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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 Republic of Singapore with limited liability)
(Hong Kong Stock Code: 1085)

PLACING OF NEW SHARES UNDER THE GENERAL MANDATE

Placing Agent



PLACING

On 23 April 2024 (after trading hours), the Placing Agreement was entered into between the Company and the Placing Agent, pursuant to which the Company has appointed the Placing Agent to procure altogether not less than six Placees, on a best effort basis, for subscribing up to an aggregate of 77,600,000 Placing Shares at HK\$0.96 per Placing Share. The Placing Price is exclusive of brokerage, SFC transaction levy and Stock Exchange trading fee as may be payable. The Placing is subject to the conditions set out below under the heading “Conditions of the Placing”.

The Placing Price represents (i) a discount of approximately 17.24% to the closing price of HK\$1.16 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 19.46% to the average closing price of HK\$1.192 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the Last Trading Day.

* for identification purpose only

The maximum number of Placing Shares represents (i) approximately 20% of the number of existing issued Shares of the Company as at the date of this announcement; and (ii) approximately 16.67% of the number of issued Shares of the Company as enlarged by the allotment and issue of the Placing Shares.

An application will be made to the Listing Committee for the approval of the listing of and permission to deal in the Placing Shares.

The Placing Shares will be allotted and issued pursuant to the General Mandate.

Upon completion of the Placing (and assuming all the 77,600,000 Placing Shares are subscribed for), the gross proceeds and net proceeds arising from the Placing are estimated to be approximately HK\$74.5 million and approximately HK\$72.6 million respectively.

As the Placing is conditional, there is no assurance that the Placing will proceed. Shareholders and potential investors of the Company are advised to exercise caution in dealing in the Shares. The Company will publish an announcement upon completion or lapse of the Placing.

1. THE PLACING

On 23 April 2024 (after trading hours), the Placing Agreement was entered into between the Company (as issuer) and the Placing Agent (as placing agent). To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

The Placees

The Placing Shares will be placed on a best effort basis. The Placing Agent has agreed in the Placing Agreement that it will use its best efforts to, during the period from 23 April 2024 to 10 May 2024 (both days inclusive), procure the Placing Shares to be placed to altogether not less than six Placees, who (where applicable, and their ultimate beneficial owners) are Independent Third Parties.

If the number of Placees shall be less than six, the Company will issue a further announcement in accordance with the Listing Rules.

It is expected that none of the Placees will become a substantial shareholder of the Company immediately after completion of the Placing.

Number of Placing Shares

The Placing Agent has agreed to procure, on a best effort basis, Places to subscribe for up to 77,600,000 Placing Shares on the terms and subject to the conditions set out in the Placing Agreement.

The maximum number of Placing Shares represents (i) approximately 20% of the total number of 388,000,000 existing issued Shares as at the date of this announcement; and (ii) approximately 16.67% of the number of issued Shares of the Company as enlarged by the allotment and issue of the Placing Shares pursuant to the Placing.

Placing Price

The Placing Price is HK\$0.96 per Placing Share exclusive of brokerage, SFC transaction levy and Stock Exchange trading fee as may be payable. The net placing price (net of commissions and expenses) is approximately HK\$0.94 per Placing Share.

The Placing Price was agreed after arm's length negotiations between the Company and the Placing Agent on the date of Placing Agreement with reference to recent market prices of the Shares. The Placing Price represents (i) a discount of approximately 17.24% to the closing price of HK\$1.16 per Share as quoted on the Stock Exchange on the Last Trading Day; and (ii) a discount of approximately 19.46% to the average closing price of HK\$1.192 per Share as quoted on the Stock Exchange for the last five trading days immediately prior to the Last Trading Day.

Placing Commission

The Placing Agent will receive a placing commission of 1.5% of the aggregate Placing Price multiplied by the number of Placing Shares actually placed by the Placing Agent. The placing commission was arrived at arm's length negotiation between the Company and the Placing Agent with reference to the prevailing market conditions, the size of the Placing and the prevailing market commission rate for similar transactions.

Restrictions

The Placing Agreement does not impose any restriction on the Company's ability to issue any other securities apart from the Placing Shares. The Placing Shares are not subject to any lock-up or other disposal restriction under the terms of the Placing Agreement.

