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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 27 August 2009, 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 100,000,000 Shares at the Placing Price of HK\$0.70 per Placing Shares. The maximum number of the Placing Shares represents (i) about 7.07% of the Company's existing issued share capital of 1,414,583,000 Shares and (i) about 6.60% of the issued share capital of the Company as enlarged by the issue of the Subscription Shares.

SUBSCRIPTION AGREEMENT

On 27 August 2009, 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 100,000,000 Subscription Shares at the Subscription Price of HK\$0.70 per Subscription Share.

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. 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 10 September 2009. If completion of the Subscription does not take place within 14 days after the date of the Placing Agreement, it will be a connected transaction and the Company is required to comply with all the requirements in relation to connected transaction under the GEM Listing Rules.

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 27 August 2009. Application has been made for the resumption of trading in Shares on the Stock Exchange from 9:30 a.m. on 28 August 2009.

* For identification purposes only

PLACING AGREEMENT

Date:

27 August 2009

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 156,194,706 Shares, representing approximately 11.04% of the entire issued share capital of the Company.

Number of Placing Shares to be placed:

The maximum number of 100,000,000 Shares represents (i) about 7.07% of the Company's existing issued share capital of 1,414,583,000 Shares and (ii) about 6.60% of the issued share capital of the Company as enlarged by the issue 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 agent commission of 2.5% on the gross proceeds of the actual number of the Placing Shares being placed, which 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, substantial shareholders and management 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\$0.70 per Placing Share, representing a discount of approximately 6.67% to the closing price of HK\$0.75 per Share as quoted on the Stock Exchange on the Last Trading Day, and a discount of approximately 8.14% to the average closing price of HK\$0.762 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 after the date of the Placing Agreement.

Completion:

Completion of the Placing is unconditional and will take place on 1 September 2009.

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 60 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 or warrants or options in issue at the date of the Placing Agreement or any other conversion or subscription rights existing at the date of the Placing Agreement (ii) exercise of any share options granted pursuant to the share option schemes of the Company adopted pursuant to the GEM Listing Rules or (iii) 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 60 days from the completion date of the Placing without first having obtained the prior written consent of the Placing Agent.

SUBSCRIPTION AGREEMENT**Date:**

27 August 2009

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 100,000,000 Subscription Shares with an aggregate nominal value of HK\$1,000,000.

Price:

The Subscription Price is HK\$0.70 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 pay the costs and expenses of the Subscription, and will repay to the Vendor its costs and expenses of the Placing. The net price to be received by the Company of each Subscription Share is about HK\$0.68.

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 issue of the Subscription Shares will not be subject to the approval of the shareholders of the Company as the Subscription Shares will be issued pursuant to the General Mandate granted to the Directors at the annual general meeting of the Company held on 24 November 2008. The Directors were authorised to allot and issue up to 220,604,400 Shares pursuant to the General Mandate. Up to the date of this announcement, the Directors have utilised the General Mandate for the grant of an option to an advisor of the Company to subscribe for 60,000,000 Shares pursuant to the General Mandate (details of which are set out in the announcement of the Company dated 17 February 2009).

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 9 September 2009 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 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 after the date of the Placing Agreement, that is, on or before 10 September 2009.

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

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

SHAREHOLDING STRUCTURE OF THE COMPANY BEFORE AND AFTER THE PLACING AND THE 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 40,000,000 Shares and options granted under an employee share option scheme to subscribe for up to 23,620,000 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:

	Existing shareholding		Shareholding after the Placing but before the Subscription		Shareholding after the Placing and the Subscription	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
The Vendor and Mr. Choi Chung Lam (note 1)	158,194,706	11.18	58,194,706	4.11	158,194,706	10.44
Lomond Group Limited and Mr. Li Haoping (note 2)	40,390,353	2.86	40,390,353	2.86	40,390,353	2.67
Atlantis Investment Management Limited	132,000,000	9.33	132,000,000	9.33	132,000,000	8.72
The placees	—	—	100,000,000	7.07	100,000,000	6.60
Other public	1,083,997,941	76.63	1,083,997,941	76.63	1,083,997,941	71.57
Total	<u>1,414,583,000</u>	<u>100.00</u>	<u>1,414,583,000</u>	<u>100.00</u>	<u>1,514,583,000</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.

REASONS OF THE TRANSACTIONS

The maximum total amount of funds raised and the maximum net proceeds to the Company from the Subscription will be approximately HK\$70 million and HK\$68 million respectively. The Directors have considered various ways of raising funds and consider that the Placing and the Subscription represent an opportunity to enlarge the equity base of the Company and provide general working capital for the Company's business expansion. The Directors intend to utilise the proceeds from the Subscription as general working capital for the Company's business expansion.

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

The Company has not conducted any equity fund raising exercise in the past twelve-month period immediately before 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 27 August 2009. Application has been made for the resumption of trading in Shares on the Stock Exchange from 9:30 a.m. on 28 August 2009.

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
“Directors”	the directors 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 24 November 2008 to allot or otherwise deal with the unissued Shares
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	26 August 2009, being the full trading day immediately prior to the Placing Agreement and the Subscription Agreement were entered into
“Placing”	the placing of up to 100,000,000 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 27 August 2009 in relation to the Placing
“Placing Price”	HK\$0.70 per Placing Share
“Placing Shares(s)”	a total of up to 100,000,000 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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement between the Company and the Vendor dated 27 August 2009 in relation to the Subscription
“Subscription”	the subscription for the Subscription Shares pursuant to the Subscription Agreement
“Subscription Price”	HK\$0.70 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
“Vendor”	Team Effort Investments Limited, a substantial shareholder of the Company
“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, 27 August 2009

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. 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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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