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## THE CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Heng Xin China Holdings Limited, you should at once hand this circular, together with the form of proxy, to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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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)

**(1) ADOPTION OF NEW SHARE OPTION SCHEME,  
(2) GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,  
(3) RE-ELECTION OF DIRECTORS  
AND  
(4) NOTICE OF ANNUAL GENERAL MEETING**

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A notice convening the annual general meeting of Heng Xin China Holdings Limited (the “**Company**”) to be held at Falcon Room I, Luk Kwok Hotel, 72 Gloucester Road, Wanchai, Hong Kong on Friday, 30 December 2011 at 10:30 a.m. is set out on pages 24 to 29 of this circular. Whether or not you intend to attend at the annual general meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it to the office of the Company’s branch share registrar in Hong Kong, Union Registrars Limited, 18/F, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the annual general meeting or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the annual general meeting or any adjournment if you so wish.

This circular, for which the directors of the Company (“**Directors**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules (“**GEM Listing Rules**”) Governing the Listing of Securities on the Growth Enterprise Market (“**GEM**”) of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) 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 circular 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 circular will remain on the GEM website at [www.hkgem.com](http://www.hkgem.com) on the “Latest Company Announcements” 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).

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## CHARACTERISTICS OF GEM

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**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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## DEFINITIONS

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*In this circular, the following expressions have the following meanings unless the context requires otherwise:*

“AGM”	the annual general meeting of the Company to be held on Falcon Room I, Luk Kwok Hotel, 72 Gloucester Road, Wanchai, Hong Kong on Friday, 30 December 2011 at 10:30 a.m. or any adjournment thereof to consider and, if thought fit, to approve the resolutions contained in the notice of the meeting which is set out on pages 24 to 29 of this circular
“associate(s)”	has the same meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors of the Company
“Business Day(s)”	any day on which the Stock Exchange is open for the trading of securities
“Bye-laws”	the Bye-laws of the Company
“Company”	Heng Xin China Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on GEM
“Director(s)”	director(s) of the Company
“Effective Date”	the date on which the New Share Option Scheme is adopted by ordinary resolution of the Shareholders at the AGM
“Existing Share Option Scheme”	the existing share option scheme of the Company adopted on 13 March 2003
“GEM”	Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Grantee”	any Participant who accepts the Offer in accordance with the terms of the New Share Option Scheme or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Grantee

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## DEFINITIONS

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“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Issuance Mandate”	as defined in paragraph 3(a) of the Letter from the Board;
“Latest Practicable Date”	24 November 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information included herein
“Main Board Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share Option Scheme”	the new share option scheme of the Company to be proposed for adoption by the Company at the AGM, the principal terms of which are set out in Appendix I
“Offer”	the offer of the grant of an Option
“Option”	an option to subscribe for Shares granted pursuant to the New Share Option Scheme
“Option Period”	in respect of any particular Option, such period as the Board may in its absolute discretion determine and in any event such period shall not be more than ten (10) years from the date on which the Option is accepted in accordance with the New Share Option Scheme
“Participant(s)”	Directors (including executive, non-executive or independent nonexecutive Director) and any full-time or part-time employees or directors of any member of the Group, a consultant or agent of or adviser to any member of the Group
“PRC”	The People’s Republic of China
“Repurchase Mandate”	as defined in paragraph 2(b) of the Letter from the Board
“Scheme Period”	the period commencing on the Effective Date and expiring at the closing of business on the tenth anniversary thereof

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## DEFINITIONS

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“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	percentage or per centum

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## LETTER FROM THE BOARD

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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)

*Executive Directors:*

Mr. Xiao Yan (*Chief Executive Officer*)

Mr. Feng Yongming

Mr. Li Tao

*Registered office:*

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

*Non-executive Director:*

Mr. Xu Lei

*Head office and principal place of  
business in Hong Kong:*

*Independent non-executive Directors:*

Mr. Leung Wo Ping *JP*

Mr. Dong Shi

Mr. Hu Dingdong

Unit 2, 24/F, Harcourt House

39 Gloucester Road, Wanchai

Hong Kong

28 November 2011

*To the Shareholders*

Dear Sir or Madam,

**(1) ADOPTION OF NEW SHARE OPTION SCHEME,  
(2) GRANT OF GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES,  
(3) RE-ELECTION OF DIRECTORS  
AND  
(4) NOTICE OF ANNUAL GENERAL MEETING**

**1. INTRODUCTION**

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the AGM to be held at Hong Kong on Falcon Room I, Luk Kwok Hotel, 72 Gloucester Road, Wanchai, Hong Kong on Friday, 30 December 2011 at 10:30 a.m. relating to, among other things, (i) the adoption of the New Share Option Scheme; (ii) granting of general mandates to the Directors to issue and repurchase the Company's Shares; and (iii) re-election of the Directors. The notice of the AGM containing the proposed resolutions and other information is set out on pages 24 to 29 of this circular.

\* For identification purpose only

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## LETTER FROM THE BOARD

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### 2. ADOPTION OF NEW SHARE OPTION SCHEME

The Existing Share Option Scheme will expire on 13 March 2013. Subject to the approval by the Shareholders at the AGM, the Board proposes the adoption of the New Share Option Scheme which covers both the GEM Listing Rules and the Main Board Listing Rules so as to provide greater flexibility in the long term planning of the Company and in the ability of the Company to incentivize and reward those persons who have made or are expected to make contributions to the Group.

