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**Anxin-China Holdings Limited**

**中國安芯控股有限公司**

*(Incorporated in the Caymans Islands with limited liability)*

**(Stock code: 1149)**

**PLACING OF EXISTING SHARES  
SUBSCRIPTION FOR NEW SHARES**

**Placing Agent**

**UOBKayHian**

**UOB KAY HIAN (HONG KONG) LIMITED**

On 6 January 2011, the Vendor and the Company entered into the Subscription and Placing Agreement with the Placing Agent, pursuant to which the Placing Agent have agreed, on a best efforts basis, to procure at least six investors to purchase, and the Vendor has agreed to sell, up to 150,000,000 existing Shares at a price of HK\$2.30 per Placing Share.

Subject to completion of the Placing, the Vendor agrees to subscribe for and the Company agrees to allot and issue to the Vendor up to 150,000,000 new Shares which are equal to the number of Placing Shares at a price of HK\$2.30 per Subscription Share.

The Placing Price represents (i) a discount of approximately 6.88% to the closing price of HK\$2.47 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a discount of approximately 8.00% to the average closing price of approximately HK\$2.50 per Share as quoted on Stock Exchange for the last five trading days immediately prior to the date of the Subscription and Placing Agreement; and (iii) a discount of approximately 12.88% to the average closing price of approximately HK\$2.64 per Share as quoted on Stock Exchange for the last ten trading days up to and including the Last Trading Day.

The Subscription Shares of up to 150,000,000 Shares represent approximately 7.14% of the existing issued share capital of the Company as at the date of this announcement and approximately 6.67% of the issued share capital of the Company as enlarged by the Subscription.

The gross proceeds from the Subscription are estimated to be approximately HK\$345 million and the net proceeds are estimated to be approximately HK\$332.5 million, which are intended to be used for the expansion of Intelligent Surveillance and Disaster (ISD) Alert System business in China.

## **THE SUBSCRIPTION AND PLACING AGREEMENT**

### **Date**

6 January 2011

### **Parties**

- (a) the Vendor, a Shareholder and who is the legal and beneficial owner of approximately 10.00% of the existing issued share capital of the Company as at the date of this announcement;
- (b) the Company; and
- (c) the Placing Agent.

## **PLACING OF EXISTING SHARES**

### **Basis of the Placing**

The Placing Agent will place the Placing Shares on a best efforts basis.

### **Number of Placing Shares**

Up to 150,000,000 Shares, representing approximately 7.14% of the existing issued share capital of the Company as at the date of this announcement or approximately 6.67% of the issued share capital of the Company as enlarged by the Subscription.

### **The Placing Price**

HK\$2.30 per Share. The Placing Price represents:

- (i) a discount of approximately 6.88% to the closing price of HK\$2.47 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 8.00% to the average closing price of approximately HK\$2.50 per Share as quoted on Stock Exchange for the last five trading days immediately prior to the date of the Subscription and Placing Agreement; and
- (iii) a discount of approximately 12.88% to the average closing price of approximately HK\$2.64 per Share as quoted on Stock Exchange for the last ten trading days up to and including the Last Trading Day.

The Placing Price was determined on 6 January 2011 and was agreed at after arm's length negotiations among the Vendor, the Company and the Placing Agent. The Directors consider that the Placing Price is fair and reasonable and the Placing is in the best interests of the Company and its Shareholders as a whole.

The net placing price of each Placing Share is approximately HK\$2.22 per Placing Share.

## **Rights**

The Placing Shares will be sold free and clear of all liens, charges and encumbrances, claims, options and third party rights and together with all rights attaching thereto as at the date of completion of the Placing, including the right to receive all dividends or other distributions declared, made or paid on the Placing Shares at any time on or after the date of completion of the Placing.

## **Completion of the Placing**

The Placing is expected to be completed on or before 20 January 2011 or such other date as the Vendor and the Placing Agent may agree in writing.

