

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.

This announcement is for information purpose only and does not considerate intention or offer to acquire, purchase or subscribe for the securities of the Company.



Heng Xin China Holdings Limited

恒芯中國控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 8046)

ISSUE OF BOND

This announcement is made by the Company pursuant to Rule 17.10 of the GEM Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

ISSUE OF BOND

On 12 January 2015 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to issue to the Subscriber the Bond in an aggregate principal amount of HK\$80,000,000. The Bond will carry interest at the rate of 11% per annum and will mature for redemption on the date immediately following twelve (12) months after the date of issue of Bond.

This announcement is made by the Company pursuant to Rule 17.10 of the GEM Listing Rules and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

ISSUE OF BOND

The Subscription Agreement

On 12 January 2015 (after trading hours), the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to issue to the Subscriber the Bond in an aggregate principal amount of HK\$80,000,000.

Date: 12 January 2015 (after trading hours)

Parties: (i) The Company as issuer; and
(ii) National United Resources Holdings Limited as the Subscriber

As at the date of this announcement, based on the available information to the Company, (i) Mr. Choi Chung Lam, a substantial Shareholder (as defined under the GEM Listing Rules) holding (through his wholly-owned company) 623,542,451 Shares, representing approximately 16.09% of the issued share capital of the Company, is a substantial shareholder of the Subscriber (as defined under the Listing Rules) holding 333,600,000 shares of the Subscriber, representing approximately 11.04% of its issued shares; and (ii) Mr. Lo Ka Wai, the chief financial officer of the Company, is an executive director of the Subscriber. Save as disclosed above and to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber is an Independent Third Party and the Subscriber is not a connected person of the Company.

Based on the public information available to the Company, the Subscriber is an investment holding company and its shares are listed on the Main Board of the Stock Exchange (stock code 254), and the Subscriber and its subsidiaries are principally engaged in coking coal trading business, outdoor media advertising and media related services.

Proposed issue of the Bond

Subject to fulfilment of the conditions precedent set out below, the Subscriber shall subscribe for the Bond in the principal amount of HK\$80,000,000 and the Company shall issue the Bond to the Subscriber. The said subscription amount shall be satisfied in the following manners:

- (i) as to HK\$50,000,000 to be paid in cash in immediate available funds by the Subscriber; and
- (ii) as to HK\$30,000,000 to be satisfied by setting off against the amount of HK\$30,000,000 to be paid by the Company to the Subscriber as directed by SMT pursuant to the payment instruction given by SMT to the Company in respect of the amount of HK\$30,000,000 due and payable by the Company to SMT under the 2012 Bond (the “**Proposed Set Off**”).

Conditions precedent to the Subscription

The Closing is conditional upon the satisfaction of the following conditions precedent:

- (a) the payment by the Subscriber to the Company of HK\$50,000,000 in immediate available funds;
- (b) all necessary documents, approvals and consents required to be obtained by the Company and the Subscriber for the Proposed Set Off having been obtained; and
- (c) the issue of the Closing Notice by the Company to the Subscriber.

In the event that the above conditions are not fulfilled in full on or before 13 March 2015 (being the 60th days after the signing of the Subscription Agreement) or such other date as the Company and the Subscriber may agree:

- (i) the Company shall repay the subscription price of the Bond paid by the Subscriber to the Company (if any), without interest, to the Subscriber; and
- (ii) the Subscription Agreement shall terminate and no party shall be liable to the other party save for antecedent breaches.

Closing

The Closing shall be taken place at 4 p.m. on the Closing Date (or such other date and time as the Company and the Subscriber may agree in writing). On the Closing Date, the Company shall issue the Bond to the Subscriber.

