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天安中國投資有限公司

TIAN AN CHINA INVESTMENTS COMPANY LIMITED

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 28)**

## MAJOR TRANSACTION

### DISPOSAL OF 50% INTEREST IN A SUBSIDIARY

On 9th May, 2013, the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the AH Agreement with the Purchaser and the Guarantor, pursuant to which, the Vendor agreed to sell and the Purchaser agreed to purchase the AH Sale Share and the AH Loan for the Consideration of RMB1,450,000,000 (equivalent to approximately HK\$1,790,124,000).

#### LISTING RULES IMPLICATIONS OF THE AH DISPOSAL

The AH Disposal, on a stand-alone basis and when aggregated with the FC Disposal pursuant to Rule 14.22 of the Listing Rules, constitutes a major transaction of the Company under Chapter 14 of the Listing Rules on the basis that the relevant Percentage Ratio for the Company exceeds 25% but is less than 75%. The AH Disposal is therefore subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

A circular containing, among other things, further details of the AH Disposal and the notice of EGM, is expected to be despatched to the Shareholders on or before 31st May, 2013.

Reference is made to the FC Disposal Announcement dated 21st March, 2013. Capitalised terms used herein shall have the same meanings as those defined in the FC Disposal Announcement unless otherwise stated.

#### THE AH AGREEMENT

##### Date

9th May, 2013

##### Parties

- (1) The Vendor: ACE Result Limited as the vendor of the AH Sale Share and the AH Loan
- (2) The Purchaser: Kata Holdings Limited as the purchaser of the AH Sale Share and the AH Loan, also being the purchaser under the FC Agreement
- (3) The Guarantor: Mr. Ou Qijin as the guarantor to the Purchaser, also being the guarantor to the purchaser under the FC Agreement

As at the date of this announcement, based on the information and confirmations provided by each of the Purchaser and the Guarantor and to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, save for the entering into of the FC Agreement which has not been completed as at the date of this announcement, the Purchaser and its ultimate beneficial owner being the Guarantor, who is a natural person, are independent third parties of the Company and its connected persons.

### **Assets to be disposed of**

Pursuant to the AH Agreement, the Vendor agreed to sell and the Purchaser agreed to purchase the AH Sale Share, which represents 50% of the entire issued share capital of All Happy, and the AH Loan.

The AH Sale Share and the AH Loan will be disposed of free from any encumbrance as of Completion.

### **Consideration and Payment Terms**

Pursuant to the AH Agreement, the Consideration of RMB1,450,000,000 (equivalent to approximately HK\$1,790,124,000), shall be satisfied in cash in the following manner:

- (1) the First Payment of RMB100,000,000 (equivalent to approximately HK\$123,457,000) shall be paid by the Purchaser to the Vendor on the date of the AH Agreement;
- (2) the Second Payment of RMB100,000,000 (equivalent to approximately HK\$123,457,000) shall be paid by the Purchaser to the Vendor on or before the date falling 30 days from the date of the AH Agreement;
- (3) the Third Payment of RMB300,000,000 (equivalent to approximately HK\$370,370,000) shall be paid by the Purchaser to the Vendor on or before the date falling 9 months from the date of the AH Agreement;
- (4) the Fourth Payment of RMB250,000,000 (equivalent to approximately HK\$308,642,000) shall be paid by the Purchaser to the Vendor on or before the date falling 1 year from the date of the AH Agreement;
- (5) the Fifth Payment of RMB350,000,000 (equivalent to approximately HK\$432,099,000) shall be paid by the Purchaser to the Vendor on or before the date falling 2 years from the date of the AH Agreement; and
- (6) the Balance Payment of RMB350,000,000 (equivalent to approximately HK\$432,099,000) shall be paid by the Purchaser to the Vendor on or before the date falling 3 years from the date of the AH Agreement.