Under the rules of the New Share Option Scheme, the Board may during the Scheme Period make an Offer at its absolute discretion to a Participant subject to such terms and conditions as it may think fit. The Board may for example impose a condition that an Option must be held for a minimum period of time before it can be exercised. The Board can also determine the Subscription Price for any Option. By imposing conditions such as a minimum period for which an Option must be held before exercise and by setting the Subscription Price, the relevant Grantee will have to work towards meeting these standards thereby contributing to the growth of the Group. This serves the purpose of the New Share Option Scheme.

#### **Existing Share Option Scheme**

Pursuant to an ordinary resolution passed by the Shareholders at an annual general meeting on 13 March 2003, the Company adopted the Existing Share Option Scheme. Under the Existing Share Option Scheme, the Board may offer options to any eligible person prescribed in the Existing Share Option Scheme in its absolute discretion. As at the Latest Practicable Date, the Company had granted 165,000,000 options (165,290,000 options after adjustment made in respect of the bonus issue of Shares completed in November 2010) under the Existing Share Option Scheme to subscribe for an aggregate of 165,000,000 Shares (165,290,000 options after adjustment made in respect of the bonus issue of Shares completed in November 2010), of which 76,016,666 options had been exercised, 55,000,000 options had been cancelled, 2,000,000 options had lapsed and 32,273,334 outstanding options shall continue to be valid and exercisable in accordance the rules of the Existing Share Option Scheme. The Directors confirm that no further options will be granted under the Existing Share Option Scheme, provided that the New Share Option Scheme is adopted by the Shareholders at the AGM and the Stock Exchange grants approval of the listing of, and permission to deal in, the Shares which may be issued upon the exercise of the Options granted under the New Share Option Scheme.

#### **New Share Option Scheme**

A summary of the principal terms of the rules of the proposed New Share Option Scheme is set out in Appendix I to this circular.



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## LETTER FROM THE BOARD

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The purpose of the New Share Option Scheme is to enable the Company to grant Options to Participants as incentives or rewards for their contributions to the Group. Through the granting of Options, Participants would have a means of obtaining equity holdings in the Company whereby their interests would be aligned with the interests of the Company and the Shareholders as a whole. Subject to the New Share Option Scheme becoming effective, the Board intends to exercise its powers under the New Share Option Scheme during the Scheme Period with the objective of serving the purposes of the New Share Option Scheme as stated above.

The New Share Option Scheme will become effective for a 10-year period ending at the close of business on the tenth anniversary of the date of the AGM subject to:

- (i) the passing of an ordinary resolution by the Shareholders to approve and adopt the New Share Option Scheme and to authorise the Board to grant Options thereunder and to allot and issue Shares pursuant to the exercise of any Options; and
- (ii) the Stock Exchange granting approval of the listing of, and permission to deal in the Shares which may fall to be issued pursuant to the exercise of Options (subject to an initial limit of 10% of the aggregate nominal value of the Shares in issue on the date of the AGM) on the Stock Exchange;

The Directors consider that it is not appropriate to state the value of all Options that can be granted pursuant to the New Share Option Scheme as if they had been granted at the Latest Practicable Date. The Directors believe that any statement regarding the value of the options as at the Latest Practicable Date will not be meaningful to the Shareholders, taking into account the number of variables which are crucial for the calculation of the option value which have not been determined. Such variables include the exercise price, exercise period, any lock-up period, any performance targets set and other relevant variables.

Subject to the obtaining of Shareholders' approval with respect to the adoption of the New Share Option Scheme, the total number of Shares which may be issued upon exercise of all Options which may be granted under the New Share Option Scheme must not in aggregate exceed 10% of the aggregate nominal value of the Shares in issue as at the date of approval of the New Share Option Scheme. Assuming no Shares will be issued or repurchased prior to the date of the AGM on which the New Share Option Scheme is expected to be approved by the Shareholders, the total number of the Shares in issue as at the date of the AGM will be 2,487,091,991. Subject to the New Share Option Scheme becoming effective, the Company may grant options entitling holders thereof to subscribe for up to 248,709,199 Shares under the New Share Option Scheme.

A copy of the proposed New Share Option Scheme is available for inspection at the principal place of business of the Company in Hong Kong at Unit 2, 24/F, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong during normal business hours on any week day (except public holidays) from the date of this circular up to and including the date of AGM (on which date it is also available at the venue of the AGM for inspection).

No Director is a trustee of the New Share Option Scheme or has a direct or indirect interest in the trustee.

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## LETTER FROM THE BOARD

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Application will be made to the Stock Exchange for approval of the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any such Options that may be granted under the New Share Option Scheme.

No Shareholder has a material interest in the adoption of the New Share Option Scheme, and hence no Shareholder is required to abstain from voting on relevant resolution at the AGM.

