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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

CONTINUING CONNECTED TRANSACTION AGREEMENT

The Board announces that on 1 January 2018, Hengxin (Jiangsu), a wholly-owned subsidiary of the Company, entered into the Power Purchase (Trial Implementation) Agreement with Hengtong SE for a term from 1 January 2018 to 31 January 2018.

On 30 January 2018, Hengxin (Jiangsu) entered into the Power Purchase Agreement with Hengtong SE for a term from 1 February 2018 to 31 January 2019. On the same day, Hengxin (Jiangsu), Hengtong SE and Jiangsu State Grid also entered into the Tripartite Agreement in respect of the Power Purchase Agreement in accordance with the requirements from relevant government authorities.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Hengtong SE is wholly-owned by Hengtong Group, which is owned by Mr. Cui Genliang and Mr. Cui Wei as to 90% and 10% equity interests respectively. Mr. Cui Genliang is the father of Mr. Cui Wei (the Chairman, a non-executive Director and a substantial shareholder who owns equity interests of the Company via his wholly-owned entity, Kingever). Therefore, each of Mr. Cui Wei, Mr. Cui Genliang and Hengtong SE is considered as a connected person of the Company as defined in Chapter 14A of the Listing Rules. The transactions contemplated under the Power Purchase (Trial Implementation) Agreement and the Power Purchase Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios (as set out in Rule 14.07 of the Listing Rules) as calculated in respect of the transaction contemplated under the Power Purchase (Trial Implementation) Agreement is less than 5%, and the aggregate consideration for the transaction is less than HK\$3 million, the transaction constitutes de minimis continuing connected transaction according to Rule 14A.76(1) of the Listing Rules, which is fully exempted from the Shareholders' approval, annual review and all the disclosure requirements under Chapter 14A of the Listing Rules. Nevertheless, due to their similar nature or correlation in other aspects between the Power Purchase (Trial Implementation) Agreement and the Power Purchase Agreement, the Power Purchase (Trial Implementation) Agreement and the Power Purchase Agreement will be aggregated and treated as one transaction.

Based on the transaction amount of the Power Purchase (Trial Implementation) Agreement and the Annual Cap under the Power Purchase Agreement for the 12-month period from 1 February 2018 to 31 January 2019, all the applicable percentage ratios in respect of the continuing connected transactions are less than 5% on an annual basis, the transactions constitute exempted continuing connected transactions of the Company under the requirements of Rule 14A.76(2) of the Listing Rules and are exempted from the requirements of circular and approval of independent Shareholders of the Company, but are subject to the requirements of annual review, reporting and announcement under Chapter 14A of the Listing Rules.

POWER PURCHASE (TRIAL IMPLEMENTATION) AGREEMENT

Date: 1 January 2018

Purchaser: Hengxin (Jiangsu)

Seller: Hengtong SE

Subject Matter: Hengtong SE agreed to sell and supply power (to be transmitted and distributed by Jiangsu State Grid) to Hengxin (Jiangsu) and Hengxin (Jiangsu) agreed to purchase such power from Hengtong SE.

Transaction Volume: Approximately 605,000 kWh

Term: A one-month period from 1 January 2018 to 31 January 2018.

Pricing Policy: Supplied at a unit price after deducting RMB0.025 from the Catalog Power Price per kWh.

The unit price was determined after arm's length negotiation according to the principles of fairness and reasonableness between Hengxin (Jiangsu) and Hengtong SE.

Payment Term: All payments shall be settled in cash

Transaction Price Cap: RMB1,000,000

There was no historical transaction for Power Purchase between Hengxin (Jiangsu) and Hengtong SE.

POWER PURCHASE AGREEMENT

Date: 30 January 2018

Purchaser: Hengxin (Jiangsu)

Seller: Hengtong SE

Subject Matter: Hengtong SE agreed to sell and supply power (to be transmitted and distributed by Jiangsu State Grid) to Hengxin (Jiangsu) and Hengxin (Jiangsu) agreed to purchase such power from Hengtong SE.

Transaction Volume: Estimated volume of approximately 13 million kWh for the 12-month period

Term: A 12-month period commencing from 1 February 2018 to 31 January 2019.

Pricing Policy:

1. supplied at a unit price after deducting RMB0.025 from the Catalog Power Price per kWh; or
2. supplied at a unit price after deducting 80% of the difference between the Catalog Power Price and the Prime Power Price from the Catalog Power Price per kWh.

For the power cost calculated using the abovementioned pricing methods, Hengxin (Jiangsu) is entitled to adopt the pricing method which results in a lower price.

The unit price was determined after arm's length negotiation according to the principles of fairness and reasonableness between Hengxin (Jiangsu) and Hengtong SE.

