

[For immediate release]



Anxin-China Achieves Brilliant 2012 Results

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Industrial Safety ISD Business to Maintain Strong Growth New ISS Ops to Enter Public Safety Sector

Financial Highlights

	For the 12 months ended 31 December 2012		Change
	2012	2011	
Turnover (HKD'000)	849,730	598,172	+42.1%
Gross profit (HKD'000)	716,955	536,483	+33.6%
Net profit excluding non-recurring cost *	680,221	404,220	+68.3%
Net profit (HKD'000)	547,825	404,220	+35.5%
Dividend (HKD cents)	3.6	3	+20%

** The Group recorded an expense of HK\$ 33 million in fair value change of contingent consideration shares due to the acquisition activities of Tech Praise Group. Besides, the Group issued our business partners and employees options valued at HK\$61.1 million and HK\$9.3 million respectively. Coupled with the market exploration fee of HK\$28.8 million paid to Infinity Group, there was an increase recorded in both selling costs and administrative expenses. Excluding all these non-recurring costs, the Group recorded net profit of HK\$680 million, representing a year-on-year increase of 68.3%.*

(Hong Kong, 18 March 2013) - Anxin-China Holdings Limited ("Anxin-China" or "the Group", Stock code: 1149.HK), the largest integrated solutions provider of ISD ("Intelligent Surveillance, Disaster Alert and Rescue Coordination") systems in China, today announced its results for the year ended 31 December 2012.

The impressive performance of the Group is attributable to the considerable increase of ISD surveillance points. For the twelve months ended 31 December 2012, the consolidated turnover of the Group jumped 42.1% to HK\$850 million (2011: HK\$598 million), while gross profit recorded an increase of 33.6% to HK\$717 million (2011:

HK\$536 million). The Group recorded an expense of HK\$ 33 million in fair value change of contingent consideration shares due to the acquisition activities of Tech Praise Group. Besides, the Group issued our business partners and employees options valued at HK\$61.1 million and HK\$9.3 million respectively. Coupled with the market exploration fee of HK\$28.8 million paid to Infinity Group, there was an increase recorded in both selling costs and administrative expenses. Excluding non-recurring costs mentioned above, the Group recorded net profit of HK\$680 million, representing a year-on-year increase of 68.3%. Profit for the year attributable to Shareholders was HK\$548 million (2011: HK\$404 million), representing three straight years of continuous growth. Basic earnings per share rose 22.2% to HK20.00 cents (2011: HK16.37 cents). During the year, the Group successfully maintained high levels of gross and net profit margins by implementing tight cost controls.

For the year ended 31 December 2012, the Board of Directors has recommended a final dividend of HK3.6 cents (2011: HK3 cents).

It has been a major focus of the Chinese government to develop industrial safety systems to ensure work safety and the government has made significant capital investment to improve in this area. According to the “China Work Safety 12-5 Development Plan” (安全生产「十二五」发展规划), the government stated that total investment in the work safety sector would reach RMB625 billion. In addition, pursuant to the No. 114 document issued by the State Administration of Work Safety in September 2012, the government released a clear timetable for constructing an emergency platform system. It requires a network of large and medium sized enterprises at the provincial/municipal level to be established by the end of 2015. It emphasizes the construction of both hardware and software and urges the maximization of advantages of the “informationalized” emergency platform.

Government policies have continuously fueled the strong market demand of our ISD systems. The Group is one of the first ISD operating service providers to be approved by the Chinese government. It is also widely recognized as the only company in China with the capacity to effectively install monitoring systems within multiple industries. In the year 2012, Anxin-China added 7 monitoring centers in Hunan, Hubei, Jilin and Yunnan Provinces. The Group also established 10,800 new ISD surveillance points, now totaling 23,388 under coverage. The Group’s footprint now spans 10 provinces across 34 cities/counties in China. The ISD system is now applicable for 11 major origins of peril.

Mr. Liu Zhongkui, Chairman of Anxin-China, said: “In view of the favorable macro backdrop, the Group is determined to take full advantage of opportunities emerging in the market. We will align our development strategies with current market trends and devote unwavering effort to further solidifying our ISD business. We are confident that the continuous increase in surveillance points will help us promote our high-speed business growth over the long run. In addition, China is undergoing a transformational campaign from ‘Safe Cities’ to ‘Smart Cities’, as well as promoting the public security industry in a more automated, computerized and technology-driven way. We will strive to lead technological reforms in the security industry and pave the way for the ISS business which boasts greater market potential.”

In January 2012, Anxin-China successfully purchased Yu Hong Investment Ltd and its wholly-owned subsidiary — Shenzhen Hawell Advanced Technology Co., Ltd — which is primarily engaged in the development, manufacture and sale of products including DVRs, NVRs, surveillance cameras and relevant accessories. Acquiring equipment manufacturing enterprises has endowed the Group with more financial flexibility to generate greater investment returns. Furthermore, the Group agreed to acquire the entire equity interest in Anxin Mate Holdings Ltd and thus introduced Israeli high-end video analysis technology to the China market. Pursuant to the acquisition, the Group has become the sole owner of a series of intellectual properties, including methods of indexing and searching certain content in video footage, etc. The two acquisitions enable the Group to apply advanced technologies such as intelligent scenario analysis to traditional monitoring equipment and thereby further extend its business scope into the ISS segment.

Through digesting and absorbing the synergistic effects of both acquisitions, the Group has successfully launched the world’s top level iVAS (Intelligent Video Analysis System) product in November 2012. The Group has begun approaching several municipal governments to arrange trial runs. And we have received positive feedbacks. The Group will soon define a concrete business model for ISS business and actively promote it as a key business of our Group in the near future. ISS business is expected to be another strong revenue source.

Mr. Liu concluded: “The current macro backdrop is greatly beneficial to the Group’s ISD and ISS business development. The government is determined to improve industrial safety and has formulated favorable policies for developing the public security industry. We are striving to improve the competitiveness of our ISS products

via upgrading their added technical value so that the Group will be able to claim a larger market share. We are confident that the Group will maintain its leading role in the ISD industry while accelerating its pace in exploiting the great market potential of the ISS industry. We firmly believe our key businesses, comprised of both ISS and ISD, will achieve sound growth by sharing technological advantages and market resources.”

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About Anxin-China Holdings Limited

Listed on the Stock Exchange of Hong Kong, Anxin-China Holdings Limited (Stock code: 1149.HK) is the first and largest ISD systems provider and services operator in China. Unique to China, ISD systems involve surveillance systems utilized in coal mining and industrial production safety settings using “Internet-of-things” technologies according to government requirements. The Group's revenue sources mainly include: (1) customizing ISD solutions according to customer needs; (2) the provision of ISD hardware and software; and (3) ongoing ISD agency operations and maintenance services. The target customers of the Group are primarily government authorities including the Administration of Work Safety, the Administration of Coal Mine Safety and the Production Safety Emergency Control Center, etc.

The Group is one of the pioneers and first movers of ISD systems in China and participated in the formulation of China's coal mining ISD system standards. It is also one of the earliest coal mining ISD system providers formally endorsed by the Chinese government. At present, the Group is the one and only ISD solutions providers capable of providing multi-industry ISD systems. As of end-2012, the Group's footprint spanned across 34 municipalities in 10 provinces with 23,388 surveillance points under coverage.

For more information please visit: www.anxin-china.com.hk

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