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## **HENGXIN TECHNOLOGY LTD.**

**亨鑫科技有限公司\***

*(carrying on business in Hong Kong as HX Singapore Ltd.)*

*(incorporated in Singapore with limited liability)*

**(Stock Code: 1085)**

### **FURTHER SUPPLEMENTARY ANNOUNCEMENT ON PROPOSED EMPLOYEE EQUITY INCENTIVE SCHEME**

Reference is made to the announcements (the “**Announcements**”) dated 29 March 2019 and 12 November 2019 and the circular (the “**Circular**”) dated 29 March 2019 published by Hengxin Technology Ltd. (the “**Company**”) in relation to the Incentive Scheme. Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as defined in the Announcements and the Circular.

To further improve the Incentive Scheme and obtain approval from relevant regulatory authorities, securities accounts (“**Securities Account**”) opened in Hong Kong will be established in the name of a third-party body of the Employee Equity Incentive Scheme (“**Third-party Agency**”), and Jiangsu Hengxin will be responsible for fund exchange and remittance only. The Third-party Agency will be a company incorporated in Hong Kong by the finance staff of the Company. In light of this, the Board resolved to make the following further revisions to the Incentive Scheme on 28 February 2020:

In respect of the procedures for implementing the Incentive Scheme, Securities Accounts must be in the name of a Third-party Agency in accordance with relevant requirements. As such, the respective main responsibilities of Jiangsu Hengxin and the Third-party Agency are:

- (1) Jiangsu Hengxin will open a specific foreign exchange account upon approval by the SAFE, and is responsible for fund exchange and remittance work. Jiangsu Hengxin does not hold any interest in the Securities Account. The assets as well as profits and losses of the Securities Account are attributable to the participants and do not affect the financial position of Jiangsu Hengxin.
- (2) The Third-party Agency will assist to open a Securities Account for the Employee Incentive Scheme. The ultimate beneficial owners of the assets in the Securities Account are the participants, and the incentive funds are exchanged and remitted as well as deposited into or remitted from the Securities Account of the Third-party Agency through Jiangsu Hengxin;

For details of other terms of and changes to the Employee Equity Incentive Scheme in the Announcements and Circular and the full text of the revised Employee Equity Incentive Scheme, please refer to the appendix to this announcement.

By order of the Board  
**Hengxin Technology Ltd.**  
**Cui Wei**  
*Chairman*

Hong Kong, 28 February 2020

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

\* *For identification purpose only*

**AMENDED EMPLOYEE EQUITY INCENTIVE SCHEME  
OF HENGXIN TECHNOLOGY LTD. (“THE COMPANY”) –  
FIRST TRANCHE**

**REPRESENTATION**

The Company was established on 18 November 2004 with a registered capital of RMB295 million. The place of registration is Singapore. The Company was listed on the main board of The Stock Exchange of Hong Kong Limited on 23 December 2010. The stock code is 1085 and the stock name is Hengxin Technology Ltd.

The Company and all members of the Board ~~warrants~~warrant that the contents of the Employee Equity Incentive Scheme (hereinafter referred to as the “**Incentive Scheme**”) are true, accurate and complete and ~~does~~do not contain false representations, misleading statements or material omissions.

**RISK WARNING**

According to the Employee Incentive Scheme (Scheme) approved by the Shareholders of the Company, the Company’s implementation of the Incentive Scheme (draft) is now revised according to the requirements of the relevant government departments. Investors should be aware that there are uncertainties as to whether the amended Employee Equity Incentive Scheme will be approved by relevant departments and organizations.

**SPECIAL REMINDER**

The abbreviations used in this section shall have the same meanings as defined in the “Definitions” section.

