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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)

MAJOR TRANSACTION IN RELATION TO POSSIBLE ACQUISITIONS

CONNECTED TRANSACTION IN RELATION TO PROVISION OF LOAN TO A CONNECTED SUBSIDIARY

Financial adviser to the Company



POSSIBLE ACQUISITIONS

The Board is pleased to announce that on 31 May 2023 (after trading hours of the Stock Exchange), (i) the Board has resolved to seek Shareholders' approval on the Proposed Mandate that, upon successful winning of the Bid and subject to the pre-conditions set out in the Standard Agreement, (a) the Group will acquire, through the Partnership, approximately 44.46% equity interest of the Target Company at the consideration of approximately RMB635.7 million; and (b) Nanjing Zhangyu proposes to issue the capital contribution notice under the Partnership Agreement; (ii) the Partnership and Gongqing City entered into the Equity Transfer Agreement I, pursuant to which the Partnership has conditionally agreed to acquire, and Gongqing City has conditionally agreed to sell approximately 4.45% equity interest of the Target Company at the consideration of approximately RMB63.6 million; and (iii) the Partnership and Hangzhou Jingneng entered into the Equity Transfer Agreement II, pursuant to which the Partnership has conditionally agreed to acquire, and Hangzhou Jingneng has conditionally agreed to sell approximately 2.09% equity interest of the Target Company at the consideration of approximately

RMB29.9 million. Both of the Equity Transfer Agreement I and Equity Transfer Agreement II are inter-conditional and subject to successful winning of the Bid. The Group will hold 51% of the Target Company upon Completions.

LOAN AGREEMENT

The Board is pleased to announce that on 31 May 2023 (after trading hours of the Stock Exchange), Xin Ke Xin entered into the Loan Agreement with Nanjing Zhangyu, subject to the conditions precedent set out therein, Xin Ke Xin will provide the Loan to Nanjing Zhangyu in the principal amount of RMB210.0 million in cash, for a term of one year commencing from the date of drawdown of the Loan for the purpose of settling the consideration under the Possible Acquisitions.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) on an aggregate basis exceeds 25% but is less than 100%, the Possible Acquisitions constitute a major transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting, announcement, circular and Shareholders' approval requirements.

Mr. Peng Yinan is an executive Director and a connected person of the Company at the issuer level under the Listing Rules. As Nanjing Zhangyu is held as to 51% indirectly by the Company and 49% indirectly by Mr. Peng Yinan, Nanjing Zhangyu is a connected subsidiary of the Company under Rule 14A.16 of the Listing Rules. Furthermore, as the Loan Agreement, subject to the conditions precedent set out therein, and the Previous Loan Agreement were a series of transactions entered into with the same party within a 12-month period, the Loan Agreement and the Previous Loan Agreement will be aggregated as if they were one transaction pursuant to Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) on an aggregate basis exceeds 5% and exceeds HK\$10,000,000, the transactions contemplated under the Loan Agreement and the Previous Loan Agreement may constitute a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement, annual review and the Independent Shareholders' approval requirements.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder or any of their respective associates have any material interest in the Possible Acquisitions and the Loan Agreement. As such, no Shareholder is required to abstain from voting on the resolution to approve, among others, the transactions contemplated under the Possible Acquisitions and the Loan Agreement at the EGM.

GENERAL

The Independent Board Committee has been established to advise the Independent Shareholders on the Loan Agreement and the transactions contemplated thereunder. Dakin Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, (i) further information on the Possible Acquisitions and the Loan Agreement; (ii) the letter of recommendation from the Independent Board Committee regarding the Loan Agreement and the transactions contemplated thereunder; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the Loan Agreement and the transactions contemplated thereunder; (iv) other information as required under the Listing Rules; and (v) a notice of the EGM and the proxy form for the EGM, is expected to be despatched to the Shareholders on or before 13 June 2023.

As the completions of the transactions contemplated under the Possible Acquisitions and the Loan Agreement are conditional upon fulfilment of the pre-conditions and conditions precedent set out therein, the transactions contemplated under the Possible Acquisitions and the Loan Agreement may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the equity securities of the Company.

INTRODUCTION

On 24 March 2023, Hangzhou Heda, being the largest shareholder of the Target Company, announced to sell approximately 44.46% equity interest in the Target Company, being all of the equity interest it holds in the Target Company through the Public Tender on the Hangzhou Equity Exchange. On 28 April 2023, the Partnership submitted the Bid with the deposit of RMB128.0 million to Hangzhou Equity Exchange, among which, Nanjing Zhangyu advanced approximately RMB38.0 million and Cosin Solar advanced RMB90.0 million to the Partnership, respectively, without interest for the purpose of fulfilling the deposit requirement under the Public Tender. If the Partnership successfully wins the Bid, the deposit will be used to offset part of the consideration payable under the Standard Agreement. If the Partnership does not win the Bid, the deposit will be returned to the Partnership without interest.

