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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)

SHARE TRANSACTION INVOLVING ISSUE OF NEW SHARES

SUMMARY

The Board is pleased to announce that on 17 March 2012, the Vendor, the Company, Mango, Infinity and the Target Company entered into the Share Purchase and Services Agreement, pursuant to which the Company has conditionally agreed to acquire from the Vendor the Sale Share, representing the entire equity interest in the Target Company on the Completion Date, and Mango has agreed to procure the Infinity Group to provide Services to the Group within three years from the Completion Date for the purpose of assisting the Group in expanding and developing markets for ISD platforms in three cities in the PRC and each of such cities shall install at least 1,000 surveillance points. The aggregate consideration of the Sale Share and the Services is US\$29,841,000 (equivalent to HK\$232,162,980), of which US\$7,341,000 (equivalent to HK\$57,112,980) shall be satisfied by cash, US\$22,500,000 (equivalent to HK\$175,050,000) by 97,061,269 Consideration Shares to be issued by 4 tranches. Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company. The Vendor will complete its transfer of the Intellectual Properties to

the Target Company upon the Completion. The Consideration Shares will be issued under the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 3 June 2011.

The Consideration Shares represent approximately 3.62% of the existing issued share capital of the Company and approximately 3.49% of the issued share capital of the Company as enlarged by the issue of the Consideration Shares.

On the same date, Suzhou I-China, an indirect affiliate of the general partner of Infinity, as seller and Hongxin, an indirect wholly-owned subsidiary of the Company, as purchaser, entered into the Suzhou I-China Agreement pursuant to which Suzhou I-China has conditionally agreed to sell certain technology in respect of behavior watch to the Hongxin, procure selected customer relationship and service contracts of Suzhou I-China to be transferred to Hongxin, and procure selected employees of Suzhou I-China to be transferred to Hongxin for a cash consideration of RMB1,000,000 (equivalent to US\$159,000 or HK\$1,237,000).

The Share Purchase and Services Agreement and the Suzhou I-China Agreement are inter-conditional and shall be completed simultaneously. The sum of the consideration under the Share Purchase and Services Agreement and the consideration under the Suzhou I-China Agreement is US\$30,000,000, equivalent to HK\$233,400,000.

As the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the transaction under the Share Purchase and Services Agreement and the Suzhou I-China Agreement are less than 5%, such transaction therefore constitutes a share transaction for the Company under the Listing Rules.

The Board is pleased to announce that on 17 March 2012, the Vendor, the Company, Mango, Infinity and the Target Company entered into the Share Purchase and Services Agreement, pursuant to which the Vendor has conditionally agreed to sell and the Company has conditionally agreed to acquire the Sale Share, representing the entire equity interest in the Target Company on the Completion Date, and Mango has agreed to procure the Infinity Group to provide Services to the Group within three years from the Completion Date for the purpose of assisting the Group in expanding and developing markets for ISD platforms in three cities in the PRC, and each of such cities shall install at least 1,000 surveillance points. On the same date, Suzhou I-China, an indirect affiliate of the general partner of Infinity, as seller and Hongxin, an indirect wholly-owned subsidiary of the Company, as purchaser, entered into the Suzhou I-China Agreement pursuant to which Suzhou I-China has conditionally agreed to sell certain technology in respect of behavior watch to the Hongxin, procure selected customer

relationship and service contracts of Suzhou I-China to be transferred to Hongxin, and procure selected employees of Suzhou I-China to be transferred to Hongxin. The Share Purchase and Services Agreement and the Suzhou I-China Agreement are inter-conditional and shall be completed simultaneously.

THE SHARE PURCHASE AND SERVICES AGREEMENT

Date: 17 March 2012

Parties:

Vendor Mate Intelligent Video 2009 Ltd., a company incorporated in Israel with limited liability and is principally engaged in the business of advanced intelligent video surveillance content analysis and transmission, management products for intelligent video surveillance and security applications

Purchaser: the Company

Target Company: Anxin Mate Holding Limited, a company incorporated in the BVI with limited liability

Mango: a company incorporated in Israel with limited liability, being the sole shareholder of the Vendor; and

Infinity: four limited partnerships which aggregately hold approximately 70% of the entire equity interest in Mango

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Vendor, Mango, Infinity and their ultimate beneficial owners are Independent Third Parties

Subject matter of the Share Purchase and Services Agreement

Pursuant to the Share Purchase and Services Agreement, the Vendor has conditionally agreed to sell and the Company has conditionally agreed to purchase the Sale Share, representing the entire equity interest in the Target Company on the Completion Date, free from encumbrance and together with all rights attaching or accruing to the Sale Share. Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company.

