

Hong Kong Exchange and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities.



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 UNLISTED WARRANTS UNDER GENERAL MANDATE

SUMMARY

The Directors are pleased to announce that on 15 October 2010 (after trading hours), the Warrant Placing Agreement was entered into between the Company and the Placing Agent whereby the Company appointed the Placing Agent as the sole and exclusive placing agent to procure not less than six Placees to subscribe for up to 100,000,000 Warrants, on best efforts basis, at the Issue Price of HK\$0.01 per Warrant. The Company will make further announcement once the number of Warrants placed by the Placing Agent is confirmed.

As at the date of this announcement, the Company has a total of 1,778,975,921 Shares in issue. Assuming there is no further issue or repurchase of the Shares, upon the full exercise of the subscription rights attaching to the Warrants, 100,000,000 Warrant Shares will be issued, which represent approximately 5.62% of the existing issued share capital of the Company and approximately 5.32% of the issued share capital as enlarged by the issue of the Warrant Shares.

No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges. The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Warrant Shares on the Stock Exchange.

Assuming all the Warrants are successfully placed out, the net proceeds from the Warrant Placing will be approximately HK\$817,000, which will be used as general working capital of the Group. Any additional proceeds from the issue of the Warrant Shares upon the exercise of the subscription rights attaching to the Warrants in future up to a maximum amount of approximately HK\$122 million will be applied as general working capital and as funds for future development of the Group. Assuming the subscription rights attaching to the Warrants are exercised in full, the total net funds to be raised, including the funds raised by the Warrant Placing, are approximately HK\$122.82 million.

The Directors are pleased to announce that on 15 October 2010 (after trading hours), the Warrant Placing Agreement was entered into between the Company and the Placing Agent whereby the Company appointed the Placing Agent as the sole and exclusive placing agent to procure not less than six Placees to subscribe for up to 100,000,000 Warrants, on best efforts basis, at the Issue Price of HK\$0.01 per Warrant. The Company will make further announcement once the number of Warrants placed by the Placing Agent is confirmed.

THE WARRANT PLACING AGREEMENT

Below is a summary of the principal terms of the Warrant Placing Agreement:

Date

15 October 2010 (after trading hours).

Parties

- (i) The Company; and
- (ii) The Placing Agent.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, each of the Placing Agent and its ultimate beneficial owner(s) is not a connected person (as defined in the Listing Rules) of and is independent of, and not connected with, the Company, any director(s), chief executive(s) or substantial shareholder(s) (as defined in the Listing Rules) of the Company or any of its subsidiaries or their respective associates (as defined in the Listing Rules).

Placees

The Warrants will be placed with not less than six Placees, which will be individual, institutional or other professional investors. The choice of Placees shall be determined solely by the Placing Agent, subject to the requirements of the Listing Rules. Notwithstanding the aforesaid, the Placing Agent will use its best endeavor to ensure that (i) each of the Placees and/or their respective ultimate beneficial owner(s) is not a connected person (as defined in the Listing Rules) and is independent of, and not connected with, the Company, any director(s), chief executive(s) or substantial shareholder(s) (as defined in the Listing Rules) of the Company or any of its subsidiaries or their respective associates (as defined in the Listing Rules); and (ii) immediately upon the exercise of the subscription rights attached to the Warrants, none of the Placees will become a substantial Shareholder.

Conditions

Completion of the Warrant Placing Agreement is subject to the fulfillment of the following conditions:

- (i) if required, the Listing Committee having approved the issue of the Warrants either unconditionally or subject to such conditions to which both the Company and the Placing Agent shall reasonably accept; and
- (ii) the Listing Committee having granted the listing of, and permission to deal in, the Warrant Shares either unconditionally or subject to such conditions to which both the Company and the Placing Agent shall reasonably accept, and such permission and listing not subsequently being revoked or withdrawn prior to Completion.

In the event that any of the above conditions is not fulfilled on or before 31 December 2010 (or such later date as the Company and the Placing Agent may agree), the Warrant Placing Agreement and all rights and obligations thereunder will cease and terminate and neither of the parties to the Warrant Placing Agreement will have any claim against the other for costs, damages, compensation or otherwise except for any antecedent breach.

Placing commission

The Placing Agent will receive a placing commission of HK\$128,000 under the Warrant Placing Agreement. The placing commission was determined by reference to the range of market norms for commissions for this type of transaction. The Directors (including the independent non-executive Directors) are of the view that the placing commission is fair and reasonable.

