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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)

(Singapore Registration No.: 200414927H)

(Hong Kong Stock Code: 1085)

(Singapore Stock Code: I85)

CONTINUING CONNECTED TRANSACTIONS

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The Board announces that on 30 October 2014, Hengxin (Jiangsu), a wholly-owned subsidiary of the Company, entered into the Renewed Raw Materials Purchase Master Agreement with Suzhou Hengli to renew the Raw Materials Purchase Master Agreement for a term up to 31 December 2016 and to revise the annual caps of the continuing connected transactions contemplated thereunder. Reference is made to the announcement dated 2 November 2012 in relation to the continuing connected transactions contemplated under the Raw Materials Purchase Master Agreement.

The Board further announces that on the same date, Hengxin (Jiangsu) and Suzhou Hengli also entered into the Products Sale Master Agreement in relation to sale of the products, such as radio frequency coaxial cable series for mobile communications and telecommunications equipment and accessories, by the Group to Suzhou Hengli for a term up to 31 December 2016.

LISTING RULES IMPLICATIONS

Suzhou Hengli is wholly-owned by Hengtong Optic-Electric. Hengtong Optic-Electric is held at approximately 37.81% by Hengtong Group, which is beneficially owned by Mr. Cui Genliang (the elder brother of Mr. Cui Genxiang, the Chairman and an executive Director of the Company, and the father of Mr. Cui Wei, the non-executive Director and substantial shareholder of the Company) as to 90% of equity interest, and by Mr. Cui Wei, 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, Hengtong Group, Hengtong Optic-Electric and Suzhou Hengli is considered as a connected person of the Group under Rule 14A.07 of the Listing Rules. Accordingly, the transactions contemplated under the Renewed Raw Materials Purchase Master Agreement and the Products Sale Master Agreement constitute continuing connected transactions of the Company under the Listing Rules.

In compliance with Chapter 14A of the Listing Rules, the respective annual caps under the Renewed Raw Materials Purchase Master Agreement and the Products Sale Master Agreement are aggregated to calculate the percentage ratios. As the applicable percentage ratios (other than profit ratio) as defined under Rule 14.07 of the Listing Rules for the aggregate annual caps of the continuing connected transactions under the Renewed Raw Materials Purchase Master Agreement and the Products Sale Master Agreement exceed 0.1% but are below 5%, such transaction is subject to the reporting and announcement requirements set out in Chapter 14A of the Listing Rules and are exempted from the independent shareholders' approval requirement of the Listing Rules.

RENEWED RAW MATERIALS PURCHASE MASTER AGREEMENT

Reference is made to the announcement of the Company dated 2 November 2012 where the Company disclosed that, among others, Hengxin (Jiangsu) and Suzhou Hengli entered into the Raw Materials Purchase Master Agreement for a term up to 31 December 2014.

Date

30 October 2014

Parties

Purchaser: Hengxin (Jiangsu), a wholly-owned subsidiary of the Company

Supplier: Suzhou Hengli

Suzhou Hengli is wholly-owned by Hengtong Optic-Electric. Hengtong Optic-Electric is held at approximately 37.81% by Hengtong Group, which is beneficially owned by Mr. Cui Genliang (the elder brother of Mr. Cui Genxiang, the Chairman and an executive Director of the Company, and the father of Mr. Cui Wei, the non-executive Director and substantial shareholder of the Company) as to 90% of equity interest, and by Mr. Cui Wei, 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, Hengtong Group, Hengtong Optic-Electric and Suzhou Hengli is considered as a connected person of the Group under Rule 14A.07 of the Listing Rules.

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 radio frequency 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 up to 31 December 2016 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 at that time.

Purchase Price

As a pre-condition with respect to the quality meeting the 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 ending 31 December 2014 and the historical transaction amounts under the Raw Materials Purchase Master Agreement for the two years ended 31 December 2012 and 2013 and the six months ended 30 June 2014 are set out below:

	Year ended 31 December		
	2012	2013	2014
Annual cap for the period	RMB12,000,000	RMB9,000,000	RMB9,000,000
	Year ended 31 December		Six months ended
	2012	2013	30 June
			2014
Actual transaction amount for the period	RMB3,581,000	RMB5,597,000	RMB5,475,000

For each of the three years ending 31 December 2014, 2015 and 2016, the annual amount to be payable by us to Suzhou Hengli in connection with the purchase of raw materials will be no more than RMB14,000,000, RMB14,000,000 and RMB14,000,000 respectively. The proposed annual caps are determined with reference to the historical values, the prevailing market prices, expected production and sales of the Group, and production capacity using raw materials supplied by Suzhou Hengli.

