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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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This Circular is issued by Hengxin Technology Ltd. (the “Company”). **If you are in any doubt** as to the action you should take, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser immediately.

**If you have sold or transferred** all your Shares in the capital of the Company, you should at once hand this Circular, the notice of the extraordinary general meeting (the “EGM”) and attached proxy form to the purchaser or to the stockbroker or to the bank or to the agent through whom you effected the sale or transfer for onward transmission to the purchaser or transferee.

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This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase, or subscribe for securities of the Company.

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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 Republic of Singapore with limited liability)*

**(Stock Code: 1085)**

## RENEWAL OF CONTINUING CONNECTED TRANSACTION AND NOTICE OF EXTRAORDINARY GENERAL MEETING

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



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Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this circular.

A letter from the Board is set out from pages 4 to 11 of this circular. A letter from the Independent Board Committee is set out on pages 12 to 13 of this circular. A letter from Gram Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 14 to 24 of this circular.

A notice convening the EGM to be held at Unit 08, 43/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong on 27 February 2023 (Monday) at 11:00 a.m. or any adjournment is set out from pages 29 to 31 of this circular. A form of proxy for use at the EGM is enclosed.

Whether or not you are able to attend the EGM, you are requested to complete and return the proxy form accompanying this circular in accordance with the instructions printed thereon appointing the chairman of the EGM as your proxy, to the Company’s Principal Share Registrar in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632 (for Shareholders registered in Singapore), or to the Company’s Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for Shareholders registered in Hong Kong) as soon as possible and in any event not later than forty-eight (48) hours before the time of the EGM (or at any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM, or any adjournment thereof, should you so wish and in such event, the form of proxy shall be deemed to be revoked.

3 February 2023

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## DEFINITIONS

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

“Announcement”	the announcement of the Company dated 3 January 2023 with respect to, amongst others, the New Purchases Master Agreement
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“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
“Effective Date”	the date on which the conditions precedent to the New Purchases Master Agreement are fulfilled
“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)
“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
“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

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## DEFINITIONS

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“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 SFO, 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, holding approximately 28.06% of the issued share capital of the Company as at the Latest Practicable Date
“Latest Practicable Date”	30 January 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“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
“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 circular

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## DEFINITIONS

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“Proposed Purchases Cap(s)”	the proposed annual caps for the period commencing from Effective Date to 31 December 2025 under the New Purchases Master Agreement
“Purchases”	the purchases of materials by Jiangsu Hengxin from the Connected Parties
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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

*Words importing the singular number shall include the plural number where the context admits and vice versa. Words importing the masculine gender shall include the feminine gender where the context admits. Reference to persons shall, where applicable, include corporations.*

*Any reference to a time of a day or date in this circular is a reference to Singapore time or date.*

*In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.*

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## LETTER FROM THE BOARD

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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 Republic of Singapore with limited liability)  
(Stock Code: 1085)*

*Directors:*

Mr. Cui Wei (*Chairman and Non-Executive Director*)  
Mr. Du Xiping (*Executive Director*)  
Mr. Peng Yinan (*Executive Director*)  
Dr. Song Haiyan (*Executive Director*)  
Ms. Zhang Zhong (*Non-Executive Director*)  
Mr. Tam Chi Kwan Michael  
*(Independent Non-Executive Director)*  
Dr. Li Jun (*Independent Non-Executive Director*)  
Mr. Pu Hong (*Independent Non-Executive Director*)

*Registered office:*

5 Tampines Central 1  
#06-05 Tampines Plaza 2  
Singapore 529541

*Head office and principal place of business  
in Singapore:*

5 Tampines Central 1  
#06-05 Tampines Plaza 2  
Singapore 529541

3 February 2023

*To: The Shareholders of Hengxin Technology Ltd.*

Dear Sir/Madam,

### RENEWAL OF CONTINUING CONNECTED TRANSACTION

#### INTRODUCTION

Reference is made to the Announcement. The purpose of this circular is to provide the Shareholders further details of the New Purchases Master Agreement and the transactions contemplated thereunder.

Jiangsu Hengxin, a wholly-owned subsidiary of the Company, has been purchasing materials from Suzhou Hengli since December 2008 under relevant purchase master agreements. The term of 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 the New Purchases Master Agreement to govern the terms of the Purchases for the period from the Effective Date to 31 December 2025.

