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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)

### **PROPOSED GRANT OF THE EQUITY LINE OF CREDIT TO THE COMPANY AND PROPOSED ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE**

#### **THE AGREEMENT**

On 29 December 2010, the Company entered into the Agreement with the Investor, GEMML and the Share Lender, pursuant to which the Company (1) is granted the Option to require the Investor to subscribe for up to HK\$400 million worth of Shares structured under the Equity Line of Credit; and (2) has agreed to issue to the Investor or to its order the Warrants.

#### **SHARE SUBSCRIPTION OPTION**

The Option is granted by the Investor to the Company whereby the Company may, at its option from time to time during the Commitment Period, exercise the Option by issuing multiple Drawdown Notices requiring the Investor to subscribe for the Shares under the Equity Line of Credit.

The exercise of the Option by the Company, the obligation of the Investor to subscribe for the Option Shares and the obligation of the Company to issue the Warrants pursuant to the Agreement are conditional upon the Conditions Precedent as set out under the paragraph headed "Conditions Precedent to the Agreement" below.

\* *For identification purposes only*

## **WARRANTS**

Under the Agreement, the Company has agreed, on the third Business Day after the day on which the Conditions Precedent are satisfied, to issue to the Investor or to its order the Warrants. The Warrants carry the rights to subscribe for up to a total of 95 million Warrant Shares at the Warrant Exercise Price at any time on or after the first anniversary of the date of grant of the Warrants to the fifth anniversary of the date of grant of the Warrants.

No listing of the Warrants on the Stock Exchange or any other stock exchanges will be sought.

## **MANDATE TO ISSUE THE OPTION SHARES AND THE WARRANT SHARES**

The Company will allot and issue the Option Shares and the Warrants Shares under the Specific Mandate to be sought at the SGM.

## **GENERAL**

The SGM will be convened and held for the Shareholders to consider and, if thought fit, to approve (i) the Agreement and the transaction contemplated thereunder; and (ii) the grant of the Specific Mandate.

A circular containing, among other things, (i) further details of the Agreement and the transaction contemplated thereunder; (ii) the grant of the Specific Mandate; and (iii) a notice convening the SGM will be dispatched to the Shareholders as soon as practicable in accordance with the requirements of the GEM Listing Rules.

Applications will be made by the Company to the Stock Exchange for the grant of the listing of, and permission to deal in, the Option Shares and the Warrant Shares.

**Completion of the Agreement is subject to the satisfaction of the Conditions Precedent as set out under the paragraph headed “Conditions Precedent to the Agreement” below. As the Agreement may or may not proceed, potential investors are advised to exercise caution when dealing in the Shares.**

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### **Parties**

Issuer:	The Company
Investor:	GEM Global Yield Fund Limited
Other:	GEM Management Limited
Share Lender:	Team Effort Investments Limited