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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)

VOLUNTARY ANNOUNCEMENT **FORMATION OF JOINT VENTURE**

This announcement is made by Heng Xin China Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to inform the shareholders of the Company and investors of certain business development of the Group.

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 26 July 2017, Oriental Thunder Lion Limited (“**Oriental Thunder Lion**”), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company, entered into a joint venture agreement (the “**JV Agreement**”) with Mr. Zhong Xuhang (鍾旭航) (“**Mr. Zhong**”) for the formation of a joint venture company (the “**JV Company**”), which shall be 51% and 49% owned by Oriental Thunder Lion and Mr. Zhong, respectively.

Based on the information available to the Company, Mr. Zhong (a) has extensive experience in materials and devices of electrical energy storage, and has participated in the research and development of technologies relating to electrical energy storage technologies leading to patent registrations; and (b) is the legal representative and general manager of 雷天溫斯頓電池（長泰）有限公司 (Thunder Sky Winston Battery (Changtai) Limited) which is principally engaged in the manufacturing of rare earth lithium-ion power battery in China. To the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, Mr. Zhong is a third party independent of and not connected with the Company and its connected persons (as defined under the Rules Governing the Listing of Securities (the “**GEM Listing Rules**”) on the Growth Enterprise Market (the “**GEM**”) of The Stock Exchange of Hong Kong Limited).

The JV Company is intended to be principally engaged in the research and development and the sales and distribution of electronic devices and components which are specialized in electrical energy storage. Under the terms of the JV Agreement, the JV Company shall have a registered capital of RMB13,000,000 (equivalent to HK\$15,141,100) which shall be contributed as to RMB6,630,000 (equivalent to approximately HK\$7,721,960) (the “**Total Contribution**”) by Oriental Thunder Lion and RMB6,370,000 (equivalent to approximately HK\$7,419,130) by Mr. Zhong (or his 100% owned company). The initial capital contributions to be made upon the establishment of the JV Company are committed by Oriental Thunder Lion as to RMB663,000 (equivalent to approximately HK\$772,196) (the “**Initial Contribution**”) and by Mr. Zhong as to RMB637,000 (equivalent to approximately HK\$741,913), respectively.

The Total Contribution (including the Initial Contribution) to be made by Oriental Thunder Lion to the JV Company will be funded by the Group’s internal resources.

Under the terms of the JV Agreement, Oriental Thunder Lion shall have the absolute discretion to demand Mr. Zhong (or his 100% owned company) to acquire Oriental Thunder Lion’s equity holding in the JV Company at a price which is equivalent to the capital contribution actually made by Oriental Thunder Lion to the JV Company and at any time during the first three years after the establishment of the JV Company.

REASONS FOR AND BENEFITS OF THE FORMATION OF JV COMPANY

The Directors consider that it is beneficial for the Group to seek suitable investment opportunities from time to time to broaden its revenue source by investing in businesses with growth potential. In addition, the trading of electronic device and digital audio integrated circuit (IC) business of the Group had underperformed in recent years and it is beneficial for the Group to best utilize its resources in its electronic trading segment by diversifying its product range.

The Board is of the view that the entering into of the JV Agreement represents a good opportunity for the Group to leverage on the existing resources and customer connection of the Group’s electronic device and digital audio IC trading segment with a product diversification to electrical energy storage devices and components. The Board considers that the terms the JV Agreement are normal commercial terms and fair and reasonable and the entering into of the JV Agreement and the transactions contemplated thereunder are in the interest of the Company and the shareholders of the Company as a whole.

IMPLICATIONS OF THE GEM LISTING RULES

As all the applicable percentage ratios under Rule 19.07 of the GEM Listing Rules in respect of the JV Agreement are below 5%, the entering into of the JV Agreement does not constitute any notifiable transaction for the Company under Chapter 19 of the GEM Listing Rules.

For the purpose of this announcement, the exchange rate used for conversion between RMB and HK\$ is RMB1.00 = HK\$1.1647.

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

Hong Kong, 26 July 2017

As at the date of this announcement, the Board comprises Tan Sri Dato' Lim Tong Yong (Chairman), Mr. Chen Rongbin (Vice Chairman and Chief Executive Officer), Mr. Gao Yang and Mr. Yuan Gonglin as executive Directors and Mr. Wong Chi Keung, Mr. Xu Haiou and Mr. Chau Sen Chung 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*