historical Purchases amount for the two years ended 31 December 2021 and the 11 months ended 30 November 2022; (ii) the Existing Purchases Caps for the three years ended 31 December 2022; and (iii) the Proposed Purchases Caps for the three years ending 31 December 2025:

	For the year ended 31 December 2020 (audited) RMB	For the year ended 31 December 2021 (audited) RMB	For the year ended 31 December 2022 (unaudited) RMB
Historical Purchases amount	21,969,556	22,493,942	27,059,858 <i>(Note)</i>
Existing Purchases Caps	50,000,000	50,000,000	50,000,000
	For the year ending 31 December 2023 RMB	For the year ending 31 December 2024 RMB	For the year ending 31 December 2025 RMB
Proposed Purchases Caps	253,000,000	253,000,000	253,000,000

Note: For the 11 months ended 30 November 2022.

The Proposed Purchases Caps for the three years ending 31 December 2025 were determined after taking into account the estimated demand for the Materials by Jiangsu Hengxin and the estimated amount of Materials to be purchased from the Connected Parties.

The historical Purchases amount for each of FY2020, FY2021 and the 11 months ended 30 November 2022 was approximately RMB22 million to RMB27 million, mainly include purchases of copper tape, PE, LSZH, PVC, fibrous web, cable clamp, iron-wooden drum, plaster drum, hybrid cables, power cables and optical module. To support Jiangsu Hengxin's business development, Jiangsu Hengxin estimated to increase such amount to RMB31 million per annum for FY2023, FY2024 and FY2025.

In addition, Jiangsu Hengxin intends to include copper in the Materials to be purchased from the Connected Parties for FY2023, FY2024 and FY2025. The estimated purchase amount of copper is estimated to be RMB222 million per annum. Such amount represents approximately 42.8% of the Group's total copper purchase of approximately RMB519.0 million for FY2021.

The Proposed Purchases Caps for the three years ending 31 December 2025 were determined based on the above estimated figures.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Jiangsu Hengxin has been purchasing materials from Suzhou Hengli and selling the Group's products to Suzhou Hengli since December 2008 under the relevant purchase master agreements or sales master agreements. The purposes of entering into the CCT Agreements are to renew the term of each of the Existing Purchases Master Agreement and the Existing Sales Master Agreement for the periods up to 31 December 2025 and to renew the annual caps for the transactions contemplated thereunder, in order to ensure the continuation of the on-going Purchases and Sales.

Suzhou Hengli belongs to part of the group of companies under Hengtong Optic-Electric which is in the business of telecommunications. As part of the Group's continuous plans to expand its revenue stream and sources of supplies, the Group intends to continue to work closely with Suzhou Hengli in respect of its sourcing of raw materials and the sale of its products. The Board believes that it is for the benefit of the Group to continue sourcing materials from the Connected Parties (including Suzhou Hengli) and selling its products to the Connected Parties (including Suzhou Hengli).

Under the respective CCT Agreements, the Group is not committed to purchase any Materials from the Connected Parties or sell any Products to the Connected Parties but if any transaction is entered into between the parties, all such transactions will be on normal commercial terms and on terms no less favourable than those offered by any Independent Third Parties (in respect of the Purchases) or on terms no more favourable than those offered to any Independent Third Parties (in respect of the Sales). Therefore flexibility will be given to the Group to purchase the Materials it requires from the Connected Parties or sell the Products to the Connected Parties if it so wishes at competitive market prices.

Based on the above, the Board (including the independent non-executive Directors) is of the view that the terms of the New Sales Master Agreement and the transactions contemplated thereunder are fair and reasonable and are on normal commercial terms, and the New Sales Master Agreement and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole; and the Board (excluding the independent non-executive Directors who will express their view after having considered the advice from Gram Capital) is of the view that the terms of the New Purchases Master Agreement and the transactions contemplated thereunder are fair and reasonable and are on normal commercial terms, and the New Purchases Master Agreement and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE GROUP AND THE CONNECTED PARTIES

The Group is one of the leading manufacturers of integrated antennas and feeder cables for mobile communications in the PRC.