### 3. PROPOSED GRANTING OF GENERAL MANDATES

At the annual general meeting of the Company held on 9 November 2010, general mandates were granted to the Directors to exercise the powers of the Company to issue new Shares and to repurchase Shares respectively. Such mandates will lapse at the conclusion of the AGM. Ordinary resolutions will be proposed at the AGM to approve the granting of new general mandates to the Directors:

- (a) to allot, issue or deal with Shares of an aggregate nominal amount of up to 20% of the total nominal amount of the issued share capital of the Company on the date of passing of such resolution (i.e. an aggregate nominal amount of Shares up to HK\$4,974,184 (equivalent to 497,418,398 Shares) on the basis that 2,487,091,991 Shares were in issue at the Latest Practicable Date and assuming that no Shares are issued or repurchased by the Company from the Latest Practicable Date up to the date of the AGM) (the “**Issuance Mandate**”);
- (b) to purchase Shares on the Stock Exchange of an aggregate nominal amount of up to 10% of the total nominal amount of the issued share capital of the Company on the date of passing of such resolution (i.e. an aggregate nominal amount of Shares up to HK\$2,487,092 (equivalent to 248,709,199 Shares) on the basis that no Shares are issued or repurchased by the Company from the Latest Practicable Date up to the date of the AGM) (the “**Repurchase Mandate**”); and
- (c) to extend the Issuance Mandate by an amount representing the aggregate nominal amount of Shares repurchased by the Company pursuant to and in accordance with the Repurchase Mandate. The Issuance Mandate and the Repurchase Mandate will continue in force until the conclusion of the next annual general meeting of the Company held after the AGM or any earlier date as referred to in the proposed ordinary resolutions contained in items 5 and 6 of the notice of the AGM as set out on pages 24 to 29 of this circular.

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## LETTER FROM THE BOARD

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With reference to the Issuance Mandate and Repurchase Mandate, the Directors wish to state that they have no immediate plan to repurchase any Shares or issue any Shares pursuant thereto. In accordance with the requirements of the GEM Listing Rules, the Company is required to send to the Shareholders an explanatory statement containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the granting of the Repurchase Mandate. The explanatory statement as required by the GEM Listing Rules in connection with the Repurchase Mandate is set out in Appendix II to this circular.

#### **4. RE-ELECTION OF THE DIRECTORS**

Pursuant to Bye-law 87(1), at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not greater than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. Mr. Feng Yongming and Mr. Li Tao shall retire from office by rotation at the AGM and, being eligible, offer themselves for re-election at the AGM.

Pursuant to Rule 17.46A of the GEM Listing Rules, a listed issuer shall disclose the details required under Rule 17.50(2) of the GEM Listing Rules of any directors proposed to be re-elected or proposed new director in the notice or accompanying circular to its shareholders of the relevant general meeting, if such re-election or appointment is subject to shareholders' approval at that relevant general meeting (including, but not limited to, an annual general meeting). Biographies and other details of the above re-electing Directors are set out in Appendix III to this circular. At the AGM, ordinary resolutions will be proposed to approve their re-election.

#### **5. ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT**

The notice of the AGM is set out on pages 24 to 29 of this circular. At the AGM, ordinary resolutions will be proposed to, inter alia, receive the audited consolidated financial statements of the Company for the year ended 30 June 2011, approve the re-appointment of auditors, the adoption of the New Share Option Scheme, the granting of the general mandates to issue and repurchase Shares, and the re-election of the retiring Directors.

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## LETTER FROM THE BOARD

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A form of proxy for use at the AGM is enclosed with this circular and such form of proxy is also published on the GEM website (www.hkgem.com). To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and returned, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority, at the Share Registrar of the Company in Hong Kong, Union Registrars Limited, 18/F, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and delivery of the form of proxy will not preclude you from attending and voting at the AGM or any adjourned meeting if you so wish.

### 6. VOTING BY WAY OF POLL

Pursuant to Rule 17.47(4) of the GEM Listing Rules, all votes of shareholders at a general meeting must be taken by poll and the Company will announce the results of the poll in the manner prescribed under Rule 17.47(5) of the GEM Listing Rules.

### 7. COMPETING INTERESTS

None of the Directors or their associates (as defined in the GEM Listing Rules) had an interest in a business, which competes or may compete with the business of the Group, or has any other conflict of interests with the Group.

### 8. RECOMMENDATION

The Directors are of the opinion that the proposed: (i) adoption of the New Share Option Scheme; (ii) granting of the general mandates to issue and repurchase Shares; and (iii) re-election of the Directors are in the best interests of the Company and the Shareholders as a whole and therefore recommend all the Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM.

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

**1. PURPOSE OF THE NEW SHARE OPTION SCHEME**

The purpose of the New Share Option Scheme is to enable the Company to grant Options to Participants as incentives or rewards for their contributions to the Group.

**2. PARTICIPANTS**

The Directors may, at their discretion, invite any person who is a full time or part time employee or director of any member of the Group, a consultant or agent of or adviser to any member of the Group, to take up Options to subscribe for the Shares. There are no performance targets which must be achieved by a Grantee before any of the Options granted under the New Share Option Scheme can be exercised.

An offer of the grant of an Option shall be made to a Participant by letter in such form as the Board may from time to time determine requiring the Participant to undertake to hold the Option on the terms on which it is to be granted and shall remain open for acceptance by the Participant concerned for a period of 28 days from the date upon which it is made provided that no such offer shall be open for acceptance after the expiry of the Option Period or after the New Share Option Scheme has been terminated. An Option shall be deemed to have been granted and accepted when the duplicate letter comprising acceptance of the Option duly signed by the Grantee together with a remittance in favour of the Company of HK\$1.00 by way of consideration for the grant thereof is received by the Company. Such remittance shall in no circumstances be refundable.

