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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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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.

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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 the Republic of Singapore with limited liability)*  
**(Stock Code: 1085)**

**(I) PROPOSED ADOPTION OF  
EMPLOYEE EQUITY INCENTIVE SCHEME**  
**(II) NOTICE OF EXTRAORDINARY GENERAL MEETING**

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Capitalised terms used on this cover shall have the same meaning as those defined in this Circular, unless the context requires otherwise. A letter from the Board is set out on pages 4 to 9 of this Circular.

A notice convening the EGM of the Company to be held at Room A, 1804A, 18/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong on Friday, 26 April 2019 at 11:00 a.m. (or held immediately after the 2018 annual general meeting of the Company to be convened on the same day and at the same place) (or at any adjournment thereof) is set out on pages 21 to 22 of this Circular. If you are unable to attend the EGM, you are requested to complete and return the proxy form accompanying this Circular in accordance with the instructions printed thereon to the Company’s Principal Share Registrar in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd. at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 (for Shareholders registered in Singapore), or to the Company’s Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, 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 proxy form will not preclude you from attending and voting in person at the EGM (or at any adjournment thereof) should you so wish and in such event, the proxy form shall be deemed to be revoked.

\* for identification purpose only

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## CONTENTS

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	<i>Page</i>
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b> .....	4
<b>APPENDIX — DRAFT OF THE EMPLOYEE EQUITY INCENTIVE SCHEME</b> .....	10
<b>I. Purpose of the Incentive Scheme</b> .....	12
<b>II. Basic Principles of the Incentive Scheme</b> .....	12
<b>III. Basis and Scope of Participants under the Incentive Scheme</b> .....	13
<b>IV. Source of Funds, Application of Funds and         Size of the Incentive Scheme</b> .....	13
<b>V. Rights and Obligations of the Company,         Jiangsu Hengxin and the Participants</b> .....	14
<b>VI. Lock-up Period of the Incentive Scheme, Disposition and         Management Model of Subject Shares and         Selection of Management Agency</b> .....	15
<b>VII. Assets Composition of the Incentive Scheme</b> .....	17
<b>VIII. Amendment to and Termination of the Incentive Scheme and         Disposal of Rights and Interests of the Participants</b> .....	17
<b>IX. Performance Procedures of the Incentive Scheme</b> .....	19
<b>X. Matters Relating to the Authorization from the EGM to the Board</b> .....	19
<b>XI. Other Important Matters</b> .....	19
<b>NOTICE OF EXTRAORDINARY GENERAL MEETING</b> .....	21

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## DEFINITIONS

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*The following definitions apply throughout unless otherwise stated:*

“Board”	the board of directors of Hengxin Technology Ltd. (unless otherwise defined)
“Board of Jiangsu Hengxin”	the board of directors 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 on behalf of 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
“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

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## DEFINITIONS

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“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 Technology Co., Ltd.
“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 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 relating 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

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## DEFINITIONS

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“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 Stock Exchange (stock code: 1085)
“Statutory Retirement Age”	the statutory retirement age of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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
“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
“%”	per cent

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LETTER FROM THE BOARD

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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 the Republic of Singapore with limited liability)*  
**(Stock Code: 1085)**

*Directors:*

Mr. Cui Wei *(Chairman and Non-Executive Director)*  
Mr. Du Xiping *(Executive Director)*  
Mr. Xu Guoqiang *(Executive Director)*  
Ms. Zhang Zhong *(Non-Executive Director)*  
Mr. Tam Chi Kwan Michael  
*(Independent Non-Executive Director)*  
Dr. Li Jun *(Independent Non-Executive Director)*  
Mr. Pu Hong *(Independent Non-Executive Director)*

*Registered Office:*

138 Robinson Road  
#26-03 Oxley Tower  
Singapore 068906

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

Up to 31 March 2019:  
7 Temasek Boulevard  
#04-02B Suntec Tower One  
Singapore 038987

With effect from 1 April 2019:  
5 Tampines Central 1  
#06-05 Tampines Plaza  
Singapore 529541

29 March 2019

*To: The Shareholders of Hengxin Technology Ltd.*

Dear Sir/Madam,

**(I) PROPOSED ADOPTION OF  
EMPLOYEE EQUITY INCENTIVE SCHEME  
(II) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**I. INTRODUCTION**

References are made to (i) the announcement in relation to the proposed adoption of the Employee Equity Incentive Scheme of the Company dated 29 March 2019.

