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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)

**DISCLOSEABLE TRANSACTION –
ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF
JTI SECURITIES LIMITED**

THE SALE AND PURCHASE AGREEMENT

On 7 June 2016 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to sell, the Sale Shares, representing the entire issued share capital of the Target Company. The consideration for the Acquisition will be determined with reference to the net asset value of the Target Company as at the date as specified in the Sale and Purchase Agreement plus an agreed premium of HK\$13 million. Further details of the consideration are set out under the section headed “The Sale and Purchase Agreement – Consideration” in this announcement. Having regard to the net asset value of the Target Company as at 31 March 2016, it is expected that the final consideration shall not exceed HK\$25 million. The consideration for the Acquisition will be settled in cash using the internal resources of the Company.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the consolidated financial statements of the Company.

The Target Company is principally engaged in securities brokerage business. It is a licensed corporation under the SFO to carry out Type 1 (dealing in securities) regulated activities and is a China Connect Exchange Participant and a Hong Kong Stock Exchange Participant.

IMPLICATIONS OF THE GEM LISTING RULES

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) exceed(s) 5% but below 25%, the Acquisition constitutes a discloseable transaction of the Company under the GEM Listing Rules and is therefore subject to the reporting and announcement requirements under the GEM Listing Rules.

On 7 June 2016 (after trading hours), the Purchaser, an indirect wholly-owned subsidiary of the Company, and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Sale Shares, representing the entire issued share capital of the Target Company.

THE SALE AND PURCHASE AGREEMENT

The major terms of the Sale and Purchase Agreement are as follows:

Date : 7 June 2016 (after trading hours)

Parties : (1) Purchaser: Perfect Capital Global Limited; and

(2) Vendor: Ace Vantage Investments Limited.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is principally engaged in investment holding and each of the Vendor and its ultimate beneficial owners is an Independent Third Party.

Assets to be acquired

Pursuant to the Sale and Purchase Agreement, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, free from any encumbrance whatsoever, the Sale Shares. The Sale Shares represent the entire issued share capital of the Target Company as at the date of the Sale and Purchase Agreement.

Consideration

The consideration for the Acquisition will be determined with reference to the net asset value of the Target Company as at the date as specified in the Sale and Purchase Agreement plus an agreed premium of HK\$13 million (“**Premium**”). Having regard to the net asset value of the Target Company as at 31 March 2016, it is expected that the final consideration shall not exceed HK\$25 million, which shall be satisfied in the following manner:-

- (i) an amount of HK\$1.3 million (the “**Security Deposit**”) has been paid upon signing of the Sale and Purchase Agreement by the Purchaser to be held by the Vendor Solicitor and to be paid to the Vendor upon the Purchaser being satisfied with the results of the due diligence review to be conducted on the Target Company, which is to be completed by the Purchaser within 30 days after signing of the Sale and Purchase Agreement;
- (ii) on the Completion Date:
 - (a) an amount equivalent to the amount due to the Target Company from its current director(s) shall be payable by the Purchaser to the Target Company which shall be applied towards the settlement of outstanding current accounts of the Target Company due from the current director(s) of the Target Company (“**Settlement Sum**”); and
 - (b) the balance of the Premium after deducting the Security Deposit and the Settlement Sum, plus an amount equivalent to the unaudited net asset value of the Target Company as of 3 Business Days prior to the Completion Date, which shall be based on the management accounts of the Target Company of even date to be provided to the Purchaser by the Vendor, to be paid by the Purchaser to the Vendor or its nominee.

The consideration for the Target Company will be settled in cash using the internal resources of the Company. The Directors consider that the terms and conditions of the Sale and Purchase Agreement have been arrived at after arm’s length negotiations between the Purchaser and the Vendor after taking into account a combination of factors, including the market premiums placed for similar securities companies in Hong Kong recently transacted and the net asset value of the Target Company, and are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion is conditional upon the satisfaction of the following conditions:-

- (1) the approval from the SFC in relation to the Purchaser becoming the substantial shareholder (as defined in the SFO) of the Target Company having been obtained;

- (2) the license under the SFO to carry out Type 1 (dealing in securities) regulated activities and the qualification of China Connect Exchange Participant held by the Target Company having remained and in full force and effect;
- (3) the Target Company having remained as the legal and beneficial owner of the assets as set out in the Sale and Purchase Agreement save and except that the Target Company shall have a cash and bank balances of not less than HK\$3 million after the Target Company having fulfilled all its payment obligations of its debts and indebtedness as at the Completion Date;
- (4) all representations, warranties and undertakings given by the Vendor contained in the Sale and Purchase Agreement remaining true and accurate in any material respect as given as of the date of the Sale and Purchase Agreement and as of Completion; and
- (5) all necessary approvals, permits, consents and authorisations having been obtained for the transactions contemplated under the Sale and Purchase Agreement, whether pursuant to law and/or rules and regulations.

If the above Conditions have not been fulfilled on or before the Long Stop Date or such later date as may be agreed in writing between the Purchaser and the Vendor, the Sale and Purchase Agreement shall cease and determine and thereafter neither party to the Sale and Purchase Agreement shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof, except that:

- if the above Condition (1) or (5) has not been fulfilled for any reason caused by the Vendor or the above Conditions (other than above Conditions (1) and (5)) have not been fulfilled on or before the Long Stop Date or the Vendor has not performed or fails to perform its obligations under the Sale and Purchase Agreement on the Completion Date, the Vendor shall return the Security Deposit, without interest, to the Purchaser or Purchaser Solicitor within 3 Business Days after the Long Stop Date.
- for the avoidance of doubt, if the above Condition (1) or (5) has not been fulfilled for any reason caused by the Purchaser, the Vendor has the right to forfeit the Security Deposit (being held by the Vendor Solicitor).

