

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 Singapore with limited liability)

(Singapore Company Registration Number 200414927H)

(Hong Kong Stock Code: 1085)

(Singapore Stock Code: I85)

RENEWAL OF CONTINUING CONNECTED TRANSACTION

The Board announces that on 2 November 2012, the Group and Suzhou Hengli agreed to renew the Raw Materials Purchase Master Agreement for a term of three (3) years which will commence from 1 January 2013.

The Raw Materials Purchase contemplated under the Renewed Raw Materials Purchase Master Agreement constitutes continuing connected transaction of the Company under the Listing Rules. As the percentage ratios of the aforesaid continuing connected transaction are expected to be more than 0.1% but less than 5% on an annual basis, such transaction will be exempt from approval of the independent Shareholders of the Company and subject to reporting, annual review and announcement requirements only.

INTRODUCTION

Reference is made to the Prospectus dated 14 December 2010 where the Company disclosed, among other things, that Hengxin (Jiangsu), a wholly-owned subsidiary of the Company, entered into the Raw Materials Purchase Master Agreement with Suzhou Hengli on 9 November 2010 for the purchase of metal plastic tape, aluminium plastic tape and other raw materials from Suzhou Hengli for a term valid until 31 December 2012. Further details of the Raw Materials Purchase Master Agreement are set out in the paragraph headed "Purchase of raw materials" in the section headed "Connected Transactions" in the Prospectus.

Reference is also made to the announcement of the Company dated 5 December 2011 where the Company disclosed that, among others, Hengxin (Jiangsu) and Suzhou Hengli entered into the Supplemental Agreement to increase the annual caps for the amount payable by our Group to Suzhou Hengli under the Raw Materials Purchase Master Agreement for the years ended 31 December 2011 and 2012 to RMB12,000,000 and RMB12,000,000 respectively. Save for the revision to the annual caps for the two years ended 31 December 2011 and 2012, all other terms and conditions of the Raw Materials Purchase Master Agreement remain unchanged.

As the Raw Materials Purchase Master Agreement (as amended by the Supplemental Agreement) will expire on 31 December 2012 and the parties intend to continue to carry out the various transactions contemplated under such agreement in the ordinary and usual course of business of the Group, the Board announces that on 2 November 2012, Hengxin (Jiangsu) and Suzhou Hengli agreed to renew the Raw Materials Purchase Master Agreement for a term of three (3) years commencing from 1 January 2013.

Suzhou Hengli is wholly-owned by Hengtong Optic-Electric. Hengtong Optic-Electric is held at approximately 40.71% by Hengtong Group, which is beneficially owned by Mr. Cui Genliang, the elder brother of Mr. Cui Genxiang, our Chairman and an executive Director, as to 90% of equity interest, and by Mr. Cui Wei, the son of Mr. Cui Genliang, as to 10% of the equity interest. Hengtong Group can control the composition of a majority of the board of directors of Hengtong Optic-Electric. In this regard, each of Mr. Cui Genliang, Mr. Cui Wei, Hengtong Group, Hengtong Optic-Electric and Suzhou Hengli is considered as a connected person of our Group under Rule 14A.11 of the Listing Rules. The transaction contemplated under the Renewed Raw Materials Purchase Master Agreement constitutes continuing connected transaction of the Company under the Listing Rules.

THE RENEWED RAW MATERIALS PURCHASE MASTER AGREEMENT

Reason for the Raw Materials Purchase

The Group has been purchasing raw materials from Suzhou Hengli since December 2008 and from November 2010, such purchases have been made pursuant to the terms set out in the Raw Materials Purchase Master Agreement.

The renewal of the Raw Materials Purchase Master Agreement for a further period of three years from 1 January 2013 will ensure that the Group will continue to have the flexibility to secure the steady supply of raw materials from Suzhou Hengli.