Conditions of the Placing

Completion of the Placing is conditional upon:

- (A) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares; and
- (B) all necessary consents and approvals to be obtained on the part of each of the Placing Agent and the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained.

Completion of the Placing

Completion of the Placing will take place on the second business day after the fulfillment of the conditions above or such other date to be agreed between the Company and the Placing Agent. If the above conditions are not satisfied on or before 10 May 2024 or such other date to be agreed in writing between the Company and the Placing Agent, the Placing will be terminated and the Placing will not proceed and all obligations and liabilities of the parties thereunder will forthwith cease and determine and no party will have any claim against the others (save for any antecedent breaches thereof).

Mandate to allot and issue new Shares

The Placing Shares will be allotted and issued pursuant to the General Mandate. The Company is authorised to allot and issue 77,600,000 Shares under such mandate.

Up to the date of this announcement, no new Shares have been issued pursuant to the General Mandate. Accordingly, the allotment and issue of the Placing Shares is not subject to further Shareholders' approval.

Ranking

The Placing Shares will rank *pari passu* in all respects among themselves and with the existing Shares in issue as at the date of completion of the Placing.

Termination

The Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate the Placing Agreement by notice in writing to the Company at any time up to 9:00 a.m. on the Completion Date if:

- (1) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (2) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or

- (3) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or
- (4) any statement contained in this announcement, or the previous announcements of the Company has become or been discovered to be untrue, incorrect or misleading in any material respect which in the opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (5) there is any suspension of dealings in the Shares on the Stock Exchange for more than five consecutive business days (other than as a result of or in connection with the Placing); or
- (6) any event of force majeure (being an event beyond the control of the parties to the Placing Agreement and which is unforeseeable or unavoidable), including but without limiting the generality hereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out, occurs which prevents the performance of the contractual obligations of the parties thereunder.

2. CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structures of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Placing (assuming there is no change to the shareholding structure of the Company from the date of this announcement and up to completion of the Placing other than the allotment and issue of the Placing Shares) are as follows:

Name of the Shareholder	As at the date of this announcement		Shareholding immediately after Completion of the Placing	
	<i>Number of Shares</i>	<i>%</i> <i>(Approximately)</i>	<i>Number of Shares</i>	<i>%</i> <i>(Approximately)</i>
Kingever Enterprises Limited ^{Note 1}	108,868,662	28.06	108,868,662	23.38
Wellahead Holdings Limited ^{Note 2}	15,894,525	4.10	15,894,525	3.41
Du Xiping ^{Note 3}	11,468,000	2.96	11,468,000	2.46
Public Shareholders				
Places	0	0.00	77,600,000	16.67
Other public Shareholders	251,768,813	64.89	251,768,813	54.07
Total	<u>388,000,000</u>	<u>100.00</u>	<u>465,600,000</u>	<u>100.00</u>

Notes:

1. *Mr. Cui Wei (a non-executive director and the chairman of the Company) beneficially owns the entire issued share capital of Kingever Enterprises Limited, and Kingever Enterprises Limited in turn holds approximately 28.06% of the total issued share capital in the Company as at the date of this announcement.*
2. *Ms. Zhang Zhong (a non-executive director of the Company) beneficially owns the entire issued share capital of Wellahead Holdings Limited, and Wellahead Holdings Limited in turn holds approximately 4.10% of the total issued share capital in the Company as at the date of this announcement.*
3. *Du Xiping is a non-executive director of the Company.*

As disclosed in the above shareholding table, immediately after the completion of the Placing, over 25% of the issued share capital of the Company will be in the public hands (including the Placees).

3. REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company is an investment holding company, and the principal activities of the Group are (i) digital technology and digital security: chips research, design, sales and supply chain services, semiconductor intellectual property authorization business, and digital security products and services; (ii) new energy and services: the supply of electricity with a focus on the production and sales of solar power as well as the provision of development consultation and technical services of the solar thermal power generation technology; and (iii) telecommunications: the provision of high-quality and reliable signal transmission products and services for global mobile communication operators, equipment vendors and rail transit builders, mainly covering RF coaxial cables, leakage coaxial cables, antennas, active transmission equipment, and related accessory products, as well as overall solution services for wireless communication. The Group's operations are principally conducted in the People's Republic of China. Upon completion of the Placing (and assuming all the 77,600,000 Placing Shares will be placed), the gross proceeds arising from the Placing are estimated to be approximately HK\$74.5 million and the net proceeds, after deducting related Placing commission, professional fees and all related expenses, arising from the Placing are estimated to be approximately HK\$72.6 million.

The Company intends to use such net proceeds from the Placing in the following manner:

- (i) approximately 50%, or HK\$36.3 million, will be used for further research and development of technological products and solutions adopting artificial intelligence module;
- (ii) approximately 30%, or HK\$21.8 million, will be used to develop and expand the digital technology and digital security business and new energy and services business; and

(iii) approximately 20%, or HK\$14.5 million, will be used for the business operation and general working capital of the Group.

The Board is of the view that the Placing will strengthen the financial position (in particular, the working capital and cash flow position) of the Group and broaden the Shareholder base of the Company. As the Company is actively exploring for business opportunities to diversify risk and broaden the sources of income of the Group, sufficient cash reserve is crucial for the development of the Company. The cash reserve is able to foster the on-going business development and operations.

The Directors (including the independent non-executive Directors) consider the Placing Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Placing Agent, and the terms of the Placing Agreement (including the Placing Price and the placing commission) to be fair and reasonable and the Placing is in the interests of the Company and the Shareholders as a whole.

4. FUND RAISING ACTIVITIES DURING THE PAST 12 MONTHS

The Company had not conducted any equity fund raising activities in the past twelve months immediately prior to the date of this announcement.

5. APPLICATION FOR LISTING

An application will be made to the Listing Committee for granting the listing of, and permission to deal in, the Placing Shares.

As the Placing is conditional, there is no assurance that the Placing will proceed. Shareholders and potential investors of the Company are advised to exercise caution in dealing in the Shares. The Company will publish an announcement upon completion or lapse of the Placing.

6. DEFINITIONS

The following defined terms are used in this announcement:

“acting in concert”	has the meaning as ascribed to it in the Takeovers Code
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“business day”	any day (excluding a Saturday, Sunday and public holidays) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours

“Company”	Hengxin Technology Ltd., a company incorporated in Republic of Singapore with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Completion Date”	the second business day after the fulfilment of the conditions precedent under the paragraph headed “Conditions of the Placing” or such other date as the Company and the Placing Agent may agree in writing
“connected person”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Board by the Shareholders at the annual general meeting of the Company held on 28 April 2023 to allot, issue and deal with up to 77,600,000 new Shares
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	third party(ies) who is(are) independent of and not connected with or acting in concert with the Company, its connected persons and their respective associates
“Last Trading Day”	23 April 2024, being the last trading day in the Shares prior to the issue of this announcement
“Listing Committee”	has the meaning ascribed thereto in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, modified or supplemented from time to time
“Places”	the places to be procured by the Placing Agent pursuant to the terms and conditions of the Placing Agreement
“Placing”	the placing of the Placing Shares pursuant to the terms of the Placing Agreement

“Placing Agent”	SBI China Capital Financial Services Limited, a licensed corporation to carry out business in type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO
“Placing Agreement”	the placing agreement dated 23 April 2024 made between the Company and the Placing Agent in relation to the Placing
“Placing Price”	the price of HK\$0.96, being the subscription price of each Placing Share
“Placing Shares”	up to 77,600,000 new Shares to be subscribed by the Places in accordance with the terms of the Placing Agreement
“PRC”	the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed thereto in the Listing Rules
“Takeovers Code”	The Code on Takeovers and Mergers of Hong Kong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

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

Hong Kong, 23 April 2024

As at the date of this announcement, the executive directors of the Company are Mr. Peng Yinan and Dr. Song Haiyan; the non-executive directors of the Company are Mr. Cui Wei, Mr. Du Xiping and Ms. Zhang Zhong; and the independent non-executive directors of the Company are Mr. Qian Ziyang, Dr. Li Jun and Mr. Pu Hong.