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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)

PROPOSED EMPLOYEE EQUITY INCENTIVE SCHEME

The Board of the Company is pleased to announce that the Board has proposed to adopt the Incentive Scheme and decided to seek shareholders to approve the Incentive Scheme at the EGM. The purpose of the Incentive Scheme is to implement the long-term incentive and binding mechanism of Jiangsu Hengxin, a wholly-owned subsidiary of the Company, and fully mobilize the proactiveness of core and key employees of Jiangsu Hengxin 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.

The board (the “**Board**”) of directors (the “**Directors**”) of Hengxin Technology Ltd. (the “**Company**”) is pleased to announce that the Board has proposed to adopt the Employee Equity Incentive Scheme (hereafter referred to as “**Incentive Scheme**”) and decided to seek shareholders to approve the Incentive Scheme at the extraordinary general meeting (the “**EGM**”) to be held on 26 April 2019. The purpose of the Incentive Scheme is to implement the long-term incentive and binding mechanism of Jiangsu Hengxin Technology Co., Ltd. (hereafter referred to as “**Jiangsu Hengxin**”), a wholly-owned subsidiary of the Company, fully mobilize the proactiveness of core and key employees of Jiangsu Hengxin 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.

The proposal of the Incentive Scheme is drafted in accordance with the Companies Ordinance, the SFO and other relevant laws and regulations, as well as the Articles of Association of the Company. The Incentive Scheme does not involve the issue of new shares or granting of options to subscribe for any new securities of the Company and therefore does not constitute a share option scheme as defined and regulated under Chapter 17 of the Listing Rules.

* For identification purposes only

The Board has proposed to adopt the Incentive Scheme and proposed to seek shareholders to approve the Incentive Scheme and authorise the Board and the Board of Jiangsu Hengxin to implement the Incentive Scheme and its administrative measures at the EGM. A circular containing further information regarding the EGM to be convened for reviewing and passing the Incentive Scheme by shareholders, the details of the draft of the Incentive Scheme and the notice convening the EGM is being sent by the Company to the shareholders.

Incentive Scheme

(i) Purpose

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

(ii) Scope of Participants under the Incentive Program

The participants under the Incentive Scheme are the core and key employees of Jiangsu Hengxin. The employees who participate in this 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 of Jiangsu Hengxin.

The specific list of participants under the Incentive Scheme and their incentive Subject Shares unit are to be reviewed and determined by the Board of Jiangsu Hengxin.

(iii) Source of Funds

The source of funds for this Incentive Scheme is from the Incentive Funds Available for Use by Jiangsu Hengxin in accordance with the long-term incentive program (《長期激勵方案》).

(iv) Application of Funds

The Incentive Funds Available for Use will be applied for the implementation of the Employee Equity Incentive Scheme through the Employee Equity Incentive Platform. It shall acquire and hold Shares 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 Shares unit to be obtained by the individual employee under the Incentive Scheme (including every period) shall not, in aggregate, exceed 1% of the total share capital of the Company. The total number of Shares to be held under the Incentive Scheme does not include the Shares acquired by employees prior to the listing of the Company through its initial public offering, the Shares acquired independently in the secondary market and the Shares obtained through share options scheme adopted on 27 October 2010 by the Company.

(v) Size of the Incentive Scheme

The cap of the Incentive Scheme is RMB19,003,600. The final number of Subject Shares unit will be affected by objective factors like demands and price of Shares in the market.

(vi) Lock-up Period of the Incentive Scheme

The Incentive Scheme is a long-term incentive policy. The lock-up period of the Subject Shares unit to be obtained under the Incentive Scheme shall be 10 years, commencing from the date the participants obtain the Subject Shares unit from the Equity Incentive Platform.

Before unlocking the Subject Shares unit under the Incentive Scheme, the shareholders' rights entitled to the Subject Shares unit (including but not limited to the right to dividends, voting right and rights to vote) shall be exercised by the Equity Incentive Platform uniformly. After the unlocking of the Subject Shares unit, the Employee Equity Incentive Platform will pass the Rights of Disposition to the participants in accordance to the Subject Shares unit to be obtained by the individual participants.