Suzhou Hengli is a company incorporated in the PRC with limited liability and is in the principal business of manufacture and sales of metal plastic tape, aluminium plastic tape, polyethylene materials jacketing for radio frequency copper cables, and sales of communication cables, communication equipment and accessories.

Hengtong Group is a company incorporated in the PRC with limited liability and is an investment holding company with investments covering fibre optical communication, power transmission, EPC turnkey service and maintenance, as well as IoT, big data, e-commerce, new materials and new energy.

Hengtong Optic-Electric is a company incorporated in the PRC with its shares listed on the Shanghai Stock Exchange. Hengtong Optic-Electric is principally engaged in the businesses of optic-communications (光通信), marine-communications (海洋通信), smart grid (智能電網) and marine power (海洋能源).

LISTING RULES IMPLICATION

Suzhou Hengli is wholly-owned by Hengtong Optic-Electric. Hengtong Optic-Electric is held as to approximately 24.05% by Hengtong Group, which is beneficially owned by Mr. Cui Genliang and Mr. Cui Wei as to 58.7% and 41.3% respectively. Mr. Cui Genliang is the father of Mr. Cui Wei (the chairman of the Board, a non-executive Director and a substantial shareholder of the Company via his wholly-owned entity, Kingever). Separately, Mr. Cui Genliang directly owns approximately 4.03% of the share capital of Hengtong Optic-Electric and can control the composition of a majority of the board of directors of Hengtong Optic-Electric. In this regard, each of Mr. Cui Wei, Mr. Cui Genliang, Hengtong Group, Hengtong Optic-Electric and Suzhou Hengli is considered as a connected person of the Company under Rule 14A.07 of the Listing Rules. Accordingly, the transactions contemplated under the CCT Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Proposed Sales Caps is higher than 0.1% but less than 5%, the New Sales Master Agreement and the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Proposed Purchases Caps is higher than 5%, the New Purchases Master Agreement and the transactions contemplated thereunder are subject to the reporting, announcement, annual review, circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Directors confirmed that, save for Mr. Cui Wei (the chairman of the Board and a non-executive Director), none of the Directors had any material interest in the CCT Agreements. Accordingly, Mr. Cui Wei had abstained from voting on the Board resolutions approving the CCT Agreements.

The EGM will be convened by the Company at which resolutions will be proposed to seek approval from the Independent Shareholders for the New Purchases Master Agreement and the transactions contemplated thereunder (including the Proposed Purchases Caps) by way of poll. Mr. Cui Wei and its associates, which are interested in 108,868,662 Shares as at the date of this announcement (representing approximately 28.06% of the total number of issued Shares), will abstain from voting on the relevant resolutions at the EGM.

The Independent Board Committee has been established to advise the Independent Shareholders on the New Purchases Master Agreement and the transactions contemplated thereunder (including the Proposed Purchases Caps). The Independent Board Committee comprises Mr. Tam Chi Kwan Michael, Dr. Li Jun and Mr. Pu Hong, all being independent non-executive Directors.

Gram Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the New Purchases Master Agreement and the transactions contemplated thereunder (including the Proposed Purchases Caps).

GENERAL

A circular containing, among other things, (i) details of the New Purchases Master Agreement and the transactions contemplated thereunder (including the Proposed Purchases Caps); (ii) the letter of recommendation from the Independent Board Committee regarding the New Purchases Master Agreement and the transactions contemplated thereunder (including the Proposed Purchases Caps); (iii) the letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders regarding the New Purchases Master Agreement and the transactions contemplated thereunder (including the Proposed Purchases Caps); and (iv) a notice of the EGM will be despatched to the Shareholders in compliance with the Listing Rules on or before 27 January 2023.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“CCT Agreements”	the New Purchases Master Agreement and the New Sales Master Agreement