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## LETTER FROM THE BOARD

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### NEW PURCHASES MASTER AGREEMENT

#### Date

3 January 2023

#### Parties

Jiangsu Hengxin, Hengtong Group and Hengtong Optic-Electric

#### Subject matter

Pursuant to the New Purchases Master Agreement, the Connected Parties will supply copper tape, PE (polyethylene) (聚乙烯), LSZH PO (low smoke zero halogen polyolefins) (無鹵低煙聚烯烴), PVC (polyvinyl chloride) (聚氯乙烯), 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 the 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 Purchases 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 Purchases 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.

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## LETTER FROM THE BOARD

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The New Purchases 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 Purchases Master Agreement is on normal commercial terms:

In general, the Group adopts tender process for general materials that are required for monthly purchase and does not adopt tender process (i.e. only negotiation for pricing between parties) for one-off individual purchases.

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](http://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](http://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.



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## LETTER FROM THE BOARD

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- (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 Purchases 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:

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

  

	<b>For the year ending 31 December 2023 RMB</b>	<b>For the year ending 31 December 2024 RMB</b>	<b>For the year ending 31 December 2025 RMB</b>
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 (polyethylene) (聚乙烯), LSZH PO (low smoke zero halogen polyolefins) (無鹵低煙聚烯烴), PVC (polyvinyl chloride) (聚氯乙烯), 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.

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## LETTER FROM THE BOARD

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In addition, Jiangsu Hengxin intends to include copper in the Materials to be purchased from the Connected Parties for FY2023, FY2024 and FY2025. The Group's total copper purchase was approximately RMB519 million from 9 suppliers (with approximately 66% purchase from the top 3 suppliers) for FY2021. In light of the continuous growth of the Group's revenue, the Company expects the Group's total copper demand for each of the three years ending 31 December 2025 to be around RMB880 million. Accordingly, the purchase amount of copper from the Connected Parties is estimated to be RMB222 million per annum for FY2023, FY2024 and FY2025. Such amount represents approximately 25% of the Group's expected total copper demand as aforesaid.

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 is principally engaged in research, design, development and manufacture of telecommunications and technological products, production of radio frequency coaxial cables for mobile communications and mobile communications systems exchange equipment.

Jiangsu Hengxin has been purchasing materials from Suzhou Hengli since December 2008 under the relevant purchase master agreements. The purposes of entering into the New Purchases Master Agreement are to renew the term of the Existing Purchases Master Agreement for the period from the Effective Date 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.

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 sources of supplies (in particular, copper), the Group intends to continue to work closely with the Connected Parties (including Suzhou Hengli) in respect of its sourcing of raw materials. The Board believes that it is for the benefit of the Group to continue sourcing materials from the Connected Parties (including Suzhou Hengli).

Under the New Purchases Master Agreement, the Group is not committed to purchase any Materials from 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. Therefore flexibility will be given to the Group to purchase the Materials it requires from 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 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.

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## LETTER FROM THE BOARD

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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 opticcommunications (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(1) and 14A.07(4) of the Listing Rules. Accordingly, the transactions contemplated under the New Purchases Master Agreement 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 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 New Purchases Master Agreement. Accordingly, Mr. Cui Wei had abstained from voting on the Board resolution approving the New Purchases Master Agreement.

### INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders in relation to 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 in relation to the New Purchases Master Agreement and the transactions contemplated thereunder (including the Proposed Purchases Caps).

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## LETTER FROM THE BOARD

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### EGM

Set out on pages 29 to 31 is a notice convening the EGM to be held at Unit 08, 43/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong on 27 February 2023 (Monday) at 11:00 a.m. or any adjournment at which resolution will be proposed to the Independent Shareholders to consider and, if thought fit, approve the New Purchases Master Agreement and the transactions contemplated thereunder (including the Proposed Purchases Caps).

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the proxy form accompanying this circular in accordance with the instructions printed thereon appointing the chairman of the EGM as your proxy, to the Company's Principal Share Registrar in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632 (for Shareholders registered in Singapore), or to the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, at 17/F Far East Finance Centre, 16 Harcourt Road, Hong Kong (for Shareholders registered in Hong Kong) as soon as possible and in any event not later than forty-eight (48) hours before the time of the EGM (or at any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM, or any adjournment thereof, should you so wish and in such event, the form of proxy shall be deemed to be revoked.