1. The Incentive Scheme is drafted in accordance with the Companies Ordinance, the SFO and other relevant laws and regulations, as well as the ~~Constitution~~Articles of Association of the Company.
2. The Incentive Scheme is established under the principle of discretionary decision of the Company and authorizes the Board or the board of directors of Jiangsu Hengxin Technology Co., Ltd. (hereinafter referred to as “**Jiangsu Hengxin**”) as authorized by the Board to have full authority to deal with the matters in relation to the Incentive Scheme.
3. ~~Jiangsu Hengxin~~A third-party body of the Employee Equity Incentive Scheme (“**Third-party Agency**”), a company incorporated in Hong Kong and managed by a finance staff of the Company, is responsible for matters such as opening the specific securities account for the Employee Equity Incentive Scheme in its name (“**Securities Account**”), the daily management of the Securities Account, ~~as the Employee Equity Incentive Agency,~~ exercises the

shareholders' rights on behalf of the participants ~~in the Incentive Scheme, and is responsible for management matters such as fund exchange and remittance, account management, and risk control, and~~ effectively safeguarding the lawful rights and interests of the participants of the Incentive Scheme, ~~and opening the specific Securities Account for the Employee Incentive Scheme in the name of Jiangsu Hengxin.~~ Jiangsu Hengxin is only responsible for fund exchange and remittance and the domestic fund account management.

4. The scope of employees who are eligible to participate in the Incentive Scheme are: senior management such as assistant of deputy general manager level or above of Jiangsu Hengxin (a wholly-owned subsidiary of the Company), regional directors and regional managers of domestic and overseas markets who have met the recognized sales performance standards, overseas market front-line marketing personnel and key personnel engaging in the research and development of critical technology, those who have made significant contributions to the development and efficiency growth of the Company. The Board authorises the board of Jiangsu Hengxin to compile the participants list for joining the Incentive Scheme for the review by the Board to ensure the consistency between the list and the participants and to adjust the list and distribution of employees under the Incentive Scheme according to changes and performance assessment of its employees.
5. The source of funds for the Incentive Scheme is the legal funds that Jiangsu Hengxin can allocate to individual participants.
6. The source of the shares for the Incentive Scheme: It shall purchase Shares of the Company in the ways as permitted by laws and regulations including purchase from the secondary market (including but not limited to market trading such as block trade and trade by bidding) as well as Placing.

The total number of Shares to be held under the Incentive Scheme shall not, in aggregate, exceed 10% of the total issued share capital of the Company. The total Subject Shares unit to be obtained by an individual employee under the Incentive Scheme (including every period) shall not, in aggregate, exceed 1% of the total share capital of the Company. The number of Subject Shares units involved in the Incentive Scheme will be affected by objective factors such as the demand and supply and price of Shares in the market. The individual participants in the Incentive Scheme shall be entitled to the Subject Share units, the unused funds and the associated gains on the Subject Shares (including but not limited to dividends, bonus shares, and share splits, mergers or restructuring) according to the proportion under the Incentive Scheme (the above rights are collectively referred to as “**Equity Units**”).

7. Disposition and lock-up period of the Equity Units under the Incentive Scheme:

The Incentive Scheme is a long-term incentive policy. Upon the lock-up period has expired under the Incentive Scheme, ~~the Third-party-the Employee Equity Incentive~~ Agency will deliver the Rights of Disposition of the Equity Units to be obtained by the participants under the Incentive Scheme.

The lock-up period of the Equity Units to be allotted under the Incentive Scheme shall be 10 years, commencing from the date the participants obtain the Equity Units ~~allocated by the Equity Incentive Agency~~. The earliest exercise date is ~~in October 2029~~ ten years from the date of approval for the implementation of the Incentive Scheme by the relevant regulators.

8. The Incentive Scheme has been approved by the Shareholders of the Company, and is subject to the approval by relevant departments and organizations after this amendment.
9. Issues relating to finance, accounting treatment and taxation during the implementation of the Incentive Scheme by the Company and ~~the Third-party the Employee Equity Incentive Agency~~ will be resolved in accordance with the relevant policies of finance, accounting and taxation. Individual income tax arisen from the implementation of the Incentive Scheme shall be borne by the relevant employees.
10. The shareholding structure of the Company will remain in compliance with the relevant listing requirements after the implementation of the Incentive Scheme.