Completion

Completion shall take place within ten Business Days after the fulfillment of all the Conditions.

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the consolidated financial statements of the Company.

INFORMATION OF THE TARGET COMPANY

As at the date of this announcement, the Target Company was 100% owned by the Vendor. The Target Company is a company incorporated in Hong Kong with limited liability on 12 April 2011 and is principally engaged in securities brokerage business. The Target Company is a licensed corporation under the SFO to carry out Type 1 (dealing in securities) regulated activities and is a China Connect Exchange Participant and a Hong Kong Stock Exchange Participant.

Set out below is a summary of key financial data of the Target Company extracted from the audited financial statements of the Target Company as provided by the Vendor:

	For the year ended 31 December	
	2014	2015
	<i>(audited)</i>	<i>(audited)</i>
	<i>HK\$</i>	<i>HK\$</i>
Results		
Revenue	3,637,649	3,643,336
Loss before taxation	(576,027)	(606,913)
Net loss	(576,027)	(606,913)
	As at 31 December	
	2014	2015
	<i>(audited)</i>	<i>(audited)</i>
	<i>HK\$</i>	<i>HK\$</i>
Assets and net assets		
Total assets	48,404,103	53,574,849
Net assets	10,539,441	10,115,468

INFORMATION OF THE GROUP AND REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in digital cable television business, wireless digital television value-added services, wireless digital audio integrated circuits, and in the business of manufacturing and selling of castor seeds and castor beans and selling of castor oil.

The Directors consider that it is beneficial for the Group to seek suitable investment opportunities from time to time to diversify its revenue source by investing in businesses with growth potential and broaden its source of income. As stated in the Company's annual report for the year ended 31 December 2015 and the first quarterly report for the three months ended 31 March 2016, the Group will gradually spin-off its traditional cable television and electronic integrated circuits business and will develop four major service platforms respectively of internet, patented technology application, financial services, and industry chain integration services in order to foster maximum benefits for the Shareholders. Given Hong Kong's leading role as a global financial center, the Board is of the view that the Acquisition will provide a prime opportunity for the Group to tap into the business of financial services which, going forward, is expected to increase the Shareholder's value and benefit the Company and the Shareholders as a whole.

The Directors are of the view that the terms of the Sale and Purchase Agreement are on normal commercial terms and fair and reasonable, and that the Acquisition is in the interest of the Company and Shareholders as a whole.

IMPLICATIONS OF THE GEM LISTING RULES

As one or more of the applicable percentage ratios (as defined under the GEM Listing Rules) exceed(s) 5% but below 25%, the Acquisition constitutes a discloseable transaction of the Company under the GEM Listing Rules and is therefore subject to the reporting and announcement requirements under the GEM Listing Rules.

DEFINITION

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

“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the Sale and Purchase Agreement
“Board”	the board of Directors
“Business Day(s)”	a day (excluding public holiday, Saturday, Sunday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business

“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 Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	the date on which Completion shall take place, which shall be a day within ten Business Days after the fulfillment of the Conditions, but in any event no later than the Long Stop Date
“Conditions”	conditions precedent to the Acquisition as set out in the paragraph headed “The Sale and Purchase Agreement - Conditions precedent” in this announcement
“connected person”	has the meaning ascribed to it under the GEM Listing Rules
“Directors”	the directors 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”	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
“Long Stop Date”	the date falling within twelve months from the date of the Sale and Purchase Agreement
“Purchaser”	Perfect Capital Global Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
“Purchaser Solicitor”	the solicitor representing the Purchaser

“Sale and Purchase Agreement”	the sale and purchase agreement dated 7 June 2016 entered into between the Purchaser and the Vendor in relation to the Acquisition
“Sale Shares”	14,500,000 issued and fully paid up shares of the Target Company in the name of and beneficially owned by the Vendor, representing the entire issued and fully-paid share capital of the Target Company
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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
“Target Company”	JTI Securities Limited, a company incorporated in Hong Kong with limited liability and licensed for conducting Type 1 (dealing in securities) regulated activities under the SFO in Hong Kong, the entire issued share capital of which is owned by the Vendor
“Vendor”	Ace Vantage Investments Limited, a company incorporated in the British Virgin Islands with limited liability
“Vendor Solicitor”	the solicitor representing the Vendor
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
HENG XIN CHINA HOLDINGS LIMITED
Lim Tong Yong
Chairman

Hong Kong, 7 June 2016

As at the date of this announcement, the Board comprises Tan Sri Dato' Lim Tong Yong (Chairman), Mr. Tan Xiangdong (Vice Chairman and Chief Executive Officer), Mr. Qiu Bin, Mr. Gao Yang, Mr. Hu Qixian and Mr. Chen Xi as executive Directors, Mr. Wang Kun as non-executive Director and Mr. Leung Wo Ping JP, Mr. Hu Dingdong, Mr. Lei Yong, Mr. Chiu Chi Kong and Mr. Chan Fong Kong Francis 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*