Mango has agreed to procure the Infinity Group to provide Services to the Company, that is, various services for the purpose of assisting the Group in expanding and developing markets for ISD platforms in three cities in the PRC, each city installing at least 1,000 surveillance points, within three years from the Completion Date which include, inter alia, allowing the Group to use the facilities of Infinity Group in various cities in the PRC and assisting the Group in facilitating and maintaining the relationships with relevant local authorities and ecosystem.

The consideration under the Share Purchase and Services Agreement

The aggregate consideration under the Share Purchase and Services Agreement shall be US\$29,841,000 (equivalent to HK\$232,162,980), which shall consist of:

- (a) US\$14,841,000 (equivalent to HK\$115,462,980) as consideration for the Sale Share, which shall be paid in the following manner on the Completion Date:
 - (i) US\$7,341,000 (equivalent to HK\$57,112,980) shall be satisfied by cash; and
 - (ii) US\$7,500,000 (equivalent to HK\$58,350,000) shall be satisfied by the Company's allotment and issuance of the 1st Tranche Consideration Shares to the Vendor; and
- (b) US\$15,000,000 (equivalent to HK\$116,700,000) as consideration for the Services, which shall be satisfied by the Company's allotment and issuance of 2nd Tranche Consideration Shares, 3rd Tranche Consideration Shares and 4th Tranche Consideration Shares, which shall be allotted and issued to Mango within three years after Completion upon the happening of milestones of the Services.

Twenty per cent of the 1st Tranche Consideration Shares shall be placed in escrow upon issuance, and shall be released to the Vendor after a transition period of three months from the Completion Date in which the Vendor, Mate and Infinity shall provide, inter alia, technical support to the Group for the purpose of smooth assimilation of the Intellectual Properties. More details of the 1st Tranche Consideration Shares are set out in the paragraphs headed “Consideration Shares” below.

The aggregate consideration under the Share Purchase and Services Agreement has been determined after arm’s length negotiation between the parties with reference to, among other things, (i) in considering the Sale Share, a valuation report of the Sale Share prepared by an independent appraisal firm (namely, Jones Lang LaSalle Corporate Appraisal and Advisory Limited) by way of market approach, according to which the appraisal value of the Sale Share as at 31 January 2012 was approximately US\$15,120,000; and (ii) in considering the Services, the Company’s historical record of income derived from new municipal markets in the PRC and the prospect of the ISD industry, details of which are set out in the paragraphs headed “Principal activities of the Company” and “Reasons for the transaction” below.

The Directors consider that the terms of the Share Purchase and Services Agreement (including the consideration terms) are fair and reasonable and on normal commercial terms and that the entering into the Share Purchase and Services Agreement is in the interests of the Company and the Shareholders as a whole.

Conditions precedent to the Completion

The Completion is conditional upon fulfillment of, *inter alia*, the following conditions precedent:

- (i) that the transfer of the patents and patent applications, which are part of the Intellectual Properties, from the Vendor to the Target Company has been duly completed;
- (ii) that the representations and warranties of the Vendor, Mango and Infinity and the Company respectively as set out in the Share Purchase and Services Agreement have been true and correct in all material respects from the date of the Share Purchase and Services Agreement up to the Completion Date;

