

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



HENGXIN TECHNOLOGY LTD.
亨鑫科技有限公司*

(carrying on business in Hong Kong as HX Singapore Ltd.)
(incorporated in Republic of Singapore with limited liability)
(Hong Kong Stock Code: 1085)

CONTINUING CONNECTED TRANSACTION

Independent Financial Adviser



CONTINUING CONNECTED TRANSACTION

The Board is pleased to announce that on 22 April 2024, Zhongguang New Energy, an indirect non-wholly-owned subsidiary of the Company, entered into the Service Contract with Cosin Solar for a duration of six months before the date of Grid-connected Power Generation and five consecutive years after the date of Grid-connected Power Generation.

LISTING RULES IMPLICATIONS

Zhongguang New Energy is an indirect non-wholly-owned subsidiary of the Company. As at the date of this announcement, (i) Hangzhou Longkong is the holding company of Zhongguang New Energy, while approximately 12.33% equity interest of Hangzhou Longkong is held by Cosin Solar, and therefore Cosin Solar is a substantial shareholder of Hangzhou Longkong; and (ii) Cosin Solar also holds 28.25% equity interest in Fuju Zhongguang, while approximately 28.86% equity interest of Zhongguang New Energy is held by Fuju Zhongguang, and therefore Fuju Zhongguang is a substantial shareholder of Zhongguang New Energy. Therefore, Cosin Solar is regarded as a connected person at the subsidiary level of the Company. Accordingly, the transactions contemplated under the Service Contract constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

* *For identification purpose only*

As (i) Cosin Solar is a connected person at the subsidiary level of the Company and the Service Contract was entered into on normal commercial terms and has been approved by the Board, and (ii) the Independent Non-Executive Directors are of the view that the transactions contemplated under the Service Contract were in the course of business of Zhongguang New Energy, on normal commercial terms, the terms of which are fair and reasonable and in the interest of the Company and its Shareholders as a whole, the continuing connected transactions contemplated thereunder are subject to the annual review, reporting and announcement requirements but exempt from the independent financial advice and independent shareholders' approval requirement pursuant to Rule 14A.101 of the Listing Rules.

Pursuant to Rule 14A.52 of the Listing Rules, since the term of the Service Contract exceeds three years, the Company has appointed an independent financial adviser to explain the reasons for the term exceeding three years and confirm that such contract term is normal business practice.

SERVICE CONTRACT

Date: 22 April 2024

Parties: Cosin Solar

Zhongguang New Energy

Subject Matter: Cosin Solar agrees to entrust Zhongguang New Energy and Zhongguang New Energy agrees to provide the following services to Cosin Solar: (i) be responsible for assisting the Jinta Photo-thermal Project in accomplishing the production tasks and carrying out the daily operations related to the production tasks under the supervision and management of Cosin Solar during the production and operation period of the Jinta Photo-thermal Project; and (ii) provide services related to the overhaul and maintenance of the equipment and systems of the Jinta Photo-thermal Project, responsible for carrying out the necessary monitoring, repair and maintenance of the equipment and systems, and keep the equipment in good condition through daily maintenance to ensure safe and stable operation.

Duration of Service Contract: The services are divided into two phases: (i) six (6) months before the grid-connected power generation of the Jinta Photo-thermal Project (“**Grid-connected Power Generation**”) (subject to the notice of Cosin Solar), Zhongguang New Energy shall enter into the site in advance according to the requirements of Cosin Solar to prepare for the project and familiarize itself with the equipment and systems; and (ii) after the date of Grid-connected Power Generation of the Jinta Photo-thermal Project, Zhongguang New Energy shall provide the operation and maintenance services to Cosin Solar for a period of five (5) consecutive years.

Service Prices and Payment Terms: The Grid-connected Power Generation is expected to commence by 31 December 2024.

The total service price is RMB90,200,000 (inclusive of VAT at the rate of 6% and subject to adjustment according to the actual number of service personnel for on-site preparation, actual power generation and satisfaction of safety production indicators), which consists of two parts: (i) a service fee for the preparation period for entry into the site of RMB5,200,000 (inclusive of VAT at the rate of 6% and subject to adjustment according to the actual number of service personnel for on-site preparation), which will be paid by Cosin Solar in installments in accordance with the contract from the month when Cosin Solar notifies Zhongguang New Energy to enter the site for preparation; and (ii) an annual normal operation and maintenance service fee of RMB17,000,000 (inclusive of VAT at the rate of 6%, the installments are payable in each O&M quarter, of which the amount of ten percent (10%) of the annual normal operation and maintenance service fee shall be the assessment fee and will be settled based on the results of the annual appraisal and be paid by Cosin Solar to Zhongguang New Energy within one (1) month after the settlement).

