

---

## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

---

This Circular is issued by Hengxin Technology Ltd. (the “Company”). **If you are in any doubt** as to the action you should take, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser immediately.

**If you have sold or transferred** all your Shares in the capital of the Company, you should at once hand this Circular, the notice of the extraordinary general meeting (the “EGM”) and attached proxy form to the purchaser or to the stockbroker or to the bank or to the agent through whom you effected the sale or transfer for onward transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, 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 circular.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase, or subscribe for securities of the Company.

---



### HENGXIN TECHNOLOGY LTD. 亨鑫科技有限公司\*

*(carrying on business in Hong Kong as HX Singapore Ltd.)  
(incorporated in Republic of Singapore with limited liability)*  
(Stock Code: 1085)

### CONTINUING CONNECTED TRANSACTION AND NOTICE OF EXTRAORDINARY GENERAL MEETING

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



---

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” in this circular.

A letter from the Board is set out from pages 4 to 12 of this circular. A letter from the Independent Board Committee is set out on pages IBC-1 to IBC-2 of this circular. A letter from Gram Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages IFA-1 to IFA-10 of this circular.

A notice convening the EGM to be held at Unit 08, 43/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong on 6 September 2024 (Friday) at 11:00 a.m. or any adjournment is set out from pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM is enclosed.

Whether or not you are able to attend the EGM, you are requested to complete and return the proxy form accompanying this circular in accordance with the instructions printed thereon appointing the chairman of the EGM as your proxy, to the Company’s Principal Share Registrar in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632 (for Shareholders registered in Singapore), or to the Company’s Branch Share Registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong (for Shareholders registered in Hong Kong) as soon as possible and in any event not later than forty-eight (48) hours before the time of the EGM (or at any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM, or any adjournment thereof, should you so wish and in such event, the form of proxy shall be deemed to be revoked.

22 August 2024

---

## CONTENTS

---

	<i>Page</i>
Definitions . . . . .	1
Letter from the Board . . . . .	4
Letter from the Independent Board Committee . . . . .	IBC-1
Letter from Gram Capital . . . . .	IFA-1
Appendix – General information . . . . .	APP-1
Notice of EGM . . . . .	EGM-1

---

## DEFINITIONS

---

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

“Announcement”	the announcement of the Company dated 1 August 2024 with respect to the Framework Agreement
“Annual Cap(s)”	the maximum annual value payable to by Jiangsu Hengxin from Hengtong Logistics for the procurement of the Logistic Services pursuant to the Framework Agreement
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“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 Stock Exchange (Stock Code: 1085)
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purposes of, among other things, considering and, if thought fit, approving the Framework Agreement and the transactions contemplated thereunder (including the Annual Caps)
“Framework Agreement”	the conditional framework agreement dated 1 August 2024 entered into between Jiangsu Hengxin and Hengtong Logistics, which supersedes the 2023 Service Agreement and governs the procurement of the Logistics Services by Jiangsu Hengxin from Hengtong Logistics for the three years ending 31 December 2026, subject to Independent Shareholders’ approval
“Group”	the Company and its subsidiaries
“Hengtong Group”	Hengtong Group Co., Ltd. (亨通集團有限公司)
“Hengtong Logistics”	江蘇亨通國際物流有限公司 (Jiangsu Hengtong International Logistics Company Limited*)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

---

## DEFINITIONS

---

“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 Framework Agreement
“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 SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Framework Agreement and the transactions contemplated thereunder (including the Annual Caps)
“Independent Shareholder(s)”	Shareholders other than Mr. Cui Wei and his/its associates
“Independent Third Party(ies)”	person(s) or company(ies) which is/are third party(ies) independent of the Company and its connected persons
“Jiangsu Hengxin”	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
“Latest Practicable Date”	22 August 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Logistic Services”	the transportation services in relation to Jiangsu Hengxin’s raw materials purchased and/or products sold in the PRC
“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 circular
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

---

## DEFINITIONS

---

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the same meaning as given to it under the Listing Rules
“%”	per cent

*Words importing the singular number shall include the plural number where the context admits and vice versa. Words importing the masculine gender shall include the feminine gender where the context admits. Reference to persons shall, where applicable, include corporations.*

*Any reference to a time of a day or date in this circular is a reference to Singapore time or date.*

*In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.*

---

## LETTER FROM THE BOARD

---



### HENGXIN TECHNOLOGY LTD. 亨鑫科技有限公司\*

*(carrying on business in Hong Kong as HX Singapore Ltd.)  
(incorporated in Republic of Singapore with limited liability)*  
**(Stock Code: 1085)**

*Directors:*

Mr. Cui Wei (*Chairman and Non-Executive Director*)  
Mr. Peng Yinan (*Executive Director*)  
Dr. Song Haiyan (*Executive Director*)  
Mr. Du Xiping (*Non-Executive Director*)  
Ms. Zhang Zhong (*Non-Executive Director*)  
Mr. Qian Ziyan (*Independent Non-Executive Director*)  
Dr. Li Jun (*Independent Non-Executive Director*)  
Mr. Pu Hong (*Independent Non-Executive Director*)

*Registered office:*

5 Tampines Central 1  
#06-05 Tampines Plaza 2  
Singapore 529541

*Head office and principal place of business  
in Singapore:*

5 Tampines Central 1  
#06-05 Tampines Plaza 2  
Singapore 529541

22 August 2024

*To: The Shareholders of Hengxin Technology Ltd.*

Dear Sir/Madam,

### CONTINUING CONNECTED TRANSACTION

#### INTRODUCTION

Reference is made to the Announcement. The purpose of this circular is to provide the Shareholders further details of the Framework Agreement and the transactions contemplated thereunder.

#### BACKGROUND

It has recently come to the Company's attention that Jiangsu Hengxin (a wholly-owned subsidiary of the Company), in its ordinary and usual course of business, procured the Logistic Services commencing from 2024 from Hengtong Logistics (a connected person of the Company) during the six months ended 30 June 2024 pursuant to a service agreement entered into between Jiangsu Hengxin and Hengtong Logistics on 15 December 2023 (the "2023 Service Agreement"). The aforesaid transactions constituted continuing connected transactions of the Company.

