

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.



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 A POSSIBLE ACQUISITION

The Board is pleased to announce that on 1 December 2015 (after trading hours), the Company has entered into the non-legally binding MOU with the Vendor in relation to the Possible Acquisition for an intended consideration of RMB600 million (subject to valuation), subject to the entering into the Formal Agreement in connection therein. If the Formal Agreement is entered into and the Possible Acquisition materialized, it may constitute a notifiable transaction of the Company under the GEM Listing Rules and further announcement(s) would be made in accordance with the GEM Listing Rules in that regard as and when appropriate.

Shareholders and potential investors should be aware that the terms of the Possible Acquisition are subject to further negotiation among the parties to the MOU and are subject to the parties entering into the Formal Agreement. As the Possible Acquisition may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

MEMORANDUM OF UNDERSTANDING IN RESPECT OF A POSSIBLE ACQUISITION

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 (Cap. 571 of the Laws of Hong Kong).

The Board is pleased to announce that on 1 December 2015 (after trading hours), the Company has entered into a non-legally binding (save for certain provisions including the provisions on refundable Deposit and interest payment, due diligence review, exclusivity period, costs, confidentiality, applicable law and jurisdiction) MOU with the Vendor in relation to the possible acquisition of the 100% equity interest in the Target Company for an intended consideration of RMB600 million (subject to valuation), subject to the entering into the Formal Agreement in connection therein.

Set out below are the material terms of the MOU:

Date : 1 December 2015 (after trading hours)

Parties : the Company (as purchaser)
Mr. Qu Yong Bo (曲勇波) (as vendor)

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Vendor is not a connected person of the Company and is an Independent Third Party.

Subject matter to be acquired

Under the MOU, the Company intends to acquire and the Vendor intends to dispose of 100% equity interest in the Target Company.

As represented by the Vendor and stated in the MOU, the Vendor (through entities wholly-owned by him) is the sole beneficial owner of the Target Company, which is principally engaged in technology development in bioenergy.

Consideration and its adjustment

The aggregate intended consideration for the Possible Acquisition shall be RMB600 million (subject to adjustment after the valuation of the Target Company to be conducted by an independent professional valuer to be appointed by the Company). The consideration for the Possible Acquisition is intended to be satisfied by the Company mainly by the allotment of and issue of new Shares and/or the issue of convertible securities carrying rights to convert into new Shares, with the balance to be paid in cash or a combination of any of the above. The intended consideration for the Possible Acquisition, which has not yet been finalised, may be satisfied by the Company in any forms as the Company and the Vendor may agree upon signing of the Formal Agreement.

Refundable Deposit and interest payment

Pursuant to the terms of the MOU, the Company shall pay a refundable Deposit of RMB30 million in cash to the Vendor upon signing of the MOU. If the Formal Agreement has been entered into between the Company and the Vendor, the Deposit, without interest, shall be applied as partial payment of the consideration for the Possible Acquisition in accordance with the terms of the Formal Agreement. If no Formal Agreement is entered into during the term of the MOU (being the sixth month falling from the date of the MOU or such other date as may be agreed by the parties thereto) or if the Vendor has received a written termination notice from the Company (whichever is earlier), the Vendor shall refund the Deposit within seven days. Interest on the Deposit shall accrue at the rate of 1.5% per month calculated on the actual number of days elapsed from the date of termination of the MOU if the Vendor is unable to refund the Deposit in accordance with the terms of the MOU.

Due diligence review

The Company shall be entitled to carry out due diligence review on the Target Company, its holding company and its subsidiaries (if any) and their assets, which shall commence from the date of the MOU and be completed as soon as reasonably practicable within three months (or such other date as the parties may agree). In order to facilitate the due diligence review, the Vendor shall procure that, upon request by the Company and/or its authorised persons, the Company and/or its authorised persons will be given all such information relating to the Target Company, its holding company and its subsidiaries (if any) and their assets.

Exclusivity period

The MOU shall, unless terminated by the Company in writing, be terminated if the Formal Agreement or other formal legal documents is not entered into between the Company and the Vendor (himself or through entities controlled by him) within six months from the date of the MOU (or such other date as may be agreed by the parties thereto). Pursuant to the MOU, during the term of the MOU, the Vendor awards the right of exclusive negotiation to the Company with respect to the Possible Acquisition. The Vendor shall not engage in negotiation with any other parties apart from the Company with regard to the Possible Acquisition without written consent of the Company.

FORMAL AGREEMENT

The MOU does not constitute a legally-binding commitment of the parties to the MOU in respect of the Possible Acquisition. The Possible Acquisition is subject to the execution and completion of the Formal Agreement.

Save for the clauses relating to the refundable Deposit and interest payment, due diligence review, exclusivity period, costs, confidentiality, applicable law and jurisdiction, the MOU is not legally binding.

If the Formal Agreement is entered into and the Possible Acquisition materialized, it may constitute a notifiable transaction of the Company under the GEM Listing Rules and further announcement(s) would be made in accordance with the GEM Listing Rules in that regard as and when appropriate.

Shareholders and potential investors should be aware that the terms of the Possible Acquisition are subject to further negotiation among the parties to the MOU and are subject to the parties entering into the Formal Agreement. As the Possible Acquisition may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Heng Xin China Holdings Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the GEM (Stock Code: 8046)
“connected person(s)”	having the meaning as ascribed thereto under the GEM Listing Rules
“Deposit”	a sum of RMB30 million shall be paid by the Company to the Vendor upon signing of the MOU as a refundable deposit for the Possible Acquisition
“Director(s)”	director(s) of the Company
“Formal Agreement”	the formal equity transfer agreement which may or may not be entered into by the Company and the Vendor (himself or through entities controlled by him) in relation to the Possible Acquisition
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a party independent of and not connected with the Company and its connected persons

“MOU”	the memorandum of understanding dated 1 December 2015 entered into between the Vendor and the Company in relation to the Possible Acquisition
“Possible Acquisition”	the possible acquisition of 100% equity interest in the Target Company by the Company from the Vendor pursuant to the MOU
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Shareholder”	holders of Shares
“Shares”	share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	大慶澳瑞生物能源有限公司(Daqing AORUI Bioenergy Co., Ltd.*), a company incorporated in the PRC with limited liability
“Vendor”	Mr. Qu Yong Bo (曲勇波), an Independent Third Party
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

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

Hong Kong, 1 December 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.

** For identification purposes only*