The Board is pleased to announce that on 31 May 2023 (after trading hours of the Stock Exchange), (i) the Board has resolved to seek Shareholders' approval on the Proposed Mandate that, upon successful winning of the Bid and subject to the pre-conditions set out in the Standard Agreement, (a) the Company proposes to acquire, through the Partnership, approximately 44.46% equity interest of the Target Company from Hangzhou Heda at the consideration of approximately RMB635.7 million; and (b) Nanjing Zhangyu proposes to issue the capital contribution notice under the Partnership Agreement; (ii) the Partnership and Gongqing City entered into the Equity Transfer Agreement I, pursuant to which the Partnership has conditionally agreed to acquire, and Gongqing City has

conditionally agreed to sell approximately 4.45% equity interest of the Target Company at the consideration of approximately RMB63.6 million; (iii) the Partnership and Hangzhou Jingneng entered into the Equity Transfer Agreement II, pursuant to which the Partnership has conditionally agreed to acquire, and Hangzhou Jingneng has conditionally agreed to sell approximately 2.09% equity interest of the Target Company at the consideration of approximately RMB29.9 million; and (iv) Xin Ke Xin entered into the Loan Agreement with Nanjing Zhangyu, subject to the conditions precedent set out therein, Xin Ke Xin will provide the Loan to Nanjing Zhangyu in the principal amount of RMB210.0 million in cash, for a term of one year commencing from the date of drawdown of the Loan for the purpose of settling the considerations under the Possible Acquisitions.

Both of the Equity Transfer Agreement I and Equity Transfer Agreement II are inter-conditional and subject to the successful winning of the Bid. The Group will hold 51% of the Target Company upon Completions. The Target Company will then become an indirect non-wholly owned subsidiary of the Company and its financial statements will be consolidated into the Group's financial statements.

I. BID

The details of the potential acquisition under the Bid submitted by the Partnership are summarised below:

Subject to be acquired under the Bid

Approximately 44.46% equity interest of the Target Company held by Hangzhou Heda, an entity wholly owned by Hangzhou Qiantang New Area Industrial Development Group Co., Ltd.

Bid price

Upon successful winning of the Bid, approximately RMB635.7 million, being the Bid price under the Public Tender, and approximately RMB1.5 million, being the transaction expense, shall be payable by the Partnership in cash in the following manner:

- (i) approximately RMB325.7 million, representing 51% of the consideration, and approximately RMB1.5 million, representing the transaction expense, shall be paid to Hangzhou Equity Exchange's designated account within 5 days after the signing of the Standard Agreement, subject to the pre-conditions set out therein, while the deposit of RMB128 million paid by the Partnership would be used to offset such consideration and transaction expense; and
- (ii) approximately RMB310.0 million, representing 49% of the consideration shall be paid to Hangzhou Equity Exchange's designated account within 90 days after the payment by the Partnership for the 51% of the consideration as mentioned above.

Basis for determination of the Bid price

The Bid price of approximately RMB635.7 million is determined by the Board with reference to (i) the minimum bidding price of the Public Tender of approximately RMB635.7 million as published by Hangzhou Heda on the website of Hangzhou Equity Exchange; (ii) the historical financial performance of the Target Company; (iii) the preliminary valuation prepared by an independent valuer in respect of the 100% equity interest of the Target Company with market value of approximately RMB1,485.5 million as at 31 December 2022 under market approach; (iv) the business development opportunity and prospects of the Target Company and the industry; and (v) the benefits to be derived by the Group upon the Completions as described under the section headed “REASONS AND BENEFITS OF THE POSSIBLE ACQUISITIONS AND THE LOAN AGREEMENT” in this announcement.

The consideration payable under the Standard Agreement, Equity Transfer Agreement I and Equity Transfer Agreement II, aggregated to approximately RMB729.5 million and the transaction expense of approximately RMB1.5 million, will be satisfied by the internal resources of the Partnership by way of capital contributions by Nanjing Zhangyu and Cosin Solar pursuant to the Partnership Agreement and bank borrowings.

Pre-condition of entering into the Standard Agreement

The entering into the Standard Agreement shall be subject to the compliance with all relevant rules and regulation by the Company, including but not limited to (i) the approval by the Shareholders in respect of the Proposed Mandate, Equity Transfer Agreement I and Equity Transfer Agreement II at the EGM; (ii) the approval by the Independent Shareholders in respect of the Loan Agreement at the EGM; and (iii) the Bid being won by the Partnership. The Proposed Mandate will remain valid for 12 months since the date of approval by the Shareholders at the EGM.