## **THE SUBSCRIPTION FOR SUBSCRIPTION SHARES**

Up to 150,000,000 Subscription Shares, which are equal to the number of Placing Shares, representing approximately 7.14% of the existing issued share capital of the Company as at the date of this announcement or approximately 6.67% of the issued share capital of the Company as enlarged by the issue of Subscription Shares. The aggregate nominal value of the Subscription Shares (or the Placing Shares) will be HK\$15,000,000.

An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares to be issued pursuant to the Subscription.

## **The Subscription price**

HK\$2.30 per Subscription Share, which is equivalent to the Placing Price.

The gross proceeds from the Subscription are estimated to be approximately HK\$345 million and the net proceeds are approximately HK\$332.5 million. The net proceed of each Subscription Share is approximately HK\$2.22 per Subscription Share.

## **Mandate to Issue new Shares**

The Subscription Shares will be issued under the General Mandate given to the Directors at the AGM. Up to the date of the Subscription and Placing Agreement, 100,000,000 Warrants were issued on 28 October 2010 under the General Mandate and the remaining new Shares to be issued under the General Mandate is 191,351,922 Shares.

## **Ranking of the Subscription Shares**

The Subscription Shares, when issued and fully paid, will rank equally with the existing Shares.

## **Conditions of the Subscription**

Completion of the Subscription is conditional upon:

- (a) the completion of the Placing; and
- (b) the Stock Exchange granting the listing of, and permission to deal in, all of the Subscription Shares

## **Completion of the Subscription**

Under Rule 14A.31(3)(d) of the Listing Rules, completion of the Subscription shall take place within 14 days after the date of the Subscription and Placing Agreement, i.e. not later than 20 January 2011.

## **INDEPENDENCE OF THE PLACING AGENT AND THE INVESTORS**

Each of the Placing Agent and the investors are third parties independent of and not connected with the directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates (as defined in the Listing Rules). There will not be less than six independent investors which will be professional, institutional and/or individual other investors. It is expected that none of the investors will become a substantial Shareholder (as defined in the Listing Rules) upon completion of the Placing.

## **REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS**

The Directors consider that the Placing and the Subscription represent an opportunity to raise capital for the Company while broadening the Shareholder base and the capital base of the Company. In addition, the Board considers that it is a valuable opportunity to raise funds in the current market situation.

The Directors have considered other types of fund raising arrangement and consider that the current arrangement is the most efficient way in terms of time and cost for the Company to take advantage of current market opportunity.

Assuming 150,000,000 new Shares are issued by the Company and subscribed for by the Vendor under the Subscription, and the placing commission, professional fees and all related expenses incurred in relation to the Placing and the Subscription are estimated to be approximately HK\$12.5 million. The gross proceeds from the Subscription are estimated to be approximately HK\$345 million and the net proceeds are estimated to be approximately HK\$332.5 million, which are intended to be used for the expansion of Intelligent Surveillance and Disaster (ISD) Alert System business in China.

The Directors consider that the terms of the Placing and the Subscription, which have been negotiated on an arm's length basis in accordance with normal commercial terms, are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

## SHAREHOLDING STRUCTURE

Set out below are tables showing the existing shareholding structure of the Company, the shareholding structure immediately after completion of the Placing but before the Subscription and the shareholding structure immediately after completion of the Placing and the Subscription (*Note 1*):

	As at the date of this announcement		Immediately after completion of the Placing but before the Subscription		Immediately after completion of the Placing and the Subscription	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares (Note 2)</i>	<i>Approximate %</i>	<i>Number of Shares (Note 3)</i>	<i>Approximate %</i>
Elite Achieve Limited						
( <i>Note 4</i> )	211,720,000	10.08	211,720,000	10.08	211,720,000	9.41
Vendor ( <i>Note 5</i> )	210,000,000	10.00	60,000,000	2.86	210,000,000	9.33
Public						
– Investors	0.00	0.00	150,000,000	7.14	150,000,000	6.67
– Others	1,678,025,151	79.92	1,678,025,151	79.92	1,678,025,151	74.59
TOTAL	<u>2,099,745,151</u>	<u>100.00</u>	<u>2,099,745,151</u>	<u>100.00</u>	<u>2,249,745,151</u>	<u>100.00</u>