Performance Guarantee: Within fifteen (15) working days after the signing and entering into force of the Service Contract, Zhongguang New Energy shall provide a performance guarantee to Cosin Solar in the form of a bank performance guarantee in the amount of ten percent (10%) of the total amount of the Service Contract, being RMB9,020,000.

The performance guarantee shall be provided by a primary sub-branch or above of a state-owned or state-owned joint-stock commercial bank in a form approved by Cosin Solar. The term of the performance guarantee shall be commenced from the date of its issuance to the end of the operation and maintenance period.

Assessment fee:	Ten percent (10%) of the annual normal operation and maintenance service fee, being RMB1,700,000, will be used as the assessment fee, and the final payment of the assessment fee by Cosin Solar will depend on whether the production technical indicators and safety indicators meet the standards agreed in the Service Contract.
Conditions for the contracts to take effect:	The Service Contract shall be effective after the joint signature or official seal (including the contract seal) stamped by the statutory agent (or authorized representative) of both parties to the contract.

HISTORIAL TRANSACTION AMOUNT

There were no prior transactions of similar services between Cosin Solar and Zhongguang New Energy, and therefore no historical data available for disclosure in respect of operation and maintenance service fees.

PRICING POLICIES

Zhongguang New Energy participated in Cosin Solar's tender regarding the operation and maintenance technical services of Jinta Photo-thermal Project, and Zhongguang New Energy won the tender by virtue of the excellent performance of its operation and maintenance team and the advanced operation and maintenance technical proposal it submitted.

Zhongguang New Energy participated in the tender organized by Cosin Solar, with service proposal and price based on the consideration of a range of factors, including, among others, (i) the fees and labour costs of the production and operation and maintenance services for the two photothermal molten salt storage power stations operated by Zhongguang New Energy Group in Delingha City, Qinghai Province; (ii) the prevailing market price of the production and operation and maintenance services for other photo-thermal projects using similar photothermal molten salt technology; (iii) other potential costs of production, operation and maintenance related technologies; and (iv) the proposed power generation capacity targets and other production technology targets for Jinta Photo-thermal Project. The service fees of Zhongguang New Energy shall not deviate from the fair market price provided by Zhongguang New Energy in respect of similar or comparable services to independent third party customers.

ANNUAL CAPS

The following table sets out the proposed annual caps on the maximum amounts of fees payable for the periods indicated below

Relevant period	Annual caps (RMB0'000)
For the period commencing from 22 April and ending on 31 December 2024	950
For the year ending on 31 December 2025	1,800
For the year ending on 31 December 2026	1,800
For the year ending on 31 December 2027	1,800
For the year ending on 31 December 2028	1,800
For the year ending on 31 December 2029	1,800

In determining the Annual Caps, the Directors have taken into account, amongst other factors, (i) the power generation target and other production technology targets of the Jinta Photo-thermal Project as stipulated in the Service Contract; (ii) the working capacity available to Zhongguang New Energy Group; (iii) other economic factors (including, amongst other things, inflation as well as fluctuations in the prices of and demand for the relevant service markets); (iv) the time required to prepare for the service and the estimated starting time of the annual normal operation and maintenance service; and (v) the projected supply demand of electricity in relevant areas.

OPINION FROM THE INDEPENDENT FINANCIAL ADVISER

As the duration of the Service Contract exceeds three years, pursuant to Rule 14A.52 of the Listing Rules, the Company has appointed Gram Capital as the Independent Financial Adviser to explain why the Service Contract requires a longer period and to confirm that it is normal business practice for agreements of this type to be of such duration.

In assessing the reasons for the duration of the Service Contract to be longer than three years, Gram Capital considered the following factors:

- the operation period of the Jinta Photo-thermal Project is expected to be 25 years;
- longer period of the Service Contract facilitates stable operation and maintenance of the Jinta Photo-thermal Project; and
- longer period of the Service Contract enables Zhongguang New Energy to generate stable revenue from provision of the Services.

In considering whether it is normal business practice for agreements of similar nature to the Service Contract with duration of more than three years, Gram Capital identified six contracts involving provision of operation and/or maintenance services for photovoltaic power stations/projects as announced by listed companies in the PRC (“**Comparable Contracts**”). The durations of the Comparable Contracts ranged from approximately five years to 25 years. The duration of the Service Contract is not exceptional as compared with the range of durations of the Comparable Contracts.

Taking into account of the above, Gram Capital confirms that the duration of the Service Contract, which is longer than three years, is required and it is normal business practice for agreements of this type to be of such duration.

REASONS FOR AND BENEFITS OF THE SERVICE CONTRACT

To the best knowledge of the Directors, Cosin Solar has considerable experience in the construction and management of commercialized solar thermal power stations.