PRODUCTS SALE MASTER AGREEMENT

Date

30 October 2014

Parties

Supplier: Hengxin (Jiangsu)

Purchaser: Suzhou Hengli

Subject Matter

Pursuant to the Products Sale Master Agreement, the Group will provide its products, such as radio frequency coaxial cable series for mobile communications, telecommunications equipment and accessories, high temperature resistant cables and antennas to Suzhou Hengli, on terms no less favourable than those offered by any Independent Third Parties.

Term

The Products Sale Master Agreement is for a term up to 31 December 2016 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 at that time.

Price

As a pre-condition with respect to the quality meeting the requirements, the sale 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, Hengxin (Jiangsu) submits its tender price through the tender process; and
- (c) if there is no tender process, the sale price shall be the highest of the followings:
 - (i) the fair market price which is provided by Independent Third Parties; or
 - (ii) the sale price as agreed between the parties provided that such agreed price shall not be less than the actual price of selling the products 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 price.

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

Annual Caps

The Group has not sold its products to Suzhou Hengli during the last three years ended 31 December 2013 and up to date, and therefore there is no historical record of the relevant transactions.

For each of the three years ending 31 December 2014, 2015 and 2016, the annual amount to be payable by Suzhou Hengli to us in connection with the sale of products will be no more than RMB6,000,000, RMB6,000,000 and RMB6,000,000 respectively. The proposed annual caps are determined with reference to the historical values sold to the Independent Third Parties, the prevailing market prices, expected production capacity and sales of the Group.

REASONS FOR ENTERING INTO THE CONTINUING CONNECTED TRANSACTIONS MASTER AGREEMENTS

The Group has been purchasing raw materials from Suzhou Hengli since December 2008. The purposes of entering into the Renewed Raw Materials Purchase Master Agreement are to renew the term of the purchase agreement and revise the annual cap, in order to ensure that the Group will continue to have the flexibility to secure the steady supply of raw materials from Suzhou Hengli.

Reference is made to the announcement of the Company dated 2 November 2012 in relation to the renewal of the Raw Material Purchase Agreement. As disclosed, it is the Group's usual practice that the Group 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. In addition, the Group proposes to revise the annual cap for the reasons that: (i) the quality of products provided by Suzhou Hengli has an overall improvement over the years; and (ii) the Group intends to expand its supplier sources which have better quality controls.

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 plans to expand its revenue stream, the Group intends to work with Suzhou Hengli for the sale of its products.

As such, the Company believes that it is for the benefit of the Group to continue sourcing raw materials from Suzhou Hengli and selling its products to Suzhou Hengli.

VIEW OF THE DIRECTORS ON THE CONTINUING CONNECTED TRANSACTION

The Board (including the independent non-executive Directors) considers that the transactions under the Continuing Connected Transactions Master Agreements 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 each of the Continuing Connected Transactions Master Agreements are fair and reasonable and the entering into of the said agreements are in the interests of the Company and its shareholders as a whole.

“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 same meaning as given to it under the Listing Rules
“Continuing Connected Transactions Master Agreements”	Renewed Raw Materials Purchase Master Agreement and Products Sale Master Agreement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hengtong Cable Technology”	Jiangsu Hengtong Cable Technology Co., Ltd. (江蘇亨通線纜科技有限公司)
“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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“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 purposes of this announcement
“Products Sale Master Agreement”	the products sale master agreement dated 30 October 2014 entered into between Suzhou Hengli and Hengxin (Jiangsu), a wholly-owned subsidiary of the Company, in relation to sale of products, such as radio frequency coaxial cable series for mobile communications, telecommunications equipment and accessories, high temperature resistant cables and antennas
“Raw Materials Purchase Master Agreement”	the raw materials purchase master agreement dated 9 November 2010 entered into between Suzhou Hengli and Hengxin (Jiangsu), a wholly owned subsidiary of the Company, in relation to the purchase of metal plastic tape, aluminum plastic tape and other raw materials by the Group

“Renewed Raw Materials Purchase Master Agreement”	the renewed raw materials purchase master agreement dated 30 October 2014 entered into between Suzhou Hengli and Hengxin (Jiangsu), a wholly-owned subsidiary of the Company, in relation to the renewal of the Raw Material Purchase Agreement and the revision of annual caps of the continuing connected transaction contemplated under the Raw Materials Purchase Master Agreement for the three financial years ending 31 December 2016
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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

For illustration purpose in this announcement, amounts in RMB have been translated into HK\$ at the rate of RMB0.79 = HK\$1.

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

Hong Kong, 30 October 2014

As at the date of this announcement, the executive Directors of the Company are Mr. Cui Genxiang and Mr. Xu Guoqiang; 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. Tay Ah Kong Bernard, Mr. Chee Teck Kwong Patrick and Mr. Tam Chi Kwan Michael.

* *For identification purpose only*