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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)

DISCLOSEABLE TRANSACTION IN RELATION TO THE DISPOSAL OF STAR HUB INVESTMENTS LIMITED

THE DISPOSAL

On 30 November 2015, Rich Summit entered into the Agreement with the Purchaser pursuant to which Rich Summit has agreed to sell and the Purchaser has agreed to purchase the Sale Share, representing 100% of the issued share capital of the Target Company for a consideration of HK\$25,000,000. Pursuant to the Agreement, Rich Summit has also agreed to execute the Deed of Waiver in favour of the Target Company, pursuant to which Rich Summit shall irrevocably and unconditionally waive all of its rights and interest in the net outstanding amount of a loan owing by the Target Company to Rich Summit as at the Completion Date in the amount of HK\$44,000,000. As a condition precedent to Completion, Rich Summit shall procure the disposal of the Excluded Assets.

As the applicable percentage ratio(s) (as defined in the GEM Listing Rules) in respect of the Disposal exceed(s) 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is only subject to the announcement requirement of the GEM Listing Rules.

* For identification purpose only

THE AGREEMENT

Date: 30 November 2015

Parties: (1) Rich Summit as vendor
(2) the Purchaser as purchaser

The Purchaser is a company incorporated in the British Virgin Islands with limited liability and is an investment holding company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Purchaser and its ultimate beneficial owner is an Independent Third Party not connected with the Company and its connected persons.

Assets to be disposed and condition precedent

Pursuant to the Agreement, Rich Summit agreed (i) to sell the Sale Share to the Purchaser; and (ii) to execute the Deed of Waiver in favour of the Target Company.

The Sale Share represents 100% of the issued share capital of the Target Company. Upon Completion, the Company will not have any interest in the Disposal Group and the members of the Disposal Group will cease to be subsidiaries of the Company.

The transactions contemplated under the Agreement are subject to the condition precedent that the Excluded Assets will be disposed of by Beijing Jinqiao to Beijing Kaiqiao. Therefore, the Excluded Assets shall not form part of the Disposal.

Consideration and Payment Terms

The Consideration is the sum of HK\$25,000,000 in cash, which shall be settled by the Purchaser on Completion Date.

The Consideration was determined after arm's length negotiations on commercial terms between Rich Summit and the Purchaser, with reference to, among other matters, the deteriorating performance of the Disposal Group (as detailed below) and of the business segment in general.

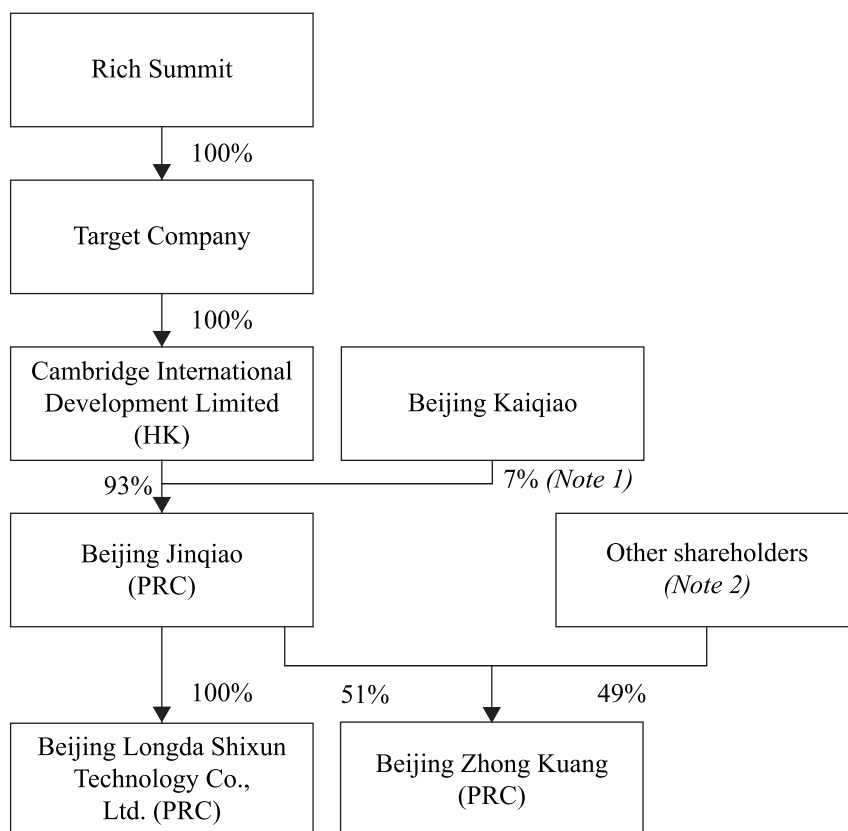
Information about the Disposal Group

The Disposal Group is principally engaged in the business of encrypted integrated circuits, involving skills development, providing consultation services, system design integration and wholesale of broadcast television network equipment.

Prior to Completion, one of the members of the Disposal Group, namely, Beijing Jinqiao, held a 51% interest in the issued share capital of Beijing Zhong Kuang. As a condition precedent to Completion, Rich Summit shall procure Beijing Jinqiao to dispose all of the Excluded Assets to Beijing Kaiqiao, a wholly-owned subsidiary of Rich Summit. Consequently, such Excluded Assets do not form part of the Disposal.