- (iii) that the Vendor, Mango and Infinity, the Company and the Target Company have performed and complied with in all material respects their respective covenants, obligations and undertaking as set out in the Share Purchase and Services Agreement that are required to be performed or complied with before the Completion;
- (iv) that there has not been any legal proceedings wherein an unfavorable injunction, judgment, order, decree, ruling or charge would prevent the consummation of any of the transactions contemplated by the Share Purchase and Services Agreement, or cause any such transaction to be rescinded following the consummation, or affect adversely the right of the Target Company to own the Intellectual Properties or to operate its business;
- (v) that the Vendor has received the approval of the Office of the Chief Scientist of the Ministry of Industry, Trade and Labour of Israel and any other third party approvals required for the consummation of the Share Purchase and Services Agreement;
- (vi) that the conditions precedents to the consummation of the Suzhou I-China Agreement have been fulfilled or waived by the appropriate party in accordance with the terms thereof;
- (vii) that the Vendor has provided the Company with the certificate of encumbrancy and certificate of good standing of the Target Company dated not more than three Business Days prior to the Completion Date;
- (viii) that the Company has completed and is satisfied with the results of the due diligence on the Sale Share, the Target Company and the Intellectual Properties;
- (ix) that the Company have obtained or fulfilled all the prerequisite approvals or requirements required by the Listing Rules or otherwise required by the Stock Exchange for the consummation of the purchase of the Sale Share and the issuance of the Consideration Shares;
- (x) that all relevant government and regulatory requirements having been complied with and satisfied;
- (xi) that listing of the Shares on the Stock Exchange has not been withdrawn or suspended and the Stock Exchange has not indicated at any time prior to the Completion (whether verbally or in writing) that such listing is likely or being considered to be withdrawn or suspended; and

(xii) that no moratorium, suspension or material restriction on trading in the Shares has been imposed by the Stock Exchange at all times from the date of the Share Purchase and Services Agreement up to (and including) the Completion Date (save for any temporary suspension pending the publication of any announcement).

If the above conditions precedent have not been fulfilled or waived (other than conditions (iv), (v), (ix), (x), (xi) and (xii) which may not be waived) by the appropriate party on or before the 90th Business Day from the date of the Share Purchase and Services Agreement (or such later date as the Vendor and the Company may agree in writing), the Share Purchase and Services Agreement shall lapse and thereafter neither party shall have any rights or obligations towards each other except in respect of any antecedent breach.

Completion

Completion shall take place on the seventh Business Day (or such other date as the parties may agree in writing) after the date on which above conditions precedent are fulfilled or waived by the appropriate party.

Guarantee

Mango guarantees the due performance of the Vendor's obligations under the Share Purchase and Services Agreement.

Post-Completion Matters

Pursuant to the Share Purchase and Services Agreement, on the Completion Date, the Target Company as licensor and Mango DSP Inc. as licensee will enter into a license agreement under which the Intellectual Properties will be licensed to the licensee for its production, marketing, distribution and sale of certain perimeter and site control, people and car counting, centralized processing and control center products within the United States, Europe, India and Israel. Mango DSP Inc. is a company incorporated in Delaware, United States, and is a wholly-owned subsidiary of Mango. The license fee will be payable by the licensee each three months ("**Quarter**"), and will be calculated at a rate of 5% of the gross amount received by the licensee (excluding normal and customary sales tax, freight and insurance to be paid by the licensee) with respect to the distribution and sale of the relevant products with the minimum licence fee being US\$50,000 per Quarter. The license agreement will be for a term of 36 months from the Completion Date subject to early termination. The licensee is entitled to terminate the license with respect to Europe and India prior to the expiration of the term, and if the licensee exercises such right, the minimum licensee fee will not be applicable to the remaining term.

The Share Purchase and Services Agreement also provides that Infinity shall, within six months from the Completion Date, procure Infinity Group's aggregate shareholding in the Company to reach 5% of the aggregate of the number of 1st Tranche Consideration Shares and the average number of issued shares of the Company during the 20 days prior to and including the date immediately before the Completion Date, and shall procure this shareholding percentage be reached at least once in each calendar quarter within 36 months thereafter.

The Vendor and Mango have given non-competition undertakings in favour of the Group in respect of the business of manufacturing, marketing, distribution and sale of products that compete with the Intellectual Properties, including behaviours watch products.