As at the date of this announcement, Zhongguang New Energy Group owns and operates two solar-thermal molten salt energy storage power stations in the city of Delingha of Qinghai Province, with operational scales of 10MW and 50MW, respectively. Leveraging on its excellent track record and accumulated experience in operation and maintenance, Zhongguang New Energy Group is expanding the operation and maintenance technical service solutions to other solar thermal power stations owners. The Directors believe that the provision of Services by Zhongguang New Energy to Cosin Solar is in line with Zhongguang New Energy's business expansion direction, able to increase revenue for the Group and maintain a sound business relationship with Cosin Solar. The Directors (including Independent Non-Executive Directors) confirm that the entering into of the Service Contract falls within the ordinary and usual course of business of the Group, and consider that the terms of the Service Contract, which were entered into on normal commercial terms or better, were determined after arm's length negotiation between the parties concerned and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

The duration of the Services will facilitate stable operation and maintenance of the Jinta Photo-thermal Project and enable Zhongguang New Energy to generate stable revenue from provision of the Services.

Information of the Group and the Company

The Company is an investment holding company. The Group is principally engaged in the provision of telecommunications products and services, provision of digital technology and digital security products and services and the provision of new energy and services.

Information about Zhongguang New Energy and Zhongguang New Energy Group

Zhongguang New Energy is a company established under the PRC laws with limited liability and is an indirect non-wholly-owned subsidiary of the Company.

Zhongguang New Energy and Zhongguang New Energy Group are principally engaged in investment, construction and operation management in the fields of solar thermal and energy storage. As at the date of this announcement, Zhongguang New Energy Group owns and operates two solar-thermal molten salt energy storage power stations in the city of Delingha of Qinghai Province, with operational scales of 10MW and 50MW, respectively, and with 50 MW tower-type solar thermal power station being the world's first and so far the only new-generation tower-type molten salt energy

storage solar thermal power station to reach its design value. Leveraging on its excellent track record and accumulated experience in operation and maintenance, Zhongguang New Energy Group is expanding the operation and maintenance technical service solutions to other solar thermal power stations owners.

As at the date of this announcement, Zhongguang New Energy is owned as to 51% by Hangzhou Longkong (an indirect non-wholly-owned subsidiary of the Company), approximately 28.86% by Fuju Zhongguang and approximately 20.14% by Hangzhou Jingneng. As at the date of this announcement, the equity interest in Fuju Zhongguang is owned as to (i) approximately 31.99% by Ningbo Fuju Kunsheng Venture Capital Enterprise Partnership (Limited Partnership)* (寧波復聚坤晟創業投資合夥企業(有限合夥)) (“**Fuju Kunsheng**”), which is owned by 17 shareholders (each holds less than 30% of the equity interest of Fuju Kunsheng); (ii) 28.25% by Cosin Solar; (iii) approximately 25.42% by Ningbo Funeng Venture Capital Enterprise Partnership (Limited Partnership)* (寧波復能創業投資合夥企業(有限合夥)), which is owned as to approximately 99.01% by Huzhou Wuxing Husheng Investment Consulting Co., Ltd.* (湖州吳興湖盛投資諮詢有限責任公司) (which is 100% ultimate beneficially owned by Huzhoushi Wuxingqu State-owned Assets Supervision and Administration Services Centre) and approximately 0.99% by Zhejiang Fuju Investment Management Co., Ltd.* (浙江復聚投資管理有限公司)); and (iv) approximately 14.34% by 3 other shareholders (each holds less than 10% equity interest of Fuju Zhongguang). As at the date of this announcement, the equity interest in Hangzhou Jingneng is owned as to 90% by Ye Jin (葉進) and 10% by Jing JianXiang (金建祥).

Information about Cosin Solar

Cosin Solar is a company established under the PRC laws with limited liability and principally engaged in technical research, equipment development and engineering application of solar power generation and molten salt energy storage, and in-depth focus on tower-type molten salt solar thermal power generation and multi-energy complementary business areas. As at the date of this announcement, the equity interest in Cosin Solar is owned as to (i) approximately 21.77% by Huzhou Yuri Enterprise Management Enterprise Partnership (Limited Partnership)* (湖州煜日企業管理合夥企業(有限合夥)) (a partnership established under the PRC laws with limited liability, “**Huzhou Yuri**”), whose equity interest is owned as to approximately 93.34% by Jing Jian Xiang and approximately 6.66% by 7 other shareholders (each holds less than 10% equity interest of Huzhou Yuri); (ii) approximately 78.23% by 48 other shareholders (each holds less than 10% equity interest of Cosin Solar).

The ultimate beneficial owner of Cosin Solar is Jing JianXiang, a director of Zhongguang New Energy. As Zhongguang New Energy is an indirect non-wholly-owned subsidiary of the Company, Jing JianXiang, the ultimate beneficial owner of Cosin Solar, is a connected person of the Company at the subsidiary level.