---

## LETTER FROM THE BOARD

---

As at the Latest Practicable Date, (i) Hengtong Logistics is beneficially owned by Hengtong Group, Suzhou Hengtong Yongsheng Venture Capital Enterprise (Limited Partnership)\* (蘇州亨通永盛創業投資企業 (有限合夥)) and Mr. Cui Wei (chairman and non-executive Director of the Company and a substantial Shareholder) as to 51%, 30% and 19% respectively; (ii) Suzhou Hengtong Yongsheng Venture Capital Enterprise (Limited Partnership)\* (蘇州亨通永盛創業投資企業 (有限合夥)) is owned as to 99% by Suzhou Hengtong Investment Management Partnership (Limited Partnership)\* (蘇州亨通投資管理合夥企業 (有限合夥)) and 1% by Mr. Cui Wei respectively; (iii) Suzhou Hengtong Investment Management Partnership (Limited Partnership)\* (蘇州亨通投資管理合夥企業 (有限合夥)) is in turn owned by Hengtong Group, Mr. Cui Wei and Jiangsu Hengtong Venture Capital Co., Ltd.\* (江蘇亨通創業投資有限公司) as to approximately 59.03%, 40.16% and 0.81% respectively; (iv) Jiangsu Hengtong Venture Capital Co., Ltd.\* (江蘇亨通創業投資有限公司) is owned by 80% and 20% by Hengtong Group and Jiangsu Hengtong Investment Holdings Co., Ltd.\* (江蘇亨通投資控股有限公司) (wholly-owned by Hengtong Group) respectively; and (v) Hengtong Group is beneficially owned by Mr. Cui Genliang and Mr. Cui Wei as to 27% and 73% respectively. Mr. Cui Genliang is the father of Mr. Cui Wei. Accordingly, the aforesaid transactions constituted continuing connected transaction of the Company.

The aggregate transaction amount of the Logistic Services procured by Jiangsu Hengxin from Hengtong Logistics was approximately RMB14.1 million for the six months ended 30 June 2024 (the “**Historical Transactions for 1H2024**”). For avoidance of doubt, Jiangsu Hengxin did not procure the Logistic Services from Hengtong Logistics before January 2024 and after June 2024. The Company calculated the applicable percentage ratios under the Listing Rules based on the amount of the Historical Transactions for 1H2024. As all of the applicable percentage ratios exceeded 0.1% but were less than 5%, such transactions were subject to the reporting, announcement and annual review requirements, but exempted from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules.

Nevertheless, due to inadvertent oversight, the Company failed to comply with relevant requirements for continuing connected transactions under Chapter 14A of the Listing Rules. The major reason for the Company’s oversight was that local finance staff of Jiangsu Hengxin failed to report the relevant transactions to the headquarters of the Company in a timely manner.

Immediately after the Company became aware of the aforesaid failure to comply with relevant requirements for continuing connected transaction under Chapter 14A of the Listing Rules, Jiangsu Hengxin halted its procurement of the Logistic Services from Hengtong Logistics.

Due to Jiangsu Hengxin’s operational needs under its ordinary and usual course of business, on 1 August 2024, Jiangsu Hengxin and Hengtong Logistics entered into the Framework Agreement which supersedes the 2023 Service Agreement and governs the procurement of the Logistic Services by Jiangsu Hengxin from Hengtong Logistics for the three years ending 31 December 2026, subject to Independent Shareholders’ approval.

---

## LETTER FROM THE BOARD

---

### THE FRAMEWORK AGREEMENT

The principal terms of the Framework Agreement are set out below:

#### Date

1 August 2024

#### Parties

Jiangsu Hengxin and Hengtong Logistics

Hengtong Logistics is a company incorporated in the PRC with limited liability and is principally engaged in the provision of logistics services.

#### Subject matter

Pursuant to the Framework Agreement, Jiangsu Hengxin shall procure the Logistic Services from Hengtong Logistics during the three years ending 31 December 2026.

#### Pricing principle

Jiangsu Hengxin and Hengtong Logistics will enter into individual contract for provision of specific Logistic Services. The service fee payable by Jiangsu Hengxin to Hengtong Logistics will be set out in the individual contract and will be determined based on service content, including but not limited to, distance and weight of cargo to be transported.

Prior to entering into an individual contract, purchasing department of Jiangsu Hengxin will obtain quotations from at least 3 suppliers who provide the Logistic Services (which may include Hengtong Logistics). The service fee payable by Jiangsu Hengxin to Hengtong Logistics shall be no less favourable to Jiangsu Hengxin than those payable to/quoted by independent third party suppliers.

#### Annual Caps

The Annual Caps for each of the three years ending 31 December 2026 are as follows:

	<b>For the year ending 31 December 2024 ("FY2024") RMB</b>	<b>For the year ending 31 December 2025 ("FY2025") RMB</b>	<b>For the year ending 31 December 2026 ("FY2026") RMB</b>
Annual Caps	30,000,000	39,300,000	43,300,000

The Annual Caps were determined based on Jiangsu Hengxin's historical annual demand for the Logistics Services and its growing trend.



---

## LETTER FROM THE BOARD

---

The amount of Jiangsu Hengxin's procurement of the Logistic Services (from independent third party) increased by approximately 16% from approximately RMB22.7 million for the year ended 31 December 2021 to approximately RMB26.3 million for the year ended 31 December 2022 and further increased by approximately 14% to RMB30.0 million for the year ended 31 December 2023.

Based on the amount of Jiangsu Hengxin's procurement of the Logistic Services (from independent third party) for the year ended 31 December 2023 and an estimated growth rate of 15%, Jiangsu Hengxin's estimated demand for the Logistic Services will be approximately RMB34.5 million for FY2024. As (i) Hengtong Logistics offered lower service fee rates for the Historical Transactions for 1H2024 as compared to those offered by independent third party during FY2023 and from July 2024; and (ii) Jiangsu Hengxin normally procures the Logistic Services from the supplier which offered the lowest prices, it is possible for Jiangsu Hengxin to procure the Logistic Services mainly from Hengtong Logistics. Hengtong Logistics provided the Logistic Services of approximately RMB14.1 million to the Group for the six months ended 30 June 2024 and is expected to provide the Logistic Services of approximately RMB15.9 million to the Group from September to December 2024, the Annual Cap for FY2024 is set at RMB30 million, representing approximately 87% of the Jiangsu Hengxin's estimated demand for the Logistic Services from independent third party to satisfy its remaining demand for the Logistic Services for FY2024.

Based on Jiangsu Hengxin's estimated demand for the Logistic Services for FY2024 and an estimated growth rate of 15%, Jiangsu Hengxin's estimated demand for the Logistic Services will be approximately RMB39.7 million for FY2025. Given that Jiangsu Hengxin normally procures the Logistic Services from the supplier which offered the lowest prices, it is possible for Jiangsu Hengxin to procure the Logistic Services mainly from Hengtong Logistics (assuming a majority of 90% as Hengtong Logistics offered lower service fee rates for the Historical Transactions for 1H2024 as compared to those offered by independent third party during FY2023 and from July 2024) to satisfy its demand for FY2025. Together with a buffer of 10% (to cater for unforeseeable circumstances), the Annual Cap for FY2025 is set at RMB39.3 million.