Pursuant to Article 59 of the Constitution of the Company and Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting of the Company must be taken by way of poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolution to be proposed at the EGM will be voted by way of poll by the Shareholders or the Independent Shareholders (as the case may be).

Mr. Cui Wei and its associates, which are interested in 108,868,662 Shares as at the Latest Practicable Date (representing approximately 28.06% of the total number of issued Shares), will abstain from voting on the resolution at the EGM.

### RECOMMENDATION

The Directors (including the independent non-executive Directors, having received and considered the advice from Gram Capital) are of the opinion that terms of the New Purchases Master Agreement and the transactions contemplated thereunder (including the Proposed Purchases Caps) are fair and reasonable and that the transactions contemplated under the New Purchases Master Agreement are conducted in the ordinary and usual course of business of the Group, on normal commercial terms and is in the interests of the Company and the Shareholders as a whole.

Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution set out in the notice of EGM enclosed to this circular.

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## LETTER FROM THE BOARD

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### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendix to this circular.

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

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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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 Republic of Singapore with limited liability)  
(Stock Code: 1085)*

3 February 2023

*To: The Independent Shareholders*

Dear Sir/Madam,

#### **RENEWAL OF CONTINUING CONNECTED TRANSACTION**

We refer to the circular of the Company dated 3 February 2023 (the “**Circular**”) of which this letter forms part. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used herein.

We have been appointed by the Board to form the Independent Board Committee to consider and advise the Independent Shareholders as to whether, in our opinion, the terms of New Purchases Master Agreement and the transactions contemplated thereunder (including the Proposed Purchases Caps) are fair and reasonable and the New Purchases Master Agreement was entered into in the ordinary and usual course of business of the Group and on normal commercial terms and is in the interests of the Company and the Shareholders as a whole.

Having considered the terms of the New Purchases Master Agreement, the reasons and benefits of the entering into of the New Purchases Master Agreement as well as the advice of Gram Capital in relation to the New Purchases Master Agreement as set out on pages 14 to 24 of this Circular, we are of the opinion that the terms of New Purchases Master Agreement and the transactions contemplated thereunder (including the Proposed Purchases Caps) are fair and reasonable and the New Purchases Master Agreement was entered into in the ordinary and usual course of business of the Group and on normal commercial terms and is in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the New Purchases Master Agreement and the transactions contemplated thereunder (including the Proposed Purchases Caps).

Yours faithfully,  
Independent Board Committee

**Mr. Tam Chi Kwan Michael**  
*Independent non-executive  
Director*

**Dr. Li Jun**  
*Independent non-executive  
Director*

**Mr. Pu Hong**  
*Independent non-executive  
Director*

\* *For identification purpose only*

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## LETTER FROM GRAM CAPITAL

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*Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the New Purchases Master Agreement and the transactions contemplated thereunder for the purpose of inclusion in this circular.*



Room 1209, 12/F.  
Nan Fung Tower  
88 Connaught Road Central/  
173 Des Voeux Road Central  
Hong Kong

3 February 2023

*To: The independent board committee and the independent shareholders  
of Hengxin Technology Ltd.*

Dear Sirs,

### RENEWAL OF CONTINUING CONNECTED TRANSACTION

#### INTRODUCTION

We refer to our appointment as 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, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 3 February 2023 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

With reference to the Board Letter, Jiangsu Hengxin, a wholly-owned subsidiary of the Company, has been purchasing materials from Suzhou Hengli since December 2008 under relevant purchase master agreements. The term of 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 the New Purchases Master Agreement to govern the terms of the Purchases for the period from the Effective Date to 31 December 2025.

With reference to the Board Letter, the transactions contemplated under the New Purchases Master Agreement constitutes continuing connected transaction of the Company under Chapter 14A of the Listing Rules and the New Purchases Master Agreement and the transactions contemplated thereunder are subject to the reporting, announcement, annual review and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.



