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

(Incorporated in Bermuda with limited liability)

(Stock Code: 8046)

GRANT OF OPTIONS TO THE CONSULTANTS

The Company has conditionally granted to the Consultants the Options, which are exercisable during the Option Period, to subscribe for a total of 40,000,000 Shares at the Exercise Price of HK\$0.32 per Option Share.

To capture the growth in the digital television market in the PRC, the Company has engaged the services of the following consultants to provide marketing services and financial services to the Group and entered into the following agreements.

THE MARKETING SERVICES AGREEMENT

On 20 November 2012, the Company and Consultant A entered into the Marketing Services Agreement pursuant to which the Company engaged Consultant A for a period from the date of the Marketing Services Agreement to 30 December 2014 to provide various marketing and introduction services advice and guidance to support the Group's cable television business expansion and development in Anhui province in the PRC.

Consultant A is principally engaged in marketing and project consultancy for companies and government bodies and public relations services. It has a number of successful governmental public relations projects (such as nuclear power plant project services in Anhui province, the construction of coal-fired power station projects in Huaibei (淮北), Bozhou (亳州), and Chaoyang City, Liaoning (遼寧朝陽市), youth cadre training base project in Jiangxi Komsomolsk (江西共青城)). It hires a large number of experts and former civil servants who are very familiar with government policies and have been engaged in the marketing services of the television broadcasting industry as well as market development of the cultural sector and governmental public relations service.

THE CONSULTANCY AGREEMENT

On 20 November 2012, the Company and Consultant B entered into the Consultancy Agreement pursuant to which the Company engaged Consultant B for a two-year term from the date of the Consultancy Agreement to provide general financial and strategic advisory services in particular to capital or financial activities.

* For identification purposes only

Consultant B is beneficially owned by Mr. Yin Xilin (尹西林). Mr. Ma Qian (馬謙) is the director and general manager of Consultant B. Mr. Ma graduated from Beijing Forestry University (北京林業大學), majoring in building environment and energy engineering. He has years of experience in project restructuring and consulting, including the company restructuring from Yin Chuan Commercial Bank (銀川市商業銀行) to Ning Xia Commercial Bank (寧夏銀行), shareholding restructuring of Hao Wang Wine Group (昊王酒業集團) and etc. He was the founder of Ning Xia Yin Long Investment Company (寧夏銀龍投資有限公司) and Qi Dong Energy Saving Technology Company (啟東節能科技有限公司), and the assistant to chairman of Shenzhen Yuan Wei Wealth Management Company (深圳市元維財富投資管理有限公司) and Hai Nan Cathy Pacific Group Limited (海南國泰投資集團有限公司). He is currently the director of the Beijing and Hebei areas of Dong Fang Hui Fu asset management firm (東方匯富基金管理公司).

To the best knowledge, information and belief of the Directors, each of Consultant A and Consultant B, and their ultimate beneficial owners are an independent third parties and not connected persons of the Company within the meaning of the GEM Listing Rules.

Grant of Options

For a nominal consideration of HK\$1.00, the Company has, upon the signing of the Marketing Services Agreement and the Consultancy Agreement respectively, conditionally granted to each of Consultant A and Consultant B the Option to subscribe for 20,000,000 Shares at the Exercise Price of HK\$0.32 per Option Share.

The 40,000,000 Option Shares represent: (i) approximately 1.42% of the existing issued share capital of the Company; and (ii) approximately 1.40% of the existing issued share capital of the Company as enlarged by the issue of the Option Shares.

Exercise Price

The Exercise Price of HK\$0.32 per Share was determined after arm's length negotiation between the Company and the Consultants with reference to the ten-day average closing price of the Shares immediately prior to the date of the Marketing Services Agreement and Consultancy Agreement respectively. The Exercise Price represents (i) a discount of approximately 8.6% to the closing price of HK\$0.35 per Share as quoted on the Stock Exchange on 20 November 2012, being the date of the Marketing Services Agreement and the Consultancy Agreement; and (ii) a discount of approximately 4.2% of the average closing price of HK\$0.334 per Share as quoted on the Stock Exchange over the last five trading days immediately prior to the date of the Marketing Services Agreement and the Consultancy Agreement.

The net price to the Company of each Option Share, which is calculated by dividing the expected net proceeds from the exercise of the subscription right attached to the Options by the total number of the Option Shares, would be approximately HK\$0.32.

Option Period

Subject to the condition as specified in the paragraph headed "Condition" below, the Options are exercisable at any time during the period of two year from the date of the Marketing Services Agreement and the Consultancy Agreement respectively.

Condition

The grant of the Options is subject to the approval of the Stock Exchange and is conditional upon the Stock Exchange granting the listing of, and permission to deal in, the Option Shares having been obtained. If such condition is not fulfilled within 45 trading days after the signing of the Marketing Services Agreement and the Consultancy Agreement respectively, the Options shall be deemed to have lapsed forthwith.

General Mandate

The Option Shares will be issued under the General Mandate granted to the Directors at the AGM and is not subject to further approval of the Shareholders. The Directors were authorised to allot and issue up to 497,418,398 Shares pursuant to the General Mandate. Up to the date of this announcement, the General Mandate has not been utilised.

In the event of there being any consolidation or sub-division of the share capital of the Company or bonus issue of Shares whilst the Options or any part of it remains exercisable during the Option Period, the Exercise Price and the number of Option Shares shall be adjusted in accordance with the appendix to the letter dated 5 September 2005 issued by the Stock Exchange to all listed issuers regarding share option schemes.

