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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)

MARKETING SERVICES AGREEMENT — GRANT OF OPTION

The Company has conditionally granted to the Consultant the Option, which is exercisable during the Option Period, to subscribe for 90,000,000 Shares at the Exercise Price of HK\$0.73 per Option Share.

THE MARKETING SERVICES AGREEMENT

The services

On 10 November 2009, the Company and the Consultant entered into the Marketing Services Agreement pursuant to which the Company engaged the Consultant for a year from the date of the Marketing Services Agreement to provide various marketing and introduction services advice and guidance to support the Group's business expansion and development in the PRC.

The Consultant is wholly owned by Mr. Sun Yan (孫焱). Mr. Sun graduated from the Department of Industrial Economics and Business Administration of Shanghai University of Finance and Economics (上海財經大學). He has worked in the Ministry of Housing and Urban-Rural Development (國家建設與環境保護部) of the PRC and China's Rural Trust and Investment Corporation (中國農村信託投資公司), and has also held the posts of the chairman of Shenzhen Junyu Development and Investment Company (深圳君與投資發展公司) and the managing director of Pomoda (Shenzhen), Inc. (百德光電技術(深圳)有限公司) Mr. Sun has about 20 years of experience in investments, finance and management and has a substantial social network. Mr. Sun was the executive director of China Grand Forestry Green Resources Group Limited, a company listed on the Stock Exchange, from 1 January 2009 to 30 September 2009.

To the best knowledge, information and belief of the Directors, each of the Consultant and its ultimate beneficial owner is an independent third party and not a connected person of the Company within the meaning of the GEM Listing Rules.

* For identification purposes only

Grant of Option

For a nominal consideration of HK\$10 (the “Option Premium”), the Company has, upon the signing of the Marketing Services Agreement, conditionally granted to the Consultant the Option to subscribe for 90,000,000 Shares at the Exercise Price of HK\$0.73 per Option Share.

The 90,000,000 Option Shares represent: (i) approximately 5.87% of the existing issued share capital of the Company; and (ii) approximately 5.55% of the existing issued share capital of the Company as enlarged by the issue of the Option Shares.

Exercise Price

The Exercise Price of HK\$0.73 per Share was determined after arm’s length negotiation between the Company and the Consultant and represents a premium of approximately 4.3% to (i) the closing price of HK\$0.70 per Share as quoted on the Stock Exchange on 10 November 2009, being the date of the Marketing Services Agreement; and (ii) the average closing price of HK\$0.70 per Share as quoted on the Stock Exchange over the last five trading days immediately prior to the date of the Marketing Services Agreement.

The net price to the Company of each Option Share, which is calculated by dividing the aggregate of the Option Premium and the net proceeds from the exercise of the subscription right attached to the Option by the total number of the Option Shares, is approximately HK\$0.73.

Option Period

Subject to the condition as specified in the paragraph headed “Condition” below, the Option is exercisable at any time during the period of one year from the date of the Marketing Services Agreement.

Condition

The grant of the Option is subject to the approval of the Stock Exchange and is conditional upon the Stock Exchange granting the listing of, and permission to deal in, the Option Shares having been obtained. If such condition is not fulfilled within 45 trading days after the signing of the Marketing Services Agreement, the Option shall be deemed to have lapsed forthwith.

General Mandate

The granting of the Option and the allotment and issue of the Option Shares are not subject to the approval of the Shareholders. The Option Shares will be issued pursuant to the General Mandate granted to the Directors at the annual general meeting of the Company held on 27 October 2009. The Directors were authorised to allot and issue up to 306,616,600 Shares pursuant to the General Mandate and the General Mandate has not been utilised up to the date of this announcement.

In the event of there being any consolidation or sub-division of the share capital of the Company or bonus issue of Shares whilst the Option or any part of it remains exercisable during the Option Period, the Exercise Price and the number of Option Shares shall be adjusted in accordance with the appendix to the letter dated 5 September 2005 issued by the Stock Exchange to all listed issuers regarding share option schemes.

Given that the Exercise Price and the number of the Option Shares may in the future be adjusted as a result of the happening of the adjustment event as mentioned above, the number of Option Shares which may fall to be issued upon exercise of the Option may exceed 90,000,000. In such case, the Company will ensure that it will have sufficient mandate, either from available unused General Mandate or by specific mandate to be obtained from Shareholders, to cover the issue of all Option Shares before carrying out any transaction which will trigger any adjustment to the Exercise Price and the number of the Option Shares.