The purpose of this Circular is to provide you (i) the details of the proposed Employee Equity Incentive Scheme; and (ii) notice of EGM.

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## LETTER FROM THE BOARD

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### II. THE PROPOSED ADOPTION OF EMPLOYEE EQUITY INCENTIVE SCHEME

As disclosed in the announcement of the Company dated 29 March 2019, the Board has proposed to adopt the Employee Equity Incentive Scheme and resolved to submit the Employee Equity Incentive Scheme at the EGM for shareholders' approval.

#### (i) Purpose

The purpose of the Employee Equity Incentive Scheme is to implement the long-term incentive and binding mechanism of Jiangsu Hengxin Technology Co., Ltd. (hereinafter 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 Jiangsu Hengxin, and for which this Incentive Scheme is formulated with reference to the actual situation of the Company and Jiangsu Hengxin.

The proposal of the Employee Equity Incentive Scheme is drafted in accordance with the Companies Ordinance, the SFO and other relevant laws and regulations, as well as the Constitution of the Company. The Employee Equity 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.

The Employee Equity Incentive Scheme would only involve the Shares of the Company listed on the main board of the Stock Exchange.

#### (ii) Scope of Participants under the Employee Equity Incentive Scheme

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

#### (iii) Source of Funds

The source of funds for this Employee Equity Incentive Scheme is drawn as Incentive Funds Available For Use by Jiangsu Hengxin in accordance with the Long-term Incentive Program (《長期激勵方案》).

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## LETTER FROM THE BOARD

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### **(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 issued 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 the share options scheme adopted by the Company on 27 October 2010.

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

The cap of the Incentive Scheme is RMB19,003,600. The final number of the Subject Shares will be affected by objective factors such as the demand and supply and price of the Shares in the market.

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

1. The Employee Equity Incentive Scheme is a long-term incentive policy. The lock-up period of the Subject Shares to be obtained under the Employee Equity Incentive Scheme shall be 10 years, commencing from the date the participants obtain the Subject Shares they are entitled from the Equity Incentive Platform.
2. Before unlocking the Subject Shares under the Employee Equity Incentive Scheme, the shareholders' rights entitled to the Subject Shares (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, 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.
3. All relevant entities under the Employee Equity Incentive Scheme must strictly follow the market trading rules, and comply with the Listing Rules regarding the requirements no trading of Shares on inside information. All parties must not exploit the Incentive Scheme for insider trading and market manipulation and other securities frauds.



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## LETTER FROM THE BOARD

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### **(vii) Disposition of Subject Shares under the Incentive Scheme**

1. When the lock-up period of the equity incentive participants under the Employee Equity Incentive Scheme has expired, 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 the participant with the third-party body. The remaining Rights of Disposition are to be delivered on average in five years by the Employee Equity Incentive Platform 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 on average deliver to the participants in five years all the Rights of Disposition of the Subject Shares 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 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 Employee Equity 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 Employee Equity 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 the regulatory body and the agreement of the Incentive Scheme to ensure the safety of assets held under the Incentive Scheme.

The draft of the Employee Equity Incentive Scheme is set out in the Appendix to this Circular.

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## LETTER FROM THE BOARD

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### **(x) Performance Procedures of the 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 shall be set up as the shareholding platform of the Incentive Scheme.
- (c) The implementation of the 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 the necessary intermediary services under the Incentive Scheme. Upon the Incentive Scheme becomes effective, the cap on the number of participants participating in the Incentive Scheme and the amount of funds will be determined according to the procedures stipulated in the 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 the Incentive Scheme, conduct performance assessment of the participants, as well as supervise and review whether the participants possess the qualifications to the Rights of Disposition.

