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Anxin-China Holdings Limited

中國安芯控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1149)

**UPDATE ON THE STATUS OF THE PROFIT GUARANTEES
RELATING TO THE ACQUISITION OF
YU HONG INVESTMENTS LIMITED AND
COMPLETION OF DISCLOSEABLE TRANSACTION
INVOLVING ISSUE OF NEW SHARES**

UPDATE ON THE STATUS OF THE PROFIT GUARANTEES

Reference is made to the announcements (the “**Announcements**”) dated 14 November 2011 and 10 January 2012, respectively, of Anxin-China Holdings Limited (the “**Company**”) in relation to the Company’s acquisition of the entire issued share capital in Yu Hong Investments Limited. Unless the context otherwise requires, terms used in this announcement have the same meanings as define in the Announcements.

The Target Group's financial performance did not fulfill the guaranteed profits of HK\$29,888,560 for the year ended 31 December 2011, HK\$8,654,592 for the three months ending 31 March 2012, and HK\$30 millions for six months ending 30 June 2012 as stipulated in the supplemental agreement dated 10 January 2012. Therefore, the Company has withheld the payment of the part of the Cash Consideration in the sum of HK\$96.7 million (the **"Remaining Cash Consideration"**) to the Vendor.

Second supplemental acquisition agreement

On 17 August 2012, the Company, the Vendor and the Guarantor entered into a second supplemental acquisition agreement (the **"Second Supplemental Acquisition Agreement"**) in relation to the Remaining Cash Consideration, pursuant to which the parties have agreed that:

- (i) if the 2012 Actual Profit turns is able to fulfill the 2012 Profit Guarantee as stated in the Acquisition Agreement dated 14 November 2011, the Company shall, within one month after the auditor appointed by the Company has audited the accounts of the Target Group for the year ended 31 December 2012, pay to the Vendor the Remaining Cash Consideration as indicated in the said Acquisition Agreement; and
- (ii) if the 2012 Actual Profit turns is less than the 2012 Profit Guarantee, the 2012 Compensation Amount (*2012 Profit Guarantee – 2012 Actual Profit*) x *Price-to-earning ratio of 3.5 times*) shall be deducted from the principal amount of the Promissory Note and the Remaining Cash Consideration, instead of simply from the Promissory Note as indicated in the Acquisition Agreement.

COMPLETION OF DISCLOSEABLE TRANSACTION INVOLVING ISSUE OF NEW SHARES

Reference is also made to the announcement (the **"Announcement"**) dated 6 July 2012 of the Company in relation to the Company's acquisition of the entire issued share capital in Tech Praise Limited (the **"Target Company"**). Unless the context otherwise requires, terms used in this announcement have the same meanings as defined in the Announcement.

The Board is pleased to announce that the Acquisition Agreement related to the Company's acquisition of the Target Company and the Shareholder's Loan was completed on 17 August 2012 (the **"Completion Date"**).

Upon Completion, the Target Company has become a wholly-owned subsidiary of the Company. Pursuant to the Acquisition Agreement, the consideration for Acquisition, being HK\$300 million, should be satisfied by allotting and issuing to the Vendor (or its nominees) up to 203,114,421 Consideration Shares at the Issue Price of HK\$1.477 per Consideration Share by five installments, subject to adjustments based on fulfillments of the Profit Guarantees by the Target Group. The 1st installment of the Consideration in the sum of HK\$45 million had been satisfied by issuing and allotting the 1st Tranche Consideration Shares (being 30,467,163 new Shares), to the Vendor (or its nominees), on the Completion Date.

By Order of the Board
Anxin-China Holdings Limited
Mr. Liu Zhongkui
Chairman and Chief Executive Officer

Hong Kong, 17 August 2012

As at the date of this announcement, the Board comprises Mr. Liu Zhongkui, Mr. Lin Supeng, Mr. Yang Ma and Mr. Wang Bo, all being executive Directors, and Mr. Cheung Chuen, Mr. Xie Baitang and Mr. Chen Feng, all being independent non-executive Directors.