“Company”	Hengxin Technology Ltd., a company incorporated in Singapore with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1085)
“Connected Parties”	Hengtong Group, Hengtong Optic-Electric and their respective associates
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purposes of, among other things, considering and, if thought fit, approving the New Purchases Master Agreement and the transactions contemplated thereunder (including the Proposed Purchases Caps)
“Effective Date”	the date on which the conditions precedent to the New Purchase Master Agreement are fulfilled
“Existing Purchases Cap(s)”	the existing annual caps for the three years ended 31 December 2022 under the Existing Purchases Master Agreement
“Existing Purchases Master Agreement”	the existing materials purchase master agreement dated 10 October 2019 entered into between Jiangsu Hengxin, as purchaser, and Suzhou Hengli, as supplier, in relation to the Purchases for a term up to 31 December 2022
“Existing Sales Cap(s)”	the existing annual caps for the three years ended 31 December 2022 under the Existing Sales Master Agreement
“Existing Sales Master Agreement”	the existing products sales master agreement dated 10 October 2019 entered into between Jiangsu Hengxin, as supplier, and Suzhou Hengli, as purchaser, in relation to the Sales for a term up to 31 December 2022
“Group”	the Company and its subsidiaries
“Hengtong Group”	Hengtong Group Co., Ltd. (亨通集團有限公司)
“Hengtong Optic-Electric”	Hengtong Optic-Electric Co., Ltd. (江蘇亨通光電股份有限公司)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board formed by the Company comprising all the independent non-executive Directors to advise the Independent Shareholders on the New Purchases Master Agreement
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the New Purchases Master Agreement and the transactions contemplated thereunder (including the Proposed Purchases Caps)
“Independent Shareholder(s)”	Shareholders other than Kingever and its associates
“Independent Third Party(ies)”	person(s) or company(ies) which is/are third party(ies) independent of the Company and its connected persons
“Jiangsu Hengxin”	Jiangsu Hengxin Technology Co., Ltd. (江蘇亨鑫科技有限公司), a limited liability company established in the PRC on 26 June 2003 and a wholly-owned subsidiary of the Company
“Kingever”	Kingever Enterprises Limited, a company incorporated in the British Virgin Islands and a substantial shareholder of the Company, holding approximately 28.06% of the issued share capital of the Company as at the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Purchases Master Agreement”	the materials purchase master agreement dated 3 January 2023 entered into among Jiangsu Hengxin, Hengtong Group and Hengtong Optic-Electric, in relation to the Purchases for a term commencing from Effective Date to 31 December 2025
“New Sales Master Agreement”	the products sales master agreement dated 3 January 2023 entered into among Jiangsu Hengxin, Hengtong Group and Hengtong Optic-Electric, in relation to the Sales for a term commencing from 3 January 2023 to 31 December 2025

“PRC”	the People’s Republic of China, which, unless otherwise stated, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement
“Proposed Purchases Cap(s)”	the proposed annual caps for the three years ending 31 December 2025 under the New Purchases Master Agreement
“Proposed Sales Cap(s)”	the proposed annual caps for the three years ending 31 December 2025 under the New Sales Master Agreement
“Purchases”	the purchases of materials by Jiangsu Hengxin from the Connected Parties
“RMB”	Renminbi, the lawful currency of the PRC
“Sales”	the sales of products by Jiangsu Hengxin to the Connected Parties
“Share(s)”	ordinary share(s) of the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the same meaning as given to it under the Listing Rules
“Suzhou Hengli”	Suzhou Hengli Telecommunications Materials Co., Ltd. (蘇州亨利通信材料有限公司), a limited liability company established in the PRC
%	per cent

By Order of the Board
Hengxin Technology Ltd.
Du Xiping
Executive Director

Singapore, 3 January 2023

As at the date of this announcement, the executive directors of the Company are Mr. Du Xiping, Dr. Song Haiyan and Mr. Peng Yinan; 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 purpose only*