Payment Term: All payments will be settled in cash on a monthly basis

Transaction Price Cap: The maximum power cost payable by Hengxin (Jiangsu) to Hengtong SE throughout the agreement period is RMB11,300,000.

Save for the Power Purchase (Trial Implementation) Agreement, there was no historical transaction for Power Purchase between Hengxin (Jiangsu) and Hengtong SE.

TRIPARTITE AGREEMENT

Date: 30 January 2018

Purchaser: Hengxin (Jiangsu)

Seller: Hengtong SE

Power Transmitter
and Distributor: Jiangsu State Grid

Subject Matter: The entering into of an operational arrangement in respect of the Power Purchase Agreement in accordance with the requirements from the relevant government authorities, according to which Hengtong SE shall transmit and distribute power via Jiangsu State Grid to Hengxin (Jiangsu).

ANNUAL CAP

According to the Power Purchase Agreement, the maximum amount of aggregate power price payable for the Power Purchase by Hengxin (Jiangsu) for the 12-month period from 1 February 2018 to 31 January 2019 shall not exceed RMB11,300,000.

In the determination of the Annual Cap of power price payable for the Power Purchase, the Directors have taken into consideration (i) the annual power consumptions of the Group in the past two years; (ii) the current power price specified by the relevant government authorities; and (iii) the increase in power demand of the Group due to business expansion in the future.

REASONS FOR AND BENEFITS OF THE POWER PURCHASE (TRIAL IMPLEMENTATION) AGREEMENT AND THE POWER PURCHASE AGREEMENT

The Directors believe that the Group could reduce its cost on electricity consumption by purchasing power from Hengtong SE, as the power price payable for the Power Purchase will be lower than that would have been payable for power purchase from the electricity grid operated by the government, hence the competitiveness of the Group's products will be enhanced. The Directors (including the independent non-executive Directors but excluding Mr. Cui Wei, the Chairman of the Group and a non-executive Director) have confirmed and considered that, (i) the Power Purchase (Trial Implementation) Agreement, the Power Purchase Agreement and Tripartite Agreement have been entered into in the usual and ordinary course of business of the Group; and (ii) the terms of the Power Purchase (Trial Implementation) Agreement, the Power Purchase Agreement and Tripartite Agreement, including the transaction price cap for the Power

Purchase (Trial Implementation) Agreement and annual cap for the Power Purchase Agreement, are on normal commercial terms or such terms as more favourable to the Group, and have been determined after arm's length negotiation between the parties, which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Information of the Group

The Group is principally engaged in the development, manufacture and sale of radio frequency (RF) coaxial cables for mobile communications, antennas and other telecommunications equipment and accessories.

Information of Hengxin (Jiangsu)

Hengxin (Jiangsu) is a company incorporated in the PRC and a wholly-owned subsidiary of the Company. It is principally engaged in the research, design, development and manufacture of telecommunications and technological products, and the production of RF coaxial cables for mobile communications and base station equipment for mobile communications systems.

Information of Hengtong SE

Hengtong SE is a company incorporated in the PRC and a wholly-owned subsidiary of Hengtong Group. It is principally engaged in the business of sales of electricity, design and construction of electrical works, operation and maintenance of electrical equipment.

Information of Jiangsu State Grid

Jiangsu State Grid is a power supplying company incorporated in the PRC with the operating right of power distribution. It is principally engaged in the business of power transmission and distribution. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Jiangsu State Grid and its ultimate beneficial owners are independent third parties.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Hengtong SE is wholly-owned by Hengtong Group, which is owned by Mr. Cui Genliang and Mr. Cui Wei as to 90% and 10% equity interests respectively. Mr. Cui Genliang is the father of Mr. Cui Wei (the Chairman, a non-executive Director and a substantial shareholder who owns equity interests of the Company via his wholly-owned entity, Kingever). Therefore, each of Mr. Cui Wei, Mr. Cui Genliang and Hengtong SE is considered as a connected person of the Company as defined in Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Power Purchase (Trial Implementation) Agreement and the Power Purchase Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios (as set out in Rule 14.07 of the Listing Rules) as calculated in respect of the transaction contemplated under the Power Purchase (Trial Implementation) Agreement is less than 5%, and the aggregate consideration for the transaction is less than HK\$3 million, the transaction constitutes de minimis continuing connected transaction according to Rule 14A.76(1) of the Listing Rules, which is fully exempted from the Shareholders' approval, annual review and all the disclosure requirements under Chapter 14A of the Listing Rules. Nevertheless, due to their similar nature or correlation in other aspects between the Power Purchase (Trial Implementation) Agreement and the Power Purchase Agreement, the Power Purchase (Trial Implementation) Agreement and the Power Purchase Agreement will be aggregated and treated as one transaction.