Completion

Completion shall take place on the second Business Day after the date on which the conditions above are fulfilled (or such other date as the Company and the Placing Agent may agree).

PRINCIPAL TERMS OF THE WARRANTS

Number of Warrants

Pursuant to the Warrant Placing Agreement, the Company agreed to issue 100,000,000 Warrants to the Placees.

The Warrants will rank pari passu in all respects among themselves.

Issue Price

The Issue Price is HK\$0.01 per Warrant. The net issue price per Warrant, after deduction of all relevant expenses, is approximately HK\$0.00817.

Number of Warrant Shares issuable

As at the date of this announcement, the Company has a total of 1,778,975,921 Shares in issue. Assuming there is no further issue or repurchase of the Shares, upon the full exercise of the subscription rights attaching to the Warrants, 100,000,000 Warrant Shares will be issued, which represent approximately 5.62% of the existing issued share capital of the Company and approximately 5.32% of the issued share capital as enlarged by the issue of the Warrant Shares.

Exercise Price

Each Warrant carries the right to subscribe for one Warrant Share at the Exercise Price of HK\$1.22 per Warrant Share.

The Exercise Price of HK\$1.22 represents:

- (i) a premium of approximately 0.826% to the closing price of HK\$1.210 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 0.329% to the average of the closing prices of Shares as quoted on the Stock Exchange for the last five consecutive trading days preceding the Last Trading Day of approximately HK\$1.216;
- (iii) a premium of approximately 1.836% to the average of the closing prices of Shares as quoted on the Stock Exchange for the last ten consecutive trading days preceding the Last Trading Day of approximately HK\$1.198; and
- (iv) a premium of approximately 251.68% to the net asset value per Share of approximately HK\$0.347 as at 30 June 2010 (based on the latest unaudited net assets of the Group as of 30 June 2010 published on the Stock Exchange's website and the number of issued Shares as at the date of this announcement).

The Exercise Price is subject to normal adjustments in the events of share consolidation, subdivision and capital reduction of the Company and such adjustments will be certified by the auditors of the Company or an approved merchant bank.

Both the Issue Price and the Exercise Price are determined after arm's length negotiations between the Company and the Placing Agent, taking into account the recent trading prices of the Shares. The Board is of the opinion that the Issue Price and the Exercise Price are fair and reasonable and in the best interest of the Company.

Exercise Period

The subscription rights attaching to the Warrants can be exercised at any time during a period of two (2) years commencing from the date of issue of the Warrants.

Listing

No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges. The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Warrant Shares on the Stock Exchange.

Ranking of the Warrant Shares

The Warrant Shares, when issued and fully paid, will rank *pari passu* in all respects with the existing issued Shares as at the date of allotment.

Transferability

The Warrants are transferable in whole amount or in part in integral multiples of the Exercise Price of the Warrants provided that no transfer of the Warrants to connected persons (as defined in the Listing Rules) of the Company shall be allowed without the prior approval of the Company and the Stock Exchange.

Voting rights of the Warrants

The holder(s) of the Warrants will not have any right to attend or vote at any meeting of the Company by virtue of them being the holders of the Warrants. The holder(s) of the Warrants shall not have the right to participate in any distributions and/or offers of further securities made by the Company.

GENERAL MANDATE TO ISSUE THE WARRANT SHARES

The Warrant Shares will be issued pursuant to the General Mandate. Immediately prior to entering into the Warrant Placing Agreement, the General Mandate had not been utilised, thus the maximum number of new Shares which could be issued under the General Mandate was 291,351,922 Shares (not exceeding 20% of the aggregate nominal amount of the total issued share capital of the Company of 1,456,759,613 Shares as at the date of the AGM). The Warrant Placing is not subject to any Shareholders' approval.

REASONS FOR THE ISSUE OF WARRANTS AND USE OF PROCEEDS

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

Assuming all the Warrants are successfully placed out, the net proceeds from the Warrant Placing will be approximately HK\$817,000, which will be used as general working capital of the Group. Any additional proceeds from the issue of the Warrant Shares upon the exercise of the subscription rights attaching to the Warrants in future up to a maximum amount of approximately HK\$122 million will be applied as general working capital and as funds for future development of the Group.

Assuming all the Warrants are successfully placed out and the subscription rights attaching to the Warrants are exercised in full, the total net funds to be raised, including the funds raised by the Warrant Placing, are approximately HK\$122.82 million. The net price to the Company of each Warrant, which is calculated by dividing the aggregate net proceeds from the Warrant Placing and the exercise of the subscription rights attaching to the Warrants by the total number of the Warrants, is approximately HK\$1.228.