LISTING RULES IMPLICATIONS

Zhongguang New Energy is an indirect non-wholly owned subsidiary of the Company. As at the date of this announcement, (i) Hangzhou Longkong is the holding company of Zhongguang New Energy, while approximately 12.33% equity interest of Hangzhou Longkong is held by Cosin Solar, and therefore Cosin Solar is a substantial shareholder of Hangzhou Longkong; and (ii) Cosin Solar also holds 28.25% equity interest in Fuju Zhongguang, while approximately 28.86% equity interest of Zhongguang New Energy is held by Fuju Zhongguang, and therefore Fuju Zhongguang is a substantial shareholder of Zhongguang New Energy. Therefore, Cosin Solar is regarded as a connected person at the subsidiary level of the Company. Accordingly, the transactions contemplated under the Service Contract constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

As (i) Cosin Solar is a connected person at the subsidiary level of the Company and the Service Contract was entered into on normal commercial terms and has been approved by the Board, and (ii) the Independent Non-Executive Directors are of the view that the transactions contemplated under the Service Contract were in the course of business of Zhongguang New Energy, on normal commercial terms, the terms of which are fair and reasonable and in the interest of the Company and its Shareholders as a whole, the continuing connected transactions contemplated thereunder are subject to the annual review, reporting and announcement requirements but exempt from the independent financial advice and independent shareholders' approval requirement pursuant to Rule 14A.101 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, no Directors has a material interest in the Service Contract and the transactions contemplated thereunder and is required to abstain from voting on the board resolutions in relation to the Service Contract and the transactions contemplated thereunder.

Pursuant to Rule 14A.52 of the Listing Rules, the Company has appointed Gram Capital as the Independent Financial Adviser to explain why the Service Contract requires a longer period and to confirm that it is normal business practice for agreements of this type to be of such duration. The opinion of the Independent Financial Adviser is set out in the section headed "Opinion from the Independent Financial Adviser" in this announcement.

DEFINITIONS

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

“Board”	the board of Directors of the Company
“Company”	Hengxin Technology Ltd., a company incorporated in Singapore with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“continuing connected transactions”	has the meaning ascribed to it under the Listing Rules
“Cosin Solar”	Cosin Solar Technology Co., Ltd. (浙江可勝技術股份有限公司), a joint stock limited company established under the PRC laws
“Director(s)”	director(s) of the Company
“Fuju Zhongguang”	Ningbo Fuju Zhongguang Venture Capital Enterprise Partnership (Limited Partnership)* (寧波復聚中光創業投資合夥企業(有限合夥)), a partnership established under the PRC laws with limited liability; as at the date of this announcement, holding approximately 28.86% equity interest of Zhongguang New Energy
“Group”	the Company and its subsidiaries
“Hangzhou Longkong”	Hangzhou Longkong Zhongguang Enterprise Holding Enterprise Partnership (Limited Partnership)* (杭州龍控中光企業控股合夥企業(有限合夥)), a partnership established under the PRC laws with limited liability; as at the date of this announcement, holding 51% equity interest of Zhongguang New Energy
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administration Region of the PRC

“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser of the Company appointed for the purpose of Rule 14A.52 of the Listing Rules
“Jinta Photo-thermal Project”	Jinta ZhongGuang Solar Power “100MW CSP + 600MW PV” project – 100MW CSP project, being a 100MW tower-type molten salt solar thermal power station supporting 8 hours of heat storage, located in the Baishuiquan Photovoltaic Industrial Zone, Jinta County, Jiuquan City, Gansu Province, China, with an operation period of 25 years
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, modified and supplemented from time to time
“Operation and Maintenance (O&M) Quarters”	every three months commencing on the starting date of each O&M Year shall be an O&M Quarter, with a total of twenty (20) O&M Quarters under the Service Contract
“Operation and Maintenance (O&M) Year”	the year in which Zhongguang New Energy provides Services to Cosin Solar; the first O&M Year counted as one (1) year from the day of Grid-connected Power Generation of Jinta Photo-thermal Project; and each of the remaining O&M Years shall be counted as one (1) year from the first day after the end of the preceding O&M Year
“Percentage ratio”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Services”	Services in relation to the production, operation and maintenance of Jinta Photo-thermal Project provided by Zhongguang New Energy to Cosin Solar

“Service Contract”	Operation and Maintenance Technical Service Contract dated 22 April 2024 and entered into between Zhongguang New Energy and Cosin Solar in respect of Services
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary(ies)”	has the meaning as ascribed to it under the Listing Rules
“Substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Zhongguang New Energy”	Zhejiang Zhongguang New Energy Technology Co., Ltd.* (浙江中光新能源科技有限公司), a company established under the PRC laws with limited liability and an indirect non-wholly-owned subsidiary of the Company
“Zhongguang New Energy Group”	Zhongguang New Energy and its subsidiaries from time to time
“%”	per cent

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

Hong Kong, 22 April 2024

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