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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)

PLACING OF EXISTING SHARES AND SUBSCRIPTION FOR NEW SHARES UNDER GENERAL MANDATE AND RESUMPTION OF TRADING

PLACING AGENT



PLACING AGREEMENT

On 14 September 2010, the Vendor, the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Vendor has agreed to place, and the Placing Agent has agreed to procure not less than six places, on a best effort basis, for the purchase of up to 200,000,000 Shares at the Placing Price of HK\$0.75 per Placing Share. The maximum number of the Placing Shares represent (i) about 12.79% of the Company's existing issued share capital of 1,563,903,000 Shares; and (ii) about 11.34% of the issued share capital of the Company as enlarged by the issued of the Subscription Shares.

SUBSCRIPTION AGREEMENT

On 14 September 2010, the Vendor and the Company entered into the Subscription Agreement pursuant to which the Vendor has agreed to subscribe for such number of Subscription Shares which is equivalent to the number of Placing Shares actually placed under the Placing, being a maximum number of 200,000,000 Subscription Shares at the Subscription Price of HK\$0.75 per Subscription Share.

The Subscription is conditional upon (i) the completion of the Placing; and (ii) the Stock Exchange granting the listing of and permission to deal in the Subscription Shares. Under Rule 20.31(3)(d) of the GEM Listing Rules, the Subscription must be completed within 14 days after the date of the Placing Agreement, that is, on or before 28 September 2010. If completion of the Subscription does not take place within 14 days after the date of the Placing Agreement, the Company is required to comply with all the applicable requirements in relation to connected transaction under the GEM Listing Rules.

* For identification purposes only

Further announcement will be made by the Company upon completion of the Subscription.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in Shares on the Stock Exchange has been suspended from 9:30 a.m. on 14 September 2010. Application has been made for the resumption of trading in Shares on the Stock Exchange from 9:30 a.m. on 15 September 2010.

PLACING AGREEMENT

Date:

14 September 2010

Parties:

The Vendor, the Company and the Placing Agent

The Vendor:

Team Effort Investments Limited, a substantial shareholder of the Company. As at the date of this announcement, the Vendor is the beneficial owner of 201,338,706 Shares, representing approximately 12.87% of the entire issued share capital of the Company.

Number of Placing Shares to be placed:

The maximum number of 200,000,000 Shares represents (i) about 12.79% of the Company's existing issued share capital of 1,563,903,000 Shares; and (ii) about 11.34% of the issued share capital of the Company as enlarged by the issued of the Subscription Shares.

Placing agent:

DBS Asia Capital Limited

The Placing Agent and its ultimate beneficial owners are independent of and not connected with the Company and its connected persons (as defined in the GEM Listing Rules).

The Placing Agent will be entitled to receive a placing commission of 1% on the gross proceeds of the actual number of the Placing Shares placed. The placing commission was arrived at after arm's length negotiation between the Company and the Placing Agent. The Directors consider that the rate of the commission is fair and reasonable.

Placees:

The Placing Agent agreed to place the Placing Shares, on a best effort basis, to not fewer than six placees who are independent of and not connected with the Company, the Vendor, the Directors, chief executive and substantial Shareholders (as those terms are defined in the GEM Listing Rules) of the Company, its subsidiaries and their respective associates (as defined in the GEM Listing Rules).

Price:

HK\$0.75 per Placing Share, representing a discount of approximately 11.76% to the closing price of HK\$0.85 per Share as quoted on the Stock Exchange on the Last Trading Day, and a discount of approximately 8.54% to the average closing price of HK\$0.82 per Share as quoted on the Stock Exchange for the last five trading days ended on and including the Last Trading Day.

Rights:

The Placing Shares will be sold free of any third party rights and together with all dividends and distributions declared, made or paid on or after the date of the Placing Agreement.

Completion:

Completion of the Placing is unconditional and will take place on 16 September 2010.