Based on Jiangsu Hengxin's estimated demand for the Logistic Services for FY2025 and an estimated growth rate of 10%, Jiangsu Hengxin's estimated demand for the Logistic Services will be approximately RMB43.7 million for FY2026. Assuming the possibility for Jiangsu Hengxin to procure the Logistic Services mainly from Hengtong Logistics (90%) to satisfy its demand for FY2026, together with a buffer of 10% (to cater for unforeseeable circumstances), the Annual Cap for FY2026 is set at RMB43.3 million.

### **Condition precedent**

The Framework Agreement is conditional upon (i) the Company's compliance with the relevant Listing Rules requirements in relation to the Framework Agreement, including reporting, announcement, circular and independent shareholders' approval requirements; and (ii) the passing of the resolution by the Independent Shareholders at the EGM approving the Framework Agreements, the transactions contemplated thereunder and the Annual Caps.

---

## LETTER FROM THE BOARD

---

### INTERNAL CONTROL MEASURES

The Company adopts the following internal control measures in respect of the Framework Agreement:

- (i) Prior to entering into an individual contract, purchasing department of Jiangsu Hengxin will obtain quotations from at least 3 suppliers who provide the Logistic Services (which may include Hengtong Logistics). The service fee payable by Jiangsu Hengxin to Hengtong Logistics shall be no less favourable to Jiangsu Hengxin than those payable to/quoted by independent third party suppliers.
- (ii) The financial controller of the Company and management of Jiangsu Hengxin will review and assess on a continuous and monthly basis whether the transactions are conducted in accordance with the terms of the Framework Agreement.
- (iii) The senior management of the Company will monitor the transactions under the Framework Agreement on a continuous and monthly basis to ensure that the amount of the transactions will not exceed the respective Annual Cap. If the amount of the transactions is close to the respective Annual Cap, the management of the Company will take action to revise the relevant Annual Cap or halt the relevant transactions, as appropriate.
- (iv) The Company's external auditors will conduct an annual review of the transactions to ensure that the amount of each of the transactions is within the respective Annual Cap and that such transactions are conducted in accordance with the terms set out in the Framework Agreement.
- (v) The independent non-executive Directors will conduct an annual review of the status of the transactions to ensure that the Company has complied with the internal approval procedures, the terms of the Framework Agreements and the relevant requirements under the Listing Rules.

### REASONS FOR AND BENEFITS OF THE FRAMEWORK AGREEMENT

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

Jiangsu Hengxin is principally engaged in research, design, development and manufacture of telecommunications and technological products, production of radio frequency coaxial cables for mobile communications and mobile communications systems exchange equipment.

In Jiangsu Hengxin's ordinary and usual course of business, Jiangsu Hengxin is occasionally responsible for transportation of raw material purchased from suppliers and products sold to customers. Accordingly, Jiangsu Hengxin requires the Logistic Services from time to time.

Prior to January 2024, Jiangsu Hengxin had been procuring the Logistic Services from independent third party. In December 2023, Hengtong Logistics offered lower service fee rates (as compared to those offered by independent third party) for provision of the Logistic Services to Jiangsu Hengxin. Accordingly, Jiangsu Hengxin and Hengtong Logistics entered into the 2023 Service Agreement and Jiangsu Hengxin procured the Logistic Services from Hengtong Logistics during the six months ended 30 June 2024.

---

## LETTER FROM THE BOARD

---

### Remedial actions

Immediately after the Company aware of the failure to comply with relevant requirements for continuing connected transactions under Chapter 14A of the Listing Rules as described under the section headed “BACKGROUND” above, Jiangsu Hengxin halted its procurement of the Logistic Services from Hengtong Logistics.

The Company would like to emphasize that it has no intention to withhold any information from disclosure to the public as required under the Listing Rules and the incident was inadvertent and unintentional, and that it is a one-off incident and is not recurrent.

In order to avoid any recurrence of similar events in the future and to ensure the applicable Listing Rules requirements will be complied with going forward, the Company has taken the following steps to further strengthen its internal control procedures:

1. Provide regular trainings to the Group’s employees, including the management and finance in-charge of the subsidiaries of the Group, to strengthen their knowledge of Listing Rules and improve their awareness of the importance of compliance with the relevant Listing Rules.
2. Continue to maintain, update and circulate list of connected persons of the Company to the Group’s employees, including the management and finance in-charge of the subsidiaries of the Group. The list of connected persons of the Company will be reviewed, updated and circulated by senior management and the financial controller of the Company on (i) a monthly basis; and (ii) event-triggered basis when senior management and the financial controller of the Company are aware of any event that may lead to change in the list.
3. Notify and request all subsidiaries of the Company to (i) check the identity and ultimate beneficial owner(s) of counterparty of transactions (in particular, whether they are connected person of the Company; and (ii) report to the Company’s headquarters and seek for approval before conducting any transaction with connected persons of the Company, the amount of which is above RMB300,000.
4. The financial controller and finance manager of the Company’s headquarters will, on a continuous and monthly basis, check the report(s) from the Company’s subsidiary(ies) and assess the Listing Rules implication on both standalone and aggregate basis.
5. Should there be any possible reporting, annual review, announcement and/or independent shareholders’ approval requirements under Chapter 14A of the Listing Rules implied by the transaction(s) to be conducted with connected person of the Company, the Company’s financial controller will notify the Board and the Board will assess relevant Listing Rules implications and take required action (if any) to comply with the applicable Listing Rules before conducting such transaction(s).

---

## LETTER FROM THE BOARD

---

### **The Framework Agreement**

Due to Jiangsu Hengxin's operational needs under its ordinary and usual course of business, on 1 August 2024, Jiangsu Hengxin and Hengtong Logistics entered into the Framework Agreement which supersedes the 2023 Service Agreement and governs the procurement of the Logistic Services by Jiangsu Hengxin from Hengtong Logistics for the three years ending 31 December 2026, subject to Independent Shareholders' approval.

Under the Framework Agreement, Jiangsu Hengxin is not committed to procuring any of the Logistic Services from Hengtong Logistics. As aforementioned, prior to entering into an individual contract for the Logistic Services, purchasing department of Jiangsu Hengxin will obtain quotations from at least 3 suppliers who provide the Logistic Services (which may include Hengtong Logistics). The service fee payable by Jiangsu Hengxin to Hengtong Logistics shall be no less favourable to Jiangsu Hengxin than those payable to/quoted by independent third party suppliers.

Under this circumstance, Jiangsu Hengxin may save its logistic costs when it requires the Logistic Services.