## **I. PURPOSE OF THE INCENTIVE SCHEME**

The purpose of the Incentive Scheme is to implement the long-term incentive and binding mechanism of the Company, fully mobilize the proactiveness of core and key employees of Jiangsu Hengxin, a wholly-owned subsidiary of the Company, to ensure the sustainable and healthy development of the Company, and for which this Incentive Scheme is formulated with reference to the actual situation of the Company.

## **II. BASIC PRINCIPLES OF THE INCENTIVE SCHEME**

### **1. Legal Compliance**

The Company shall perform the procedures in strict compliance with the requirements stipulated in the listing rules and other relevant laws and administrative regulations, and disclose information in a truthful, accurate, complete and timely manner. The use of the Incentive Scheme for any act of insider trading, stock market manipulation or other securities fraud is prohibited.

### **2. Participation Principle Formulated by the Board**

The Incentive Scheme is implemented by the Company according to the discretionary decision of the Board. The Board authorises the board of Jiangsu Hengxin to determine the list of participants, distribution coefficient and Equity Units to be held.

### 3. Voluntary Risk-taking

Jiangsu Hengxin, ~~as the Employee Equity Incentive Agency, opens a specific account upon approval by The State Administration of Foreign Exchange (SAFE) to conduct~~ conducts work such as incentive fund exchange and remittance through the specific foreign exchange account. The assets of the Employee Equity Incentive Scheme ~~in the special accounts~~ are independent to Jiangsu Hengxin, and Jiangsu Hengxin does not make any undertaking or guarantee for the profit (or loss) of such assets of this specific account. The gain to be earned by employees in the future will be determined by the contributions into the ~~Third-party Employee Equity Incentive Agency~~ and the investment return generated from the contributions. The Company and Jiangsu Hengxin will not bear the actuarial and investment risks in this aspect.

### III. BASIS AND SCOPE OF PARTICIPANTS UNDER THE INCENTIVE SCHEME

(I) The basis ~~to determine the Incentive Scheme~~ of participants under the Incentive Scheme is drafted in accordance with the Companies Ordinance, the SFO and other relevant laws and regulations, as well as the ~~Constitution~~ Articles of Association of the Company. Employees receiving the incentive shall participate the Incentive Scheme on the principles of compliance with the laws and regulations and take their own risk.

#### (II) Scope of Participants under the Incentive Scheme

The participants under the Incentive Scheme are the core and key employees whose employment date was commenced before 1 January 2013 and should meet the requirements. The employees who participate in the Incentive Scheme are: senior management such as assistant of deputy general manager level or above of Jiangsu Hengxin, regional directors and regional managers of domestic and overseas markets who have met the recognised sales performance standards, overseas market front-line marketing personnel and key personnel engaging in the research and development of critical technology, those who have made significant contributions to the development and efficiency growth of the Company, and other personnel recognised by the Board. There are 14 participants for this tranche.

The number of participating and detailed list and incentive Equity Units under the Incentive Scheme will be determined by the board of Jiangsu Hengxin as authorized by the Board. The board of Jiangsu Hengxin shall notify in writing to the domestic third-party body regarding the participants list and the respective Equity Units awarded to each of the participants. The domestic third-party body shall also notify in writing to each of the participants regarding the Equity Units being awarded. The board of Jiangsu Hengxin will adjust the employee list and distribution participating the Incentive Scheme according to the changes and performance assessment of the employees.

All participants must be in the employment with Jiangsu Hengxin when Jiangsu Hengxin confirms the participants list of the Incentive Scheme.

Each participant will be notified of his/her latest assets composition of the Equity Units in the Incentive Scheme by the domestic third-party body in writing on a regular basis. Equity Units are held on trust by the Third-party Agency.

Subject to Rule III (II) of the Incentive Scheme, the board of Jiangsu Hengxin shall adjust the participants list and distribution proportion under certain situations. For qualified participants, Jiangsu Hengxin shall notify in writing to the domestic third-party body and the participants, and will direct the domestic third-party body to release the Subject Shares to the relevant participants by unlocking the number of Equity Units to that participants.