**3. CONDITIONS OF THE NEW SHARE OPTION SCHEME**

The New Share Option Scheme shall take effect subject to:

- (i) the passing of an ordinary resolution by the Shareholders to approve and adopt the New Share Option Scheme and to authorise the Board to grant Options thereunder and to allot and issue Shares pursuant to the exercise of any Options; and
- (ii) the Stock Exchange granting approval of the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of Options (subject to an initial limit of 10% of the aggregate nominal value of the Shares in issue on the date of the AGM) on the Stock Exchange;

**4. DURATION**

The New Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Effective Date, after which period no further Options will be granted but the provisions of the New Share Option Scheme shall remain in full force and effect in all other respects.

**5. GRANT OF OPTIONS TO CONNECTED PERSONS OR ANY OF THEIR ASSOCIATES**

If Options are granted to a director, chief executive or substantial shareholder of the Company, or any of their respective associates, the granting of such Options will be subject to approval by the independent non-executive directors of the Company (excluding any independent non-executive Director who is a grantee of the Options in question). Where any proposed grant of Options to a Substantial Shareholder or an independent non-executive director of the Company or any of their respective associates which will result in the total number of Shares issued and to be issued upon exercise of the Options granted or to be granted (including options exercised, cancelled and outstanding) to such person under the New Share Option Scheme or any other scheme in the past 12 month period up to and including the date of such grant (1) exceeds 0.10% of the total issued Shares for the time being and (2) having an aggregate value, based on closing price of the Shares at the date of each grant, in excess of \$5,000,000 in value, the granting of such Options will be subject to approval by the Shareholders. All connected persons (as defined in the GEM Listing Rules/Main Board Rules as the case may be) will abstain from voting (except for such any connected person who intends to vote against the resolution). A circular to the Shareholders in connection with obtaining the aforesaid Shareholders' approval shall be prepared by the Company.

**6. SUBSCRIPTION PRICE**

The price per Share at which a grantee of Option may subscribe for Shares on the exercise of such Option (the "**Subscription Price**") shall be such price as determined by the Board in its absolute discretion at the time of the grant of the relevant Option (and shall be stated in the letter containing the offer of the grant of the Option) but in any case the Subscription Price shall be the higher of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a Business Day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) Business Days immediately preceding the date of grant; (iii) the nominal value of a Share.

**7. EXERCISE OF OPTION**

Subject to the GEM Listing Rules/Main Board Listing Rules as the case may be and the terms of the relevant Option, an Option may be exercised in accordance with the terms of the New Share Option Scheme at any time during the Option Period. The Board may impose a condition that an Option must be held for a minimum period of time before it can be exercised.

An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any third party over or in relation to any Option. Any breach of the foregoing shall entitle the Company to cancel any outstanding Option or part thereof granted to such Grantee.

**8. MAXIMUM NUMBER OF SHARES****(a) Overall Scheme Limit**

The maximum number of Shares which may be issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and other schemes must not exceed 30% of the Shares in issue from time to time (“Overall Scheme Limit”).

**(b) Scheme Mandate Limit**

The total number of Shares available for issue under options which may be granted under the New Share Option Scheme and any other schemes must not in aggregate exceed 10% of the Shares in issue at the date of approval of the New Share Option Scheme (“Scheme Mandate Limit”), unless Shareholders’ approval has been obtained pursuant to paragraphs 8(c) or 8(d) below. Options lapsed in accordance with the terms of the New Share Option Scheme will not be counted for the purpose of calculating the Scheme Mandate Limit.

**(c) Renewal of Scheme Mandate Limit**

The Company may refresh the Scheme Mandate Limit at any time subject to prior Shareholders’ approval in general meetings. However, the Scheme Mandate Limit as refreshed must not exceed 10% of the Shares in issue as at the date of the aforesaid Shareholders’ approval. Options previously granted under the New Share Option Scheme and other share option schemes (including those outstanding, cancelled, lapsed in accordance with the schemes or exercised Options) will not be counted for the purpose of calculating the Scheme Mandate Limit as refreshed. A circular must be sent to the Shareholders in connection with the meeting at which their approval will be sought.

**(d) Grant of Options beyond Scheme Mandate Limit**

The Company may also seek separate Shareholders’ approval for granting Options beyond the Scheme Mandate Limit to Participants specifically identified by the Company before such approval is sought. A circular must be sent to the Shareholders containing a generic description of the identified Participants, the number and terms of the Options to be granted, the purpose of granting Options to the identified Participants, and how the terms of the Options serve such purposes.



**(e) Maximum number of Shares issued under Options**

The total number of Shares issued and to be issued upon exercise of the Options granted and to be granted to each Participant (including exercised, cancelled and outstanding options) in any 12 month period up to the date of grant must not exceed 1% of the Shares in issue at the date of grant (the “Individual Limit”).

**(f) Grantee’s maximum holding**

Any further grant of Options in excess of the Individual Limit must be subject to Shareholders’ approval with such Participant and his associates abstaining from voting. A circular must be sent to the Shareholders disclosing the identity of the Participant, the number and terms of the Options granted and to be granted (and options previously granted to such Participant), the information required under Rule 23.02(2)(d) of the GEM Listing Rules/Rule 17.02(2)(d) of the Main Board Listing Rules as the case may be and the disclaimer required under Rule 23.02(4) of the GEM Listing Rules/Rule 17.02(4) of the Main Board Listing Rules as the case may be. The number and terms (including the Subscription Price) of Options to be granted to such Participant, must be fixed before Shareholders’ approval is sought and the date of Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the Subscription Price.