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## LETTER FROM GRAM CAPITAL

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The Independent Board Committee comprising Mr. Tam Chi Kwan Michael, Dr. Li Jun and Mr. Pu Hong (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the New Purchases Master Agreement was entered into in the ordinary and usual course of business of the Group and on normal commercial terms; (ii) whether the terms of the New Purchases Master Agreement and the transactions contemplated thereunder (including the Proposed Purchases Caps) are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution to approve the New Purchases Master Agreement and the transactions contemplated thereunder (including the Proposed Purchases Caps) at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

### **INDEPENDENCE**

As at the Latest Practicable Date, we were not aware of any relationships or interests between Gram Capital and the Company during the past two years immediately preceding the Latest Practicable Date, or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

### **BASIS OF OUR OPINION**

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the New Purchases Master Agreement. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Circular 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 the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

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## LETTER FROM GRAM CAPITAL

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We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, Jiangsu Hengxin, Hengtong Group, Hengtong Optic-Electric or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of entering into of the New Purchases Master Agreement. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion in respect of the New Purchases Master Agreement and the transactions contemplated thereunder, we have taken into consideration the following principal factors and reasons:

#### **1. Background of and reasons for the New Purchases Master Agreement**

##### *Information on the Group*

With reference to the Board Letter, the Group is one of the leading manufacturers of integrated antennas and feeder cables for mobile communications in the PRC.

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## LETTER FROM GRAM CAPITAL

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Set out below are the Group’s consolidated financial information for the two years ended 31 December 2021 and the six months ended 30 June 2022 (with comparative figures for previous year) as extracted from the Company’s annual report for the year ended 31 December 2021 (the “**2021 Annual Report**”) and the Company’s interim report for the six months ended 30 June 2022 (the “**2022 Interim Report**”) respectively:

	<b>For the year ended 31 December 2021</b>	<b>For the year ended 31 December 2020</b>	<b>Year-on-year change</b>
	(audited)	(audited)	
	<i>RMB’000</i>	<i>RMB’000</i>	%
Revenue	1,625,775	1,139,341	42.69
– Radio frequency coaxial cables	810,815	622,459	30.26
– Telecommunication equipment and accessories	387,518	262,872	47.42
– Antennas	337,910	207,139	63.13
– Others	89,532	46,871	91.02
Gross profit	296,558	260,762	13.73
Profit for the year	62,924	60,427	4.13

As depicted from the above table, the Group’s revenue was approximately RMB1,626 million for the year ended 31 December 2021 (“**FY2021**”), represented an increase of approximately 42.69% as compared to that for the year ended 31 December 2020 (“**FY2020**”). With reference to the 2021 Annual Report, such increase in revenue was mainly attributable to growth in revenue from (i) radio frequency coaxial cables segment (mainly caused by increased sales of feeder cables driven by general improvement in market demand, the Group’s higher winning percentage of tender and increase in sales prices); (ii) telecommunication equipment and accessories segment; and (iii)

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## LETTER FROM GRAM CAPITAL

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antennas segment (mainly attributable to the Group’s successful tender for the China Mobile 700 MHz project). The Group’s gross profit and profit for FY2021 also increased as compared to those for FY2020.

	<b>For the six months ended 30 June 2022</b>	<b>For the six months ended 30 June 2021</b>	<b>Year-on-year change</b>
	(unaudited)	(unaudited)	
	<i>RMB’000</i>	<i>RMB’000</i>	%
Revenue	1,017,542	511,401	98.97
– Radio frequency coaxial cables	484,119	281,772	71.81
– Telecommunication equipment and accessories	237,578	98,426	141.38
– Antennas	245,269	101,065	142.68
– Others	50,576	30,138	67.81
Gross profit	170,420	107,129	59.08
Profit for the period	23,828	12,815	85.94

As depicted from the above table, the Group’s revenue was approximately RMB1,018 million for the six months ended 30 June 2022 (“**HY2022**”), representing an increase of approximately 98.97% as compared to that for the six months ended 30 June 2021 (“**HY2021**”). With reference to the 2022 Interim Report, such increase in revenue was mainly attributable to continuous growth in revenue from radio frequency coaxial cables segment, telecommunication equipment and accessories segment and antennas segment. The Group’s gross profit and profit for HY2022 also increased as compared to those for HY2021.

With reference to 2022 Interim Report, the Group will continue to monitor production efficiencies to ensure optimal raw materials and labour utilisation, stringent selection of suppliers in tender biddings to keep costs to a minimum, to explore its potential through continuous internal micro-innovation, and coupled with efficient use of various resources to keep up with price pressure resulting from keen competition. The Group will also review its products mix and business transformation process in order to strive for a further enhancement in product profitability.