As the Group's usual practice, it will go through with the internal tender procedures for purchase of raw materials, and will enter into a separate purchase agreement with the successful bidder. One of the bidders is Suzhou Hengli. The Group is not committed to purchase any raw materials from Suzhou Hengli under the Renewed Raw Materials Purchase Master Agreement but if any sales transactions are entered into between the parties, all such sale transactions will be on normal commercial terms and at the terms no less favourable than those offered by any Independent Third Parties. The renewal of the Raw Materials Purchase Master Agreement will therefore give the Group the flexibility to purchase the raw materials it requires from Suzhou Hengli if it so wishes at competitive market prices.

As such, the Company believes that it is for the benefit of the Group to continue sourcing raw materials from Suzhou Hengli, after taking into account the quality of the raw materials as compared to other suppliers in the market at competitive market prices.

Principal terms

Date

2 November 2012

Parties

Purchaser: Hengxin (Jiangsu)

Supplier: Suzhou Hengli

Subject Matter

Pursuant to the Renewed Raw Materials Purchase Master Agreement, Suzhou Hengli will supply metal plastic tape, aluminum plastic tape and other raw materials for production of RF coaxial cables, on the terms no less favourable than those offered by any Independent Third Parties.

Term

The Renewed Raw Materials Purchase Master Agreement is for a term of three years commencing from 1 January 2013 to 31 December 2015 and such term may be extended by mutual agreement and the Shareholders' approval (if applicable) and any other requirements in accordance with the Listing Rules and Listing Manual at that time.

Purchase Price

As a pre-condition with respect to the quality meeting our requirements, the purchase price shall be determined in accordance with the following basis:

- (a) the price set by the regulations of the PRC government or the relevant authority (if there is any);
- (b) if no such price is set by the PRC government or the relevant authorities, Suzhou Hengli submits its tender price through the tender process; and
- (c) if there is no tender process, the purchase price shall be the lowest of the followings:
 - (i) the fair market price which is provided by Independent Third Parties; or
 - (ii) the purchase price as agreed between the parties provided that such agreed price shall not be more than the actual costs of selling the raw materials in the most recent year plus a margin of an agreed rate (which shall not be more than the rate of increase of the consumer price index of Jiangsu Province in the most recent year) of such costs.

The Renewed Raw Materials Purchase Master Agreement sets out that the details to be included in any separate purchase agreement to be entered into between the parties thereto.

Annual Caps

The existing annual caps for transactions under the Raw Materials Purchase Master Agreement for the three years ended 31 December 2012 and the historical transaction amounts under the Raw Materials Purchase Master Agreement for the two years ended 31 December 2010 and 2011 and the nine months ended 30 September 2012 are set out below:

	Year ended 31 December		
	2010	2011	2012
Annual cap for the year ended 31 December	RMB9,000,000	RMB12,000,000	RMB12,000,000
Actual transaction amount for the year ended 31 December	RMB6,769,000	RMB8,730,000	N/A
Actual transaction amount for the nine months ended 30 September	N/A	N/A	RMB3,366,000

For each of the three years ended 31 December 2013, 2014 and 2015, the annual amount to be payable by us to Suzhou Hengli in connection with the purchase of raw materials will be no more than RMB9,000,000, RMB9,000,000 and RMB9,000,000 respectively. The proposed annual caps are determined with reference to the historical values, the prevailing market prices, expected production and sales of our operation, and production capacity using raw materials supplied by Suzhou Hengli.

IMPLICATIONS UNDER THE LISTING RULES

The percentage ratios of the aforesaid continuing connected transaction contemplated under the Renewed Raw Materials Purchase Master Agreement are expected to be more than 0.1% but less than 5% on an annual basis and therefore such transaction will be exempt from approval of the independent Shareholders of the Company and is subject to reporting, annual review and announcement requirements only.

Save for Mr. Cui Genxiang, our Chairman and an executive Director, none of the Directors has any material interest, direct or indirect, in the transactions contemplated under the Renewed Raw Materials Purchase Master Agreement and therefore none of the Directors except for Mr. Cui Genxiang was required to abstain from voting on the resolution of the Board to approve the Renewed Raw Materials Purchase Master Agreement.