Ranking of the Option Shares

The Option Shares, when issued, will rank pari passu in all respects with all other Shares in issue at the date of issue and be entitled to all dividends and other distributions the record date of which falls on a date on or after the date of issue.

Transfer

The Option shall be fully assignable by the Consultant to any party which is not a connected person (as defined in the GEM Listing Rules) of the Company and upon notice to the Company.

Voting

The holder of the Option will not be entitled to attend or vote at any meetings of the Company by reason only of it being the holder of the Option and will not be entitled to receive notice of any meetings of the Company.

Application for listing

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

USE OF PROCEEDS

The net proceeds to be received by the Company upon the exercise of the Option in full are estimated to about HK\$65.7 million and are intended to be used by the Company as working capital.

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

Date of announcement	Fund-raising activity	Net proceeds raised (approximately)	Use of proceeds
27 August 2009	Placing of 100,000,000 Shares at HK\$0.70 each	HK\$68 million	Providing capital for the Company's expansion initiatives and general working capital purposes

Save as disclosed above, the Company has not carried out any fund raising activities of in the 12 months immediately preceding the date of this announcement.

REASONS FOR THE GRANT OF THE OPTION

The Company is an investment holding company. The principal activities of the subsidiaries of the Company are engaged in ground wireless digital television network equipment integrated business, research, design, development on and manufacturing of electronic message security products, integrated circuits, and the integrated circuit solutions and the related services.

The grant of the Option is part of the incentive offered to the Consultant to provide the services to the Group.

The grant of the Option to the Consultant as an incentive will not have any adverse impact on the cashflow of the Group while the shareholder base of the Company will be enlarged and the Company can receive subscription money upon exercise of the Option. The Directors believe that the terms of the Marketing Services Agreement (including the grant of the Option and the Exercise Price) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Save and except 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 to subscribe for up to 23,000,000 Shares and options granted under an employee share option scheme to subscribe for up to 20,520,000 Shares, the Company has no other warrants, options or other convertible securities which are still outstanding as at the date of this announcement.

SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates (i) the shareholding structure of the Company as at the date of this announcement; (ii) the shareholding structure of the Company immediately following the exercise of the Option in full:

	As at the date of this announcement		Immediately following the exercise of the Option in full	
	No. of Shares	%	No. of Shares	%
Team Effort Investments Limited and Mr. Choi Chung Lam (<i>note 1</i>)	177,530,706	11.58	177,530,706	10.93
Lomond Group Limited and Mr. Li Haoping (<i>note 2</i>)	40,390,353	2.64	40,390,353	2.49
Atlantis Investment Management Limited	170,494,000	11.12	170,494,000	10.50
The Consultant	—	—	90,000,000	5.55
Other public	1,144,667,941	74.66	1,144,667,941	70.53
Total	<u>1,533,083,000</u>	<u>100.00</u>	<u>1,623,083,000</u>	<u>100.00</u>

Notes:

1. Team Effort Investments Limited is wholly owned by Mr. Choi Chung Lam.
2. Lomond Group Limited is wholly owned by Mr. Li Haoping.

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
“Consultant”	Crescent Investment Holding Co., Ltd., a company incorporated in British Virgin Islands.
“Directors”	the directors of the Company
“Exercise Price”	HK\$0.73 per Share, subject to adjustments for any consolidation or subdivision of Shares or bonus issue of Shares
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Marketing Services Agreement”	the marketing services agreement entered into between the Company and the Consultant dated 10 November 2009
“Option”	the option conditionally granted by the Company to the Consultant attached with it the right to subscribe for the Option Shares at the Exercise Price
“Option Period”	the period of one year commencing from the date of grant of the Option
“Option Shares”	90,000,000 Shares to be issued upon the exercise of the subscription rights attaching to the Options which Shares shall rank <i>pari passu</i> in all respects with the Shares in issue at the date of allotment of the Option Shares
“PRC”	the Peoples’ Republic of China, which for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholders”	holders of the Shares

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
Heng Xin China Holdings Limited
Feng Yongming
Executive Director

Hong Kong, 10 November 2009

As at the date of this announcement, the Board comprises Mr. Xiao Yan (CEO), Mr. Li Tao and Mr. Feng Yongming as executive directors; Mr. Leung Wo Ping JP, Mr. Dong Shi and Mr. Wu Dingdong as independent non-executive directors.

This announcement, for which the directors of the issuer 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 issuer. 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 “Latest Company Announcements” page of the GEM website at www.hkgem.com for a minimum period of seven (7) days from the date of its publication and on the website of the Company at www.hengxinchina.com.hk.