## **III. IMPLICATION UNDER THE LISTING RULES**

The Employee Equity 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.

## **IV. EXTRAORDINARY GENERAL MEETING**

A notice convening the EGM of the Company to be held at Room A, 1804A, 18/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong on Friday, 26 April 2019 at 11:00 a.m. (or held immediately after the 2018 annual general meeting of the Company to be convened on the same day and at the same place) (or at any adjournment thereof) is set out on pages 21 to 22 of this Circular, and for the purpose of considering and passing, with or without any

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## LETTER FROM THE BOARD

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modifications, the resolutions in relation to the adopting the Employee Equity Incentive Scheme and authorizing the Board and the Board of Jiangsu Hengxin to deal with the Incentive Scheme.

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf will find attached to this Circular a proxy form which they are requested to complete, sign and return in accordance with the instructions printed thereon to arrive at the Company's Principal Share Registrar in Singapore, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 (for Shareholders registered in Singapore), or to the Company's Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, 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 fixed for the EGM (or at any adjournment thereof). Completion and return of a proxy form by a Shareholder will not preclude a Shareholder from attending and voting in person at the EGM (or at any adjournment thereof) if a Shareholder finds that he/she is able to do so. In such event, the relevant proxy form will be deemed to be revoked.

Pursuant to Article 59 of the Constitution of the Company and Rule 13.39(4) of the Hong Kong 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 resolutions 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).

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

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

**REPRESENTATION**

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

**RISK WARNING**

- (I) The Incentive Scheme (draft) put forth by Jiangsu Hengxin Technology Co., Ltd. (hereinafter referred to as “**Jiangsu Hengxin**”), a wholly-owned subsidiary of the Company, shall be implemented upon the approval by the shareholders at the general meeting of the Company and there is uncertainty as to whether the Incentive Scheme will be approved or not.
- (II) The implementation plan of the Incentive Scheme is set out on a preliminary basis, and there is uncertainty as to whether the Incentive Scheme can be implemented or not. The Incentive Scheme, upon its establishment, will be the Employee Equity Incentive Platform of the Limited Partnership Enterprise set up by the participants together with a third-party, and entrust a professional organization to manage the Incentive Scheme, but there exists uncertainty as the agreement has not been formally entered into.
- (III) Investors are advised to exercise caution when making decisions and to pay attention to the investment risks.

**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 of the Company.
- 2. The Incentive Scheme is established under the principle of discretionary decision of the Company and authorizes the Board as well as the Board of Directors Jiangsu Hengxin to have full authority to deal with the matters in relation to the Incentive Scheme including the scope of participants.

3. The Employee Equity Incentive Platform exercises the shareholders' rights under the Incentive Scheme and is responsible for specific management issues as well as protecting the legal rights and interests of participants under the Incentive Scheme.
4. 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. The Board of Jiangsu Hengxin will 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 drawn as Incentive Funds Available For Use by Jiangsu Hengxin in accordance with the Long-term Incentive Program (《長期激勵方案》).
6. Application of funds: 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 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 independently in the secondary market and the Shares obtained through share options scheme adopted by the Company on 27 October 2010. The number of Subject Shares involved in the Incentive Scheme will be affected by objective factors such as the demand and supply and price of Shares in the market.

7. Disposition and lock-up period of the Subject Shares 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 Employee Equity Incentive Platform will deliver the Rights of Disposition of the Subject Shares to be obtained by the participants under the Incentive Scheme.

The lock-up period of the Subject Shares to be allotted under the Incentive Scheme shall be 10 years, commencing from the date the participants obtain the Subject Shares unit from the Equity Incentive Platform.

