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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 the Republic of Singapore with limited liability)

(Hong Kong Stock Code: 1085)

MAJOR AND CONNECTED TRANSACTIONS IN RELATION TO EXTENSION OF REPAYMENT DATES OF LOANS TO CONNECTED SUBSIDIARY

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



EXTENSION OF REPAYMENT DATE OF LOANS

On 7 March 2024, the Lender (as lender), an indirect wholly-owned subsidiary of the Company, entered into the First Loan (Extension) Agreement and the Second Loan (Extension) Agreement with Nanjing Zhangyu (as borrower), pursuant to which the Lender agreed to subject to the conditions precedent set out therein, (i) extend the repayment date of the First Loan from 27 April 2024 to 27 April 2025; and (ii) extend the repayment date of the Second Loan from 18 July 2024 to 18 July 2025, respectively.

LISTING RULES IMPLICATIONS

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. Therefore, the transactions contemplated under the Loan (Extension) Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the First Loan (Extension) Agreement and the Second Loan (Extension) Agreement constitute a series of transactions entered into between the same parties within a 12-month period, the First Loan (Extension) Agreement and the Second Loan (Extension) 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 in respect of the Extension and the transactions contemplated under the Loan (Extension) Agreements is higher than 25% and the total principal amount of the Loans exceeds HK\$10,000,000, the Loan (Extension) Agreements and the transactions contemplated thereunder shall be subject to the reporting, announcement, annual review, circular (including Independent Financial Adviser's advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Extension and the transactions contemplated under the Loan (Extension) Agreements is higher than 25% but is less than 100%, the Loan (Extension) Agreements and the transactions contemplated thereunder also constitute a major transaction and therefore shall be subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

EGM

The EGM will be convened for the Shareholders to consider and, if thought fit, approve the Loan (Extension) Agreements and the transactions contemplated thereunder. The Independent Board Committee has been formed to advise the Shareholders in respect of the Extension. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Shareholders on the same.

The Independent Board Committee has been established to advise the Independent Shareholders on the Loan (Extension) Agreements and the transactions contemplated thereunder. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Loan (Extension) Agreements and the transactions contemplated thereunder.

A circular containing, among other things, (i) details of the Loan (Extension) Agreements and the transactions contemplated thereunder; (ii) the letter of recommendation from the Independent Board Committee regarding the Loan (Extension) Agreements and the transactions contemplated thereunder; (iii) the letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders regarding Loan (Extension) Agreements and the transactions contemplated thereunder; and (iv) a notice of the EGM will be despatched to the Shareholders in compliance with the Listing Rules on or before 28 March 2024.

BACKGROUND

Reference is made to the announcement of the Company dated 28 April 2023 in relation to the First Loan, the announcement of the Company dated 31 May 2023 in relation to the Second Loan, the circular of the Company dated 29 June 2023; and the poll results announcement of the Company dated 19 July 2023 in relation to the extraordinary general meeting held on 19 July 2023.

EXTENSION OF FIRST LOAN

The Board announces that, on 7 March 2024, the Lender (as lender), an indirect wholly-owned subsidiary of the Company, entered into the First Loan (Extension) Agreement with Nanjing Zhangyu (as borrower), pursuant to which the Lender agreed to extend the repayment date of the First Loan from 27 April 2024 to 27 April 2025.

The principal terms of the First Loan (Extension) Agreement are set out below:

Date:	7 March 2024 (after trading hours)
Parties:	(i) The Lender (as lender) (ii) Nanjing Zhangyu (as borrower)
Principal amount:	RMB40,000,000
Interest rate:	4.9% per annum. The interest rate was arrived at after arm's length negotiation between the Lender and Nanjing Zhangyu and reflects the normal commercial rate.
Extension term:	The extension term shall be one year from 28 April 2024 to 27 April 2025.
Repayment:	The interests to be accrued during the initial term of the First Loan from 28 April 2023 to 27 April 2024 in the amount of RMB 1,960,000 shall be repaid on or before 27 April 2024. The outstanding principal amount of the First Loan together with all other accrued interests shall be repaid in one lump sum at the end of the term of the First Loan (Extension) Agreement.
Condition precedent:	The First Loan (Extension) Agreement will only become effective upon having obtained the approval of it and the transactions contemplated thereunder by the Independent Shareholders at the EGM.