The AH Agreement will be terminated if, inter alia, the Purchaser fails to pay (i) the First Payment on the relevant due date; (ii) the Second Payment within 30 days following the relevant due date (or such other date as may be agreed between the Vendor and the Purchaser in writing); (iii) the Third Payment within 90 days following the relevant due date (or such other date as may be agreed between the Vendor and the Purchaser in writing); or (iv) the Fourth Payment, the Fifth Payment and the Balance Payment within 180 days following the relevant due dates (or such other date as may be agreed between the Vendor and the Purchaser in writing).

Pursuant to the AH Agreement, the Purchaser has agreed to pay interest accrued on the Second Payment, the Third Payment, the Fourth Payment, the Fifth Payment and the Balance Payment from the date of the AH Agreement up to the respective dates of actual payment of the Second Payment, the Third Payment, the Fourth Payment, the Fifth Payment and the Balance Payment at the rate of 1% per month. However, the interest accrued on the Second Payment will be waived if the Purchaser shall pay the Second Payment on the relevant due date. The relevant interest is payable by the Purchaser to the Vendor every three months from the date of the AH Agreement.

The Consideration for the AH Disposal and the interest rate were determined after arm's length negotiation between the Vendor, the Purchaser and the Guarantor having regard to (i) the market value of the Land; (ii) the outstanding amount of approximately HK\$1,112,750,000 owed by All Happy to the Vendor as at the date of the AH Agreement; and (iii) the existing RMB interest rate announced by the People's Bank of China. The Directors consider that the Consideration was fair and reasonable and in the interest of the Company and its Shareholders taken as a whole.

### **Conditions Precedent**

Completion of the AH Agreement is conditional upon fulfilment of the following conditions precedent:

- (1) the approval of the AH Agreement and the transactions contemplated thereunder by the Shareholders; and
- (2) all necessary consents and approvals in relation to the transactions contemplated under the AH Agreement having been obtained by the Vendor and the Purchaser.

If any of the above conditions has not been fulfilled on or before the Long Stop Date, the AH Agreement shall cease and determine save in respect of claims arising out of any antecedent breach thereof.

### **Guarantee**

The Guarantor has agreed to guarantee the due and punctual performance of the obligations of the Purchaser under the AH Agreement.

### **Completion**

Completion shall take place on the day of the full payment of the Consideration and the interest accrued thereon in the manner set out above which shall, in any event, be on or before the Completion Date or such other date as may be agreed between the Vendor and the Purchaser in writing.

Upon Completion, All Happy will cease to be a subsidiary of the Company but the Company will continue to be interested in 50% of the entire issued share capital of All Happy.

## **Termination Events**

The AH Agreement will terminate upon occurrence of:

- (1) the Purchaser failing to perform any one or more of the obligation for payment of any of the Consideration within the prescribed period as agreed in the AH Agreement;
- (2) the Purchaser failing to proceed with Completion in accordance with the terms of the AH Agreement; or
- (3) the winding up of All Happy or the Purchaser, or the bankruptcy of the Guarantor.

If the termination of the AH Agreement occurs as a result of the winding up of All Happy, the Purchaser shall be entitled to, inter alia, a refund of all amounts paid to the Vendor pursuant to the AH Agreement immediately preceding the date of termination.

If the termination of the AH Agreement occurs as a result of:

- (i) the Purchaser failing to pay the Second Payment within 30 days following the relevant due date (or such other date as may be agreed between the Vendor and the Purchaser in writing), the Vendor shall be entitled to forfeit the First Payment and to claim against the Purchaser the interest accrued on the outstanding amount of the Consideration from 30 days after the date of the AH Agreement to the date of termination as liquidated damages;
- (ii) the Purchaser:
  - a. failing to pay the Third Payment within 90 days following the relevant due date (or such other date as may be agreed between the Vendor and the Purchaser in writing), or the Fourth Payment, the Fifth Payment and the Balance Payment within 180 days following the relevant due dates (or such other date as may be agreed between the Vendor and the Purchaser in writing);
  - b. failing to proceed with Completion in accordance with the terms of the AH Agreement; or
  - c. being wound up or the Guarantor being declared bankrupt,

in any of these cases, the Vendor shall forfeit a sum of RMB100,000,000 (equivalent to approximately HK\$123,457,000) and the interest payable by the Purchaser on the Consideration (other than the First Payment) from the date of signing of the AH Agreement up to the date of termination as liquidated damages.