Accordingly, the Framework Agreement was entered into in the ordinary and usual course of business of the Group. The Directors consider that the terms of the Framework Agreement, the transaction contemplated thereunder and the Annual Caps, are fair and reasonable and are on normal commercial terms, and the Framework Agreement and the transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

### **INFORMATION OF THE GROUP AND HENGTONG LOGISTICS**

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

Hengtong Logistics is a company incorporated in the PRC with limited liability and is principally engaged in the provision of logistics services.

### **LISTING RULES IMPLICATION**

As at the Latest Practicable Date, (i) Hengtong Logistics is beneficially owned by Hengtong Group, Suzhou Hengtong Yongsheng Venture Capital Enterprise (Limited Partnership)\* (蘇州亨通永盛創業投資企業 (有限合夥)) and Mr. Cui Wei (chairman and non-executive Director of the Company and a substantial Shareholder) as to 51%, 30% and 19% respectively; (ii) Suzhou Hengtong Yongsheng Venture Capital Enterprise (Limited Partnership)\* (蘇州亨通永盛創業投資企業 (有限合夥)) is owned as to 99% by Suzhou Hengtong Investment Management Partnership (Limited Partnership)\* (蘇州亨通投資管理合夥企業 (有限合夥)) and 1% by Mr. Cui Wei respectively; (iii) Suzhou Hengtong Investment Management Partnership (Limited Partnership)\* (蘇州亨通投資管理合夥企業 (有限合夥)) is in turn owned by Hengtong Group, Mr. Cui Wei and Jiangsu Hengtong Venture Capital Co., Ltd.\* (江蘇亨通創業投資有限公司) as to approximately 59.03%, 40.16% and 0.81% respectively; and (iv) Hengtong Group is beneficially owned

---

## LETTER FROM THE BOARD

---

by Mr. Cui Genliang and Mr. Cui Wei as to 27% and 73% respectively. Mr. Cui Genliang is the father of Mr. Cui Wei. Accordingly, the aforesaid transactions constituted continuing connected transaction of the Company.

As the highest applicable percentage ratio for the Framework Agreement calculated on an annual basis by reference to the highest Annual Cap is more than 5% and the highest Annual Cap exceeds HK\$10,000,000, the Framework Agreement is subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Directors confirmed that, save for Mr. Cui Wei (the chairman of the Board and a non-executive Director), none of the Directors had any material interest in the Framework Agreement. Accordingly, Mr. Cui Wei had abstained from voting on the Board resolution approving the Framework Agreement.

### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders in relation to the Framework Agreement and the transactions contemplated thereunder (including the Annual Caps).

Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Framework Agreement and the transactions contemplated thereunder (including the Annual Caps).

### **EGM**

Set out on pages EGM-1 to EGM-2 is a notice convening the EGM to be held at Unit 08, 43/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong on 6 September 2024 (Friday) at 11:00 a.m. or any adjournment at which resolution will be proposed to the Independent Shareholders to consider and, if thought fit, approve the Framework Agreement and the transactions contemplated thereunder (including the Annual Caps).

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the proxy form accompanying this circular in accordance with the instructions printed thereon appointing the chairman of the EGM as your proxy, to the Company's Principal Share Registrar in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632 (for Shareholders registered in Singapore), or to the Company's Branch Share Registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong (for Shareholders registered in Hong Kong) as soon as possible and in any event not later than forty-eight (48) hours before the time of the EGM (or at any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM, or any adjournment thereof, should you so wish and in such event, the form of proxy shall be deemed to be revoked.

---

## LETTER FROM THE BOARD

---

Pursuant to Article 59 of the Constitution of the Company and Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting of the Company must be taken by way of poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolution to be proposed at the EGM will be voted by way of poll by the Shareholders or the Independent Shareholders (as the case may be).

Mr. Cui Wei and his associates, which are interested in 108,868,662 Shares as at the Latest Practicable Date (representing approximately 23.38% of the total number of issued Shares), will abstain from voting on the resolution at the EGM.

### RECOMMENDATION

The Directors (including the independent non-executive Directors, having received and considered the advice from Gram Capital) are of the opinion that terms of the Framework Agreement and the transactions contemplated thereunder (including the Annual Caps) are fair and reasonable and that the transactions contemplated under the Framework Agreement are conducted in the ordinary and usual course of business of the Group, on normal commercial terms and is in the interests of the Company and the Shareholders as a whole.

Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the ordinary resolution set out in the notice of EGM enclosed to this circular.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendix to this circular.

By Order of the Board  
**Hengxin Technology Ltd.**  
**Peng Yinan**  
*Executive Director*

---

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

---



### HENGXIN TECHNOLOGY LTD. 亨鑫科技有限公司\*

*(carrying on business in Hong Kong as HX Singapore Ltd.)  
(incorporated in Republic of Singapore with limited liability)  
(Stock Code: 1085)*

22 August 2024

*To: The Independent Shareholders*

Dear Sir/Madam,

#### CONTINUING CONNECTED TRANSACTION

We refer to the circular of the Company dated 22 August 2024 (the “**Circular**”) of which this letter forms part. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used herein.

We have been appointed by the Board to form the Independent Board Committee to consider and advise the Independent Shareholders as to whether, in our opinion, the terms of Framework Agreement and the transactions contemplated thereunder (including the Annual Caps) are fair and reasonable and the Framework Agreement was entered into in the ordinary and usual course of business of the Group and on normal commercial terms and is in the interests of the Company and the Shareholders as a whole.

Having considered the terms of the Framework Agreement, the reasons and benefits of the entering into of the Framework Agreement as well as the advice of Gram Capital in relation to the Framework Agreement as set out on pages IFA-1 to IFA-10 of this Circular, we are of the opinion that the terms of Framework Agreement and the transactions contemplated thereunder (including the Annual Caps) are fair and reasonable and the Framework Agreement was entered into in the ordinary and usual course of business of the Group and on normal commercial terms and is in the interests of the Company and the Shareholders as a whole.

---

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

---

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Framework Agreement and the transactions contemplated thereunder (including the Annual Caps).