**9. RIGHTS ON CEASING TO BE A PARTICIPANT****(a) Rights on termination of employment**

If the Grantee is a Director or an employee of the Company or another member of the Group at the time when the relevant Option shall have been granted, ceases to be a Director or an employee of the Company or another member of the Group for any reason other than his or her death or the termination of his or her employment on one or more of the grounds specified in paragraph 10(g) below, the Grantee may exercise the Option up to his or her entitlement at the date of cessation (to the extent not already exercised) within the period of three months following the date of such cessation, which date shall be the last actual working day with the Company or the relevant subsidiary whether salary is paid in lieu of notice or not.



**(b) Rights on death**

If the Grantee is a Director or an employee of the Company or another member of the Group at the time when the relevant Option shall have been granted, ceases to be a Director or an employee of the Company or another member of the Group by reason of death and none of the events which would be a ground for termination of his or her employment under paragraph 10(g) below arises, the legal personal representative(s) of this Grantee shall be entitled within a period of 12 months from the date of death to exercise the Option in full (to the extent not already exercised).

**(c) Rights on general offer by way of a takeover**

If a general offer by way of a takeover offer is made to all Shareholders (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becomes or is declared unconditional, the Grantee (or his or her legal personal representatives) shall be entitled to exercise the Option in full (to the extent not already exercised) at any time within 14 days after the date on which the offer becomes or is declared unconditional.

**(d) Rights on general offer by way of scheme of arrangement**

If a general offer by way of scheme of arrangement is made to all Shareholders with such scheme having been approved by the necessary number of the Shareholders at the requisite meetings, the Grantee (or his or her personal representatives) may thereafter (but before such time as shall be notified by the Company) exercise the Option (to the extent not already exercised) to its full extent or to the extent specified in such notice.

**(e) Rights on winding-up**

In the event a notice is given by the Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall on the same date or as soon after it despatches such notice to each member of the Company give notice thereof to all Grantees (together with a notice of the existence of the provisions of this paragraph) and thereupon, each Grantee (or where permitted under paragraph 9(b) above his or her legal personal representatives) shall be entitled to exercise all or any of his Options at any time not later than four Business Days prior to the proposed general meeting of the Company by giving notice in writing to the Company, accompanied by a remittance for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given whereupon the Company shall as soon as possible and, in any event, no later than two Business Days immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid.

**(f) Rights on a compromise or arrangement**

If, pursuant to the Companies Act, a compromise or arrangement between the Company and its members and/or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies, the Company shall give notice thereof to all Grantees (together with a notice of the existence of the provisions of this paragraph) on the same day as it despatches to members and/or creditors of the Company a notice summoning the meeting to consider such a compromise or arrangement, and thereupon each Grantee shall be entitled to exercise all or any of his options in whole or in part at any time not later than four Business Days preceding the date of the meeting directed to be convened by the relevant court for the purposes of considering such compromise or arrangement and if there are more than one meeting for such purpose, the date of the first meeting. With effect from the date of such meeting, the rights of all Grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. The Board shall endeavour to procure that the Shares issued as a result of the exercise of Options in such circumstances shall for the purposes of such compromise or arrangement form part of the issued share capital of the Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the relevant court (whether upon the terms presented to the relevant court or upon any other terms as may be approved by such court) the rights of the Grantees to exercise their respective Options shall with effect from the date of the making of the order by the relevant court be restored in full) as if such compromise or arrangement had not been proposed by the Company and no claim shall lie against the Company or any of its officers for any loss or damage sustained by any Grantee as a result of the aforesaid suspension.

**10. LAPSE OF OPTIONS**

An Option shall lapse automatically (to the extent not already exercised) on the earliest of:

- (a) the expiry of the Option Period;
- (b) the expiry of any of the periods referred to in paragraphs 9(a) or (b) above;
- (c) subject to any court of competent jurisdiction not making an order prohibiting the offeror from acquiring the remaining Shares in the offer, the expiry of the period referred to in paragraph 9(c) above;

- (d) subject to the scheme of arrangement becoming effective, the expiry of the period referred to in paragraph 9(d) above;
- (e) subject to paragraph 9(e) above, the day on which the wind-up of the Company commences;
- (f) subject to paragraph 9(f), the date when the proposed compromise or arrangement becomes effective; or
- (g) if the Grantee is an employee or a director of the Company or another member of the Group at the time when the relevant Option shall have been granted, the date he ceases to be an employee or a director of the Company or another member of the Group of the Company by reason of the termination of his or her employment on the grounds that he or she has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his or her debts or has become insolvent or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty.

## **11. CANCELLATION OF OPTIONS**

Any cancellation of Options granted but not exercised shall be approved by the Board. Cancelled Options may be re-issued after such cancellation has been approved provided that reissued Options shall only be granted in compliance with the terms of the New Share Option Scheme and the requirements of the GEM Listing Rules/ Main Board Listing Rules as the case may be and provided further that new Options may be issued to a Grantee in place of his cancelled Options only if there are available un-issued Options (excluding the cancelled Options) within the limits approved by the Shareholders as mentioned in paragraph 8 above of the New Share Option Scheme.