#### **IV. SOURCE OF FUNDS, APPLICATION OF FUNDS AND SIZE OF THE INCENTIVE SCHEME**

##### **(I) Source of Funds**

The source of funds for the Incentive Scheme is the legal funds that Jiangsu Hengxin can allocate to individual participants.

##### **(II) Application of Funds**

The Incentive Funds Available for Use will be applied for the implementation of the Employee Equity Incentive Scheme through the Third-party ~~the Employee Equity Incentive~~ Agency. It shall acquire and hold Shares of the Company in the ways as permitted by laws and regulations including purchase from secondary market (including but not limited to market trading such as block trade and trade by bidding) as well as Placing. The total number of Shares to be held under the Incentive Scheme shall not, in aggregate, exceed 10% of the total issued share capital of the Company. The total Subject Share units to be obtained by individual employee under the Incentive Scheme (including every ~~period~~ tranche) shall not, in aggregate, exceed 1% of the total issued share capital of the Company.

##### **(III) Size of the Incentive Scheme**

The upper limit of the size of the Incentive Scheme is RMB19,003,600, which is translated into HK\$21,089,300 (based on RMB19,003,600 and the exchange rate of 0.9011 for HK dollar on 22 October 2019; the final foreign exchange purchasing quota is based on the exchange rate of foreign exchange purchasing for the day). The source of fund will be 100% by foreign exchange purchasing. The final number of Subject Shares units will be affected by objective factors such as the demand and supply and price of Shares in the market.

## V. RIGHTS AND OBLIGATIONS OF THE COMPANY, JIANGSU HENGXIN AND THE PARTICIPANTS

### (I) Rights and Obligations of the Company and Jiangsu Hengxin

#### 1. *Rights and Obligations of Jiangsu Hengxin*

- (1) ~~Entrusted by the participants, Jiangsu Hengxin, as the Employee Equity Incentive Agency, opens a specific account upon approval by the SAFE to~~ conducts ~~incentive workfund exchange and remittance, investment and share management~~ upon approval by the SAFE through a specific foreign exchange account. The assets of the Employee Equity Incentive Scheme in this specific account are independent to Jiangsu Hengxin, and Jiangsu Hengxin does not make any undertaking or guarantee for the profit (or loss) of such assets of this specific account.
- (2) Conducts performance assessment to participants, monitors and reviews whether participants possess the qualifications of Rights of Disposition, and protects the interests of participants;
- ~~(3) Disposes of the interests of participants according to the relevant requirements of the Incentive Scheme; and~~
- (4) Other rights stipulated in laws, administrative regulations and the Incentive Scheme.

#### 2. *Rights and Obligations of the Company*

- (1) Seek the approval of Shareholders of the Company and relevant departments and organizations to implement the Incentive Scheme;
- (2) Authorise the board of Jiangsu Hengxin to carry out specific matters of the Incentive Scheme;
- (3) Performs the obligation of information disclosure under the Incentive Scheme in a truthful, accurate, complete and timely manner;
- (4) ~~Assists~~ Arranges for Jiangsu Hengxin to assist Jiangsu Hengxin the Third-party Agency regarding the intermediary services under the Incentive Scheme such as opening and cancelling securities trade accounts in accordance with relevant laws and regulations;
- (5) The Board shall have the right to interpret, amend and execute the Incentive Scheme; and



- (6) Other obligations as prescribed in laws and the Incentive Scheme.

## (II) Rights and Obligations of the Participants

### 1. Rights of the Participants

- (1) Before unlocking the Equity Units under the Incentive Scheme, the shareholders' rights entitled by the Subject Shares units (including but not limited to the right to dividends, voting right and rights to vote) shall be exercised by the Third-party the Equity Incentive Agency uniformly according to the intention of the participants.

Jiangsu Hengxin shall provide the domestic third-party body with the names of the participants having shareholders' right entitled by the Subject Shares units, together with specimens of their signatures ("Authorized Signatory"). Jiangsu Hengxin shall advise the domestic third-party body each time the Authorized Signatory list changes, and provide it with the latest version of the document.