The shareholding structure of the Disposal Group immediately prior to and after the Completion was as follows:—

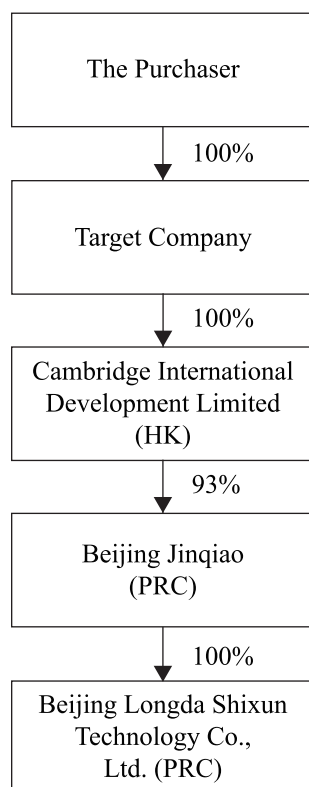
1. Immediately prior to Completion:



Notes:

- (1) Prior to the Disposal, the remaining 7% interest in Beijing Jinqiao was held by Beijing Kaiqiao, a wholly-owned subsidiary of the Company. On the same date as the Agreement, Beijing Kaiqiao entered into an agreement with an Independent Third Party as purchaser to dispose of the said 7% interest for a consideration of HK\$25,000,000. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the purchaser for the said 7% interest was independent of and not connected with the Purchaser or its ultimate beneficial owner.
- (2) Independent Third Parties.

2. Immediately after Completion:



The financial information of the Disposal Group for the two financial years ended 31 December 2013 and 31 December 2014 are as follows:

	Year ended 31 December 2013 (unaudited) HK\$'000	Year ended 31 December 2014 (unaudited) HK\$'000
Results		
Turnover	13,393	8,394
Loss before tax	258,836	138,104
Loss after tax	258,836	138,104
	As at 31 December 2013 (unaudited) HK\$'000	As at 31 December 2014 (unaudited) HK\$'000
Assets and liabilities		
Total assets	702,641	183,683
Net asset	491,562	180,518

Financial Effect of the Disposal on the Company

It is expected that the Company will record a book loss of approximately HK\$145,000,000 as a result of the Disposal, which represents the difference between the Consideration and the unaudited consolidated net assets value of the Disposal Group of approximately HK\$169,813,000 as at 30 June 2015. The actual loss in connection with the Disposal will be assessed after Completion and is subject to audit.

Upon Completion, the Disposal Group will cease to be subsidiaries of the Company and the financial results of the Disposal Group will not be consolidated into the Company's financial statements.

Reasons for the Disposal and use of proceeds

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 Disposal of the loss-generating sub-group represents an opportunity to realize the Company's investment so as to enhance the cash flow of the Group, which can better utilize its resources to focus on its business with more growth potential.

The Board intends to apply the net proceeds from the Disposal of approximately HK\$25,000,000 for the general working capital of the Group and invest in potential investment opportunities.

The Directors (including the independent non-executive Directors) consider that the Agreement is on normal commercial terms, and the Disposal (including the Consideration) is fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

GEM Listing Rules Implications

As the applicable percentage ratio(s) (as defined in the GEM Listing Rules) in respect of the Disposal exceed(s) 5% but is less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules and is only subject to the announcement requirement of the GEM Listing Rules.

Definition

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Agreement”	the sale and purchase agreement entered into between Rich Summit as vendor and the Purchaser as purchaser on 30 November 2015 in connection with the sale and purchase of the Sale Share
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“Beijing Jinqiao”	北京金橋恒泰科技有限公司 (Beijing Jinqiao Hengtai Technology Co. Ltd.*), a company incorporated in the PRC with limited liability
“Beijing Kaiqiao”	北京凱僑立盛科技有限公司 (Beijing Kaiqiao Lisheng Technology Co., Ltd.*), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Rich Summit
“Beijing Zhong Kuang”	北京中礦京資投資有限公司 (Beijing Zhong Kuang Jing Zi Investment Co., Ltd.*), a company incorporated in the PRC with limited liability
“Board”	the board of Directors
“Company”	Heng Xin China Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on GEM
“Completion”	completion of the sale and purchase of the Sale Share in accordance with the terms and conditions of the Agreement
“Completion Date”	the date of the Completion
“connected persons”	has the meaning ascribed to this term under the GEM Listing Rules
“Consideration”	HK\$25,000,000, being the consideration payable by the Purchaser for the Sale Share
“Deed of Waiver”	the deed of waiver to be executed by Rich Summit at Completion in favour of the Target Company, pursuant to which Rich Summit shall irrevocably and unconditionally waive all of its rights and interest in the net outstanding amount of a loan owed by the Target Company to Rich Summit as at the Completion Date in the amount of HK\$44,000,000
“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Share by Rich Summit to the Purchaser pursuant to the terms and conditions of the Agreement
“Disposal Group”	the Target Company and its subsidiaries, which include (1) Cambridge International Development Limited; (2) Beijing Jinqiao; and (3) 北京龍達視訊科技有限公司 (Beijing Longda Shixun Technology Co., Ltd.*)

“Excluded Assets”	a 51% interest in Beijing Zhong Kuang held by Beijing Jinqiao, to be disposed to Beijing Kaiqiao prior to Completion
“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 PRC
“Independent Third Party”	any party who is, to the best of the Directors’ knowledge, information and belief having made all reasonable enquires, is a third party independent of the Company and the connected person(s) of the Company
“PRC”	the People’s Republic of China, which for the purpose of this announcement shall exclude Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC
“Purchaser”	Europe Asia Global International Trading Limited, a company incorporated in the British Virgin Islands with limited liability and an Independent Third Party
“Rich Summit”	Rich Summit Enterprises Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Sale Share”	1 ordinary share of US\$1.00 in the issued share capital of the Target Company, representing 100% of the issued share capital of the Target Company as at the date of the Agreement and at Completion
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	as the meaning ascribed to it under the GEM Listing Rules

“Target Company”	Star Hub Investments Limited, a company incorporated in the British Virgin Islands with limited liability, and prior to the Disposal, an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

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

Hong Kong, 30 November 2015

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