*Note:*

1. Assuming no Shares are issued or repurchased between the date of this announcement and completion of the Placing and the Subscription.
2. Assuming the maximum number of 150,000,000 Placing Shares have been placed.
3. Assuming the maximum number of 150,000,000 Subscription Shares have been subscribed.
4. The entire issued share capital of Elite Achieve Limited is legally and beneficially owned by Mr. Zhong Houtai, an executive Director and the Chairman of the Company.
5. The Vendor is wholly and beneficially owned by Mr. Chen Hong, a director of Shenzhen Anxin Digital Development Co., Limited (深圳市安芯數字發展有限公司), a wholly-owned subsidiary of the Company.

## **GENERAL**

The Group is principally engaged in the manufacture, research and development and sale of system hardware and application software for installation of high technology intelligent security warning systems and provision of system solutions services and investment holding.

## **FUND RAISING ACTIVITIES OF THE GROUP IN THE PAST TWELVE MONTHS**

Set out below is the fund raising activity conducted by the Company in the past twelve months immediately before the date of this announcement:

<b>Date of announcement</b>	<b>Description of the fund raising activity</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds</b>
15 October 2010	Issue of 100,000,000 Warrants at the issue price of HK\$0.01 per Warrant and exercise price of HK\$1.22 (subject to adjustment) per Warrant Share	The net proceeds for placing of Warrants is approximately HK\$0.82 million and if the Warrants are exercised in full, the net funds to be raised will be HK\$122.82 million. Both sums will be applied as general working capital and as fund for future development of the Group.	Applied as general working capital of the Group

**Shareholders and potential investors should note that the Subscription and Placing Agreement is subject to conditions precedent. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

## DEFINITIONS

“AGM”	the annual general meeting of the Company held on 2 June 2010
“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Company”	Anxin-China Holdings Limited, a company incorporated in the Cayman Islands with limited liabilities, the shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the AGM, to allot, issue and deal with Shares and to make or grant offers, agreements and options which may require Shares to be issued, allotted or dealt with, which is subject to the limit up to 20% of the aggregate amount of the share capital of the Company in issue at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	6 January 2011, being the last full trading day for the Shares prior to this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placing”	the placing of the Placing Shares pursuant to the Subscription and Placing Agreement



“Placing Agent”	UOB Kay Hian (Hong Kong) Limited, a corporation licensed to carry on types 1 (dealing in securities), 4 (advising on securities) and 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Price”	HK\$2.30 per Placing Share
“Placing Shares”	up to 150,000,000 existing Shares beneficially owned by the Vendor and to be placed pursuant to the Subscription and Placing Agreement
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription for the Subscription Shares by the Vendor pursuant to the Subscription and Placing Agreement
“Subscription and Placing Agreement”	the subscription and placing agreement dated 6 January 2011 entered into between the Vendor, the Placing Agent and the Company in relation to the Placing and the Subscription
“Subscription Price”	HK\$2.30 per Placing Share
“Subscription Shares”	up to 150,000,000 new Shares, which are equal to the number of Placing Shares, to be subscribed by the Vendor pursuant to the Subscription and Placing Agreement
“Vendor”	Jin Yong Investments Limited, a company incorporated in British Virgin Islands with limited liability and the entire issued share capital of which is wholly owned by Mr. Chen Hong, a director of Shenzhen Anxin Digital Development Co., Limited (深圳市安芯數字發展有限公司), the Company’s wholly-owned subsidiary

“Warrants”	the 100,000,000 unlisted warrants issued by the Company on 28 October 2010
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By order of the Board  
**Anxin-China Holdings Limited**  
**Yang Ma**  
*Executive Director*

Hong Kong, 6 January 2011

*As at the date of this announcement, the Board comprises Mr. Zhong Houtai, Mr. Zhong Houyao, Mr. Lin Supeng and Mr. Yang Ma, all being executive Directors and Mr. Pei Renjiu, Mr. Li Kai Ming and Mr. Cheung Chuen, all being independent non-executive Directors.*