## **12. ALTERATIONS OF CAPITAL STRUCTURE**

In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable, whether by way of capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of capital of the Company or otherwise howsoever in accordance with legal requirements and requirements of the Stock Exchange, such corresponding alterations (if any) shall be made in the number of Shares subject to any outstanding Options and/or the exercise

price of each outstanding Option and/or the number of Shares in respect of which any further Options may be granted as the Company's independent financial adviser or auditors shall certify in writing to the Board to be in their opinion in compliance with Rule 23.03(13) of the GEM Listing Rules/ Rule 17.03(13) of the Main Board Listing Rules as the case may be and the note thereto, and the rules, requirements and guidelines issued by the Stock Exchange from time to time. Any such alterations will be made on the basis that a Grantee shall have the same proportion of the issued share capital of the Company for which any Grantee of any Option is entitled to subscribe pursuant to the Options held by him before such alteration and the aggregate Subscription Price payable on the full exercise of any Option is to remain as nearly as possible the same (and in any event not greater than) as it was before such event. No such alteration will be made the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

### **13. ALTERATION OF THE NEW SHARE OPTION SCHEME**

The rules of the New Share Option Scheme may be altered in any respect by resolution of the Board except that the provisions of the New Share Option Scheme relating to matters set out in Rule 23.03 of the GEM Listing Rules/ Rule 17.03 of the Main Board Listing Rules as the case may be shall not be altered to the advantage of Grantees or prospective Grantees of Options except with the prior sanction of a resolution of the Company in general meeting with all Grantees and their associates abstaining from voting. Any alteration to the terms and conditions of the New Share Option Scheme which are of a material nature or any change to the terms of Options granted must be approved by the Shareholders, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme. The amended terms of the New Share Option Scheme or the Options must still comply with relevant requirements of Chapter 23 of the GEM Listing Rules/ Chapter 17 of the Main Board Listing Rules as the case may be from time to time. Any change to the authority of the Board in relation to any alteration to the terms of the New Share Option Scheme must be approved by the Shareholders in general meeting.

**14. TERMINATION OF NEW SHARE OPTION SCHEME**

The Company, by resolution in general meeting, or the Board may at any time terminate the operation of the New Share Option Scheme and in such event no further Option will be offered but the provisions of the New Share Option Scheme shall remain in full force and effect in all other respects. Options complying with the provisions of Chapter 23 of the GEM Listing Rules/ Chapter 17 of the Main Board Listing Rules as the case may be which are granted during the life of the New Share Option Scheme and which remain unexpired immediately prior to the termination of the operation of the New Share Option Scheme shall continue to be exercisable thereafter.

**15. PRESENT STATUS OF THE NEW SHARE OPTION SCHEME**

As at the date of this circular, no Option has been granted or agreed to be granted by the Company under the New Share Option Scheme.

The following is an explanatory statement required by the GEM Listing Rules to be sent to the Shareholders to enable them to make an informed decision on whether to vote for or against the ordinary resolution to be proposed at the AGM in relation to the granting of the Repurchase Mandate.

**1. NUMBER OF SHARES SUBJECT TO THE REPURCHASE MANDATE**

It is proposed that the Repurchase Mandate will authorise the repurchase by the Company of up to 10% of the Shares in issue as at the date of passing the relevant resolution. As at Latest Practicable Date, the authorised share capital of the Company was HK\$100,000,000 and the paid-up share capital was HK\$24,870,920 representing 2,487,091,991 Shares in issue. On the basis of the 2,487,091,991 Shares in issue (assuming no Shares will be issued or repurchased by the Company after the Latest Practicable Date and prior to the AGM), the Company would be authorised under the Repurchase Mandate to repurchase a maximum of 248,709,199 Shares during the period in which the Repurchase Mandate remains in force.

**2. REASONS FOR THE REPURCHASE MANDATE**

The Directors believe that the Repurchase Mandate is in the best interests of the Company and Shareholders as a whole to have a general authority to enable the Directors to purchase Shares on the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings (in each case on a per Share basis) and will only be made when the Directors believe that such repurchases will benefit the Company and Shareholders.

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements for the year ended 30 June 2011) in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on its gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

**3. FUNDING OF REPURCHASES**

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the memorandum of association and Bye-laws, the GEM Listing Rules or the Main Board Listing Rules as the case may be, and the applicable laws of Bermuda. The Company may not purchase securities on the GEM of the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

**4. DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS**

None of the Directors nor, to the best of their knowledge, having made all reasonable enquiries, their associates have any present intention to sell any Shares to the Company under the Repurchase Mandate if such is approved by the Shareholders.

No connected person (as defined in the GEM Listing Rules) has notified the Company that he has a present intention to sell Shares to the Company, or has undertaken not to do so, in the event that the Repurchase Mandate is approved by the Shareholders.

**5. UNDERTAKING OF THE DIRECTORS**

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules or the Main Board Listing Rules as the case may be, the memorandum of association and the Bye-laws and the applicable laws of Bermuda.