### ***Information on the Connected Parties***

With reference to the Board Letter:

- (i) 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.

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## LETTER FROM GRAM CAPITAL

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- (ii) 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.
- (iii) 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, marine-communications, smart grid and marine power.

Each of Suzhou Hengli, Hengtong Group and Hengtong Optic-Electric is connected person of the Company.

### *Reasons for and benefits for entering into of the New Purchases Master Agreement*

With reference to the Board Letter, Jiangsu Hengxin has been purchasing materials from Suzhou Hengli since December 2008 under the relevant purchase master agreements. The purpose of entering into the New Purchases Master Agreement is to renew the term of the Existing Purchases Master Agreement for the period from the Effective Date 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.

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 sources of supplies (in particular, copper), the Group intends to continue to work closely with the Connected Parties (including Suzhou Hengli) in respect of its sourcing of raw materials. The Board believes that it is for the benefit of the Group to continue sourcing materials from the Connected Parties (including Suzhou Hengli).

Under the New Purchases Master Agreement, the Group is not committed to purchase any Materials from 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. Therefore, flexibility will be given to the Group to purchase the Materials it requires from the Connected Parties if it so wishes at competitive market prices.

Having considered the above and (i) the growth in the Group's revenue from FY2020 to FY2021 and from HY2021 to HY2022 as illustrated above; and (ii) that Materials are purchased for the Group's major products, we are of the view that the Purchases are conducted in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole.

## **2. Principal terms of the Purchases**

The tables below summarise the major terms of the Purchases as contemplated under the New Purchase Master Agreement:

**Date:** 3 January 2023

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## LETTER FROM GRAM CAPITAL

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**Parties:** Jiangsu Hengxin, Hengtong Group and Hengtong Optic-Electric

**Subject matter:** Pursuant to the New Purchases Master Agreement, the Connected Parties will supply copper tape, polyethylene, low smoke zero halogen polyolefins, polyvinyl chloride, 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 Party.

**Term:** Effective Date to 31 December 2025

### *Purchase price*

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 Purchases 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.

With reference to the Board Letter, in general, the Group adopts tender process for general materials that are required for monthly purchase and does not adopt tender process (i.e. only negotiation for pricing between parties) for one-off individual purchases. We consider such arrangement to be commercially sensible.

For our due diligence purposes, we obtained a list of Purchases for FY2020, FY2021 and the 11 months ended 30 November 2022 and randomly selected one transaction for each of FY2020, FY2021 and the 11 months ended 30 November 2022 from the list. As we did not further set any subjective criteria (such as pricing basis with tender process or by negotiation) and the sampling covered the historical period for FY2020, FY2021 and the 11 months ended 30 November 2022, we consider the above sampling to be sufficient from independent financial adviser’s perspective. As advised by the Directors, the Group adopted tender process for the selected transactions. Accordingly, in respect of each selected transaction from the list, the Company provided us tender evaluation record in relation to such transaction which indicated that Jiangsu Hengxin selected Suzhou Hengli as supplier for the transaction when Suzhou Hengli offered lowest unit price or comparable unit price with better product quality as compared to those offered by Independent Third Parties.

The Group also adopted the policy as set out under the section headed “Purchase price and pricing policy” of the Board Letter to ensure the pricing basis under the New Purchases Master Agreement is on normal commercial terms. We consider that the effective implementation of the aforesaid policy would help to ensure fair pricing of the Purchases.

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## LETTER FROM GRAM CAPITAL

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With reference to the 2021 Annual Report and as confirmed by the Directors, the independent non-executive Directors have reviewed the Group’s continuing connected transactions (including the Purchases) conducted during FY2021 and confirmed that such transactions have been entered into: (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company’s auditor was also engaged to report on the Group’s continuing connected transactions (including the Purchases) conducted during FY2021 in accordance with Hong Kong Standard on Assurance Engagements 3000 “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The Board received a letter from the auditors which confirmed the matters required under Rule 14A.56 of the Listing Rules (the “**Auditors’ Confirmation**”).