The Directors also consider that the Warrant Placing Agreement was entered into on normal commercial terms after arm's length negotiations between the Company and the Placing Agent and that the terms of the Warrant Placing Agreement (including the Issue Price and the Exercise Price of the Warrants, and the placing commission payable) are fair and reasonable so far as the interests of the Company and its Shareholders as a whole are concerned. The Directors also consider that the issue of the Warrants to the Placees would attract the desirous funding for business development and would provide the Group with an opportunity to raise further funds when the Placees exercises the subscription rights attaching to the Warrants.

SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 1,778,975,921 Shares in issue. The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after the full exercise of the subscription rights attaching to the Warrants (assuming that there will be no further changes in the issued share capital of the Company prior to such exercise) are as follows:

	As at the date of this announcement		Immediately after the full exercise of the subscription rights attaching to the Warrants	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Elite Achieve Limited (<i>Note</i>)	211,720,000	11.90	211,720,000	11.27
<i>Public</i>				
Placees	–	0.00	100,000,000	5.32
Other public Shareholders	<u>1,567,255,921</u>	<u>88.10</u>	<u>1,567,255,921</u>	<u>83.41</u>
Total	<u><u>1,778,975,921</u></u>	<u><u>100.00</u></u>	<u><u>1,878,975,921</u></u>	<u><u>100.00</u></u>

Note: 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.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any fund raising activities in the past twelve months before the date of this announcement.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Rule 15.02(1) of the Listing Rules, the Warrant Shares to be issued on exercise of the Warrants must not, when aggregated with all other equity securities remain to be issued on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20% of the issue share capital of the Company at the time the Warrants are issued. Options granted under share option schemes which comply with Chapter 17 of the Listing Rules are excluded for the purpose of such limit.

As at the date of this announcement, there are no equity securities of the Company with subscription rights outstanding and not yet exercised.

Assuming there is no further issue or repurchase of the Shares, upon the full exercise of the subscription rights attaching to the Warrants, 100,000,000 Warrant Shares will be issued, which represent approximately 5.62% of the existing issued share capital of the Company and approximately 5.32% of the issued share capital as enlarged by the issue of the Warrant Shares.

Accordingly, the issue of the Warrants is in compliance with Rule 15.02(1) of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings, unless the context requires otherwise:

“AGM”	the annual general meeting of the Company held on 2 June 2010
“Board”	the board of Directors
“Business Day”	any day (excluding Saturdays, Sundays and public holidays) on which banks generally are open for business in Hong Kong throughout their normal business hours
“Company”	Anxin-China Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the main board of the Stock Exchange

“Completion”	completion of the Warrant Placing
“Director(s)”	the director(s) of the Company
“Exercise Price”	an initial exercise price of HK\$1.22 per Warrant Share (subject to adjustment pursuant to the terms of the Instrument) at which holder(s) of the Warrants may subscribe for the Warrant Shares
“General Mandate”	the general mandate granted to the Directors by the 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 limited of 20% of the aggregate nominal amount of the share capital of the Company in issue as 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
“Instrument”	the deed poll constituting the Warrants to be executed by the Company on Completion
“Issue Price”	HK\$0.01 per Warrant
“Last Trading Day”	15 October 2010, being the last trading day of the Shares on which the Warrant Placing Agreement was entered into
“Listing Committee”	the listing sub-committee of the board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	the subscriber(s) of the Warrants procured by the Placing Agent
“Placing Agent”	means First Shanghai Securities Limited, a corporation licensed under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities

“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Warrants”	up to 100,000,000 unlisted warrants in registered form and constituted by the Instrument, which are to be issued by the Company at the Issue Price, and each entitles the holder thereof to subscribe for one Warrant Share at the Exercise Price (subject to adjustment pursuant to the Instrument) at any time during a period of two (2) years commencing from the date of issue of the Warrants
“Warrant Placing”	the placing for the Warrants pursuant to the Warrant Placing Agreement
“Warrant Placing Agreement”	the conditional warrant placing agreement dated 15 October 2010 entered into between the Company and the Placing Agent in relation to the Warrant Placing
“Warrant Shares”	up to 100,000,000 new Shares to be issued by the Company upon the full exercise of the subscription rights attaching to the Warrants
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
Anxin-China Holdings Limited
CHOW CHI WA
Company Secretary

Hong Kong, 15 October 2010

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.