Undertakings:

Pursuant to terms of the Placing Agreement:

- (a) the Vendor has undertaken to the Placing Agent that (except for the sale of the Placing Shares) for the period of 30 days from the completion date of the Placing, it will not sell, transfer, grant options over or otherwise dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any of its Shares or any interests therein unless the prior written consent of the Placing Agent to any disposal or grant shall have been obtained (such consent not to be unreasonably withheld or delayed); and
- (b) the Company has undertaken to the Placing Agent that it and any of its subsidiaries will not, issue or agree to allot or issue any shares (other than pursuant to (i) any exercise of any convertible bonds/notes or warrants or options (whether or not such options are granted under the share option scheme of the Company) in issue at the date of the Placing Agreement or any other conversion or subscription rights existing at the date of the Placing Agreement or (ii) any scrip dividend scheme or other securities or grant or agree to grant any options (other than options granted or to be granted pursuant to the share option scheme of the Company adopted pursuant to the GEM Listing Rules), warrants or other rights to subscribe for Shares or other securities or to repurchase any securities of the Company, for the period of 30 days from the completion date of the Placing without first having obtained the prior written consent of the Placing Agent.

SUBSCRIPTION AGREEMENT**Date:**

14 September 2010

Parties involved:

The Company and the Vendor

Number of new Shares subscribed for:

The number of Subscription Shares is equivalent to the number of Placing Shares actually placed under the Placing, being a maximum number of 200,000,000 Subscription Shares with an aggregate nominal value of HK\$2,000,000.

Price:

The Subscription Price is HK\$0.75 per Subscription Share. The Subscription Price is the same as the Placing Price and was determined after arm's length negotiation between the Company and the Vendor with reference to the Placing Price.

The Company will bear the costs and expenses of the Subscription and the Vendor's costs and expenses of the Placing.

Assuming that all the Placing Shares are placed, the net proceeds to the Company from the Subscription are estimated to be approximately HK\$148 million. On such basis, the net price for each Subscription Share is approximately HK\$0.74.

The Directors are of the view that the Subscription Price, which is the same with the Placing Price, is fair and reasonable.

Mandate to issue the Subscription Shares:

The Subscription Shares will be allotted and issued under the General Mandate.

The General Mandate was granted to the Directors pursuant to an ordinary resolution of the Company passed at its annual general meeting on 27 October 2009 to allot and issue up to 20% of the aggregate nominal amount of the share capital of the Company in issue on that date. As at 27 October 2009, there were 1,533,083,000 Shares in issue and the exercise of the General Mandate in full would allow the Directors to allot and issue 306,616,600 Shares.

The General Mandate has been utilised for the grant of an option to subscribe for 90,000,000 Shares, details of which are set out in the Company's announcement dated 10 November 2009. Save for the grant of such option, the General Mandate has not been utilised prior to the entering into of the Subscription Agreement. On such basis, the remaining authority of the Board to allot, issue and deal in the unissued Shares under the General Mandate is 216,616,600 Shares. Accordingly, the issue of the Subscription Shares is not subject to approval of the Shareholders.

Ranking:

The Subscription Shares, when fully paid, will rank pari passu in all respects with the existing issued Shares.

Conditions of the Subscription:

The Subscription is conditional upon (i) the completion of the Placing; and (ii) the Stock Exchange granting listing of and permission to deal in the Subscription Shares.

If the conditions are not fulfilled on or prior to 27 September 2010 or such later date as may be agreed between the Company and the Vendor, the Subscription Agreement shall terminate and neither of the parties will have any claim against the other for costs, damages, compensation or otherwise save for any antecedent breach of the Subscription Agreement.

The Company will apply to the Stock Exchange for the listing of and permission to deal in the Subscription Shares.

Completion:

Under Rule 20.31(3)(d) of the GEM Listing Rules, the Subscription must be completed within 14 days from the date of the Placing Agreement, that is, on or before 28 September 2010.

If completion of the Subscription does not take place within 14 days after the date of the Placing Agreement, the Company is required to comply with all the applicable requirements in relation to connected transaction under the GEM Listing Rules.

Further announcement will be made by the Company upon completion of the Placing and the Subscription.

SHAREHOLDING STRUCTURE OF THE COMPANY BEFORE AND AFTER THE PLACING AND SUBSCRIPTION

Save for the convertible notes issued by the Company with the outstanding principal amount of HK\$264,725,020 which may be convertible into 778,603,000 Shares, an option granted to an adviser of the Group to subscribe for 90,000,000 Shares and options granted under an employee share option scheme to subscribe for up to 10,700,000 Shares, the Company has no other warrants, options or other convertible securities which are still outstanding as at the date of this announcement.