8. After the consideration and approval by the Board, a notice to convene an EGM for the purpose of considering the Incentive Scheme will be despatched to shareholders. Shareholders' approval at the EGM of the Company shall be obtained before implementing the Incentive Scheme.
9. Issues relating to finance, accounting treatment and taxation during the implementation of the Incentive Scheme by the Company and Jiangsu Hengxin 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 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 Jiangsu Hengxin, and for which this Incentive Scheme is formulated with reference to the actual situation of the Company and Jiangsu Hengxin.

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

### **1. Legal compliance**

The Incentive Scheme shall be implemented by the Company and Jiangsu Hengxin in strict compliance with the procedures stipulated in the listing rules and other relevant laws and administrative regulations, and the Company shall 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 Jiangsu Hengxin Board of Directors**

The Incentive Scheme is implemented by the Company and Jiangsu Hengxin according to the discretionary decision of the Board and the Board of Jiangsu Hengxin. The board and general manager of Jiangsu Hengxin will determine the list of participants, distribution coefficient and Shares to be held and report to the Board of Jiangsu Hengxin for approval.

### **3. Voluntary risk-taking**

The obligation of Jiangsu Hengxin is limited to the amounts deposited at the Employee Equity Incentive Platform, and the gain to be earned by employees in the future will be determined by the contributions withdrawn from and deposited into the individual Employee Equity Incentive Platform 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

1. The basis 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 of the Company. Employees of Jiangsu Hengxin shall participate the Incentive Scheme under the principles of according to the laws and regulations and also those formulated by the Board of Jiangsu Hengxin and at their own risk.

#### 2. Scope of participants under the Incentive Scheme

The participants under the Incentive Scheme are the core and key employees of Jiangsu Hengxin 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 of Jiangsu Hengxin.

The number of participating and detailed list and incentive Shares under the Incentive Scheme will be determined by the Board of Jiangsu Hengxin. 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.

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

#### 1. Source of Funds

The source of funds for the Incentive Scheme is drawn as Incentive Funds Available For Use by Jiangsu Hengxin in accordance with the Long-term Incentive Program (《長期激勵方案》).

#### 2. 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 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 unit to be obtained by individual employee under the Incentive Scheme (including every period) shall not, in aggregate, exceed 1% of the total issued 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 the share options scheme adopted by the Company on 27 October 2010.

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

The cap of the Incentive Scheme is RMB19,003,600. The final number of Subject Shares 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 Jiangsu Hengxin**

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

- (1) Conducts performance assessment to participants, monitors and reviews whether participants possess the qualifications of Rights of Disposition, supervises the operation of asset management and protects the interests of participants;
- (2) Disposes of the interests of participants according to the relevant requirements of the Incentive Scheme;
- (3) Other rights stipulated in laws, administrative regulations and the Incentive Scheme; and
- (4) The Board and the Board of Jiangsu Hengxin shall have the right to interpret, amend and execute the Incentive Scheme.

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

- (1) Seeks for the approval regarding the implementation of the Incentive Scheme from the Company's shareholders and authorize the Board and the Board of Jiangsu Hengxin to have full authorities to deal with relevant matters of the Incentive Scheme;
- (2) Performs the obligation of information disclosure under the Incentive Scheme in a truthful, accurate, complete and timely manner;



- (3) Assists Jiangsu Hengxin regarding the intermediary services under the Incentive Scheme such as opening and cancelling securities trade accounts in accordance with relevant laws and regulations; and
- (4) 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 Subject Shares under the Incentive Scheme, the shareholders' rights entitled by the Subject Shares (including but not limited to the right to dividends, voting right and rights to vote) shall be exercised by the Equity Incentive Platform uniformly.
- (2) After the lock-up period is discharged, Employee Equity Incentive Platform shall deliver the Rights of Disposition of the Subject Shares unit to be obtained by the participants accordingly; and
- (3) 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 rights as prescribed in laws and the Incentive Scheme

## **VI. LOCK-UP PERIOD OF THE INCENTIVE SCHEME, DISPOSITION AND MANAGEMENT MODEL OF SUBJECT SHARES 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 Shares 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.

