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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)

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO ACQUISITION OF PROPERTY**

The Directors are pleased to announce that on 28 December 2010, the Purchaser, an indirectly and wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor pursuant to which the Purchaser agreed to purchase, and the Vendor agreed to sell, the Target Property at a consideration of RMB82,000,000 (equivalent to approximately HK\$96,309,000).

Ms. Hu and Mr. Chen are both directors of Anxin Digital, an indirectly and wholly owned subsidiary of the Company. In addition, Mr. Chen owns the entire issued share capital of Jin Yong Investments Limited, a substantial Shareholder which owns 210,000,000 Shares (representing approximately 10.10% of the issued share capital of the Company as at the date of this announcement). Because each of Ms. Hu and Mr. Chen respectively owns 92% and 2% of the equity interests in the immediate holding company of the Vendor, the Vendor therefore is a connected person of the Company within the meaning of the Listing Rules. The entering into of the Sale and Purchase Agreement constitutes a connected transaction of the Company under the Listing Rules.

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Acquisition contemplated under the Sale and Purchase Agreement exceed 5% but are less than 25%, the Acquisition also constitutes a discloseable transaction under Chapter 14A of the Listing Rules.

The Acquisition, being a discloseable and connected transaction under the Listing Rules, is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

BACKGROUND

The Directors are pleased to announce that on 28 December 2010, the Purchaser, an indirectly and wholly owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor pursuant to which the Purchaser agreed to purchase, and the Vendor agreed to sell, the Target Property at a consideration of RMB82,000,000 (equivalent to approximately HK\$96,309,000).

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are as follows:

Date

28 December 2010

Parties

- (1) Jiangsu Anxin Digital Property Co., Limited (江蘇省安芯數字置業有限公司), as vendor; and
- (2) Jiangsu Hongxin Intelligence Technology Co., Limited (江蘇省洪芯智能技術有限公司), as purchaser, a company incorporated in the PRC with limited liability and an indirectly and wholly owned subsidiary of the Company

Subject Matter

Subject to the terms and conditions of the Sale and Purchase Agreement, the Vendor agreed to sell and the Purchaser agreed to purchase the entire interest in the Target Property.

Consideration

The Consideration under the Sale and Purchase Agreement is RMB82,000,000 (approximately HK\$96,309,000). The entire amount of the Consideration has been pre-paid as refundable pre-payment upon the signing of the Sale and Purchase Agreement. And the Vendor allows the Purchaser to have possession of the Target Property pending completion of the Acquisition. If completion of the Sale and Purchase Agreement does not take place for any reason whatsoever, the pre-paid Consideration shall be refunded to the Purchaser in full within 5 business days upon receiving the Purchaser's notice, and the Purchaser shall return the pre-sale permit to the Vendor within 5 business days upon receipt of the pre-paid Consideration in full. To secure the Vendor's obligation to repay the pre-paid Consideration if the completion of the Acquisition does not take place, the Vendor has delivered the pre-sale permit in respect of the Target Property to the Purchaser as security.

The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser having regard to the recent market prices of the properties in the proximity of the Target Property. The Purchaser will engage an independent valuer to provide the valuation of the Target Property. Such valuation will be included in the circular to be dispatched to the Shareholders.

Condition Precedents for the Acquisition

Pursuant to the Sale and Purchase Agreement, completion of the Acquisition shall be conditional upon the followings:

- (i) the Independent Shareholders having approved by poll at the EGM the Sale and Purchase Agreement and the transactions contemplated by it;
- (ii) the Purchaser being satisfied with the due diligence result on the title of the Target Property and the valuation on the Target Property as given by an independent valuer to be engaged by the Purchaser;
- (iii) all warranties given by the Vendor in the Sale and Purchase Agreement having remained true and accurate in all material respects; and

- (iv) the Vendor and the Purchaser having obtained all necessary consents and approvals, and having complied with and fully observed the relevant laws or regulations (including but not limited to those issued by the relevant authorities in the PRC) for the transactions contemplated by the Sale and Purchase Agreement PROVIDED THAT if the granting of such consents and approvals are subject to conditions, those conditions shall be reasonably acceptable by the Purchaser at its discretion.

If the condition precedents have not been fulfilled or waived by the Purchaser (where conditions (i) and (iv) are not waivable) on or before 30 June 2011 (or such other date as the parties may agree), the Sale and Purchase Agreement shall lapse, and thereafter the parties to the Sale and Purchase Agreement shall not owe any liability to each other save for any antecedent breaches.

Completion of the Acquisition

Completion of the Acquisition shall take place on or before 30 June 2011.

Registration of Transfer of Ownership of the Property

Pursuant to the Sale and Purchase Agreement, the Vendor and the Purchaser shall register the transfer of the ownership of the Target Property with the relevant real estate authorities in the PRC upon completion of the Acquisition.

FUNDING FOR THE ACQUISITION

The aggregate Consideration of the Acquisition of RMB82,000,000 (approximately HK\$96,309,000) will be funded by internal resources.

REASONS AND BENEFITS FOR THE ACQUISITION

The Target Property is a commodity property located on the land at the south of Eastern Road No. 9 and between Eastern Street No. 11 and Pingju Waihuan Road in Hongze Prefecture of Jiangsu Province (江蘇省洪澤縣東九道南側、東十一街評劇外環路之間). The Target Property comprises the whole building with eight floors and a gross floor area of 12,683.91 m².