The following table sets out the shareholding structure of the Company prior to and upon completion of the Placing and the Subscription (assuming there will not be any change in the issued share capital of the Company from the date of this announcement to the completion of the Subscription save for the allotment and issue of the Subscription Shares):

	Existing shareholding		Shareholding after the Placing but before the Subscription		Shareholding after the Placing and the Subscription	
	No. of Shares	%	No. of Shares	% (note 3)	No. of Shares	%
The Vendor (note 1)	201,338,706	12.87	1,338,706	0.09	201,338,706	11.41
Lomond Group Limited (note 2)	39,254,353	2.51	39,254,353	2.51	39,254,353	2.23
The placees	—	—	200,000,000	12.79	200,000,000	11.34
Other public Shareholders	1,323,309,941	84.62	1,323,309,941	84.62	1,323,309,941	75.02
Total	<u>1,563,903,000</u>	<u>100.00</u>	<u>1,563,903,000</u>	<u>100.00</u>	<u>1,763,903,000</u>	<u>100.00</u>

Notes:

1. The Vendor is wholly owned by Mr. Choi Chung Lam.
2. Lomond Group Limited is wholly owned by Mr. Li Haoping.
3. The aggregate percentage does not add up to 100% due to rounding.

REASONS OF THE TRANSACTIONS

The Group has been engaging in wireless digital terrestrial television network equipment integration business in Hunan and Hubei Provinces since late 2008. With the implementation of integration of the telecommunication network, broadcasting TV network and internet (三網融合) announced by the Chinese government in January 2010, the prospects of PRC digital TV market and value-added business become more promising. As announced by the Company on 23 April 2010 and 3 May 2010, the Group has entered into business cooperation agreements to provide cable digital television two-way conversion equipment and services and develop and operate value-added services in Jiangxi and Anhui Provinces, PRC, respectively.

Assuming that all the Placing Shares are placed, the net proceeds to the Company from the Subscription are estimated to be approximately HK\$148 million. It is intended that such net proceeds will be applied towards the new business in relation to the cable digital television two-way conversion as described above and as the general working capital of the Group. The Directors consider that the Subscription will strengthen the financial position (in particular, the working capital and cash flow positions) of the Group.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE 12 MONTHS IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT

The Company has not carried out any fund raising activities in the 12-month period immediately preceding the date of this announcement.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in Shares on the Stock Exchange has been suspended from 9:30 a.m. on 14 September 2010. Application has been made for the resumption of trading in Shares on the Stock Exchange from 9:30 a.m. on 15 September 2010.

DEFINITIONS

Unless the context requires otherwise, the following words and phrases used in this announcement have the following meanings:

“Board”	the board of Directors
“Company”	Heng Xin China Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on GEM
“connected person”	has the meaning set out in the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	the Growth Enterprise Market operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted to the Directors at the annual general meeting of the Company held on 27 October 2009 to allot or otherwise deal with the unissued Shares
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	13 September 2010, being the full trading day immediately prior to the Placing Agreement and the subscription Agreement were entered into
“Placing”	the placing of up to 200,000,000 Shares beneficially owned by the Vendor pursuant to the Placing Agreement
“Placing Agent”	DBS Asia Capital Limited, a company incorporated in Hong Kong
“Placing Agreement”	the placing agreement between the Vendor, the Company and the Placing Agent dated 14 September 2010 in relation to the Placing
“Placing Price”	HK\$0.75 per Placing Share
“Placing Shares”	a maximum up to 200,000,000 Shares beneficially owned by the Vendor and to be placed on a best effort basis under the Placing
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	the holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement between the Company and the Vendor dated 14 September 2010 in relation to the Subscription
“Subscription”	the subscription for the Subscription Shares pursuant to the Subscription Agreement
“Subscription Price”	HK\$0.75 per Subscription Shares
“Subscription Shares”	new Shares equivalent to the number of the Placing Shares actually placed under the Placing to be subscribed by the Vendor, the maximum number being 200,000,000 Shares
“Vendor”	Team Effort Investments Limited, a substantial Shareholder
“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, 14 September 2010

As at the date of this announcement, the Board comprises Mr. Xiao Yan (CEO), Mr. Feng Yongming and Mr. Li Tao as executive Directors; Mr. Xu Lei as non-executive Director; Mr. Leung Wo Ping JP, Mr. Dong Shi and Mr. Hu Dingdong 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 document misleading.

This announcement will remain on the GEM website 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