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HENGXIN
恒芯中國

Heng Xin China Holdings Limited **恒芯中國控股有限公司***

(Incorporated in Bermuda with limited liability)

(Stock Code: 8046)

MEMORANDUM OF UNDERSTANDING IN RESPECT OF THE POSSIBLE DISPOSAL

This announcement is made by the Company pursuant to Rule 17.10 of the GEM Listing Rules.

Memorandum of Understanding in respect of the Possible Disposal

The Board is pleased to announce that on 12 October 2012 (after trading hours of the Stock Exchange), the Vendor entered into a non-legally binding MOU with the Purchaser pursuant to which the Purchaser intended to acquire and the Vendor intended to sell 100% of the equity interest in the Target, which is principally engaged in the wireless digital terrestrial television network equipment integrated business, and research, design, manufacturing and trading of information safety products in the PRC.

The consideration for the Possible Disposal, which is subject to further negotiations, shall be determined with reference to the net asset value of the Target as at 30 September 2012, and shall be not more than RMB350 million (equivalent to approximately HK\$428.7 million).

Shareholders of the Company should note that the Possible Disposal may or may not proceed. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Heng Xin China Holdings Limited (the “**Company**”) pursuant to Rule 17.10 of the Rules (“**GEM Listing Rules**”) Governing the Listing of Securities on the Growth Enterprise Market (“**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The board of directors of the Company (the “**Board**”) is pleased to announce that on 12 October 2012 (after trading hours of the Stock Exchange), 北京金橋恒泰科技有限公司 (Beijing Jinqiao Hengtai Technology Co., Ltd (the “**Vendor**”), an indirectly wholly-owned subsidiary of the Company, entered into a non-legally binding memorandum of understanding (the “**MOU**”) with the purchaser (the “**Purchaser**”) pursuant to which the Purchaser intended to acquire and the Vendor intended to sell 100% of the equity interest in 北京中廣視通科技有限公司 (Beijing Zhongguang Shitong Technology Co., Ltd (the “**Target**”), a wholly-owned subsidiary of the Vendor, which is principally engaged in the wireless digital terrestrial television network equipment integrated business, and research, design, manufacturing and trading of information safety products in the PRC. The aforesaid possible transaction is referred to as the “**Possible Disposal**”.

* For identification purposes only

Pursuant to the MOU, the Vendor and the Purchaser shall negotiate in good faith the terms of the formal agreement (the “**Formal Agreement**”) for the Proposed Disposal within an exclusive period of 2 month after the date of the MOU. The Purchaser will conduct and the Vendor will provide assistance to the Purchaser to conduct due diligence exercise on the Target and its business and affairs. In consideration to such exclusivity, the Purchaser agreed to pay RMB10,000,000 (equivalent to approximately HK\$12.2 million) refundable deposit to the Vendor. In case there is no Formal Agreement signed within the exclusive period or such later date as agreed by the Vendor and the Purchaser, the deposit (without interest) shall be refunded by the Vendor to the Purchaser within 5 business days after the expiry of the exclusive period or that later date.

The consideration for the Possible Disposal, which is subject to further negotiations, shall be determined with reference to the net asset value of the Target as at 30 September 2012, and shall be not more than RMB350 million (equivalent to approximately HK\$428.7 million). The intended payment schedule is set out below:

1. 50% of the consideration shall be settled on the date of signing of the Formal Agreement;
2. 40% of the consideration shall be settled on the date of transferring the equity interest of the Target from the Vendor to the Purchaser; and
3. 10% of the consideration shall be settled once the Purchaser obtains all relevant legal documents in relation to the transfer of equity interest in the Target.

To the best knowledge of the directors of the Company and having made all reasonable enquiries, the Purchaser is a third party independent of and not connected with the directors, chief executive or substantial shareholder(s) of the Company or any of its subsidiaries or any of their respective associates as defined in the GEM Listing Rules. In the event that the Possible Disposal proceeds, the Company will comply with the relevant disclosure requirements of the GEM Listing Rules as and when appropriate.

Shareholders of the Company should note that the Possible Disposal may or may not proceed. Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
HENG XIN CHINA HOLDINGS LIMITED
Xiao Yan
Chief Executive Officer

Hong Kong, 12 October 2012

As at the date of this announcement, the Board comprises Mr. Xiao Yan (CEO), Mr. Feng Yongming and Mr. Li Tao as executive directors; Mr. Xu Lei as non-executive director; Mr. Leung Wo Ping JP, Mr. Dong Shi and Mr. Hu Dingdong as independent non-executive directors.

This announcement, for which the directors of the Company (the “Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the GEM website on the “Latest Company Announcement” page for at least 7 days from the date of its posting and on the website of the Company at www.hengxinchina.com.hk