CONSIDERATION SHARES FOR THE SALE SHARE

US\$7,500,000 (equivalent to HK\$58,350,000) out of the consideration for the Sale Share will be satisfied by the Company's issuance of 1st Tranche Consideration Shares to the Vendor on the Completion Date. The 32,353,756 1st Tranche Consideration Shares will be issued at the issue price of HK\$1.8035 per Consideration Share, credited as fully paid and rank pari passu in all respects with the Shares then in issue. The number of the Consideration Shares has been calculated by dividing HK\$58,350,000 (equivalent to US\$7,500,000) by the issue price.

The 1st Tranche Consideration Shares represents approximately 1.21% of the existing issued share capital of the Company, and approximately 1.19% of the issued share capital of the Company as enlarged by the allotment and issuance of the 1st Tranche Consideration Shares.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing or and permission to deal in the Consideration Shares.

Upon allotment and issuance, 6,470,751 Shares out of the 1st Tranche Consideration Shares, representing 20% of the 1st Tranche Consideration Shares, will be placed in escrow with an escrow agent agreed by the Vendor and the Company. Such escrowed Shares will be released to the Vendor after a transition period of three months from the Completion Date in which the Vendor, Mango and Infinity shall provide, inter alia, technical support to the Group for the purpose of smooth assimilation of the Intellectual Properties. The Vendor, Mango and the Company may, by agreement in writing, extend or shorten the transition period.

CONSIDERATION SHARES FOR THE SERVICES

The consideration for the Services, being US\$15,000,000 (equivalent to HK\$116,700,000), shall be satisfied by the Company's issuance of 2nd Tranche Consideration Shares, 3rd Tranche Consideration Shares and 4th Tranche Consideration Shares of 21,569,171 new Shares each at an issue price of HK\$1.8035 to Mango according to milestones of the Services, namely, a tranche shall be allotted and issued to Mango upon the entering into an ISD platform sale and purchase agreement by the Company (or any of its affiliates) as seller and a government of a city in the PRC (or the production safety supervisory bureau within that government or such other authority with the power to do so) as buyer within three years from the Completion Date provided that such agreement would become effective before the expiry of three years from Completion Date or the expiry of six months after the date of such agreement, whichever is later. The three cities in relation to the three tranches of Consideration Shares shall be located in three different provinces in the PRC, shall each have at least 1,000 surveillance points.

Issue Price of the Consideration Shares

The issue price of HK\$1.8035 is equivalent to, and has been determined with reference to, the average of the closing prices per Share as quoted on the Stock Exchange for the 20 consecutive trading days up to and including 16 March 2012, being the last trading day immediately before the date of the Share Purchase and Services Agreement.

The issue price represents (i) a premium of approximately 1.32% over the closing price of HK\$1.78 per Share as quoted on the Stock Exchange on 16 March 2012, being the last trading day immediately before the date of the Share Purchase and Services Agreement; and (ii) a premium of approximately 0.53% over the average of the closing price of HK\$1.794 per Share for the last five (5) consecutive trading days up to and including 16 March 2012, being the last trading day immediately before the date of the Share Purchase and Services Agreement.

The issue price of the Consideration Shares was arrived at after arm's length negotiation between the parties. The Directors consider that the issue price is fair and reasonable and the issuance of the Consideration Shares at the issue price is in the interests of the Company and the Shareholders as a whole.

SHAREHOLDING STRUCTURE

The following table shows the change in shareholding structure of the Company upon issue of each tranche of the Consideration Shares:

	After completion of the Share Purchase and Services Agreement									
	As at the date of this announcement		After issue of 1st Tranche Consideration Shares		After issue of 1st Tranche Consideration Shares and 2nd Tranche Consideration Shares		After issue of 1st Tranche Consideration Shares to 3rd Tranche Consideration Shares		After issue of 1st Tranche Consideration Shares to 4th Tranche Consideration Shares	
	Shares	Per cent. (Approx.)	Shares	Per cent. (Approx.)	Shares	Per cent. (Approx.)	Shares	Per cent. (Approx.)	Shares	Per cent. (Approx.)
Vendor and Mango	–	–	32,353,756	1.19	53,922,927	1.97	75,492,098	2.74	97,061,269	3.49
Chen Hong ^(Note)	486,476,000	18.15	486,476,000	17.93	486,476,000	17.79	486,476,000	17.65	486,476,000	17.51
Subtotal	486,476,000	18.15	518,829,756	19.12	540,398,927	19.76	561,968,098	20.39	583,537,269	21.00
Other public Shareholders	2,194,396,842	81.85	2,194,396,842	80.88	2,194,396,842	80.24	2,194,396,842	79.61	2,194,396,842	79.00
Total	<u>2,680,872,842</u>	<u>100.00</u>	<u>2,713,226,598</u>	<u>100.00</u>	<u>2,734,795,769</u>	<u>100.00</u>	<u>2,756,364,940</u>	<u>100.00</u>	<u>2,777,934,111</u>	<u>100.00</u>