For the events which require an exercise of shareholders' right, the Third-party Agency advises the participants through the domestic third-party body and sends a copy of the notification by fax or by email.

The domestic third-party body requests instructions duly signed by any participants by the stated deadline. Those instructions should be sent to the fax number or email address indicated in the notification. The domestic third-party body will communicate the Third-party Agency on the authenticated instructions as a whole and give appropriate instructions to Third-party Agency to exercise voting rights on behalf for those participants replied according to their relevant number of Subject Shares.

Failing to receive any instruction by those participants before the deadline by fax or by email as mentioned in the notice, no action will be applied automatically.

- (2) ~~After the lock-up release, period is discharged, Employee Equity Incentive Agency shall deliver the Rights of Disposition of the Subject Shares unit to be obtained by the participants accordingly~~ for Subject Shares without obtaining the Rights of Disposition, the shareholders' rights will be exercised by the Third-party Agency according to the intention of the participants. Similar treatment for Equity Units before unlocking applied.

The domestic third-party body requests instructions duly signed by any participants by the stated deadline. Those instructions should be sent to the fax number or email address indicated in the notification. The domestic third-party

body will communicate the Third-party Agency on the authenticated instructions as a whole and give appropriate instructions to Third-party Agency to exercise voting rights on behalf for those participants replied according to their relevant number of Subject Shares without obtaining the Rights of Disposition.

Failing to receive any instruction by those participants before the deadline by fax or by email as mentioned in the notice, no action will be applied automatically.

(3) For unallocated Subject Shares of the participants, the rights to vote and voting rights will not be exercised by the Third-party Agency; and

(34) Other rights as prescribed in laws and the Incentive Scheme.

## **2. *Obligations of the Participants***

(1) Comply with the relevant requirements of laws and the Incentive Scheme;

(2) Undertake the investment risk under the Incentive Scheme according to the Subject Shares unit of the Incentive Scheme they held; and

(3) Other obligations as prescribed in laws and the Incentive Scheme.

## **VI. LOCK-UP PERIOD OF THE INCENTIVE SCHEME, DISPOSITION AND MANAGEMENT MODEL OF EQUITY UNITS AND SELECTION OF MANAGEMENT AGENCY**

### **(I) Lock-up Period of the Incentive Scheme**

The Incentive Scheme is a long-term incentive policy. The lock-up period of the Equity Units to be allotted under the Incentive Scheme shall be 10 years, commencing from the date the participants obtain the Equity Units or until the participants reached the statutory retirement age, allocated by the Equity Incentive Scheme Agency, whichever is earlier.

All relevant entities in the Incentive Scheme must strictly comply with the market trading rules and abided by the requirements that no share can be traded such as inside information. All parties must not exploit the Incentive Scheme for insider trading and market manipulation and other security frauds.

## **(II) Disposition of the Equity Units under the Incentive Scheme**

1. After the lock-up period of the equity incentive participants under the incentive program has expired, ~~the Third-party the Employee Equity Incentive~~ Agency shall deliver 50% of the Rights of Disposition of the Equity Units of the Company to be obtained by the participants. The remaining Rights of Disposition of the Equity Units are to be delivered on average in five years by ~~the Third-party the Employee Equity Incentive~~ Agency after the participants have reached the Statutory Retirement Age. For such Incentive Scheme with maturity of less than the years as prescribed when the participants have reached the Statutory Retirement Age, ~~the Third-party the Employee Equity Incentive~~ Agency will deliver to the participants in five years on average the Rights of Disposition of the Equity Units to be obtained by the participants after they reach the statutory retirement age.
2. If the Rights of Disposition are unable to be delivered to the participants by ~~the Third-party the Employee Equity Incentive~~ Agency under the requirements of the agreement due to special reasons, the use or re-allocation of the Rights of Disposition attached to such non-delivered Equity Units shall be approved otherwise by the Board or the board of Jiangsu Hengxin as authorised by the Board.

