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HENGXIN TECHNOLOGY LTD.

亨鑫科技有限公司*

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

(incorporated in Singapore with limited liability)

(Singapore Registration No.: 200414927H)

(Hong Kong Stock Code: 1085)

(Singapore Stock Code: I85)

2ND SUPPLEMENTAL AGREEMENT TO THE ACQUISITION OF 24% EQUITY INTEREST IN MIANYANG SIEMAX

Reference is made to the Announcements in relation to the Acquisition of 24% equity interest in Mianyang Siemax (i.e. the Target Interests).

BACKGROUND

As disclosed in the Announcements,

- (i) on 2 February 2016, Hengxin (Jiangsu), a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendors and Mianyang Siemax, pursuant to which the Vendors have conditionally agreed to sell and Hengxin (Jiangsu) has conditionally agreed to purchase the Target Interests;
- (ii) on 24 June 2016, Hengxin (Jiangsu), the Vendors, Mianyang Siemax, Ms. Zhang and other Independent Third Parties entered into the Supplemental Agreement pursuant to which the parties have agreed to amend certain terms of the Sale and Purchase Agreement; and
- (iii) as of 24 June 2016, the Acquisition has completed and Hengxin (Jiangsu) holds 24% equity interest in Mianyang Siemax.

THE 2ND SUPPLEMENTAL AGREEMENT

The Board announces that on 21 November 2016, Hengxin (Jiangsu) entered into the 2nd Supplemental Agreement with Mianyang Siemax, all other shareholders of Mianyang Siemax (including Ms. Zhang) and other Independent Third Parties.

* For identification purpose only

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, other than Hengxin (Jiangsu), Mianyang Siemax (in which the Group owns as to 24%) and Ms. Zhang (a non-executive Director), the parties to the 2nd Supplemental Agreement and their respective ultimate beneficial owners are Independent Third Parties.

Pursuant to the 2nd Supplemental Agreement, certain terms of the Sale and Purchase Agreement and the Supplemental Agreement have been amended as follows:

- (i) The Consideration is further reduced from RMB36 million (equivalent to approximately HK\$40.32 million) to approximately RMB25.53 million (equivalent to approximately HK\$28.59 million). As of the date of this announcement, Hengxin (Jiangsu) has paid a total of RMB50.4 million to the Vendors for the Target Interests pursuant to the Sale and Purchase Agreement. After taking into account of the further reduction in the Consideration as agreed under the 2nd Supplemental Agreement, the Vendors shall return the excess portion of the Consideration, being approximately RMB24.87 million (equivalent to approximately HK\$27.85 million), to Hengxin (Jiangsu).
- (ii) Revision of the arrangements in relation to the existing shareholders' loans given by the Vendors such that part of the existing shareholders' loans (and the rights pertaining thereto) will be assigned to Hengxin (Jiangsu) as settlement for the excess portion of the Consideration which has been paid by Hengxin (Jiangsu) to the Vendors pursuant to the Sale and Purchase Agreement.
- (iii) Cancellation of the Capital Injection as previously agreed under the Supplemental Agreement and all the arrangements in connection therewith. Under the Capital Injection, Hengxin (Jiangsu) had agreed to inject capital in the amount of approximately RMB37.65 million to Mianyang Siemax. As at the date of this announcement, the Capital Injection has not yet been made.

INFORMATION OF MIANYANG SIEMAX

Mianyang Siemax is a company established in the PRC with limited liability on 24 November 2014 and is principally engaged in the manufacture of nano zirconia ceramic-related products.

As at the date of this announcement, the shareholding of Mianyang Siemax is as follows:

Shareholder	Approximate shareholding percentage
Hengxin (Jiangsu)	24.0%
Ms. Zhang	8.9%
Other shareholders (<i>Note</i>)	<u>67.1%</u>
Total	<u><u>100%</u></u>

Note: Other shareholders include some of the Vendors, Mr. Dai Qing and Tongheng Equity, being the parties to the 2nd Supplemental Agreement. As at the date of this announcement, Tongheng Equity is a limited partnership established in the PRC and is principally engaged in investments.