The Company does not intend to waive any of the aforesaid pre-conditions. Once the Partnership successfully wins the Bid, it will enter into the Standard Agreement in accordance with the terms set out by Hangzhou Equity Exchange. To facilitate the completion of the Standard Agreement, the Company proposes not to include the approval of the Shareholders which is required under Chapter 14 of the Listing Rules as a condition precedent to the Standard Agreement, and instead, the Board proposes to seek the Shareholders’ advance approval for the grant of the Proposed Mandate at the EGM. It is expected that the result of the Bid will be published by Hangzhou Equity Exchange after the date of EGM.

II. EQUITY TRANSFER AGREEMENT I

The principal terms of the Equity Transfer Agreement I are summarised below:

Date

31 May 2023

Parties

- (1) Partnership (as purchaser); and
- (2) Gongqing City (as vendor)

Equity interest to be acquired

Pursuant to the Equity Transfer Agreement I, the Partnership has conditionally agreed to purchase and Gongqing City has conditionally agreed to sell approximately 4.45% equity interest of the Target Company at the consideration of approximately RMB63.6 million.

Consideration

The consideration of approximately RMB63.6 million shall be payable by the Partnership to Gongqing City in cash in the following manner:

- (i) approximately RMB12.7 million, representing 20% of the consideration, shall be paid to Gongqing City's designated account within 15 days after fulfilment of all the conditions precedent; and
- (ii) approximately RMB50.9 million, representing 80% of the consideration, shall be paid to Gongqing City's designated account within 90 days after fulfilment of all the conditions precedent, and on condition that approximately 4.45% equity interest of the Target Company having been transferred from Gongqing City to the Partnership.

Basis of the consideration

The consideration was determined after arm's length negotiations between the parties to the Equity Transfer Agreement I by taking into consideration various factors, including but not limited to (i) equivalent pricing represented by the minimum bidding price of the Public Tender of approximately RMB635.7 million for approximately 44.46% equity interest of the Target Company held by Hangzhou Heda; (ii) historical financial performance of the Target Company; (iii) the preliminary valuation prepared by an independent valuer in respect of the 100% equity interest of the Target Company with market value of approximately RMB1,485.5 million as at 31 December 2022 under market approach; (iv) the business development opportunity and

prospects of the Target Company and the industry; and (v) the benefits to be derived by the Group upon the completion of the Possible Acquisitions as described under the section headed “REASONS AND BENEFITS OF THE POSSIBLE ACQUISITIONS AND THE LOAN AGREEMENT” in this announcement.

Conditions Precedent

Completion of the Equity Transfer Agreement I is conditional upon fulfilment of the following conditions precedent:

- (i) Equity Transfer Agreement II having been signed by the Partnership and Hangzhou Jingneng;
- (ii) the Bid being won by the Partnership and completion of the Standard Agreement;
- (iii) the approval by the Shareholders in respect of the Proposed Mandate, the Equity Transfer Agreement I and the Equity Transfer Agreement II and the transactions contemplated thereby at the EGM;
- (iv) the approval by the Independent Shareholders in respect of the Loan Agreement and the transactions contemplated thereby at the EGM; and
- (v) having obtained the consent of the majority of other shareholders of the Target Company for completion of the Equity Transfer Agreement I and their renunciation of pre-emptive right to acquire the equity interest of the Target Company to be sold by Gongqing City under the Equity Transfer Agreement I.

If any of the above conditions precedent are not fulfilled within 180 days after the date of Equity Transfer Agreement I (or such later date as may be agreed in writing by the parties thereto), Equity Transfer Agreement I will be terminated forthwith and the parties thereto shall have no claim for loss or compensation against each other.

Completion

The completion of the Equity Transfer Agreement I shall take place within 10 business days after the Partnership has paid 20% of the consideration to Gongqing City.

III. EQUITY TRANSFER AGREEMENT II

The principal terms of the Equity Transfer Agreement II are summarised below:

Date

31 May 2023

Parties

- (1) Partnership (as purchaser); and
- (2) Hangzhou Jingneng (as vendor)

Equity interest to be acquired

Pursuant to the Equity Transfer Agreement II, the Partnership has conditionally agreed to purchase and Hangzhou Jingneng has conditionally agreed to sell approximately 2.09% equity interest of the Target Company at the consideration of approximately RMB29.9 million.

Consideration

The consideration of approximately RMB29.9 million shall be payable by the Partnership to Hangzhou Jingneng in cash within 180 days after fulfilment of all the conditions precedent and on condition that the equity interest to be transferred under the Equity Transfer Agreement II having been completed. In addition to the consideration of RMB29.9 million payable under the Equity Transfer Agreement II, an interest accrued on the sum of approximately RMB29.9 million shall be payable by the Partnership to Hangzhou Jingneng, which is calculated based on the interest rate of 4.8% per annum for the period between the date of the Equity Transfer Agreement II and the date of full payment of the aforementioned consideration.