**6. THE HONG KONG CODE ON TAKEOVERS AND MERGERS**

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code approved by the Securities and Futures Commission of Hong Kong as amended from time to time. As a result, a Shareholder, or a group of Shareholders acting in concert, depending on the level of increase in the Shareholder's interests, could obtain or consolidate control of the Company and becomes obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

If the Repurchase Mandate were exercised in full, the shareholding percentage of the Shareholders, who have an interest in 10% or more of the issued share capital of the Company (based on the number of the Shares they held as at the Latest Practicable Date), before and after such repurchase would be as follows:

<b>Name of shareholder</b>	<b>Number of shares</b>	<b>Percentage of existing shareholding</b>	<b>Percentage of shareholding if the Repurchase Mandate is exercised in full</b>
Choi Chung Lam ( <i>Note</i> )	623,690,451	25.08%	27.86%
Team Effort Investments Limited	623,690,451	25.08%	27.86%

*Note:*

Team Effort Investments Limited is wholly owned by Mr. Choi Chung Lam. Mr. Choi Chung Lam is also deemed to be interested in the 623,690,451 Shares held by Team Effort Investments Limited.

The Directors are not aware of any consequences which may arise under the Takeovers Code as a consequence of any purchase made under the Repurchase Mandate. The Directors have no intention to exercise the Repurchase Mandate to such an extent as would result in the number of listed Shares which are in the hands of the public falling below 25%, being the minimum prescribed public float requirement as required by the Stock Exchange.

**7. SHARE REPURCHASES MADE BY THE COMPANY**

No purchases of Shares have been made by the Company, whether on the GEM or otherwise, in the six months preceding the Latest Practicable Date.

**8. SHARE PRICES**

The highest and lowest prices at which the Shares have traded on the GEM during each of the twelve months preceding the Latest Practicable Date were as follows:

	<b>Highest</b> <i>HK\$</i>	<b>Lowest</b> <i>HK\$</i>
<b>2010</b>		
November	1.490	0.940
December	1.750	1.250
<b>2011</b>		
January	1.590	1.320
February	1.920	1.420
March	1.890	1.530
April	1.590	1.380
May	1.510	0.980
June	1.450	1.020
July	1.460	1.260
August	1.310	0.810
September	1.050	0.560
October	0.900	0.530
November		
(up to and including the Latest Practicable Date)	0.94	0.76



The details of the Directors who will retire from office at the AGM and being eligible, offer themselves for re-election at the AGM, are set out below:

**Mr. Feng Yongming**

Mr. Feng Yongming (“Mr. Feng”), aged 45, joined the Group in January 2009 and has been appointed as an executive Director in March 2009. Mr. Feng is currently the compliance officer and an authorised representative of the Company. From 1998 to 2005, Mr. Feng held senior positions in investment and securities firms in China. He has extensive experience in the management of the Group’s businesses, financial management and investment. Mr. Feng holds a bachelor of arts in Economics from the University of International Business and Economics in Beijing, China and master of administration degree from the School of Business, Carleton University in Canada.

Mr. Feng is a director of China Champion Development Ltd, a wholly-owned subsidiary of the Company. Save as disclosed herein, Mr. Feng does not hold any other position within the Group and does not hold any directorship in any other listed company in Hong Kong or overseas in the last three years nor does he has any relationship with any of the Director, senior management, substantial or controlling Shareholder of the Company.

Mr. Feng has entered into a service contract with the Company for an initial term of one year from 1 March 2009 to 28 February 2010, renewable automatically for successive terms of one year each commencing from the day next after the expiry of the then current term of appointment. Pursuant to the service contract, Mr. Feng is entitled to an annual remuneration of HK\$1,239,996 which was determined by the Board with reference to his duties and responsibilities within the Company.

As at the date of this announcement, Mr. Feng is interested in share options granted under the Existing Share Option Scheme with the right to subscribe for 1,500,000 Shares, representing approximately 0.06% of the issued Share capital of the Company. Save as disclosed above, Mr. Feng does not have any other interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, there is no other information which needs to be disclosed pursuant to Rule 17.50(2) sub-paragraphs (h) to (v) of the GEM Listing Rules, nor are there any other matters which needs to be brought to the attention of the Shareholders.

**Mr. Li Tao**

Mr. Li Tao (“Mr. Li”), aged 42, joined the Group as an executive Director in April 2008. Mr. Li had been the vice president of Yunnan Baiyao Technology (Beijing) Co., Ltd. Mr. Li has over 17 years of experience in the administration and management of different companies and businesses.

Mr. Li does not hold any other position within the Group and does not hold any directorship in any other listed company in Hong Kong or overseas in the last three years nor does he has any relationship with any of the Director, senior management, substantial or controlling Shareholder of the Company.

Mr. Li has entered into a service contract with the Company for an initial term of one year from 25 April 2008 to 24 April 2009, renewable automatically for successive terms of one year each commencing from the day next after the expiry of the then current term of appointment. Pursuant to the service contract, Mr. Li is entitled to an annual remuneration of HK\$1,200,000 which was determined by the Board with reference to his duties and responsibilities within the Company.

As at the date of this announcement, Mr. Li is interested in share options granted under the Existing Share Option Scheme with the right to subscribe for 1,500,000 Shares, representing approximately 0.06% of the issued Share capital of the Company. Save as disclosed above, Mr. Li does not have any other interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, there is no other information which needs to be disclosed pursuant to Rule 17.50(2) sub-paragraphs (h) to (v) of the GEM Listing Rules, nor are there any other matters which needs to be brought to the attention of the Shareholders.