Yours faithfully,  
Independent Board Committee

**Mr. Qian Ziyang**  
*Independent non-executive  
Director*

**Dr. Li Jun**  
*Independent non-executive  
Director*

**Mr. Pu Hong**  
*Independent non-executive  
Director*

\* *For identification purpose only*



---

## LETTER FROM GRAM CAPITAL

---

*Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transaction for the purpose of inclusion in this circular.*



Room 1209, 12/F.  
Nan Fung Tower  
88 Connaught Road Central/  
173 Des Voeux Road Central  
Hong Kong

22 August 2024

*To: The independent board committee and the independent shareholders of  
Hengxin Technology Ltd.*

Dear Sirs,

### CONTINUING CONNECTED TRANSACTION

#### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Framework Agreement and the transactions contemplated thereunder (including the Annual Caps), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 22 August 2024 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

With reference to the Board Letter, on 1 August 2024, Jiangsu Hengxin (a wholly-owned subsidiary of the Company) and Hengtong Logistics entered into the Framework Agreement which governs procurement of the Logistic Services by Jiangsu Hengxin from Hengtong Logistics for the three years ending 31 December 2026 (the “**Transaction**”).

With reference to the Board Letter, the Transaction constitutes continuing connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, annual review, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising Mr. Qian Ziyang, Dr. Li Jun and Mr. Pu Hong (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Transaction are on normal commercial terms and are fair and reasonable; (ii) whether the Transaction is conducted in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution to approve the Transaction (including the Annual Caps) at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

---

## LETTER FROM GRAM CAPITAL

---

### INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, Gram Capital was engaged as independent financial adviser in relation to (i) the continuing connected transaction as set out in the Company's circular dated 3 February 2023; (ii) the major and connected transactions as set out in the Company's circular dated 11 April 2024; (iii) the duration of the continuing connected transaction as set out in the Company's announcement dated 22 April 2024; and (iv) the very substantial acquisition and connected transaction as set out in the Company's circular dated 25 June 2024. Save for the aforesaid engagements, there was no other service provided by Gram Capital to the Company relating to any transaction of the Company with executed agreement during the past two years immediately preceding the Latest Practicable Date. Notwithstanding the aforesaid engagements, we were not aware of any relationships or interests between Gram Capital and the Company or any other parties during the past two years immediately preceding the Latest Practicable Date that could be reasonably regarded as a hindrance to Gram Capital's independence to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders.

### BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Framework Agreement. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, Hengtong Logistics or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transaction. Our opinion is necessarily based on the financial, economic, market and other

---

## LETTER FROM GRAM CAPITAL

---

conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Transaction, we have taken into consideration the following principal factors and reasons:

#### 1. Background of and reasons for the Framework Agreement

##### *Information on the Group*

With reference to the Board Letter, the Company is an investment holding company. The Group is principally engaged in the provision of digital technology and digital security products and services, the provision of new energy and services and the provision of telecommunications products and services.

Set out below are the Group's audited consolidated financial information for the two years ended 31 December 2023 as extracted from the Company's annual report for the year ended 31 December 2023 (the "2023 Annual Report"):

	<b>For the year ended 31 December 2022 RMB'000</b>	<b>For the year ended 31 December 2023 RMB'000</b>	<b>Change Approximate %</b>
Revenue	2,039,583	2,255,903	10.61
– <i>Digital technology and digital security</i>	94,218	202,671	115.11
– <i>New energy and services</i>	–	77,064	N/A
– <i>Telecommunications</i>	1,945,365	1,976,168	1.58
Gross profit	375,525	434,698	15.76
Profit for the year attributable to equity shareholders of the Company	63,602	69,702	9.59

---

## LETTER FROM GRAM CAPITAL

---

As depicted from the above table, the Group's revenue for the year ended 31 December 2023 ("FY2023") increased by approximately 10.61% as compared to that for the year ended 31 December 2022 ("FY2022"), mainly attributable to revenue generated from new energy and services segment and increase in revenue from digital technology and digital security segment. There was also a slight increase in the Group's revenue generated from telecommunications segment (the "Telecommunications Segment") from FY2022 to FY2023. Along with the aforesaid increase in the Group's revenue, the Group's gross profit for FY2023 also increased by approximately 15.76% as compared to that for FY2022.

Profit attributable to equity shareholders of the Company for FY2023 increased by approximately 9.59% as compared to that for FY2022. With reference to the 2023 Annual Report and as confirmed by the Directors, the aforesaid increase in profit attributable to equity shareholders of the Company was mainly attributable to increase gross profit and decrease in other operating expenses, as partially offset by impairment loss on trade receivables for FY2023 and increase in interest expense and income tax.

### *Information on Hengtong Logistics*

With reference to the Board Letter, Hengtong Logistics is a company incorporated in the PRC with limited liability and is principally engaged in the provision of logistics services.

### *Reasons for and benefits of the Framework Agreement*

With reference to the Board Letter:

- (i) The Company is an investment holding company. The Group is principally engaged in the provision of digital technology and digital security products and services, the provision of new energy and services and the provision of telecommunications products and services.
- (ii) Jiangsu Hengxin is principally engaged in research, design, development and manufacture of telecommunications and technological products, production of radio frequency coaxial cables for mobile communications and mobile communications systems exchange equipment (such businesses are under the Telecommunications Segment).
- (iii) In Jiangsu Hengxin's ordinary and usual course of business, Jiangsu Hengxin is occasionally responsible for transportation of raw material purchased from suppliers and products sold to customers. Accordingly, Jiangsu Hengxin requires the Logistic Services from time to time.
- (iv) Prior to January 2024, Jiangsu Hengxin had been procuring the Logistic Services from independent third party. In December 2023, Hengtong Logistics offered lower service fee rates (as compared to those offered by independent third party) for provision of the Logistic Services to Jiangsu Hengxin. Accordingly, Jiangsu Hengxin and Hengtong Logistics entered into the 2023 Service Agreement and Jiangsu Hengxin procured the Logistic Services from Hengtong Logistics during the six months ended 30 June 2024.

---

## LETTER FROM GRAM CAPITAL

---

- (v) Due to Jiangsu Hengxin's operational needs under its ordinary and usual course of business, on 1 August 2024, Jiangsu Hengxin and Hengtong Logistics entered into the Framework Agreement which supersedes the 2023 Service Agreement and governs the procurement of the Logistic Services by Jiangsu Hengxin from Hengtong Logistics for the three years ending 31 December 2026, subject to Independent Shareholders' approval.

We noted that the Group's revenue generated from the Telecommunications Segment for FY2023 represented approximately 88% of the Group's revenue for FY2023. With reference to the 2023 Annual Report, due to continuous fierce market competition, the Group's revenue generated from the Telecommunications Segment only increased by approximately 1.58% from FY2022 to FY2023. Since competition in the Telecommunications Segment is fierce, the Company continues to improve production and logistical efficiencies to lower costs and to stay competitive.