## **Other Material Terms**

Upon the full receipt of the Second Payment and up to the Completion Date, the Purchaser shall be entitled to nominate a person as the director to the board of directors of All Happy, Teamlead, Regal Asset and Shanghai Sheshan.

Upon the full receipt of the Fourth Payment and up to the Completion Date, the board of directors of Shanghai Sheshan shall appoint the Chairman and the Financial Controller as nominated by the Vendor and shall also appoint the Vice-Chairman and the Vice-Financial Controller as nominated by the Purchaser.

## INFORMATION ON THE AH GROUP

All Happy is an investment holding company incorporated in the British Virgin Islands with limited liability, which holds 100% of the entire issued share capital of Teamlead and 15% of the entire issued share capital of Regal Asset. Regal Asset is owned as to 85% by Teamlead and 15% by All Happy respectively. Shanghai Sheshan is a direct wholly-owned subsidiary of Regal Asset.

Teamlead is an investment holding company incorporated in the British Virgin Islands with limited liability.

Regal Asset is a company incorporated in Hong Kong with limited liability and is principally engaged in the business of investment holding.

Shanghai Sheshan is a wholly foreign owned enterprise incorporated in the PRC with limited liability and is principally engaged in the business of development and operation of recreational estates, farming, residential development, membership clubs etc and owns the land use and development rights of the Land comprising Land A, Land B, Land C, Land D, Land E, Land F, Land G and Land H with an aggregate total area of 333,716.60 square metres, which are all located in Songjiang District, Shanghai, the PRC. The Land is planned to be developed into a commercial and residential complex.

Set out below is the financial information of AH Group for the two years ended 31st December, 2011 and 31st December, 2012:

	Year ended 31st December,	
	2011	2012
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue	–	–
Net loss before taxation	35,766	32,950
Net loss after taxation	33,642	30,288

The unaudited net deficit of 50% of the equity interest of the AH Group was approximately HK\$76,871,000 as at 31st December, 2012.

The financial information above has been prepared in accordance with HKGAAP.

## FINANCIAL EFFECT OF THE AH DISPOSAL

It is estimated that, as a result of the AH Disposal, the Company will recognise an estimated gain of approximately HK\$1,179,558,000 being the Consideration less the AH Loan, 50% of net deficit of AH Group, and other costs. The proceeds generated from the AH Disposal will be applied as general working capital of the Group.

## REASONS AND BENEFITS OF THE AH DISPOSAL

The Company considers the AH Disposal to be a good opportunity for the Company to realise part of its investment especially given that the AH Disposal will be made at a gain. Moreover, with reference to the prevailing market conditions and the fact that the proceeds from the AH Disposal will strengthen the financial position of the Group and enhance its cashflow, the Directors consider that the present time is a mature time for the AH Disposal.

Having regard to the nature of and the benefits resulting from the AH Disposal, the Directors believe that the terms of the AH Agreement are fair and reasonable and in the interests of the Company and its shareholders taken as a whole.

## **INFORMATION RELATING TO THE COMPANY, THE VENDOR AND THE PURCHASER**

### **(1) The Company**

The Company is a company incorporated in Hong Kong with limited liability with its shares listed on the Main Board of the Stock Exchange.

The principal business activity of the Company is investment holding. The Group is engaged principally in the development of high-end apartments, villas, office buildings and commercial properties, property investment and property management, as well as the manufacture, sales and trading of cement and clinker in the PRC.

### **(2) The Vendor**

The Vendor is a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company.

The principal business activity of the Vendor is investment holding.