Basis of the consideration

The consideration was determined after arm's length negotiations between the parties to the Equity Transfer Agreement II by taking into consideration various factors, including but not limited to (i) equivalent pricing represented by the minimum bidding price of the Public Tender of approximately RMB635.7 million for approximately 44.46% equity interest of the Target Company held by Hangzhou Heda; (ii) historical financial performance of the Target Company; (iii) the preliminary valuation prepared by an independent valuer in respect of 100% equity interest of the Target Company with market value of approximately RMB1,485.5 million as at 31 December 2022 under market approach; (iv) the business development opportunity and prospects of the Target Company and the industry; and (v) the benefits to be derived by the

Group upon the completion of the Possible Acquisitions as described under the section headed “REASONS AND BENEFITS OF THE POSSIBLE ACQUISITIONS AND THE LOAN AGREEMENT” in this announcement.

Conditions Precedent

Completion of the Equity Transfer Agreement II is conditional upon fulfilment of the following conditions precedent:

- (i) Equity Transfer Agreement I having been signed by the Partnership and Gongqing City;
- (ii) the Bid being won by the Partnership and completion of the Standard Agreement;
- (iii) the approval by the Shareholders in respect of the Proposed Mandate, the Equity Transfer Agreement I and the Equity Transfer Agreement II and the transactions contemplated thereby at the EGM;
- (iv) the approval by the Independent Shareholders in respect of the Loan Agreement and the transactions contemplated thereby at the EGM; and
- (v) having obtained the consent of the majority of other shareholders of the Target Company for completion of the Equity Transfer Agreement II and their renunciation of pre-emptive right to acquire the equity interest of the Target Company to be sold by Hangzhou Jingneng under the Equity Transfer Agreement II.

If any of the above conditions precedent are not fulfilled within 180 days after the date of Equity Transfer Agreement II (or such later date as may be agreed in writing by the parties thereto), Equity Transfer Agreement II will be terminated forthwith and the parties thereto shall have no claim for loss or compensation against each other.

Completion

The completion of Equity Transfer Agreement II shall take place within 10 business days after fulfilment of the conditions precedent.

IV. LOAN AGREEMENT

The principal terms of the Loan Agreement are summarised below:

Date

31 May 2023

Parties

- (1) Xin Ke Xin (as lender); and
- (2) Nanjing Zhangyu (as borrower)

Principal amount

RMB210,000,000, which shall be funded by the internal resources of the Group.

Interest rate

4.9% per annum. The interest rate was arrived at after arm's length negotiation between Xin Ke Xin and Nanjing Zhangyu and reflects the normal commercial rate.

Term

The term of the Loan shall be one year from the date of drawdown of the Loan.

Conditions Precedent

Drawdown of the Loan is subject to the following conditions precedent:

- (i) Equity Transfer Agreement I having been signed by the Partnership and Gongqing City;
- (ii) Equity Transfer Agreement II having been signed by the Partnership and Hangzhou Jingneng;
- (iii) the approval by the Shareholders in respect of the Proposed Mandate, the Equity Transfer Agreement I and the Equity Transfer Agreement II and the transactions contemplated thereby at the EGM;
- (iv) the approval by the Independent Shareholders in respect of the Loan Agreement and the transactions contemplated thereby at the EGM; and
- (v) the Bid being won by the Partnership and the Standard Agreement having been signed.

If any of the above conditions precedent are not fulfilled within 180 days after the date of Loan Agreement (or such later date as may be agreed in writing by the parties thereto), the Loan Agreement will be terminated forthwith and the parties thereto shall have no claim for loss or compensation against each other.

Drawdown

Subject to fulfilment of the conditions precedent, the Loan shall be drawn down within 3 business days after Nanjing Zhangyu's issue of a drawdown notice to Xin Ke Xin.

Repayment

The outstanding principal amount of the Loan together with all accrued interests shall be repaid in one lump sum on the first anniversary of the date of drawdown of the Loan.

INFORMATION ABOUT THE PARTIES TO THE POSSIBLE ACQUISITIONS AND THE LOAN AGREEMENT

Information of the Group

The Company is an investment holding company. The Group is one of the leading manufacturers of integrated antennas and feeder cables for mobile communications in the PRC. Upon completion of acquisitions of Nanjing Zhangyu and Shanghai Zhangyu in mid-July 2022, the Group formed a new business segment of digital technology and digital security.