Note: Mr. Chen Hong was a senior management of the Group.

GENERAL MANDATE

The Consideration Shares will be allotted and issued under the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 3 June 2011 (the “**General Mandate**”). Under the General Mandate, a maximum of 517,507,491 new Shares may fall to be allotted and issued. As at the date of this announcement, the General Mandate has not been previously utilised. The 1st Tranche Consideration Shares and the 2nd Tranche to 4th Tranche Consideration Shares to be allotted and issued pursuant to the Share Purchase and Services Agreement will utilise approximately 6.25% and 12.50% of the General Mandate, respectively. As such, the General Mandate will be sufficient for, and the no further Shareholders’ approval is required for, the allotment and issuance of the Consideration Shares.

SUZHOU I-CHINA AGREEMENT

On 17 March 2012 simultaneously with the execution of the Share Purchase and Services Agreement, Suzhou I-China as seller and Hongxin, an indirect wholly-owned subsidiary of the Company, as purchaser, entered into the Suzhou I-China Agreement pursuant to which Suzhou I-China has conditional agreed to sell certain technology in respect of behavior watch to the Hongxin, procure selected customer relationship and service contracts of Suzhou I-China to be transferred to Hongxin, and procure selected employees of Suzhou I-China to be transfer to Hongxin. As consideration, Hongxin shall pay RMB1,000,000 (equivalent to US\$159,000 or HK\$1,237,000) in cash to Suzhou I-China on the Completion Date. Suzhou I-China has given non-competition undertaking in favour of Hongxin.

Suzhou I-China is an affiliate of the general partner of Infinity and has been engaged in the selling in the PRC the Vendor's behavior watch products using the Intellectual Properties. To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Suzhou I-China and its ultimate beneficial owners are Independent Third Parties.

The consideration under the Suzhou I-China Agreement has been arrived at after arm length's negotiation between the parties.

The Suzhou I-China Agreement and the Share Purchase and Services Agreement are inter-conditional and shall be completed simultaneously. The sum of the consideration under the Share Purchase and Services Agreement and the consideration under the Suzhou I-China Agreement is US\$30,000,000, equivalent to HK\$233,400,000.

INFORMATION ON THE TARGET COMPANY

The Target Company was incorporated on 17 January 2012 for the purpose of the transaction contemplated by the Share Purchase and Services Agreement and has not carried out any business as at the date of the Share Purchase and Services Agreement. Since the date of its incorporation, the Target Company has not recorded any revenue or profit. As at the date of this announcement, the Vendor is the sole shareholder of the Target Company.

Pursuant to the Share Purchase and Services Agreement, the Vendor shall, before the Completion Date, complete its transfer to the Target Company of the patents and patent applications which are part of the Intellectual Properties, and shall complete its transfer to the Target Company of the other Intellectual Properties on the Completion Date. Therefore, upon the Completion, the Target Company will become a wholly-own subsidiary of the Company and the sole owner of the Intellectual Properties. The Intellectual Properties constitute all of the intellectual properties of the Vendor as of the date of the Share Purchase and Services Agreement.

The Intellectual Properties consist of a patent of method of indexing and searching images of text in video (United States patent number 6,937,766), a patent of method of selecting key-frames from a video sequence (United States patent number 7,184,100), a patent application of method circuit and system for matching an object or person present within two or more images (United States patent application number 13/001,631, Israeli and PRC patent applications being national phase of PCT/IB2010/053008), the unregistered trademark “Mate”, algorithms, software for edge devices products and server products and various other software, and know-how.