EXTENSION OF SECOND LOAN

The Board announces that, on 7 March 2024, the Lender (as lender) entered into the Second Loan (Extension) Agreement with Nanjing Zhangyu (as borrower), pursuant to which the Lender agreed to extend the repayment date of the Second Loan from 18 July 2024 to 18 July 2025.

The principal terms of the Second Loan (Extension) Agreement are set out below:

Date:	7 March 2024 (after trading hours)
Parties:	(i) The Lender (as lender) (ii) Nanjing Zhangyu (as borrower)
Principal amount:	RMB210,000,000
Interest rate:	4.9% per annum. The interest rate was arrived at after arm's length negotiation between the Lender and Nanjing Zhangyu and reflects the normal commercial rate.
Extension term:	The extension term shall be one year from 19 July 2024 to 18 July 2025.
Repayment:	The interests to be accrued during the initial term of the Second Loan from 19 July 2023 to 18 July 2024 in the amount of RMB 10,290,000 shall be repaid on or before 18 July 2024. The outstanding principal amount of the Second Loan together with all other accrued interests shall be repaid in one lump sum at the end of the term of the Second Loan (Extension) Agreement.
Condition precedent:	The Second Loan (Extension) Agreement will only become effective upon having obtained the approval of it and the transactions contemplated thereunder by the Independent Shareholders at the EGM.

Separately, Xuzhou Jingkan has agreed to pledge 49% equity interest in Nanjing Zhangyu to guarantee to the Lender (i) Nanjing Zhangyu's due and punctual repayment of the principal amount of First Loan together with all interests accrued as they become due under the First Loan (Extension) Agreement; and (ii) Nanjing Zhangyu's due and punctual repayment of the principal amount of Second Loan together with all interests accrued as they become due under the Second Loan (Extension) Agreement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LOAN (EXTENSION) AGREEMENTS

As Nanjing Zhangyu is still in its development stage, the Extension of the Loans will allow Nanjing Zhangyu to reserve its working capital and financial resources for the development and operation of its business in the development, design and sale of integrated circuits, digital products, computer hardware, computer technology application and software. The Extension of the Loans will ensure Nanjing Zhangyu will be able to operate smoothly by reserving its working capital and financial resources and supporting the continuous diversification development strategy of the Group which will be beneficial to the Group's development in the long run.

The terms of the Loan (Extension) Agreements are negotiated on an arm's length basis between the Lender and Nanjing Zhangyu having taken into account the prevailing market practices.

The Directors (including the independent non-executive Directors) consider that the Loan (Extension) Agreements have been entered into on normal commercial terms, and the terms and conditions therein are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP AND THE PARTIES TO THE LOAN (EXTENSION) AGREEMENT

The Group is principally engaged in the provision of telecommunications products and services, provision of digital technology and digital security products and services and the provision of new energy and services.

The Lender 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, the Lender is an indirect wholly-owned subsidiary of the Company.

Nanjing Zhangyu is held as to 51% indirectly by the Company and 49% directly by Xuzhou Jingkan (which is in turn held as to approximately 100% indirectly by Mr. Peng Yinan, an executive Director and a connected person of the Company at the issuer level under the Listing Rules). It is a company established under the PRC laws with limited liability and it is 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.

LISTING RULES IMPLICATIONS

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 (through Xuzhou Jingkan), Nanjing Zhangyu is a connected subsidiary of the Company under Rule 14A.16 of the Listing Rules. Therefore, the transactions contemplated under the Loan (Extension) Agreements constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the First Loan (Extension) Agreement and the Second Loan (Extension) Agreement constitute a series of transactions entered into between the same parties within a 12-month period, the First Loan (Extension) Agreement and the Second Loan (Extension) 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 in respect of the Extension and the transactions contemplated under the Loan (Extension) Agreements is higher than 25% and the total principal amount of the Loans exceeds HK\$10,000,000, the Loan (Extension) Agreements and the transactions contemplated thereunder shall be subject to the reporting, announcement, annual review, circular (including Independent Financial Adviser's advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Extension and the transactions contemplated under the Loan (Extension) Agreements is higher than 25% but is less than 100%, the Loan (Extension) Agreements and the transactions contemplated thereunder also constitute a major transaction and therefore shall be subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Directors confirmed that, save for Mr. Peng Yinan, none of the Directors had any material interest in the Loan (Extension) Agreements. Accordingly, Mr. Peng Yinan had abstained from voting on the Board resolutions approving the Loan (Extension) Agreements.