Principal terms of the Bond

The principal terms of the Bond are summarized below:

- Principal amount** : HK\$80,000,000
- Issue price** : 100% of the principal amount of the Bond
- Maturity date** : On the date immediately following the twelve (12) months after the date of the issue of the Bond (or, if that is not a Business day, the first Business day thereafter) (the “**Bond Maturity Date**”)
- Interest rate** : The Bond bears interest from and including the date of issue of the Bond at a rate of 11% per annum on the principal amount of the Bond outstanding on the interest payment date. The interest shall be accrued daily on a 365 days basis and payable by the Company on the Bond Maturity Date
- Status** : The Bond constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and shall at all times rank pari passu and without any preference among themselves. The payment obligations of the Company under the Bond shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations
- Form and Denomination** : The Bonds will be in registered form and in denominations and integral amounts of HK\$1,000,000
- Listing** : No application has been or will be made for the listing of the Bond
- Transferability** : Except as specified in the succeeding paragraph, a Bond may be transferable in whole multiples of HK\$1,000,000 (or such lesser amount as may represent the entire principal amount thereof) and may be transferred to any person

Save with the consent of the Stock Exchange, none of the Bond may be transferred to a connected person of the Company

Redemption : *Early redemption by the Company*

The Company may, at any time before the Bond Maturity Date, by giving at least ten (10) days' prior written notice to the Subscriber, early redeem the Bond (in whole or in part) at 100% of its principal amount together with payment of interests accrued up to the date of such early redemption

Early redemption by the Subscriber

- (i) the Subscriber may, at any time on or after 28 September 2015, serving at least one (1) day's prior written notice on the Company for the Company to redeem in maximum amount of HK\$20,000,000 of the amount of the Bond the Subscriber holds, together with payment of interests accrued up to the date of such early redemption; and
- (ii) the Subscriber, apart from the early redemption right as specified in (i) above, may at any time on or after 5 January 2016, by serving at least one (1) day's prior written notice on the Company for the Company to redeem all the unredeemed portion of the Bond the Subscriber holds, together with the payment of interests accrued up to the date of such early redemption

The terms of the Bond were determined after arm's length negotiations between the Company and the Subscriber with reference to the prevailing market conditions.

REASONS FOR THE ISSUE OF THE BOND

The Company is an investment holding company. The Group is principally engaged in the 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 Directors consider that the issue of the Bond will provide flexibility to the Company to manage its liquidity and the pressure from the cash flows can be alleviated. In addition, the issue of the Bond will not result in any dilution effect on the shareholding of the existing Shareholders.

In view of the above, the Directors consider that the terms of the Subscription are fair and reasonable and the issue of the Bond is in the interest of the Company and the Shareholders as a whole.

DEFINITIONS

In this announcement, unless the context otherwise required, the following terms and expressions shall have the following meaning:

“2012 Bond”	the 6% coupon bond of the Company in the principal amount of HK\$100,000,000 issued to SMT on 27 December 2012, details of which are set out in the announcement of the Company dated 27 December 2012
“Board”	board of Directors
“Bond”	the 11% coupon bond in the principal amount of HK\$80,000,000 to be issued by the Company for subscription by the Subscriber pursuant to the terms and conditions of the Subscription Agreement
“Business Day(s)”	a day (excluding Saturday, Sunday or public holidays in Hong Kong) on which licensed banks generally are open for business in Hong Kong
“Closing”	the completion of the issue and the subscription of the Bond in accordance with the terms and conditions of the Subscription Agreement
“Closing Date”	the date of the Closing, being a date as specified in the Closing Notice and not earlier than the third Business Day following the date of the Closing Notice
“Closing Notice”	written notice to be issued by the Company to the Subscriber in relation to the Closing Date pursuant to the terms and conditions of the Subscription Agreement

“Company”	Heng Xin China Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on GEM
“connected person”	has the meaning ascribed thereto under the GEM Listing Rules or the Listing Rules (as the case may be)
“Director(s)”	director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected person(s)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“SMT”	Sandmartin International Holdings Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange and has been the holder of the 2012 Bond since its issuance on 27 December 2012
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscriber”	National United Resources Holdings Limited, a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
“Subscription”	the subscription of the Bond pursuant to the Subscription Agreement
“Subscription Agreement”	the agreement dated 12 January 2015 and entered into between the Company and the Subscriber in respect of the subscription of the Bond by the Subscriber
“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, 12 January 2015

As at the date of this announcement, the Board comprises Mr. Xiao Yan (Chief Executive Officer), Mr. Qiu Bin, Mr. Li Tao and Mr. Wang Kun as executive Directors; Mr. Xu Lei as non-executive Director; and Mr. Leung Wo Ping JP, Mr. Dong Shi, Mr. Hu Dingdong and Mr. Lei Yong as independent non-executive Directors.

This announcement, for which the Directors 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 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 at www.hkgem.com 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.

** For identification purposes only*