According to a valuation report of the Sale Share prepared by an independent appraisal firm (namely, Jones Lang LaSalle Corporate Appraisal and Advisory Limited) by way of market approach, the appraisal value of the Sale Share as at 31 January 2012 was approximately US\$15,120,000.

PRINCIPAL ACTIVITIES OF THE COMPANY

The Group is a first-mover and the largest integrated solution provider of ISD systems in the PRC. It derives its income from: (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.

As mentioned in the Company’s announcement dated 15 March 2012 of the annual results for the year ended 31 December 2011 (“**2011 Annual Results**”), the Group’s footprint spanned across 30 municipalities in 9 provinces and covered a total of 13,002 surveillance points in the PRC as at the year end of 2011.

In 2009, 2010 and 2011, the Group successfully marketed its ISD platforms to 13 cities in the PRC, which generated in average a revenue of approximately RMB55,919,785 (equivalent to approximately US\$8,890,267) per city.

REASONS FOR THE TRANSACTION

With the launching of the Twelfth Five-Year Plan guideline (the “**Plan**”) by the PRC government, municipal and industry safety issues are of wide concern by the government. Both the security industry and “internet-of things” segment in which the Group operates have already been included in the Plan as key enabling industries. The initiation and facilitation of the concepts of “safe cities” and “intelligent cities” have provided strong policy support for the business development of the Group. The ISD systems of the Group may aid the government to make outstanding contributions to the improvement of municipal safety and a civic sense of community. As mentioned in the 2011 Annual Results, the ISD industry in the PRC is still at its infancy stage and there is more than ample room for continuing exponential growth. The number of surveillance points in the PRC with an installed ISD system accounted for less than 1% of the total surveillance points envisaged.

As stated in the 2011 Annual Results, the Company is aiming to develop more high tech products for applications in the industrial safety and environmental protection business, and will exploit the opportunities made available to it by the PRC government’s initiatives to step up coal mining and multi-industrial safety, public safety and environmental protection surveillance.

The transaction contemplated by the Share Purchase and Services Agreement and the Suzhou I-China Agreement is in line with the abovementioned development strategy of the Group. The acquisition of the Sale Share under the Share Purchase and Services Agreement, as well as the transfer of technology from Suzhou I-China to the Group under the Suzhou I-China Agreement, will enable the Group to have access to advanced technology of behavior watch which may boost the Group’s research and development of the ISD system. The Group’s entitlement to Services under the Share Purchase and Services Agreement, as well as the transfer of selected customer relationship from Suzhou I-China to the Group will also provide an excellent opportunity for the Group’s business development in the ISD market in the PRC.

Taking into account the benefits of the acquisition of the Sale Share and the entitlement to the Services under the Share Purchase and Services Agreement, as well as the transaction contemplated by the Suzhou I-China Agreement, the Directors (including the independent non-executive Directors) are of the view that the terms of the Share Purchase and Services Agreement and the Suzhou I-China Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the transaction contemplated by the Share Purchase and Services Agreement and the Suzhou I-China Agreement are less than 5%, such transaction therefore constitutes a share transaction for the Company under the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Bank Business Day”	a day on which banks in Hong Kong are generally open for business throughout their normal business hours (excluding Saturday and Sunday)
“Board”	the board of Directors
“Business Day”	a day on which commercial banks in Hong Kong and Israel are generally open for business (other than a Saturday or Sunday)
“BVI”	the British Virgin Islands
“Company”	Anxin-China Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued shares of which are listed on the Stock Exchange (stock code: 1149)
“Completion”	completion of the sale and purchase of the Sale Share pursuant to the Share Purchase and Services Agreement