All relevant entities in the Incentive Scheme must strictly follow the market trading rules and the requirements that no Shares can be traded on inside information. All parties must not exploit the Incentive Scheme for insider trading and market manipulation and other security frauds.

(vii) Disposition of Subject Shares under the Incentive Scheme

When the participants under the Incentive Scheme have passed the prescribed lock-up period, the Employee Equity Incentive Platform shall deliver 50% of the Rights of Disposition of the Subject Shares unit to be obtained by the participants to them under the requirements of the agreement entered into by Jiangsu Hengxin and the third-party body. The remaining Rights of Disposition are to be delivered on average in five years after the participants have reached the Statutory Retirement Age. For such Incentive Scheme with maturity of less than the years as prescribed, the Employee Equity Incentive Platform will deliver to them on average in five years all the Rights of Disposition of the Subject Shares unit to be obtained by the participants after they reach the Statutory Retirement Age.

If the Rights of Disposition are unable to be delivered to the participants by the Employee Equity Incentive Platform under the requirements of the agreement due to special reasons, the Rights of Disposition attached to such non-delivered Subject Shares unit shall be approved otherwise by the Board and the Board of Jiangsu Hengxin.

(viii) Management body and management mode of the Incentive Scheme

The Employee Equity Incentive Platform as the management party is a Limited Partnership Enterprise. The General Partner of the Limited Partnership Enterprise acts as an executive partner who is responsible for the day-to-day management of the Incentive Scheme, exercising the original shareholders' rights on behalf of the participants and entrusting an asset management body to manage the relevant assets under the Incentive Scheme. The Limited Partner has the right to supervise the execution of the partnership affairs. The Board and the Board of Jiangsu Hengxin are 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 EGM.

(ix) Selection of Management Agency of the Incentive Scheme

Under the authorization of the participants, the General Partner of the Limited Partnership Enterprise protects the legal rights and interests of the Incentive Scheme according to the rules relating to asset management business issued by regulatory body and the agreement of the Incentive Scheme to ensure the safety of assets held under the Incentive Scheme.

(x) Performance Procedures for this Incentive Scheme

- (a) The Company shall issue a notice to convene the EGM and approve the implementation of this Incentive Scheme.
- (b) The Limited Partnership Enterprise will be acting as the shareholding platform of the Incentive Scheme.
- (c) 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.
- (d) Intermediary services such as opening of securities account in Hong Kong and overseas bank account will be established in order to implement the Incentive Scheme.

(xi) Prerequisites for implementing Incentive Scheme

The implementation of the Incentive Scheme is subject to the approval at the EGM of the Company, the regulatory authorities in the PRC and Hong Kong and all necessary intermediary services under the Incentive Scheme. Upon this Incentive Scheme becomes effective, the cap on the number of participants in the Incentive Scheme and the amount of funds will be determined according to the procedures stipulated in this Incentive Scheme.

(xii) Rights and Obligations of the Company

The Board and the Board of Jiangsu Hengxin have the right to interpret, amend and execute this Incentive Scheme, make performance assessment on the participants, as well as supervising and reviewing whether the participants possess the qualifications to the Rights of Disposition.

IMPLICATION UNDER THE LISTING RULES

The Incentive Scheme does not involve the issue of new Shares or granting of options to subscribe for any new securities of the Company and therefore does not constitute a share option scheme as defined and regulated under Chapter 17 of the Listing Rules.

EGM AND CIRCULAR

The Board has proposed to adopt the Incentive Scheme and decided to seek shareholders to approve the Incentive Scheme at the EGM and authorise the Board and the Board of Jiangsu Hengxin to implement the Incentive Scheme and its administrative measures. A circular containing further information regarding the EGM to be convened for reviewing and passing the Employee Equity Incentive Scheme by shareholders, details of the draft of the Incentive Scheme and the notice convening the EGM is being sent by the Company to the shareholders.