Information of the Target Group

The Target Company is a company established under the PRC laws with limited liability and is owned as to approximately 44.46% by Hangzhou Heda, approximately 28.86% by Fuju Zhongguang, approximately 22.23% by Hangzhou Jingneng and approximately 4.45% by Gongqing City as at the date of this announcement. As at the date of this announcement, the interest in Fuju Zhongguang is owned as to (i) approximately 31.99% by Fuju Kunsheng, which is owned by 17 shareholders (each holds less than 30% of the equity interest of Fuju Kunsheng); (ii) approximately 25.42% by Ningbo Funeng Venture Capital Enterprise Partnership (Limited Partnership)* (寧波復能創業投資合夥企業(有限合夥)), which is owned as to approximately 99.01% by Huzhou Wuxing Husheng Investment Consulting Co., Ltd.* (湖州吳興湖盛投資諮詢有限責任公司) (which is 100% ultimate beneficially owned by Huzhoushi Wuxingqu State-owned Assets Supervision and Administration Services Centre) and approximately 0.99% by Zhejiang Fuju Investment Management Co., Ltd.* (浙江復聚投資管理有限公司)); (iii) approximately 15.41% by Cosin Solar; (iv) approximately 12.84% by Zhejiang Gaosheng, which is owned as to 75% by Cosin Solar and approximately 25% by 2 other shareholders (each holds less than 30% of the equity interest of Zhejiang Gaosheng); and (v) approximately 14.34% by 3 other shareholders (each holds less than 10% equity interest of Fuju Zhongguang). For the details of the shareholdings of other shareholders, please refer to the paragraph headed "Information of the vendors" in this announcement.

The Target Company is an investment holding company which holds the entire equity interest in Qinghai Zhongkong and 75% equity interest in each of Gansu Yumen and Xinjiang Hami as at the date of this announcement. The remaining 25% equity interest in each of Gansu Yumen and Xinjiang Hami is owned by Cosin Solar.

Qinghai Zhongkong, Gansu Yumen and Xinjiang Hami are companies established under the PRC laws with limited liability and principally engaged in the supply of electricity with a focus on the production and sales of solar power as well as the provision of development consultation and technical services of the solar thermal power generation technology.

The Target Group possesses two core technologies, including (i) the solar thermal power generation technology which uses heliostat to gather sunlight and heat up molten salt to produce high temperature and high pressure steam to drive the turbine generator to generate electricity; and (ii) the molten salt energy storage technology which is widely used in the concentrated solar power (“CSP”) industry and is considered as one of the most mature and safest technologies for high temperature heat storage. As at the date of this announcement, the Target Group owns and operates two solar-thermal molten salt energy storage power stations in the city of Delingha of Qinghai Province, with operational scales of 10MW and 50MW, respectively. Leveraging on its expertise on the solar thermal power generation and molten salt energy storage technology, the Target Group is expanding the consulting and management services to other power plants.

Set out below are the financial information of the Target Group as extracted from its unaudited consolidated financial statements for the years ended 31 December 2021 and 2022, which were prepared in accordance with the International Financial Reporting Standards:

	For the year ended 31 December 2021 RMB'000	For the year ended 31 December 2022 RMB'000
Revenue	107,534	152,991
Profit before taxation	7,573	50,069
Profit after taxation	4,473	45,352

Based on the unaudited consolidated financial statement of Target Group, the net assets of Target Group as at 31 December 2022 were approximately RMB1,053.6 million.

Information of the vendors

Hangzhou Heda is a company established under the PRC laws with limited liability and principally engaged in the provision of regional industrial financial services. As at the date of this announcement, the equity interest in Hangzhou Heda is owned as to 100% by Hangzhou Qiantang New Area Industrial Development Group Co., Ltd, an entity under State-owned Assets Supervision and Administration Commission of Hangzhou People’s Government.

Gongqing City is a partnership established under the PRC laws with limited liability and principally engaged in investment activities with its own funds. As at the date of this announcement, the equity interest in Gongqing City is owned as to 25% by each of Li Guo Fan (李國藩), Liu Hao Hua (劉浩華), Qiu Ji Hong (邱繼紅) and Hu Xin Yan (胡昕炎).

Hangzhou Jingneng is a partnership established under the PRC laws with limited liability and principally engaged in enterprise management. As at the date of this announcement, the equity interest in Hangzhou Jingneng is owned as to 90% by Ye Jin (葉進) and 10% by Jing Jian Xiang (金建祥).

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Hangzhou Heda, Gongqing City and Hangzhou Jingneng and their ultimate beneficial owners are independent third parties not connected with the Company and its connected persons.

Information of other parties involved

Nanjing Zhangyu is a company established under the PRC laws with limited liability and principally engaged in the development, design and sale of integrated circuits, digital products, computer hardware, computer technology application and software, as well as technology consultation and technology services. As of the date of this announcement, the equity interest in Nanjing Zhangyu is owned as to 51% indirectly by the Company and 49% indirectly by Mr. Peng Yinan, an executive Director and a connected person of the Company at the issuer level under the Listing Rules.