The Target Property is intended to be used as the headquarter of the Group's operations in the PRC as well as for leasing out to third parties. The Directors consider that establishment of the headquarter by way of the Acquisition will enable the Company to further expand its business in the PRC at a reasonable price, and is beneficial to the Group's development in the long run. And the leasing of part of the Target Property will provide a stable source of revenue to the Group.

The Directors (excluding the independent non-executive Directors who will express their view after considering the advice from the Independent Financial Adviser) consider that the Acquisition is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE PARTIES INVOLVED

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

The Vendor is principally engaged in property holding and has no other business except for the holding of the Target Property. The entire equity interest of the Vendor is owned by Shenzhen Anxuan Investment Group Co., Limited (深圳市安軒投資集團有限公司), which is in turn owned as to 92% by Ms. Hu, 6% by Ms. Niu and 2% by Mr. Chen.

IMPLICATIONS UNDER THE LISTING RULES

Ms. Hu and Mr. Chen are both director of Anxin Digital, an indirectly and wholly owned subsidiary of the Company. In addition, Mr. Chen owns the entire issued share capital of Jin Yong Investments Limited, a substantial Shareholder which owns 210,000,000 Shares (representing approximately 10.10% of the issued share capital of the Company as at the date of this announcement). Because each of Ms. Hu and Mr. Chen respectively owns 92% and 2% of the equity interests in the immediate holding company of the Vendor, the Vendor therefore is a connected person of the Company within the meaning of the Listing Rules. The entering into of the Sale and Purchase Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Acquisition contemplated under the Sale and Purchase Agreement exceed 5% but are less than 25%, the Acquisition also constitutes a discloseable transaction under Chapter 14 of the Listing Rules.

The Acquisition, being a discloseable and connected transaction under the Listing Rules, is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the Acquisition. An Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this connection.

A circular containing, among other things, (i) the details of the Acquisition; (ii) the recommendation of the Independent Board Committee regarding the Acquisition to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders on the Acquisition; (iv) a notice to convene the EGM and a proxy form; and (v) other information required under the Listing Rules, will be dispatched to the Shareholders in accordance with the Listing Rules on or before 18 January 2011.

Mr. Chen, Ms. Hu and Ms. Niu and their respective associates, being connected persons of the Company and having material interests in the Acquisition (which are different from those of the Independent Shareholders), will abstain from voting at the EGM for the relevant resolutions in respect of the Shares held by them. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, save and except Mr. Chen and his associates, no other Shareholder is required to abstain from voting on the resolutions in relation to the Acquisition to be proposed at the EGM. The votes of the Independent Shareholders regarding the resolutions for approval of the Sale and Purchase Agreement and the transactions contemplated under it will be taken by way of poll at the EGM.

DEFINITIONS

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

“Anxin Digital”	Shenzhen Anxin Digital Development Co., Limited (深圳市安芯數字發展有限公司) , a company incorporated in the PRC with limited liability and an indirectly and wholly owned subsidiary of the Company
“Acquisition”	the acquisition of the entire interest in the Target Property by the Purchaser from the Vendor pursuant to the Sale and Purchase Agreement
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“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 Date”	the day on which the completion of the Acquisition takes place under the Sale and Purchase Agreement
“Consideration”	the aggregate consideration payable by the Purchaser in respect of the Acquisition pursuant to the Sale and Purchase Agreement, equivalent to RMB82,000,000 (approximately HK\$96,309,000)
“connected person(s)”	have the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held for the purpose of considering and, if thought fit, approving the Sale and Purchase Agreement and the Acquisition

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Board consisting of all the independent non-executive Directors
“Independent Financial Adviser”	the independent financial adviser to be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Acquisition
“Independent Shareholders”	Shareholders other than Mr. Chen and its associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Chen”	Mr. Chen Hong (陳洪)
“Ms. Niu”	Ms. Niu Chengjun (牛成俊)
“Ms. Hu”	Ms. Hu Peilan (胡佩蘭)
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan)
“Purchaser”	Jiangsu Hongxin Intelligence Technology Co., Limited (江蘇省洪芯智能技術有限公司), a company incorporated in the PRC with limited liability, being an indirectly and wholly owned subsidiary of the Company
“Sale and Purchase Agreement”	the sale and purchase agreement dated 28 December 2010 entered into between the Purchaser and the Vendor
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company

“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Property”	the commodity property located on the land at south of Eastern Road No. 9 and between Eastern Street No. 11 and Pingju Waihuan Road in Hongze Prefecture of Jiangsu Province (江蘇省洪澤縣東九道南側、東十一街評劇外環路之間), being the whole building comprising eight floors with a gross floor area of 12,683.91 m ²
“Vendor”	Jiangsu Anxin Digital Property Co., Limited (江蘇省安芯數字置業有限公司), a company established in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong

By Order of the Board
Anxin-China Holdings Limited
Lin Supeng
Executive Director

Hong Kong, 28 December 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.

If there is any inconsistency between the Chinese name of any PRC entity, department, facility or title mentioned in this announcement and its English translation, the Chinese version shall prevail.

For reference purpose only, all exchanges between Hong Kong dollars and Renminbi in this announcement are based on the exchange rate of RMB1 to HK\$1.1745.