### *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:

	<b>For the year ended 31 December 2020 (audited) RMB</b>	<b>For the year ended 31 December 2021 (audited) RMB</b>	<b>For the year ended 31 December 2022  (“FY2022”) (unaudited) RMB</b>
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
Utilisation rate	43.94%	44.99%	Undetermined
	<b>For the year ending 31 December 2023  (“FY2023”) RMB</b>	<b>For the year ending 31 December 2024  (“FY2024”) RMB</b>	<b>For the year ending 31 December 2025  (“FY2025”) RMB</b>
Proposed Purchases Caps	253,000,000	253,000,000	253,000,000

*Note: The figure is for the 11 months ended 30 November 2022.*

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## LETTER FROM GRAM CAPITAL

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With reference to the Board Letter, 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.

As depicted from the above table, the utilisation rates of the Existing Purchases Caps for FY2020 and FY2021 were below 50% and the historical Purchases amount for the 11 months ended 30 November 2022 only represented approximately 54% of the Existing Purchases Cap for FY2022. We also noted that the Proposed Purchases Caps of RMB253 million per annum is substantially higher than the historical Purchases amount for each of FY2020, FY2021 and the 11 months ended 30 November 2022.

We enquired into the Directors in this regard and were advised by the Directors that the aforesaid historical Purchases amount mainly included Materials (excluding copper) for manufacturing the Group's products. To support Jiangsu Hengxin's business development, Jiangsu Hengxin estimated to increase such amount to RMB31 million per annum (the "**Other Materials Amount**") for FY2023, FY2024 and FY2025. As mentioned in the section headed "Information on the Group" above, the Group's revenue increased by (i) approximately 42.69% from FY2020 to FY2021; and (ii) approximately 98.97% from HY2021 to HY2022. The Group's strong historical business growth justifies the Other Materials Amount.

With reference to the Board Letter and as confirmed by the Directors further advised us (i) Jiangsu Hengxin also intends to include copper in the Materials to be purchased from the Connected Parties for FY2023, FY2024 and FY2025; (ii) the Group's total copper purchase was approximately RMB519 million from 9 suppliers (with approximately 66% purchase from the top 3 suppliers) for FY2021. In light of the continuous growth of the Group's revenue, the Company expects the Group's total copper demand for each of the three years ending 31 December 2025 to be around RMB880 million. Accordingly, the purchase amount of copper from the Connected Parties is estimated to be RMB222 million per annum (the "**Copper Amount**") for FY2023, FY2024 and FY2025; and (iii) the Copper Amount represents approximately 25% of the Group's expected total copper demand per annum as aforesaid.

Under the New Purchases Master Agreement, the Group is not committed to purchase any Materials from the Connected Parties. We consider that the Proposed Purchases Caps can provide flexibility for the Group to purchase copper, which is one of the Group's major production materials, from the Connected Parties. Based on the above-mentioned Copper Amount and the Group's expected total copper demand per annum for FY2023, FY2024 and FY2025, the Connected Parties may become major suppliers of copper. Nevertheless, as the Group purchased approximately 66% of copper from the top 3 suppliers for FY2021, the Directors advised us that they are not aware of any potential reliance issue therefrom.

Having considered the above and that the sum of the Other Materials Amount and the Copper Amount equals to the Proposed Purchases Caps of RMB253 million per annum for the three years ending 31 December 2025, we are of the view that the Proposed Purchases Caps are fair and reasonable.



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## LETTER FROM GRAM CAPITAL

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Shareholders should note that as the Proposed Purchases Caps for the three years ending 31 December 2025 are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2025, and they do not represent forecasts of purchase costs to be incurred from the Purchases. Consequently, we express no opinion as to how closely the actual purchase costs to be incurred from the Purchases will correspond with the Proposed Purchases Caps.

Having considered the pricing of the Purchases and the Proposed Purchases Caps for the three years ending 31 December 2025 as aforementioned, we are of the view that the terms of the Purchases as contemplated under the New Purchases Master Agreement (including the Proposed Purchases Caps) are on normal commercial terms and are fair and reasonable.

### **3. Listing Rules implication**

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the value of the Purchases must be restricted by the Proposed Purchases Caps for the period concerned under the New Purchases Master Agreement; (ii) the terms of the Purchases must be reviewed by the independent non-executive Directors annually; and (iii) details of independent non-executive Directors' annual review on the terms of the Purchases must be included in the Company's subsequent published annual reports and financial accounts. Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the Purchases (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the Purchases; and (iv) have exceeded the Proposed Purchases Caps. In the event that the total amounts of the Purchases exceed the Proposed Purchases Caps, or that there is any material amendment to the terms of the New Purchases Master Agreement, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the Purchases and thus the interest of the Independent Shareholders would be safeguarded.