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## NOTICE OF ANNUAL GENERAL MEETING

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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)

**NOTICE IS HEREBY GIVEN** that the annual general meeting of Heng Xin China Holdings Limited (the “**Company**”) will be held at Falcon Room I, Luk Kwok Hotel, 72 Gloucester Road, Wanchai, Hong Kong on Friday, 30 December 2011 at 10:30 a.m. (or any adjournment thereof) for purpose of transacting the following businesses:

- (1) To receive and adopt the audited consolidated financial statements and the reports of the directors and the independent auditor of the Company for the year ended 30 June 2011;
- (2) To re-elect the following directors of the Company and authorise the board of directors to fix their remunerations:
  - (i) Mr. Feng Yongming; and
  - (ii) Mr. Li Tao
- (3) To re-appoint Messrs. Morison Heng as the auditor of the Company and authorise the board of directors to fix their remuneration;

To consider and, if thought fit, pass with or without amendments, the following resolutions as ordinary resolutions:

- (4) “**THAT:**
  - (a) subject to and conditional upon the Stock Exchange of Hong Kong Limited granting and agreeing to grant approval of the listing of and permission to deal in the shares (“**Shares**”) of HK\$0.01 each in the capital of the Company to be issued and allotted by the Company under the new share option scheme of the Company (the “**New Share Option Scheme**”), the rules of which are set out in a document submitted to the meeting marked “A” and signed for the purpose of identification by the chairman of the meeting, the New Share Option Scheme be and is hereby approved and adopted as the Company’s share option

\* For identification purpose only

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## NOTICE OF ANNUAL GENERAL MEETING

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scheme and the directors of the Company (“**Directors**”) be and are hereby authorised to take all such steps as they may deem necessary, desirable or expedient to carry into effect, vary or amend the New Share Option Scheme subject to the terms of the New Share Option Scheme and Chapter 23 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited or Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as the case may be; and

- (b) the Directors be and are hereby authorised to grant options to subscribe for Shares in accordance with the rules of the New Share Option Scheme up to a maximum of 10 per cent. of the Shares in issue as at the date of passing of this resolution, to issue and allot Shares pursuant to the exercise of the options so granted, to administer the New Share Option Scheme in accordance with its terms and to take all necessary actions incidental thereto as the Directors deem fit.”

(5) “**THAT:**

- (a) subject to paragraph (c) of this resolution, pursuant to the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or the Rules Governing the Listing of Securities on the Stock Exchange as the case may be, the exercise by the directors of the Company (the “**Directors**”) during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with unissued Shares (as defined below) and to make or grant offers, agreements and options, including warrants to subscribe for Shares, which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the Directors pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) the exercise of any options granted under the share option scheme of the Company; or (iii) any scrip dividend or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the bye-laws of the Company in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares, shall not exceed the aggregate of:

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## NOTICE OF ANNUAL GENERAL MEETING

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- (aa) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution; and
- (bb) (provided that resolution no. 7 is passed) the nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution),

and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

- (d) for the purposes of this resolution:

**“Relevant Period”** means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable laws of Bermuda to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution;

**“Rights Issue”** means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares on the register on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognised regulatory body or any stock exchange outside Hong Kong); and

**“Shares”** means ordinary share(s) of HK\$0.01 each in the share capital of the Company.”

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## NOTICE OF ANNUAL GENERAL MEETING

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(6) **“THAT:**

- (a) the exercise by the Directors during the Relevant Period (as defined below) of all powers of the Company to purchase the Shares (as defined below) on the Stock Exchange or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission, the Stock Exchange, the Companies Act and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares which may be purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period (as defined below) shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (c) for the purposes of this resolution:

**“Relevant Period”** means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the bye-laws of the Company or any applicable law of Bermuda to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution; and

**“Shares”** means ordinary share(s) of HK\$0.01 each in the share capital of the Company.”

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## NOTICE OF ANNUAL GENERAL MEETING

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- (7) “**THAT** subject to the ordinary resolutions nos. 5 and 6 above being duly passed, the unconditional general mandate granted to the Directors to exercise the powers of the Company to allot, issue and deal with unissued Shares pursuant to resolution no. 5 above be and is hereby extended by the addition thereon of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company subsequent to the passing of this resolution, provided that such amount shall not exceed 10 per cent. of the aggregate nominal amount of the issued Shares on the date of the passing of resolution no. 6.”

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

Hong Kong, 28 November 2011

*Registered Office:*  
Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

*Head office and principal place of  
business in Hong Kong:*  
Unit 2, 24/F  
Harcourt House  
39 Gloucester Road  
Hong Kong

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## NOTICE OF ANNUAL GENERAL MEETING

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*Notes:*

1. A member of the Company entitled to attend and vote at the annual general meeting convened by the above notice is entitled to appoint one or more proxies to attend the meeting and, subject to the provisions of the bye-laws of the Company, to vote on his behalf. A proxy need not be a member of the Company but must attend the meeting in person to represent the member of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. In order to be valid, a form of proxy and the power of attorney or other authority (if any) under which it is signed, or a certified copy of such power or authority, must be deposited with the Company's Hong Kong branch share registrar, Union Registrars Limited, 18/F, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, in accordance with the instructions printed thereon not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. The completion and return of the form of proxy will not preclude a member from attending and voting in person at the meeting or any adjournment thereof, if he so wish. In that event, his form of proxy will be deemed to have been revoked.
3. Where there are joint holders of any share, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holders be present at the meeting, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holder(s), and for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.
4. In order to be eligible to attend and vote at the annual general meeting, members are reminded to ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Union Registrars Limited, 18/F, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 28 December 2011.