DEFINITIONS

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

“Board”	the board of directors of Hengxin Technology Ltd. (unless otherwise defined)
“Board of Jiangsu Hengxin”	the board of director of Jiangsu Hengxin
“Company”	Hengxin Technology Ltd, a company incorporated in Singapore with limited liability, which carrying on its business in Hong Kong as “HX Singapore Ltd.”, the Shares of which are listed on Main Board of the Stock Exchange (stock code:1085)
“Companies Ordinance”	the Companies Ordinance, Chapter 622 of the laws of Hong Kong
“EGM”	the extraordinary general meeting of the Company to be held on 26 April 2019 for reviewing and approving the adoption of the Employee Equity Incentive Scheme
“Employee Equity Incentive Platform”, “Equity Incentive Platform”	an employee shareholding platform of holding incentive shares for the participants, and is a Limited Partnership Enterprise
“Employee Equity Incentive Scheme, the Employee Incentive Scheme, the Incentive Scheme”	the Employee Equity Incentive Scheme to be proposed and adopted by the Company at the EGM, under which the Company indirectly rewards specific employees with Subject Shares in accordance with the terms of the Employee Equity Incentive Scheme
“General Partner”	a limited company of an independent third-party body specializing in investment management

“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Incentive Fund”	part of the profit to be appropriated separately to award individual core employees of Jiangsu Hengxin who have made contributions and have excellent performance during the incentive period, provided that the performance of Jiangsu Hengxin each year has reached certain conditions. The Incentive Scheme only deals with incentive funds available for use. For the application of subsequent accumulated incentive fund, they may be awarded to core employees in other ways selected by the Board of Jiangsu Hengxin
“Incentive Funds Available for Use”	the accumulated Incentive Fund (being RMB19,003,600) for the years ended 31 December 2016 and 31 December 2017, i.e. having been allocated for implementing the Incentive Scheme
“Jiangsu Hengxin Technology Co., Ltd.”, “Jiangsu Hengxin”	Jiangsu Hengxin Technology Co., Ltd., a wholly-owned subsidiary of the Company and is incorporated in the PRC
“Limited Partner”	a representative, representing the participants of the Incentive Scheme, who has been elected at the staff general meeting of Jiangsu Hengxin for setting up the Limited Partnership Enterprise with an independent third-party body as the Employee Equity Incentive Platform. The monetary contribution of the Limited Partner shall be paid to the Limited Partnership Enterprise by the employee incentive fund of Jiangsu Hengxin
“Limited Partnership Enterprise”	a limited partnership enterprise set up by the participants of the Incentive Scheme and an independent third-party body for setting up the Employee Equity Incentive Platform under the Partnership Enterprise Law of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Placing”	for this Incentive Scheme, the Company shall place the Shares of the Company to the Limited Partner when necessary. The Company will comply with the regulations related to the issuance of circular, seeking for independent financial advice and the approval of independent shareholders in due course in accordance with the prescribed rules relating to transaction with connected party under Chapter 14A of the Listing Rules

“PRC”	The People’s Republic of China
“Rights of Disposition”	the act of selling the Subject Shares to be obtained by the participants in the secondary market according to the instructions of participants and such proceeds will be delivered to the participants or to transfer the Subject Shares to be obtained by the participants to the securities account of the participants
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong
“Shares”	the shares of Hengxin Technology Co., Ltd. that are listed on the Main Board of The Hong Kong Stock Exchange (stock code: 1085)
“Statutory Retirement Age”	The statutory retirement age of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject Shares”	the Shares of the Company to be obtained and held under the Incentive Scheme in a legal manner through the purchase from the secondary market or Placing
“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning under section 15 of the Companies Ordinance, Cap 622 of the Laws of Hong Kong) of the Company, whether incorporated in Hong Kong or elsewhere
“%”	per cent.

By Order of the Board
HENGXIN TECHNOLOGY LTD.
Cui Wei
Chairman

Hong Kong, 29 March 2019

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.