The EGM will be convened for the Shareholders to consider and, if thought fit, approve the Loan (Extension) Agreements and the transactions contemplated thereunder. The Independent Board Committee has been formed to advise the Shareholders in respect of the Extension. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Shareholders on the same.

The Independent Board Committee has been established to advise the Independent Shareholders on the Loan (Extension) Agreements and the transactions contemplated thereunder. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the Loan (Extension) Agreements and the transactions contemplated thereunder.

A circular containing, among other things, (i) details of the Loan (Extension) Agreements and the transactions contemplated thereunder; (ii) the letter of recommendation from the Independent Board Committee regarding the Loan (Extension) Agreements and the transactions contemplated thereunder; (iii) the letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders regarding Loan (Extension) Agreements and the transactions contemplated thereunder; and (iv) a notice of the EGM will be despatched to the Shareholders in compliance with the Listing Rules on or before 28 March 2024.

DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Hengxin Technology Ltd., a company incorporated in the Republic of Singapore with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1085)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held for the Shareholders to consider and, if thought fit, approve the Loan (Extension) Agreements and the Extension
“Extension”	the extension of the respective repayment dates of the First Loan by the First Loan (Extension) Agreement and the Second Loan by the Second Loan (Extension) Agreement
“First Loan”	the loan in the principal amount of RMB40,000,000 granted by the Lender to Nanjing Zhangyu pursuant to the First Loan Agreement
“First Loan Agreement”	the loan agreement dated 28 April 2023 and entered into between the Lender (as lender) and Nanjing Zhangyu (as borrower) in relation to the provision of the First Loan
“First Loan (Extension) Agreement”	the loan extension agreement dated 7 March 2024 entered into between the Lender (as lender) and Nanjing Zhangyu (as borrower) in relation to the Extension of the First Loan
“Group”	the Company and its subsidiaries
“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 Shareholders on the Loan (Extension) Agreements

“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to advise the Independent Board Committee and the Shareholders in respect of the Loan (Extension) Agreements and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than Mr. Peng Yinan and his associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lender”	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
“Loan Agreements”	collectively the First Loan Agreement and the Second Loan Agreement
“Loan (Extension) Agreements”	collectively the First Loan (Extension) Agreement and the Second Loan (Extension) Agreement
“Nanjing Zhangyu”	Nanjing Zhangyu Information Technology Co., Ltd* (南京掌御信息科技有限公司), a company established in the PRC with limited liability, an indirect non-wholly-owned subsidiary of the Company
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Second Loan”	the loan in the principal amount of RMB210,000,000 granted by the Lender to Nanjing Zhangyu pursuant to the Second Loan Agreement
“Second Loan Agreement”	the loan agreement dated 31 May 2023 and entered into between the Lender (as lender) and Nanjing Zhangyu (as borrower) in relation to the provision of the Second Loan
“Second Loan (Extension) Agreement”	the loan extension agreement dated 7 March 2024 entered into between the Lender (as lender) and Nanjing Zhangyu (as borrower) in relation to the Extension of the Second Loan
“Shareholder(s)”	the holder(s) of the share(s) of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xuzhou Jingkan”	Xuzhou Jingkan Management Consulting Partnership (Limited Liability Partnership)* (徐州錦瞰管理諮詢合夥企業 (有限合夥)), a limited partnership established under the laws of the PRC
“%”	per cent

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

Singapore, 7 March 2024

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. Qian Ziyang, Dr. Li Jun and Mr. Pu Hong.

* *For identification purpose only*