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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)

### **BUSINESS COOPERATION AGREEMENT IN RELATION TO THE DIGITAL CABLE TELEVISION PROJECT IN HEBEI**

The Board is pleased to announce that on 26 November 2010, Shenzhen Champion has entered into the Cooperation Agreement with Hebei Television Broadcasts and Information Network Group Co., Ltd. (河北廣電信息網絡集團股份有限公司), a sole government authorized digital cable television network constructor and operator in Hebei Province, pursuant to which the parties will develop and construct a close and strategic cooperation relationship to develop the digital cable television broadcasting network in rural areas in Hebei Province in China. The parties will keenly cooperate with each other by means including constructing cooperation platforms, planning networks and configuration of equipment and terminals. The business cooperation is for 15 years in return for revenue sharing.

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

#### **BUSINESS COOPERATION AGREEMENT**

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 26 November 2010, Shenzhen Champion Maxiumic Technologies Co., Ltd (“**Shenzhen Champion**”), a wholly owned subsidiary of the Company, has entered into a business cooperation agreement (the “**Cooperation Agreement**”) with Hebei Television Broadcasts and Information Network Group Co., Ltd. (“**HBTN**”) (河北廣電信息網絡集團股份有限公司), pursuant to which the parties, in order to develop a close and strategic cooperation relationship to develop and construct the digital cable television broadcasting network in rural areas in Hebei Province in China. The parties will keenly cooperate with each other by means including constructing cooperation platforms, planning networks and configuration of equipment and terminals. Both parties will apply their respective resources on the investments and exploration of new digital cable television projects in the rural areas for 15 years.

\* For identification purposes only

The new broadcasting infrastructure will be capable of delivering new features including high definition broadcasting, speciality pay TV programs and two-way value-added business etc. The initial subscriber base of the digital cable television under the Cooperating Agreement is no less than 3 million to be phased in over three years. The Cooperation Agreement will allow the Group to share net income (including monthly subscription fee of not lower than RMB15 per subscriber, other pay channel fee, newly created channel fee arising from cooperation and value-added service fee etc.) for 15 years ranging from 50% to 80% to be generated from the project.

The Cooperation Agreement sets out the general principles of cooperation between the parties. Detailed terms of further technical cooperation and details of construction and operations will be subject to definitive contracts to be entered into by the parties.

## **REASONS FOR, AND BENEFITS OF, ENTERING INTO THE COOPERATION AGREEMENT**

The Group is principally engaged in wireless digital terrestrial television network equipment integrated business, digital cable television two-way conversion business, research, design, development on and manufacturing of electronic message security products, integrated circuits, and the integrated circuit solutions and the related services. The Group has also entered into business cooperation agreements to provide cable digital television two-way conversion equipment and services and develop and operate value-added services in Anhui and Jiangxi Provinces, PRC, respectively. With strong support from the PRC government to promote the integration of the telecommunication network, broadcasting TV network and internet (三網融合), the Board believes that the entering into of the Cooperation Agreement and the formation of strategic alliance between HBTN and the Group for their future cooperation and business arrangements will allow their respective advantages to complement with each other and increase the Group's market share and operational efficiency in the cable digital television business and allow the Group to enhance its competitiveness and gain a technological edge over its competitors in the respective market in other provinces. Through the cooperation, the Group is able to expand its operational influence into the Hebei Province. Further by collaborating with the authorising Hebei provincial broadcasting entity, the Group is now one of the prime operator engaging in the construction of a state-of-the-art digital cable broadcasting delivery system. The Group's presence in the PRC broadcasting infrastructure platform is gaining further significant prominence.

## **GENERAL**

HBTN, a state-owned high-tech enterprise, is the sole government authorized digital cable television network constructor and operator in Hebei Province. HBTN is responsible for digital television network construction, conversion, digitalisation and related technical standard setting in the rural area. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, HBTN and its ultimate beneficial owners are third parties independent of the Company and its connected persons at the date of this announcement.

The entering into of the Cooperation Agreement is conducted in the usual and ordinary course of business of the Company and does not constitute a notifiable transaction for the Company under Chapter 19 of the Rules Governing the Listing of Securities on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited ("GEM Listing Rules").

By Order of the Board  
**HENG XIN CHINA HOLDINGS LIMITED**  
**Xiao Yan**  
*Chief Executive Officer*

Hong Kong, 26 November 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 announcement 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](http://www.hengxinchina.com.hk)*