Under the Framework Agreement, Jiangsu Hengxin is not committed to procuring any of the Logistic Services from Hengtong Logistics. According to the pricing principle of the Framework Agreement, prior to entering into an individual contract for the Logistic Services, purchasing department of Jiangsu Hengxin will obtain quotations from at least 3 suppliers who provide the Logistic Services (which may include Hengtong Logistics). The service fee payable by Jiangsu Hengxin to Hengtong Logistics shall be no less favourable to Jiangsu Hengxin than those payable to/quoted by independent third party suppliers. Under this circumstance, Jiangsu Hengxin may save its logistic costs when it requires the Logistic Services.

Having considered the above, we are of the view that the Transaction is conducted in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

### 2. Principal terms of the Transaction

The tables below summarise the major terms of the Transaction as contemplated under the Framework Agreement:

<b>Date:</b>	1 August 2024
<b>Parties:</b>	Jiangsu Hengxin and Hengtong Logistics
<b>Subject matter:</b>	Pursuant to the Framework Agreement, Jiangsu Hengxin shall procure the Logistic Services from Hengtong Logistics during the three years ending 31 December 2026.

#### *Pricing principle*

Jiangsu Hengxin and Hengtong Logistics will enter into individual contract for provision of specific Logistic Services. The service fee payable by Jiangsu Hengxin to Hengtong Logistics will be set out in the individual contract and will be determined based on service content, including but not limited to, distance and weight of cargo to be transported.

---

## LETTER FROM GRAM CAPITAL

---

Prior to entering into an individual contract, purchasing department of Jiangsu Hengxin will obtain quotations from at least 3 suppliers who provide the Logistic Services (which may include Hengtong Logistics). The service fee payable by Jiangsu Hengxin to Hengtong Logistics shall be no less favourable to Jiangsu Hengxin than those payable to/quoted by independent third party suppliers.

As advised by the Directors:

- (i) Despite that the Historical Transactions for 1H2024 were not conducted according to the above pricing principle, Hengtong Logistics offered lower service fee rates (as compared to those offered by independent third party) for provision of the Logistic Services to Jiangsu Hengxin.
- (ii) Jiangsu Hengxin procured the Logistic Services from an independent third party for FY2023 (the “**Provider A**”) and another independent third party from July 2024 (the “**Provider B**”).

For our due diligence purposes, we obtained copies of (i) the service agreement (with an updated price list) governing Jiangsu Hengxin’s procurement of the Logistic Services from Provider A for FY2023 and the service agreement governing Jiangsu Hengxin’s procurement of the Logistic Services from the Provider B from July 2024; and (ii) the 2023 Services Agreement. We noted from the aforesaid agreements that Hengtong Logistics offered lower service fee rates (as compared to those offered by Provider A and Provider B) for provision of the Logistic Services to Jiangsu Hengxin.

With reference to the Board Letter, the Group also adopts internal control measures in respect of the Framework Agreement as set out under the section headed “INTERNAL CONTROL MEASURES” of the Board Letter. We consider that the effective implementation of the aforesaid measures would help to ensure fair pricing of the Transaction.

### *Annual Caps*

Set out below are the Annual Caps for the three years ending 31 December 2026:

	<b>For the year ending 31 December 2024  (“FY2024”) RMB</b>	<b>For the year ending 31 December 2025  (“FY2025”) RMB</b>	<b>For the year ending 31 December 2026  (“FY2026”) RMB</b>
Annual Caps	30,000,000	39,300,000	43,300,000

The Company considered certain factors as set out under the sub-section headed “Annual Caps” under the section headed “THE FRAMEWORK AGREEMENT” of the Board Letter when determining the Annual Caps for the three years ending 31 December 2026. To assess the fairness and reasonableness of the Annual Caps, we obtained the Annual Caps calculation (the “**Calculation**”) from the Company.

---

## LETTER FROM GRAM CAPITAL

---

### *Annual Cap for FY2024*

According to the Calculation, the Annual Cap for FY2024 of RMB30 million was formulated by sum of the Historical Transactions for 1H2024 (i.e. approximately RMB14.1 million) and the expected procurement of the Logistic Services by Jiangsu Hengxin from Hengtong Logistics for the period from September 2024 to December 2024 (i.e. approximately RMB15.9 million).

With reference to the Board Letter:

- (i) The amount of Jiangsu Hengxin's procurement of the Logistic Services (from independent third party) increased by approximately 16% from approximately RMB22.7 million for the year ended 31 December 2021 ("FY2021") to approximately RMB26.3 million for FY2022 and further increased by approximately 14% to RMB30.0 million for FY2023; and
- (ii) Based on the amount of Jiangsu Hengxin's procurement of the Logistic Services (from independent third party) for FY2023 and an estimated growth rate of 15% (the "**Estimated Growth for FY2024**"), Jiangsu Hengxin's estimated demand for the Logistic Services will be approximately RMB34.5 million for FY2024.
- (iii) As (a) Hengtong Logistics offered lower service fee rates for the Historical Transactions for 1H2024 as compared to those offered by independent third party during FY2023 and from July 2024; and (b) Jiangsu Hengxin normally procures the Logistic Services from the supplier which offered the lowest prices, it is possible for Jiangsu Hengxin to procure the Logistic Services mainly from Hengtong Logistics.

Given (i) the year-on-year growth in the amount of Jiangsu Hengxin's procurement of the Logistic Services of approximately 16% for FY2022 and approximately 14% for FY2023; and (ii) the amount of Jiangsu Hengxin's procurement of the Logistic Services for FY2023 represented a compound annual growth rate of approximately 15% as compared to that for FY2021, we consider the Estimated Growth for FY2024 to be justifiable.

The Annual Cap for FY2024 of RMB30 million represents approximately 87% of Jiangsu Hengxin's estimated demand for the Logistic Services for FY2024. As aforementioned, we noted that Hengtong Logistics offered lower service fee rates (as compared to those offered by Provider A and Provider B) for provision of the Logistic Services to Jiangsu Hengxin. Given that Jiangsu Hengxin normally procures the Logistic Services from the supplier which offered the lowest prices, we consider the aforesaid proportion to be possible.

As advised by the Directors, except for Jiangsu Hengxin's procurement of the Logistic Services from Hengtong Logistics under the Annual Cap for FY2024, Jiangsu Hengxin is expected to procure the Logistic Services from independent third party to satisfy its remaining demand for the Logistic Services for FY2024.

In light of the above, we consider that the Annual Cap for FY2024 is fair and reasonable.