### **RECOMMENDATION**

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Purchases under the New Purchases Master Agreement are on normal commercial terms and are fair and reasonable; and (ii) the Purchases under the New Purchases Master Agreement are conducted in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the

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## LETTER FROM GRAM CAPITAL

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Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the New Purchases Master Agreement and the transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,  
For and on behalf of  
**Gram Capital Limited**  
**Graham Lam**  
*Managing Director*

*Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular 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 circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Interests of Directors and chief executive of the Company

As at the Latest Practicable Date, the interests or short positions of the Directors or 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 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 or short positions which any such Director or chief executive was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange were as follows:

#### (i) Long positions in the Shares and underlying shares of the Company:

Name of Director	Capacity and nature of interests	Number of Shares	Approximate percentage of the Company's issued share capital
Mr. Cui Wei <sup>Note 1</sup>	Interest in controlled corporation	108,868,662	28.06%
Ms. Zhang Zhong <sup>Note 2</sup>	Interest in controlled corporation	15,382,525	3.96%
Mr. Du Xiping	Beneficial owner	11,468,000	2.96%

#### Notes:

- Mr. Cui Wei, the Chairman and non-executive Director of the Company, beneficially owns the entire share capital of Kingever and accordingly is deemed to be interested in the Shares as held by Kingever by virtue of the SFO.
- Ms. Zhang Zhong, the non-executive Director of the Company, beneficially owns the entire share capital of Wellahead Holdings Limited (“Wellahead”) and accordingly is deemed to be interested in the Shares as held by Wellahead by virtue of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, the chief executive of the Company nor their associates, had any other interests or short positions in the Shares, underlying Shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which (a) 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 or short positions which any such Director or chief executive of the Company is taken or deemed to have under such provisions of the SFO); or which (b) were required to be entered into the register maintained by the Company, pursuant to Section 352 of the SFO; or which (c) were required to be notified to the Company or the Stock Exchange, pursuant to the Model Code for Securities Transaction by Directors of Listed Companies contained in the Listing Rules.

**(b) Substantial Shareholders and persons having 5% or more shareholding**

As at the Latest Practicable Date, the register of substantial shareholders maintained under Section 336 of the SFO shown that the Company has been notified of the following interests, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and the chief executive of the Company.

*Long positions in the Company:*

Name of substantial shareholders	Capacity and nature of interests	Number of Shares	Approximate percentage of the Company's issued share capital
Kingever <sup>(Note)</sup>	Beneficial owner	108,868,662	28.06%
Mr. Cui Wei <sup>(Note)</sup>	Deemed interest and interest in controlled corporation	108,868,662	28.06%

*Note:* Kingever is a company incorporated in the British Virgin Islands, the entire issued share capital of which is beneficially owned by Mr. Cui Wei.

Save as disclosed above, as at the Latest Practicable Date, the Directors and chief executive of the Company were not aware of any person (other than a Director or chief executive of the Company) who had any other interests or short positions in the Shares or underlying Shares and debentures of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

**3. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing service contract or proposed service contract with any member of the Group which will not expire or is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

**4. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS**

As at the Latest Practicable Date:

- (a) none of the Directors was materially interested, directly or indirectly, in any contract or arrangement subsisting which was significant in relation to the business of the Group; and
- (b) none of the Directors nor their respective associates had any direct or indirect interests in any assets which had been acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**5. COMPETING INTEREST**

As at the Latest Practicable Date, none of the Directors and their respective associates had any interest in a business which competes or may compete with the businesses of the Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them was a controlling shareholder of the Company).

**6. MATERIAL ADVERSE CHANGE**

The Directors are not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2021, being the date to which the latest published audited financial statements of the Group were made up.

**7. EXPERT**

The following is the qualification of the expert who has given opinions or advice which are contained in this circular:

<b>Name</b>	<b>Qualification</b>
Gram Capital Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

Gram Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, Gram Capital did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Gram Capital did not have, directly or indirectly, any interest in any assets which had since 31 December 2021 (being the date to which the latest published consolidated audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

**8. DOCUMENTS ON DISPLAY**

Copy of the New Purchases Master Agreement is available on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.hengxin.com.sg](http://www.hengxin.com.sg)) from the date of this circular up to and including the date of the EGM.