INFORMATION ON THE GROUP

The Group is one of the leading manufacturers of radio frequency coaxial cables series for mobile communications in the PRC.

Hengxin (Jiangsu) is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in the 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.

DEFINITIONS

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

“2nd Supplemental Agreement”	the second supplemental agreement dated 21 November 2016 entered into among Hengxin (Jiangsu), Mianyang Siemax, all other shareholders of Mianyang Siemax (including Ms. Zhang) and other Independent Third Parties, pursuant to which the parties have agreed to amend certain terms of the Sale and Purchase Agreement and the Supplemental Agreement
“Acquisition”	the acquisition of the Target Interests by Hengxin (Jiangsu) from the Vendors pursuant to the Sale and Purchase Agreement
“Announcements”	the announcements of the Company dated 2 February 2016 and 24 June 2016 respectively in relation to the Sale and Purchase Agreement for the Acquisition and the Supplemental Agreement, and “Announcement” means any of them
“Board”	the board of Directors
“Capital Injection”	the capital injection in the total amount of approximately RMB109.36 million by certain shareholders of Mianyang Siemax (including Hengxin (Jiangsu)) pursuant to the Supplemental Agreement, details of which were disclosed in the Announcement dated 24 June 2016
“Company”	Hengxin Technology Ltd., a company incorporated in Singapore with limited liability and the Shares of which are primarily listed on the Main Board of the Stock Exchange and secondarily listed on Singapore Exchange Securities Trading Limited
“connected person(s)”	has the meaning ascribed to this term under the Listing Rules
“Consideration”	the consideration for the Acquisition, originally being RMB72 million under the Sale and Purchase Agreement, which has been reduced to RMB36 million pursuant to the Supplemental Agreement and further reduced to approximately RMB25.53 million pursuant to the 2nd Supplemental Agreement
“Director(s)”	the director(s) of the Company

“Group”	the Company and its subsidiaries
“Hengxin (Jiangsu)”	Jiangsu Hengxin Technology Co., Ltd. (江蘇亨鑫科技有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	person(s) or company(ies) which is/are third party(ies) independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mianyang Siemax”	Mianyang Xintong Industrial Co., Ltd.* (綿陽鑫通實業有限公司), formerly known as Mianyang City Siemax Industrial Co., Ltd.* (綿陽市思邁實業有限公司), a limited liability company established in the PRC
“Ms. Zhang”	Ms. Zhang Zhong, a non-executive Director and a shareholder of Mianyang Siemax
“PRC”	The People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the agreement dated 2 February 2016 entered into among Hengxin (Jiangsu), the Vendors and Mianyang Siemax in relation to the Acquisition, details of which were disclosed in the Announcement dated 2 February 2016
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the supplemental agreement dated 24 June 2016 entered into among Hengxin (Jiangsu), the Vendors, Mianyang Siemax, Ms. Zhang and other Independent Third Parties in relation to (among other things) amendment to certain terms of the Sale and Purchase Agreement, details of which were disclosed in the Announcement dated 24 June 2016
“Target Interests”	24% of the equity interest in Mianyang Siemax and all the existing and future rights and interests attaching to such equity interest
“Tongheng Equity”	Shenzhen City Tongheng Equity Investment Fund Centre (Limited Partnership)* (深圳市同亨股權投資基金中心(有限合夥)), a limited partnership established in the PRC
“Vendors”	Mr. Huang Hongwei, Mr. Wang Youcai, Mr. Chen Jiaxin, Mr. Song Ze, Mr. Wang Fang and Mr. Chen Yiguang, and “Vendor” means anyone of them

“%”

per cent

For illustration purpose in this announcement only, amounts in RMB have been translated into HK\$ at the rate of RMB1.00 = HK\$1.12.

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

Hong Kong, 21 November 2016

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.