Given that the Exercise Price and the number of the Option Shares may in the future be adjusted as a result of the happening of the adjustment event as mentioned above, the number of Option Shares which may fall to be issued upon exercise of the Options may exceed 40,000,000. In such case, the Company will ensure that it will have sufficient mandate, either from available unused General Mandate or by specific mandate to be obtained from Shareholders, to cover the issue of all Option Shares before carrying out any transaction which will trigger any adjustment to the Exercise Price and the number of the Option Shares.

Ranking of the Option Shares

The Option Shares, when issued, will rank pari passu in all respects with all other Shares in issue at the date of issue and be entitled to all dividends and other distributions the record date of which falls on a date on or after the date of issue.

Transfer

The Options shall be fully assignable by the Consultants to any parties which are not connected persons (as defined in the GEM Listing Rules) of the Company and upon notice to the Company.

Voting

The holders of the Options will not be entitled to attend or vote at any meetings of the Company by reason only of them being the holders of the Options and will not be entitled to receive notice of any meetings of the Company.

Application for listing

The Company will apply to the Stock Exchange for the listing of, and permission to deal in the Option Shares.

USE OF PROCEEDS

The net proceeds to be received by the Company upon the exercise of the Options in full are estimated to be about HK\$12.8 million and are intended to be used by the Company as general working capital and business expansion purposes.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE 12 MONTHS IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT

The Company had not raised any funds on any issue of equity securities in the 12 months immediately preceding the date of this announcement.

REASONS FOR THE GRANT OF THE OPTIONS

The Group is principally engaged in digital cable television business, wireless digital television value-added services, wireless digital terrestrial television network equipment integrated business, research, design, development on and manufacturing of electronic message security products, integrated circuits, and the integrated circuit solutions and the related services.

The grant of the Options is part of the incentive offered to the Consultants to provide services to the Group and will not have any adverse impact on the cashflow of the Group while the shareholder base of the Company will be enlarged and the Company can receive subscription money upon exercise of the Options. The Directors believe that the terms of the Marketing Services Agreement and the Consultancy Agreement (including the grant of the Options and the Exercise Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates (i) the shareholding structure of the Company as at the date of this announcement; (ii) the shareholding structure of the Company immediately following the exercise of the Options in full:

	As at the date of this announcement		Immediately following the exercise of the Options in full (note 3)	
	No. of Shares	Approx. percentage	No. of Shares	Approx. percentage
Team Effort Investments Limited (note 1)	623,690,451	22.21%	623,690,451	21.90%
Director (note 2)	2,273,334	0.08%	2,273,334	0.08%
Consultant A	—	—	20,000,000	0.70%
Consultant B	—	—	20,000,000	0.70%
Other public Shareholders	2,182,626,403	77.71%	2,182,626,403	76.62%
Total	2,808,590,188	100.00	2,848,590,188	100.00

Notes:

1. Mr. Choi Chung Lam (“Mr. Choi”) is the legal and beneficial owner of the entire issued share capital of Team Effort Investments Limited. Hence, Mr. Choi is deemed to be interested in 623,690,451 Shares through the shareholding interest of Team Effort Investments Limited in the Company.
2. Mr. Xiao Yan, an executive Director and Chief Executive Officer of the Company, is interested in 2,273,334 Shares.
3. This does not include any Shares which may be issued pursuant to the exercise of options, warrants or any conversion rights under any convertible securities of the Company in place as at the date of this announcement.

DEFINITIONS

Unless the context requires otherwise, the following words and phrases used in this announcement have the following meanings:

“AGM”	the annual general meeting of the Company held on 30 December 2011
“Board”	the board of Directors
“Company”	Heng Xin China Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on GEM
“Consultancy Agreement”	the consultancy agreement entered into between the Company and Consultant B dated 20 November 2012
“Consultant A”	合肥明啟企業顧問諮詢有限公司 (Hefei Mingqi Enterprises Consultancy Limited), a company incorporated in the PRC
“Consultant B”	Profit Access Investment Group Limited, a company incorporated in British Virgin Islands
“Consultants”	collectively, Consultant A and Consultant B
“Directors”	the directors of the Company
“Exercise Price”	HK\$0.32 per Share, subject to adjustments for any consolidation or sub-division of Shares or bonus issue of Shares
“GEM”	the Growth Enterprise Market operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate to allot, issue and deal with Shares granted to the Directors by a resolution of the Shareholders passed at the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Marketing Services Agreement”	the marketing services agreement entered into between the Company and Consultant A dated 20 November 2012
“Option(s)”	the option(s) conditionally granted by the Company to Consultant A and Consultant B attached with them the right to subscribe for the Option Shares at the Exercise Price
“Option Period”	the period of two year commencing from the date of grant of the Options
“Option Shares”	40,000,000 Shares to be issued upon the exercise of the subscription rights attaching to the Options which Shares shall rank pari passu in all respects with the Shares in issue at the date of allotment of the Option Shares
“PRC”	the Peoples’ Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
Heng Xin China Holdings Limited
Xiao Yan
Chief Executive Officer

Hong Kong, 20 November 2012

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

This announcement, for which the directors of the issuer collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the issuer. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for a minimum period of seven (7) days from the date of its publication and on the website of the Company at www.hengxinchina.com.hk.