**9. MISCELLANEOUS**

The English text of this circular and the accompanying form of proxy shall prevail over the Chinese text in the event of inconsistency.

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## NOTICE OF EGM

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



### **HENGXIN TECHNOLOGY LTD.**

**亨鑫科技有限公司\***

*(carrying on business in Hong Kong as HX Singapore Ltd.)*

*(incorporated in Republic of Singapore with limited liability)*

**(Stock Code: 1085)**

### **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the extraordinary general meeting (the “**Meeting**”) of Hengxin Technology Ltd. (the “**Company**”) will be held at 11 a.m., on 27 February 2023 (Monday) at Unit 08, 43/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong. The Meeting will be convened for the purposes of considering and, if thought fit, passing (with or without modifications) the following resolution as ordinary resolution:

Unless the context requires otherwise, capitalised terms used herein shall have the same meaning as those defined in the circular of the Company dated 3 February 2023.

#### **AS ORDINARY RESOLUTION**

1. To (i) approve and confirm the New Purchases Master Agreement dated 3 January 2023 entered into between Jiangsu Hengxin, a wholly-owned subsidiary of the Company, as purchaser, and Hengtong Group and Hengtong Optic-Electric, as supplier (a copy of which shall be produced at the meeting marked “A” for identification purpose) and the terms and conditions thereof, and the transactions contemplated thereunder (including the proposed annual caps for the period to 31 December 2025) and the performance and implementation thereof; and (ii) approve, ratify and confirm the authorisation to any one director of the Company (“**Director**”) and on behalf of the Company, among other things, to sign, execute, perfect and/or deliver or to authorise signing, executing, perfecting and/or delivering (and to affix the Company’s common seal to, if necessary, in accordance with the Constitution of the Company) the New Purchases Master Agreement and all such documents, instruments, agreements or deeds and to do or authorise doing all such other acts or things which he/she may in his/her discretion consider necessary, expedient or desirable in connection with or incidental to any of the matters contemplated under the New Purchases Master Agreement and the respective annual caps thereunder or to give effect to and implement the New Purchases Master Agreement, and to waive compliance from or make and agree such variations of a non-material nature

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## NOTICE OF EGM

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to the terms of the New Purchases Master Agreement that the Directors may in their discretion consider to be desirable and in the interests of the Company and Shareholders as a whole and all the Directors' acts as aforesaid.

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

Singapore, 3 February 2023

*Notes:*

1. A member of the Company (the "**Member**") entitled to attend and vote at the Meeting is entitled to appoint no more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a Member. Where a Member appoints more than one (1) proxy, the Member shall specify the proportion of his/her shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.
2. The instrument appointing a proxy, and if the instrument appointing a proxy is signed by an attorney, the letter or power of attorney or a duly certified copy thereof, must be deposited at the Company's Principal Share Registrar in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632 (for Shareholders registered in Singapore), or at the office of the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, at 17/F Far East Finance Centre, 16 Harcourt Road, Hong Kong (for Shareholders registered in Hong Kong), as soon as possible and in any event not later than forty-eight (48) hours before the time appointed for holding the Meeting (or at any adjournment thereof).
3. If the Member is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.
4. Completion and return of the proxy form will not preclude a Member from attending and voting in person at the Meeting or any adjournment thereof should he/she so wish, and in such event, the proxy form shall be deemed to be revoked.
5. The Principal Share Registrar and Branch Share Registrar of the Company will be closed from 20 February 2023 (Monday) to 27 February 2023 (Monday) (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending the Meeting, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Principal Share Registrar in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632 (for Shareholders registered in Singapore), or at the office of the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, at 17/F Far East Finance Centre, 16 Harcourt Road, Hong Kong (for Shareholders registered in Hong Kong) not later than 4:30 p.m. on 17 February 2023 (Friday). Any removal of Shares from the Company's Principal Share Registrar in Singapore to the Branch Share Registrar in Hong Kong for the purpose of attending the EGM shall be made not later than 4:30 p.m. on 13 February 2023 (Monday).



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