Cosin Solar is a company established under the PRC laws with limited liability and principally engaged in (i) the research of molten salt tower CSP technology; and (ii) the provision of CSP equipment and technical solutions for CSP plant construction. As at the date of this announcement, the equity interest in Cosin Solar is owned as to (i) approximately 23.42% by Huzhou Yuri, whose equity interest is owned as to approximately 93.34% by Jing Jian Xiang (金建祥) and approximately 6.66% by 7 other shareholders (each holds less than 10% equity interest of Huzhou Yuri); (ii) approximately 11.16% by Xizi Clean, whose equity interest is owned as to approximately 39.01% by Xizi Elevator (which is owned as to approximately 55.63% by Mr. Wang Shui Fu (王水福) and approximately 44.37% by Ms. Chen Gui Hua (陳桂花)) and approximately 60.99% by 9 other shareholders (each holds less than 30% equity interest of Xizi Clean); and (iii) approximately 65.42% by 32 other shareholders (each holds less than 10% equity interest of Cosin Solar). To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Cosin Solar (as the limited partner under the Partnership Agreement) and its ultimate beneficial owners are independent third parties not connected with the Company and its connected persons.

The Partnership is a partnership established under the PRC laws with limited liability. The purpose of establishing the Partnership is to engage in the Possible Acquisitions. If the Partnership fails to win the Bid or complete the Possible Acquisitions, the Partnership will be dissolved. Pursuant to the Partnership Agreement, the parties will contribute the required capital by stage up to a total sum of RMB730 million, if the Partnership proceeds with the Possible Acquisitions. The parties to the Partnership will only be required to make the above capital contribution if the Possible Acquisitions

proceed to completions and upon the capital contribution notice being issued by Nanjing Zhangyu. On 28 April 2023, being the submission date of the Bid, Nanjing Zhangyu advanced approximately RMB38.0 million and Cosin Solar advanced RMB90.0 million to the Partnership, respectively, without interest for the purpose of fulfilling the deposit requirement under the Public Tender. Upon full contribution of the capital under the Partnership Agreement, the Partnership will be owned as to approximately 87.67% by Nanjing Zhangyu and approximately 12.33% by Cosin Solar. The capital contribution to be made by Nanjing Zhangyu will be funded by the Loan provided by Xin Ke Xin and internal resources of Nanjing Zhangyu.

Xin Ke Xin is a company established under the PRC laws with limited liability and its principal activity is investment holding. As of the date of this announcement, Xin Ke Xin is an indirect wholly-owned subsidiary of the Company.

REASONS FOR AND BENEFITS OF THE POSSIBLE ACQUISITIONS AND THE LOAN AGREEMENT

According to the annual report of the Company for the year ended 31 December 2022, the Group's revenue for 2022 has increased by approximately 25.5% as compared with previous financial year, which is mainly attributable to the increase in revenue of the telecommunications business segment resulting from the successful tenders of several projects during the financial year. Nevertheless, on one hand, the prospect of the domestic PRC business environment of the telecommunications segment remains uncertain amid the poor macro-environment, and on the other hand, the overseas market continues to weaken due to the outbreak of the Russia-Ukraine war and the sanctions that are placed on Russia concurrently, which have led to a decrease of nearly US\$10 million in export orders and an overall decline of approximately 15% in overseas sales during 2022. In view of (i) the business model of the core business of the Group which is heavily dependent on the investment in fixed assets in the telecommunications industry of the PRC; and (ii) the uncertainty of the macro environment which may further deteriorate the financial result of the overseas sales, the Company has been actively seeking investment targets with the aim to diversify the current business model and create new income stream.

Over the past years, the PRC government has been advocating for the adoption of renewable energy by releasing various policies and plans, such as (i) the "14th Five Year Plan" Implementation Plan for the Development of New Energy Storage, which greatly promotes the high-quality and large-scale development of new energy storage in order to accelerate the construction of a clean, low-carbon, safe and efficient energy system; and (ii) the 14th Five Year Plan for Renewable Energy, which targets a 50% increase in renewable energy generation from 2020 to 2025. Benefiting from the support of such policies and plans, the Target Group was able to achieve a solid financial return in the past few years and recorded unaudited net profit of approximately RMB45.4 million in 2022 with a compound annual growth rate of approximately 36.0% during the period from 2020 to 2022.

Further, followed by the Notice Related to Promoting the Large-scale Development of Solar Thermal Power issued by the China National Energy Administration, which heavily promote the planning and construction of solar thermal power projects, it is expected that the demand of resources for the

operation and maintenance (“O&M”) of solar power system would grow rapidly. Leveraging on the knowhow and expertise of the Target Group in operating two solar-thermal molten salt energy storage power stations in the city of Delingha of Qinghai Province, it is envisaged the same model can be replicated in other provinces. Over the past years, the Target Group has developed a reliable O&M system for its solar projects and targeted to tap into the O&M service market this year. The Company considered that, by leveraging the technical and production capabilities of Nanjing Zhangyu on chips and integrated circuit, the Group can further optimise the O&M system, through the incorporation of security and calculation software or hardware, and enhance the competitiveness of the O&M service provided by the Target Group.