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 Subject Shares under the Incentive Scheme**

1. After the lock-up period of the equity incentive participants under the incentive program has expired, the Employee Equity Incentive Platform shall deliver 50% of the Rights of Disposition of the Subject Shares unit of the Company to be obtained by the participants. The remaining Rights of Disposition of the Subject Share unit are to be delivered on average in five years by the Employee Equity Incentive Platform 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 the participants in five years on average the Rights of Disposition of the Subject Shares unit 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 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.

**(III) 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.

**(IV) 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.

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

1. Shares of the Company purchased under the Incentive Scheme;
2. Cash deposits and bank interest accrued; 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 and the Board of Jiangsu Hengxin 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 of Jiangsu Hengxin; and
2. The Board and the Board of Jiangsu Hengxin may decide when to terminate the Incentive Scheme, at which time the Limited Partnership Enterprise shall complete the liquidation and settlement of all equity.

**(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 and the Board of Jiangsu Hengxin. 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 if any one of the events below occurs:
  - (1) normal job deployment approved by Jiangsu Hengxin;
  - (2) resignation due to retirement; and
  - (3) loss of working capacity.
4. If any one of the events below occurs, participants shall continue to be entitled to the interests of Rights of Disposition executed under the Incentive Scheme. The interest of the Subject Shares for the Rights of Disposition allotted but not exercised yet shall not be exercised. The application program for the interest of the Subject Shares which is not allowed to exercise the Rights of Disposition will be approved otherwise by the Board and the Board of Jiangsu Hengxin.
  - (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.
6. In any other circumstances that determined under the Incentive Scheme, the method of disposition of the Subject Shares 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 Equity Incentive Platform include the non-treated Subject Shares upon expiry of the term of the Incentive Scheme, the specific disposal method of such shares shall be determined and agreed between the Board and the Board of Jiangsu Hengxin.

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

1. The Company shall issue a notice to convene the EGM and approve the implementation of the Incentive Scheme.
2. The Limited Partnership Enterprise will be acting as the shareholding platform of the Incentive Scheme.
3. 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.
4. 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.

**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 and the Board of Jiangsu Hengxin are to handle matters relating to the Incentive Scheme, including but not limited to:

1. the Board and 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 and 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 the Board of Jiangsu Hengxin and shareholders at the general meeting of the Company does not indicate that the participants have the right to continue their services in Jiangsu Hengxin, 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 Board and Jiangsu Hengxin 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 and the Board of Jiangsu Hengxin reserve the right to interpret, amend and execute the rules of the Incentive Scheme.

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

29 March 2019

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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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 the Republic of Singapore with limited liability)*  
**(Stock Code: 1085)**

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

**NOTICE IS HEREBY GIVEN** that the extraordinary general meeting (the “**EGM**” or “**Meeting**”) of Hengxin Technology Ltd. (the “**Company**”) will be held at Room A, 1804A, 18/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong on Friday, 26 April 2019 at 11:00 a.m. (or held immediately after the 2018 annual general meeting of the Company to be convened on the same day and at the same place), for the purposes of considering and, if thought fit, passing the following resolutions as ordinary resolutions:

#### **AS ORDINARY RESOLUTIONS**

1. To review and approve the resolution of the Employee Equity Incentive Scheme (hereinafter referred to as “**Incentive Scheme**”) as set out in the Appendix of the Circular of the Company dated 29 March 2019.
2. To review and approve the resolution of implementation of the Incentive Scheme and its administrative measures.

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.*

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Notes:*

1. A member of the Company (the “**Member**”) entitled to attend and vote at the EGM 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 50 Raffles Place, Singapore Land Tower #32–01, Singapore 048623 (for Singapore Shareholders), or at the office of the Company’s Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong (for Hong Kong Shareholders), 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 Monday, 15 April 2019, to Friday, 26 April 2019, (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 50 Raffles Place, Singapore Land Tower #32–01, Singapore 048623 (for Singapore Shareholders), or at the office of the Company’s Branch Share Registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong (for Hong Kong Shareholders) not later than 4:30 p.m. on Friday, 12 April 2019.