Based on the transaction amount of the Power Purchase (Trial Implementation) Agreement and the Annual Cap under the Power Purchase Agreement for the 12-month period from 1 February 2018 to 31 January 2019, all the applicable percentage ratios in respect of the continuing connected transactions are less than 5% on an annual basis, the transactions constitute exempted continuing connected transactions of the Company under the requirements of Rule 14A.76(2) of the Listing Rules and are exempted from the requirements of circular and approval of independent Shareholders of the Company, but are subject to the requirements of annual review, reporting and announcement under Chapter 14A of the Listing Rules.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, other than Mr. Cui Wei, the Chairman of the Group and a non-executive Director, none of the Directors has a material interest in the Power Purchase (Trial Implementation) Agreement, the Power Purchase Agreement, the Tripartite Agreement and the transactions contemplated thereunder, and hence has to abstain from voting on the relevant Board resolutions in relation to the Power Purchase (Trial Implementation) Agreement, the Power Purchase Agreement, the Tripartite Agreement and the transactions contemplated thereunder. Mr. Cui Wei has abstained from voting on the relevant Board resolutions approving the Power Purchase (Trial Implementation) Agreement, the Power Purchase Agreement, the Tripartite Agreement and the Annual Cap.

DEFINITIONS

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

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| “Annual Cap” | the maximum amount of aggregate power price payable during the 12-month period by Hengxin (Jiangsu) to Hengtong SE pursuant to the terms of the Power Purchase Agreement |
| “associate(s)” | has the same meaning as given to it under the Listing Rules |

“Board”	the board of Directors of the Company
“Catalog Power Price”	power price per kWh specified by the relevant government authorities and adjusted from time to time, including tax
“Company”	Hengxin Technology Ltd., a company incorporated in Singapore with limited liability and the Shares of which are primarily listed on the Main Board of the Stock Exchange and secondarily listed on Singapore Exchange Securities Trading Limited
“connected person(s)”	has the same meaning as given to it under the Listing Rules
“continuing connected transaction”	has the same meaning as given to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hengtong Group”	Hengtong Group Co., Ltd.* (亨通集團有限公司), a limited liability company established in the PRC
“Hengtong SE”	Jiangsu Hengtong Sell Electricity Co., Ltd.* (江蘇亨通售電有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of Hengtong Group
“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 a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholder(s)”	Shareholders other than Mr. Cui Wei, Kingever and their associates
“Independent Third Party(ies)”	third party(ies) who is/are independent of the Company and its connected person(s) (as defined in the Listing Rules)

“Jiangsu State Grid”	Yixing Power Supply Company under Jiangsu State Grid Power Company* (國網江蘇省電力公司宜興市供電公司), a limited liability company established in the PRC
“Kingevery”	Kingevery Enterprises Limited, a company incorporated in the British Virgin Islands and a substantial shareholder of the Company, holding approximately 23.87% of the issued share capital of the Company as at the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as revised, amended and supplemented from time to time)
“percentage ratios”	has the same meaning as given to it under the Listing Rules
“Power Purchase”	purchase of power from Hengtong SE by Hengxin (Jiangsu)
“Power Purchase Agreement”	the agreement dated 30 January 2018 entered into between Hengxin (Jiangsu) and Hengtong SE in relation to the Power Purchase, as supplemented by its supplementary agreement of the same date
“Power Purchase (Trial Implementation) Agreement”	the agreement dated 1 January 2018 entered into between Hengxin (Jiangsu) and Hengtong SE in relation to the trial implementation of Power Purchase for a term of one month
“PRC”	the People’s Republic of China, which, unless otherwise stated, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purpose of this announcement
“Prime Power Price”	the minimum power selling price per kWh announced and adjusted from time to time by the power exchange platform of Jiangsu Power Exchange Center* (江蘇電力交易中心)
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the same meaning as given to it under the Listing Rules

“Tripartite Agreement” the tripartite agreement dated 30 January 2018 entered into between Hengxin (Jiangsu), Hengtong SE and Jiangsu State Grid in relation to the implementation arrangement on the power transmission from Hengtong SE to Hengxin (Jiangsu) via Jiangsu State Grid

“%” per cent.

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

Hong Kong, 30 January 2018

As at the date of this announcement, the executive Directors are Mr. Du Xiping and Mr. Xu Guoqiang; the non-executive Directors are Mr. Cui Wei and Ms. Zhang Zhong; and the independent non-executive Directors are Mr. Tam Chi Kwan Michael, Dr. Li Jun and Mr. Pu Hong.

* *For identification purpose only*