Having considered (i) the continued uncertain business environment of the Company’s core business in the PRC telecommunications industry and the overseas market; (ii) the solid financial results of the Target Group in recent financial years which can become a new income stream of the Group and contribute a steady cash flow to the Group; (iii) the positive outlook of the solar energy industry supported with various favourable policies and plans released by the PRC government; (iv) the synergy between the Target Group and Nanjing Zhangyu on the development of O&M service; and (v) the factors that were taken into consideration during the determination of the consideration of the equity interest of Target Group, the Board is of the view that the terms of the transactions contemplated under the Possible Acquisitions and the Loan Agreement were arrived at after arm’s length negotiations among the parties, and are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) on an aggregate basis exceeds 25% but is less than 100%, the Possible Acquisitions constitute a major transaction of the Company under Chapter 14 of the Listing Rules and are subject to the reporting, announcement, circular and Shareholders’ approval requirements.

Mr. Peng Yinan is an executive Director and a connected person of the Company at the issuer level under the Listing Rules. As Nanjing Zhangyu is held as to 51% indirectly by the Company and 49% indirectly by Mr. Peng Yinan, Nanjing Zhangyu is a connected subsidiary of the Company under Rule 14A.16 of the Listing Rules. Furthermore, as the Loan Agreement, subject to the conditions precedent set out therein, and the Previous Loan Agreement were a series of transactions entered into with the same party within a 12-month period, the Loan Agreement and the Previous Loan Agreement will be aggregated as if they were one transaction pursuant to Rule 14A.81 of the Listing Rules. As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) on an aggregate basis exceeds 5% and exceeds HK\$10,000,000, the transactions contemplated under the Loan Agreement and the Previous Loan Agreement may constitute a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement, annual review and the Independent Shareholders’ approval requirements.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, no Shareholder or any of their respective associates have any material interest in the Possible Acquisitions and the Loan Agreement. As such, no Shareholder is required to abstain from voting on the resolution to approve, among others, the transactions contemplated under the Possible Acquisitions and the Loan Agreement at the EGM.

GENERAL

The Independent Board Committee has been established to advise the Independent Shareholders on the Loan Agreement and the transactions contemplated thereunder. Dakin Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

A circular containing, among others, (i) further information on the Possible Acquisitions and the Loan Agreement; (ii) the letter of recommendation from the Independent Board Committee regarding the Loan Agreement and the transactions contemplated thereunder; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders regarding the Loan Agreement and the transactions contemplated thereunder; (iv) other information as required under the Listing Rules; and (v) a notice of the EGM and the proxy form for the EGM, is expected to be despatched to the Shareholders on or before 13 June 2023.

As the completions of the transactions contemplated under the Possible Acquisitions and the Loan Agreement are conditional upon fulfilment of the pre-conditions and conditions precedent set out therein, the transactions contemplated under the Possible Acquisitions and the Loan Agreement may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the equity securities of the Company.

DEFINITIONS

In this announcement, the following terms and expressions used herein shall have the following meanings unless the context otherwise requires:

“Bid”	the bid submitted by the Partnership at the Public Tender for approximately 44.46% equity interest of the Target Company
“Board”	the board of Directors
“Cosin Solar”	Cosin Solar Technology Co., Ltd. (浙江可勝技術股份有限公司), a company established under the PRC laws with limited liability
“Company”	Hengxin Technology Ltd., a company incorporated in Republic of Singapore with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1085)

“Completions”	completions of the Possible Acquisitions
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held for the Shareholders to, among other things, consider and, if thought fit, approve the transactions contemplated under the Possible Acquisitions and the Loan Agreement
“Equity Transfer Agreement I”	the conditional equity transfer agreement dated 31 May 2023 and entered into between the Partnership and Gongqing City in respect of the possible acquisition of 4.45% equity interest of the Target Company
“Equity Transfer Agreement II”	the conditional equity transfer agreement dated 31 May 2023 and entered into between the Partnership and Hangzhou Jingneng in respect of the possible acquisition of 2.09% equity interest of the Target Company
“Fuju Zhongguang”	Ningbo Fuju Zhongguang Venture Capital Enterprise Partnership (Limited Partnership)* (寧波復聚中光創業投資合夥企業 (有限合夥)), a partnership established under the PRC laws with limited liability
“Fuju Kunsheng”	Ningbo Fuju Kunsheng Venture Capital Enterprise Partnership (Limited Partnership)* (寧波復聚坤晟創業投資合夥企業 (有限合夥)), a partnership established under the PRC laws with limited liability
“Gansu Yumen”	Gansu Yumen Zhongkong Solar Energy Generation Co., Ltd.* (甘肅玉門眾控太陽能發電有限公司), a company established under the PRC laws with limited liability and is a direct non-wholly-owned subsidiary of the Target Company
“Gongqing City”	Gongqing City Shengmei Investment Management Enterprise Partnership (Limited Partnership)* (共青城盛美投資管理合夥企業 (有限合夥)), a partnership established under the PRC laws with limited liability
“Group”	the Company and its subsidiaries from time to time