---

## LETTER FROM GRAM CAPITAL

---

### *Annual Cap for FY2025*

According to the Calculation, the Annual Cap for FY2025 of RMB39.3 million was formulated based on:

- (i) Jiangsu Hengxin's estimated demand for the Logistic Services of approximately for RMB39.7 million for FY2025 (based on Jiangsu Hengxin's estimated demand for the Logistic Services of approximately RMB34.5 million for FY2024 and an estimated growth rate of 15% (the "**Estimated Growth for FY2025**"));
- (ii) assuming 90% of Jiangsu Hengxin's estimated demand for the Logistic Services for FY2025 to be satisfied by procurement from Hengtong Logistics; and
- (iii) a buffer of 10% to cater for unforeseeable circumstances.

Given (i) the year-on-year growth in the amount of Jiangsu Hengxin's procurement of the Logistic Services of approximately 16% for FY2022 and approximately 14% for FY2023; and (ii) the amount of Jiangsu Hengxin's procurement of the Logistic Services for FY2023 represented a compound annual growth rate of approximately 15% as compared to that for FY2021, we consider the Estimated Growth for FY2025 to be justifiable.

With reference to the Board Letter, given that Jiangsu Hengxin normally procures the Logistic Services from the supplier which offered the lowest prices, it is possible for Jiangsu Hengxin to procure the Logistic Services mainly from Hengtong Logistics (assuming a majority of 90%) to satisfy its demand for FY2025. Given that Hengtong Logistics offered lower service fee rates (as compared to those offered by Provider A and Provider B) for provision of the Logistic Services to Jiangsu Hengxin as aforementioned, we consider such possibility and assumption to be reasonable.

We noted from other Hong Kong listed companies' circulars regarding continuing connected transactions that the incorporation of buffer of 10% in proposed annual caps are not uncommon among companies listed on the Stock Exchange. Accordingly, we consider incorporation of buffer of 10% in the Annual Cap for FY2025 to be justifiable.

In light of the above, we consider that the Annual Cap for FY2025 is fair and reasonable.

### *Annual Cap for FY2026*

According to the Calculation, the Annual Cap for FY2026 of RMB43.3 million was formulated based on:

- (i) Jiangsu Hengxin's estimated demand for the Logistic Services of approximately for RMB43.7 million for FY2026 (based on Jiangsu Hengxin's estimated demand for the Logistic Services of approximately RMB39.7 million for FY2025 and an estimated growth rate of 10% (the "**Estimated Growth for FY2026**"));



---

## LETTER FROM GRAM CAPITAL

---

- (ii) assuming 90% of Jiangsu Hengxin's estimated demand for the Logistic Services for FY2026 to be satisfied by procurement from Hengtong Logistics; and
- (iii) a buffer of 10% to cater for unforeseeable circumstances.

Given that the Estimated Growth for FY2024 and the Estimated Growth for FY2025 were 15%, it is justifiable to estimate a lower growth rate for FY2026. Accordingly, we consider the Estimated Growth for FY2026 to be justifiable.

With reference to the Board Letter, given that Jiangsu Hengxin normally procures the Logistic Services from the supplier which offered the lowest prices, it is possible for Jiangsu Hengxin to procure the Logistic Services mainly from Hengtong Logistics (assuming a majority of 90%) to satisfy its demand for FY2026.

We noted from other Hong Kong listed companies' circulars regarding continuing connected transactions that the incorporation of buffer of 10% in proposed annual caps are not uncommon among companies listed on the Stock Exchange. Accordingly, we consider incorporation of buffer of 10% in the Annual Cap for FY2026 to be justifiable.

In light of the above, we consider that the Annual Cap for FY2026 is fair and reasonable.

Shareholders should note that as the Annual Caps for the three years ending 31 December 2026 are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2026, and they do not represent forecasts of procurement cost to be incurred from the Transaction. Consequently, we express no opinion as to how closely the actual cost to be incurred from the Transaction will correspond with the Annual Caps.

Having considered the pricing of the Transactions and the Annual Caps for the three years ending 31 December 2026 as aforementioned, we are of the view that the terms of the Transaction (including the Annual Caps) are on normal commercial terms and are fair and reasonable.

### **3. Listing Rules implication**

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the value of the Transaction must be restricted by the Annual Caps; (ii) the terms of the Transaction as contemplated under the Framework Agreement must be reviewed by the independent non-executive Directors annually; and (iii) details of independent non-executive Directors' annual review on the terms of the Transaction as contemplated under the Framework Agreement must be included in the Company's subsequent published annual reports and financial accounts. Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the Transaction (i) has not been approved by the Board; (ii) was not, in all material respects, in accordance with the pricing policies of the Group; (iii) was not entered into, in all material respects, in accordance with the relevant agreement governing the Transaction as contemplated under the Framework Agreement; and (iv) has exceeded the Annual Caps. In the event that the total amounts of the Transaction exceed the Annual Caps, or

---

## LETTER FROM GRAM CAPITAL

---

that there is any material amendment to the terms of the Framework Agreement, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the Transaction as contemplated under the Framework Agreement and thus the interest of the Independent Shareholders would be safeguarded.

### RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Transaction (including the Annual Caps) are on normal commercial terms and are fair and reasonable; and (ii) the Transaction is conducted in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the Framework Agreement and the transactions contemplated thereunder (including the Annual Caps) and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

Yours faithfully,  
For and on behalf of  
**Gram Capital Limited**  
**Graham Lam**  
*Managing Director*

*Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Interests of Directors and chief executive of the Company

As at the Latest Practicable Date, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or chief executive was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange were as follows:

#### *Long positions in the Shares and underlying shares of the Company:*

Name of Director	Capacity and nature of interests	Number of Shares	Approximate percentage of the Company's issued share capital
Mr. Cui Wei <sup>Note 1</sup>	Interest in controlled corporation	108,868,662	23.38%
Ms. Zhang Zhong <sup>Note 2</sup>	Interest in controlled corporation	15,894,525	3.41%
Mr. Du Xiping	Beneficial owner	11,468,000	2.46%

#### *Notes:*

- Mr. Cui Wei, the Chairman and non-executive Director of the Company, beneficially owns the entire share capital of Kingever Enterprises Limited (“**Kingever**”) and accordingly is deemed to be interested in the Shares as held by Kingever by virtue of the SFO.
- Ms. Zhang Zhong, the non-executive Director of the Company, beneficially owns the entire share capital of Wellahead Holdings Limited (“**Wellahead**”) and accordingly is deemed to be interested in the Shares as held by Wellahead by virtue of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, the chief executive of the Company nor their associates, had any other interests or short positions in the Shares, underlying Shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or chief executive of the Company is taken or deemed to have under such provisions of the SFO); or which (b) were required to be entered into the register maintained by the Company, pursuant to Section 352 of the SFO; or which (c) were required to be notified to the Company or the Stock Exchange, pursuant to the Model Code for Securities Transaction by Directors of Listed Companies contained in the Listing Rules.