## **(III) Management body and Management Mode of the Incentive Scheme**

~~The Third-party Agency is responsible for the Employee Equity Incentive Agency, and is opening the Securities Account for the Incentive Scheme in its name and the day-to-day management of the Incentive Scheme Securities Account, exercising the original shareholders' rights on behalf of the participants. The Securities Account opened in Hong Kong must be in the name of Jiangsu Hengxin in accordance with relevant requirements. The incentive funds shall be transfer from the specific account opened upon approval by Jiangsu Hengxin to an account opened with Sinolink Securities (Hong Kong) Company Limited, which is only responsible for fund exchange and remittance for the funds, account management, and other works. Jiangsu Hengxin is only responsible for the management of the Securities Account in Hong Kong, but and does not hold any interest in the Securities Account. The assets as well as profits and losses of the Securities Account do not affect the financial position of Jiangsu Hengxin. The Board is responsible for drafting and revising the proposal of the Employee Equity Incentive Scheme and handling other relevant matters of the Incentive Scheme within the scope authorised at the extraordinary general meeting.~~

## **VII. ASSETS COMPOSITION OF THE INCENTIVE SCHEME**

1. Shares of the Company purchased under the Incentive Scheme;
2. Cash deposits and bank interest accrued at third-party agencies; and

3. Other assets such as gains received from asset management.

The assets under the Incentive Scheme are independent of the assets owned by the Company and Jiangsu Hengxin. The Company and Jiangsu Hengxin shall not hold the assets of the Incentive Scheme on trust and include them as its own assets. The assets and profits generated from the management and operation of the Incentive Scheme shall be included into the assets of the Incentive Scheme.

## **VIII. AMENDMENT TO AND TERMINATION OF THE INCENTIVE SCHEME AND DISPOSAL OF RIGHTS AND INTERESTS OF THE PARTICIPANTS**

### **(I) Amendment to the Incentive Scheme**

During the term of the Incentive Scheme, any amendment to the rules of the Incentive Scheme shall be determined by the Board or the board of Jiangsu Hengxin as authorised by the Board at their sole discretion.

### **(II) Termination of the Incentive Scheme**

1. Upon the expiry of the lock-up period under the Incentive Scheme, the Incentive Scheme may be terminated in advance when all the assets under the Incentive Scheme are distributed to participants designated by the Board; and
2. The Board may decide when to terminate the Incentive Scheme, at which time the Third-party Agency of the Employee Equity Incentive Scheme Agency shall complete the liquidation and settlement of all equity.
3. The term of this tranche of the Incentive Scheme shall not exceed 35 years starting from the time when the Shares Equity Units are allocated to the individuals ~~(that is, the Incentive Scheme for this tranche starts from October 2019 and ends in October 2054).~~

### **(III) Disposal of Rights and Interests of the Participants**

1. During the term of the Incentive Scheme, the interests of the participants under the Incentive Scheme shall not be withdrawn, mortgaged, pledged, guaranteed or used for debt repayment.
2. During the term of the Incentive Scheme, the interests of the participants under the Incentive Scheme shall not be transferred without the consent of the Board or the board of Jiangsu Hengxin as authorised by the Board. Any transfer without consent shall be void and invalid.

3. During the implementation of Incentive Scheme, ~~the incentive funds that are yet to be allotted to~~ participants shall ~~continue to be entitled~~ still obtain the Rights of Disposition of the Equity Units if any one of the events below occurs:
  - (1) normal job deployment approved by Jiangsu Hengxin;
  - (2) retirement; and
  - (3) loss of working capacity.
  