VIEW OF THE DIRECTORS ON THE CONTINUING CONNECTED TRANSACTION

The Board (including the independent non-executive Directors) considers that the transactions under the Renewed Raw Materials Purchase Master Agreement are entered into in the usual and ordinary course of business of the Group and conducted on an arm's length basis and on normal commercial terms. Accordingly, the Board (including the independent non-executive Directors) considers that the terms of the Renewed Raw Materials Purchase Master Agreement are fair and reasonable and the entering into of the said agreement is in the interests of the Company and its shareholders as a whole.

GENERAL

The Group is one of the leading manufacturers of radio frequency (RF) coaxial cables series for mobile communications in the PRC.

Suzhou Hengli is in the principal business of manufacture and sale of metal plastic tape, aluminum plastic tape, polyethylene materials jacketing for RF copper cables, and sale of communication cables, communication equipments and accessories.

As we are in the principal business of manufacture and sale of RF coaxial cables series for mobile communications, our products differ from the products of Hengtong Optic-Electric in terms of usage, market conditions, pricing and expertise required. In terms of target customers, although Hengtong Optic-Electric and we have common customers, they purchase different types of cables respectively from Hengtong Optic-Electric and us for different uses.

DEFINITIONS

“associate”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors of the Company
“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 Singapore Exchange Securities Trading Limited and the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it in the Listing Rules
“continuing connected transaction”	has the meaning ascribed to it in the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hengtong Optic-Electric”	Hengtong Optic-Electric Co., Ltd (江蘇亨通光電股份有限公司)
“Hengtong Group”	Hengtong Group Co. Ltd (亨通集團有限公司)
“Hengxin (Jiangsu)”	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 one of our wholly-owned subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	third parties independent of the Company and its connected persons
“Listing Manual”	the listing manual issued by the Singapore Exchange Securities Trading Limited, as amended, modified and supplemented from time to time
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China

“Prospectus”	the prospectus of the Company dated 14 December 2010
“Raw Materials Purchase Master Agreement”	the raw materials purchase master agreement dated 9 November 2010 entered into between Hengxin (Jiangsu), a wholly-owned subsidiary of the Company, and Suzhou Hengli in relation to the purchase of metal plastic tape, aluminum plastic tape and other raw materials by the Group
“Raw Materials Purchase”	the purchase of raw materials from Suzhou Hengli under the Raw Materials Purchase Master Agreement
“Renewed Raw Materials Purchase Master Agreement”	the Raw Materials Purchase Master Agreement which was renewed by Hengxin (Jiangsu) and Suzhou Hengli on 2 November 2012 for a period of three years commencing from 1 January 2013, details of which are set out in the section headed “The Renewed Raw Materials Purchase Master Agreement”
“RMB”	Renminbi, the law currency of the PRC
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement dated 5 December 2011 entered into between Hengxin (Jiangsu) and Suzhou Hengli in relation to the revision of annual caps of the continuing connected transaction contemplated under the Raw Materials Purchase Master Agreement for the two financial years ended 31 December 2011 and 2012 respectively
“Suzhou Hengli”	Suzhou Hengli Telecommunications Materials Co., Ltd. (蘇州亨利通信材料有限公司), a limited liability company established in the PRC
“%”	per cent.

By Order of the Board
Hengxin Technology Ltd.
Cui Genxiang
Executive Chairman

Singapore, 2 November 2012

As at the date of this announcement, the executive directors of the Company are Mr. Cui Genxiang and Mr. Xu Guoqiang; the non-executive director of the Company is Ms. Zhang Zhong; and the non-executive independent directors of the Company are Mr. Tay Ah Kong Bernard, Mr. Chee Teck Kwong Patrick and Mr. Tam Chi Kwan Michael.

* *For identification purpose only*