**(b) Substantial Shareholders and persons having 5% or more shareholding**

As at the Latest Practicable Date, the register of substantial shareholders maintained under Section 336 of the SFO shown that the Company has been notified of the following interests, being 5% or more of the Company's issued share capital. These interests are in addition to those disclosed above in respect of the Directors and the chief executive of the Company.

Name of substantial shareholders	Capacity and nature of interests	Number of Shares	Approximate percentage of the Company's issued share capital
Kingever <sup>(Note)</sup>	Beneficial owner Deemed interest and interest in controlled corporation	108,868,662	23.38%
Mr. Cui Wei <sup>(Note)</sup>		108,868,662	23.38%

*Notes:*

Kingever is a company incorporated in the British Virgin Islands, the entire issued share capital of which is beneficially owned by Mr. Cui Wei.

Save as disclosed above, as at the Latest Practicable Date, the Directors and chief executive of the Company were not aware of any person (other than a Director or chief executive of the Company) who had any other interests or short positions in the Shares or underlying Shares and debentures of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

**3. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing service contract or proposed service contract with any member of the Group which will not expire or is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

**4. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS**

As at the Latest Practicable Date:

- (a) none of the Directors was materially interested, directly or indirectly, in any contract or arrangement subsisting which was significant in relation to the business of the Group; and
- (b) none of the Directors nor their respective associates had any direct or indirect interests in any assets which had been acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**5. COMPETING INTEREST**

As at the Latest Practicable Date, none of the Directors and their respective associates had any interest in a business which competes or may compete with the businesses of the Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them was a controlling shareholder of the Company).

**6. MATERIAL ADVERSE CHANGE**

The Directors are not aware of any material adverse change in the financial position or trading position of the Group since 31 December 2023, being the date to which the latest published audited financial statements of the Group were made up.

**7. EXPERT**

The following is the qualification of the expert who has given opinions or advice which are contained in this circular:

<b>Name</b>	<b>Qualification</b>
Gram Capital Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

Gram Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, Gram Capital did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Gram Capital did not have, directly or indirectly, any interest in any assets which had since 31 December 2023 (being the date to which the latest published consolidated audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

**8. DOCUMENTS ON DISPLAY**

Copy of the 2023 Service Agreement and the Framework Agreement is available on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.hengxin.com.sg](http://www.hengxin.com.sg)) from the date of this circular up to and including the date of the EGM.

**9. MISCELLANEOUS**

The English text of this circular and the accompanying form of proxy shall prevail over the Chinese text in the event of inconsistency.

---

## NOTICE OF EGM

---



### **HENGXIN TECHNOLOGY LTD.** **亨鑫科技有限公司\***

*(carrying on business in Hong Kong as HX Singapore Ltd.)*  
*(incorporated in Republic of Singapore with limited liability)*  
**(Stock Code: 1085)**

### **NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the extraordinary general meeting (the “**Meeting**”) of Hengxin Technology Ltd. (the “**Company**”) will be held on 6 September 2024 (Friday) at 11:00 a.m. at Unit 08, 43/F, Far East Finance Centre, 16 Harcourt Road, Admiralty, Hong Kong. The Meeting will be convened for the purpose of considering and, if thought fit, passing (with or without modifications) the following resolution as ordinary resolution:

Unless the context requires otherwise, capitalised terms used herein shall have the same meaning as those defined in the circular of the Company dated 22 August 2024.

#### **ORDINARY RESOLUTION**

“To (i) approve and confirm the Framework Agreement dated 1 August 2024 entered into between Jiangsu Hengxin, a wholly-owned subsidiary of the Company, as purchaser, and Hengtong Group and Hengtong Logistics, as supplier (a copy of which shall be produced at the meeting marked “A” for identification purpose) and the terms and conditions thereof, and the transactions contemplated thereunder (including the proposed annual caps for the three years ending 31 December 2026) and the performance and implementation thereof; and (ii) approve, ratify and confirm the authorisation to any one director of the Company (“**Director**”) and on behalf of the Company, among other things, to sign, execute, perfect and/or deliver or to authorise signing, executing, perfecting and/or delivering (and to affix the Company’s common seal to, if necessary, in accordance with the Constitution of the Company) the Framework Agreement and all such documents, instruments, agreements or deeds and to do or authorise doing all such other acts or things which he/she may in his/her discretion consider necessary, expedient or desirable in connection with or incidental to any of the matters contemplated under the Framework Agreement and the respective annual caps thereunder or to give effect to and implement the Framework Agreement, and to waive compliance from or make and agree such variations of a non-material nature to the terms of the Framework Agreement that the Directors may in their discretion consider to be desirable and in the interests of the Company and Shareholders as a whole and all the Directors’ acts as aforesaid.”

By Order of the Board  
**Hengxin Technology Ltd.**  
**Peng Yinan**  
*Executive Director*

Singapore, 22 August 2024

---

## NOTICE OF EGM

---

*Notes:*

1. A member of the Company (the “**Member**”) entitled to attend and vote at the Meeting is entitled to appoint no more than two (2) proxies to attend and vote in his/her stead. A proxy need not be a Member. Where a Member appoints more than one (1) proxy, the Member shall specify the proportion of his/her shares to be represented by each such proxy, failing which the nomination shall be deemed to be alternative.
2. The instrument appointing a proxy, and if the instrument appointing a proxy is signed by an attorney, the letter or power of attorney or a duly certified copy thereof, must be deposited at the Company’s Principal Share Registrar in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632 (for Shareholders registered in Singapore), or at the office of the Company’s Branch Share Registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong (for Shareholders registered in Hong Kong), as soon as possible and in any event not later than forty-eight (48) hours before the time appointed for holding the Meeting (or at any adjournment thereof).
3. If the Member is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.
4. Completion and return of the proxy form will not preclude a Member from attending and voting in person at the Meeting or any adjournment thereof should he/she so wish, and in such event, the proxy form shall be deemed to be revoked.
5. The Principal Share Registrar and Branch Share Registrar of the Company will be closed from 5 September 2024 (Thursday) to 6 September 2024 (Friday) (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending the Meeting, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company’s Principal Share Registrar in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, Keppel Bay Tower #14-07, Singapore 098632 (for Shareholders registered in Singapore), or at the office of the Company’s Branch Share Registrar in Hong Kong, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong (for Shareholders registered in Hong Kong) not later than 4:30 p.m. on 4 September 2024 (Wednesday). Any removal of Shares from the Company’s Principal Share Registrar in Singapore to the Branch Share Registrar in Hong Kong for the purpose of attending the EGM shall be made not later than 4:30 p.m. on 29 August 2024 (Thursday).

\* *For identification purpose only.*