4. If any one of the events below occurs during the implementation of Incentive Scheme, ~~the interest of the for~~ Equity Units for the Rights of Disposition allotted but not ~~obtained~~~~exercised~~ yet, the Rights of Disposition of such Equity Units shall not no longer be exercised~~delivered to the participants by the Third-party Agency~~, and the use plan of the Equity Units for which the Rights of Disposition are not ~~delivered~~~~exercised~~ must be re-allocated by Jiangsu Hengxin~~the Company~~.
  - (1) Participants leave the Company due to other reasons except for their retirement during the lock-up period;
  - (2) Participants shall be penalized in accordance with the company regulations due to any loss suffered by the Company that arise from their bribery, seek bribe, occupation and misappropriation, embezzlement, leakage of the Company's important operation or technology secrets or other misconduct for benefits during the lock-up period;
  - (3) Participants shall be penalized as a demerit and above due to material loss or negative effect to the Company that arise from severe work mistake, delinquency and misconduct during the lock-up period; and
  - (4) Even though participants have retired during the lock-up period, but still serve the competitors of the Company's after retirement.
  
5. For participants' accidental death (including declaration of death), their statutory inheritors will inherit the ~~incentive funds to be allotted~~Equity Units for which the Rights of Disposition have not been obtained.
  
6. In any other circumstances that determined under the Incentive Scheme, the method of disposition of the Equity Units to be obtained by participants shall be determined through negotiation between the Board and the board of Jiangsu Hengxin.

#### **(IV) Measures for Disposal of Assets upon Expiry of the Term of the Incentive Scheme**

If the assets held by ~~the Third-party the Equity Incentive~~ Agency include the non-treated Equity Units upon expiry of the term of the Incentive Scheme, the specific disposal method of such shares shall be determined and agreed between the Board or the board of Jiangsu Hengxin as authorised by the Board.

#### **IX. PERFORMANCE PROCEDURES FOR THIS INCENTIVE SCHEME**

1. The Shareholders of the Company shall approve the implementation of the Incentive Scheme.
2. The implementation of this Incentive Scheme shall be approved by regulatory authorities in the PRC and Hong Kong, including the State Administration of Foreign Exchange.
3. Jiangsu Hengxin, ~~as the domestic Employee Equity Incentive Agency,~~ is responsible for fund exchange and remittance, fund account management, and other works.
4. To implement the Incentive Scheme, Securities Accounts opened ~~in Hong Kong by the Third-party Agency (with Sinolink Securities (Hong Kong) Company Limited in the name of Jiangsu Hengxin in accordance with the provisions of Article VI(III) above)~~ will be the overseas agency to subscribe for shares in the market at the market price in cash according to the instructions.

#### **X. MATTERS RELATING TO THE AUTHORIZATION FROM THE EGM TO THE BOARD**

Upon the consideration and approval of the Incentive Scheme at the EGM, the Board or the board of Jiangsu Hengxin as authorised by the Board is to handle matters relating to the Incentive Scheme, including but not limited to:

1. the Board authorises the board of Jiangsu Hengxin to proceed with the establishment of the Incentive Scheme, including but not limited to approving the provision for incentive funds and the implementation of specific allocation plan; and
2. the Board authorises the board of Jiangsu Hengxin to draft and sign agreements and documents relating to the Incentive Scheme.

#### **XI. OTHER IMPORTANT MATTERS**

1. The approval of the Board and Shareholders at the general meeting of the Company does not indicate that the participants have the right to continue their services in the Company, and such approval does not constitute any commitment of Jiangsu Hengxin to any continued employment of those employees within the term of the Incentive Scheme. The

employment relationships between the participants and Jiangsu Hengxin will remain the same as stipulated in the original employment contract entered into between the participants and Jiangsu Hengxin.

2. Issues relating to finance, accounting treatment and taxation during the implementation of the Incentive Scheme by the Company will be resolved in accordance with the relevant policies of finance, accounting and taxation. Individual income tax arisen from the implementation of the Incentive Scheme shall be borne by the relevant employees.
3. The Board or the board of Jiangsu Hengxin as authorised by the Board reserves the right to interpret, amend and execute the rules of the Incentive Scheme.
4. Calculation method of income:  $(\text{price as at the date of exercise} - \text{purchase price}) \times \text{number of Shares}$ .

**Board of Directors of Hengxin Technology Ltd.**

28 February 2020