“Completion Date”	the date of Completion
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Consideration Shares”	the aggregate of 1st Tranche Consideration Shares, 2nd Tranche Consideration Shares, 3rd Tranche Consideration Shares and 4th Tranche Consideration Shares, being 97,061,269 new Shares
“1st Tranche Consideration Shares”	32,353,756 new Shares to be allotted and issued by the Company to the Vendor pursuant to the Share Purchase and Services Agreement as part of the total consideration for the Sale Share
“2nd Tranche Consideration Shares”	21,569,171 new Shares to be allotted and issued by the Company to Mango pursuant to the Share Purchase and Services Agreement as part of the total consideration for the Services
“3rd Tranche Consideration Shares”	21,569,171 new Shares to be allotted and issued by the Company to Mango pursuant to the Share Purchase and Services Agreement as part of the total consideration for the Services
“4th Tranche Consideration Shares”	21,569,171 new Shares to be allotted and issued by the Company to Mango pursuant to the Share Purchase and Services Agreement as part of the total consideration for the Services
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Hongxin”	江蘇省洪芯智能技術有限公司 (Jiangsu Hongxin Intelligence Technology Co., Ltd.), a company incorporated in the PRC with limited liability
“ISD”	intelligent surveillance, disaster alert and rescue coordination
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its subsidiaries and its connected persons
“Infinity”	Infinity I-China Fund (Cayman) L.P., a limited partnership established in the Cayman Islands, and Infinity I-China Fund (Israel 2) L.P., Infinity I-China Fund (Israel 3) L.P. and I-China Fund (Israel) L.P., each of which is a limited partnership established in Israel
“Infinity Group”	Infinity and its affiliates, including Suzhou I-China and Mango
“Intellectual Properties”	all intellectual properties of the Vendor as at the date of the Share Purchase and Services Agreement, including certain patents and patent applications registered in the United States, Israel and the PRC, an unregistered trademark, certain computer software and certain know-how in relation to behavior watch technology, and all documents in the possession of the Vendor, Mango, Infinity and/or their affiliates which relate to such patents and patent applications, trademark, software and know-how
“Israel”	the State of Israel
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Mango”	Mango D.S.P. Ltd, a company incorporated in Israel with limited liability

“PRC”	The People’s Republic of China
“Sale Share”	1 share of no par value in the issued share capital of the Target Company, representing the entire equity interest in the Target Company as at the date of the Share Purchase and Services Agreement and the Completion Date
“Services”	various services to be rendered by Infinity Group for the purpose of assisting the Group in expanding and developing markets for ISD Platform in three cities in the PRC within three years from the Completion Date
“Share Purchase and Services Agreement”	the conditional agreement dated 17 March 2012 entered into between the Vendor, Mango, Infinity, the Company and the Target Company in relation to the sale and purchase of the Sale Share and the provision of Services
“Shares”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Suzhou I-China”	蘇州華億安防科技有限公司 (Suzhou I-China Security Technology Co., Ltd.), a company incorporated in the PRC with limited liability
“Suzhou I-China Agreement”	the conditional agreement dated 17 March 2012 entered into between Suzhou I-China and Hongxin in relation to the sale and purchase of certain technology and transfer of selected customer relationship and selected employees
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Target Company”	Anxin Mate Holding Limited, a company incorporated in the BVI

“Vendor”	Mate Intelligent Video 2009 Ltd., a company incorporated in Israel with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“United States”	the United States of America
“US\$”	United States dollars, the lawful currency of the United States
“%” or “per cent”	percentage

By Order of the Board
Anxin-China Holdings Limited
Liu Zhongkui
Chairman

Hong Kong, 17 March 2012

As at the date of this announcement, the Board comprises Mr. Liu Zhongkui (Chairman), Mr. Lin Supeng and Mr. Yang Ma as executive directors; and Mr. Xie Baitang, Mr. Chen Feng, Mr. Pei Renjiu and Mr. Cheung Chuen as independent non-executive directors.

If there is any inconsistency between the Chinese names of PRC entities, departments, facilities or titles mentioned in this announcement and their English translation, the Chinese version shall prevail.

Unless the context requires otherwise, the conversion of US\$ into HK\$ is based on the exchange rate of US\$1 = HK\$7.78 and the conversion of RMB into US\$ is based on the exchange rate of US\$1 = RMB6.29, respectively. Such conversion should not be construed as a representation that the amount in question has been, could have been or could be converted at any particular rate at all.