“Hangzhou Heda”	Hangzhou Heda Financial Services Co., Ltd. (杭州和達金融服務有限公司), a company established under the PRC laws with limited liability
“Hangzhou Jingneng”	Hangzhou Jingneng Huichu Enterprise Management Enterprise Partnership (Limited Partnership)* (杭州淨能慧儲企業管理合夥企業 (有限合夥)), a partnership established under the PRC laws with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huzhou Yuri”	Huzhou Yuri Enterprise Management Enterprise Partnership (Limited Partnership)* (湖州煜日企業管理合夥企業(有限合夥)), a partnership established under the PRC laws with limited liability
“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 Loan Agreement
“Independent Financial Adviser” or “Dakin Capital”	Dakin Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Cap. 571), being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Loan Agreement and the transactions contemplated thereunder
“independent third parties”	has the meaning ascribed to it under the Listing Rules
“Independent Shareholders”	shareholders who do not have any material interest in the transactions contemplated under the Loan Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan in the principal amount of RMB210,000,000 to be granted by Xin Ke Xin to Nanjing Zhangyu pursuant to the Loan Agreement
“Loan Agreement”	the conditional loan agreement dated 31 May 2023 and entered into between Xin Ke Xin (as lender) and Nanjing Zhangyu (as borrower) in respect of the provision of the Loan to Nanjing Zhangyu

“Nanjing Zhangyu”	Nanjing Zhangyu Information Technology Co., Ltd* (南京掌御信息科技有限公司), a company established under the PRC laws with limited liability and an indirect non-wholly-owned subsidiary of the Company
“Partnership”	Hangzhou Longkong Zhongguang Enterprise Holding Enterprise Partnership (Limited Partnership)* (杭州龍控中光企業控股合夥企業 (有限合夥)), a partnership established under the PRC laws with limited liability
“Partnership Agreement”	the partnership agreement and its supplemental agreement both dated 21 April 2023 and entered into between Nanjing Zhangyu as the general partner and Cosin Solar as the limited partner
“Possible Acquisitions”	the possible acquisitions of the equity interest of the Target Company contemplated under the Standard Agreement, Equity Transfer Agreement I and Equity Transfer Agreement II
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Previous Loan Agreement”	the loan agreement dated 28 April 2023 and entered into between Xin Ke Xin (as lender) and Nanjing Zhangyu (as borrower) in relation to the provision of the loan in the principal amount of RMB40,000,000
“Proposed Mandate”	a general mandate proposed to be granted in advance by the Shareholders at the EGM to the Directors to enter into and complete the Standard Agreement and issue the capital contribution notice by Nanjing Zhangyu under the Partnership Agreement
“Public Tender”	the public tender for selling approximately 44.46% equity interest of the Target Company through Hangzhou Equity Exchange
“Qinghai Zhongkong”	Qinghai Zhongkong Solar Energy Generation Co., Ltd.* (青海中控太陽能發電有限公司), a company established under the PRC laws with limited liability and is a direct wholly-owned subsidiary of the Target Company
“RMB”	Renminbi, the lawful currency of the PRC

“Shanghai Zhangyu”	Shanghai Zhangyu Information Technology Co., Ltd.* (上海掌御信息科技有限公司), a company established under the PRC laws with limited liability and an indirect non-wholly-owned subsidiary of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Standard Agreement”	the equity transfer agreement to be entered into between the Partnership and Hangzhou Heda, upon successful winning of the Bid, in relation to the transfer of approximately 44.46% equity interest of the Target Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Zhejiang Zhongguang New Energy Technology Co., Ltd.* (浙江中光新能源科技有限公司), a company established under the PRC laws with limited liability
“Target Group”	Target Company and its subsidiaries from time to time
“Xin Ke Xin”	Xin Ke Xin (Suzhou) Technology Co., Ltd.* (鑫科芯(蘇州)科技有限公司), a company established under the PRC laws with limited liability and an indirect wholly-owned subsidiary of the Company
“Xinjiang Hami”	Xinjiang Hami Zhongkong Solar Energy Generation Co., Ltd.* (新疆哈密眾控太陽能發電有限公司), a company established under the PRC laws with limited liability and is a direct non-wholly-owned subsidiary of the Target Company
“Xizi Clean”	Xizi Clean Energy Equipment Manufacturing Co., Ltd. (stock code: 002534.SZ), a company listed on the Shenzhen Stock Exchange
“Xizi Elevator”	Xizi Elevator Group Co., Ltd.* (西子電梯集團有限公司), a company established under the PRC laws with limited liability
“Zhejiang Gaosheng”	Zhejiang Gaosheng Photothermal Power Generation Technology Research Institute Co., Ltd.* (浙江高晟光熱發電技術研究院有限公司), a company established under the PRC laws with limited liability

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

Singapore, 31 May 2023

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