### **(3) The Purchaser**

The Purchaser is a company incorporated in the British Virgin Islands with limited liability and its entire issued share capital is beneficially owned by the Guarantor.

The principal business activity of the Purchaser is investment holding.

### **(4) The Guarantor**

Mr. Ou Qijin, an individual who is the ultimate beneficial owner of the Purchaser.

## **LISTING RULES IMPLICATIONS OF THE AH DISPOSAL**

As set out in the FC Disposal Announcement, the FC Disposal constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules on the basis that the relevant Percentage Ratios for the Company exceed 5% and less than 25%.

The AH Disposal, on a stand-alone basis and when aggregated with the FC Disposal pursuant to Rule 14.22 of the Listing Rules, constitutes a major transaction of the Company under Chapter 14 of the Listing Rules on the basis that the relevant Percentage Ratio for the Company exceeds 25% but is less than 75%. The AH Disposal is therefore subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company will convene an EGM to seek Shareholders' approval on the AH Agreement and the transactions contemplated thereunder. As no Shareholder has any material interest in the AH Disposal, no Shareholder is required to abstain from voting at the EGM in respect of the AH Agreement and the transactions contemplated thereunder.

A circular containing, among other things, further details of the AH Disposal and the notice of EGM, is expected to be despatched to the Shareholders on or before 31st May, 2013.

## DEFINITIONS

“AH Agreement”	the sale and purchase agreement dated 9th May, 2013 made between the Vendor, the Purchaser and the Guarantor, relating to the sale and purchase of the AH Sale Share and the AH Loan
“AH Disposal”	the disposal of the AH Sale Share and the AH Loan by the Vendor pursuant to the AH Agreement
“AH Group”	All Happy, Teamlead, Regal Asset and Shanghai Sheshan
“AH Loan”	50% of shareholder’s loan owed by All Happy to the Vendor as at the date of Completion
“AH Sale Share”	1 ordinary share of US\$1.00 in the issued share capital, representing 50% of the entire issued share capital of All Happy
“All Happy”	All Happy International Limited, a company incorporated in the British Virgin Islands with limited liability
“Balance Payment”	a sum of RMB350,000,000 (equivalent to approximately HK\$432,099,000) payable by the Purchaser to the Vendor on the terms and subject to the conditions set out in the AH Agreement
“Board”	the board of Directors
“Company”	Tian An China Investments Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited
“Completion”	completion of sale and purchase of the AH Sale Share and the AH Loan in accordance with the AH Agreement
“Completion Date”	date of Completion
“connected person(s)”	having the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration in the sum of RMB1,450,000,000 (equivalent to approximately HK\$1,790,124,000) payable by the Purchaser to the Vendor for the AH Disposal under the AH Agreement
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the AH Agreement and the transactions contemplated thereunder

“FC Agreement”	the sale and purchase agreement dated 21st March, 2013 made between Full Choice Resources Limited, the Purchaser and the Guarantor, relating to the FC Disposal
“FC Disposal”	the disposal of 1 ordinary share of US\$1.00 in the issued share capital of Foo Chow Holdings Limited (representing 50% of its entire issued share) and 50% of shareholder’s loan owed by Foo Chow Holdings Limited to Full Choice Resources Limited pursuant to the FC Agreement
“FC Disposal Announcement”	the announcement of the Company dated 21st March, 2013 in relation to the FC Disposal
“Fifth Payment”	a sum of RMB350,000,000 (equivalent to approximately HK\$432,099,000) payable by the Purchaser to the Vendor on the terms and subject to the conditions set out in the AH Agreement
“First Payment”	a sum of RMB100,000,000 (equivalent to approximately HK\$123,457,000) payable by the Purchaser to the Vendor on the terms and subject to the conditions set out in the AH Agreement
“Fourth Payment”	a sum of RMB250,000,000 (equivalent to approximately HK\$308,642,000) payable by the Purchaser to the Vendor on the terms and subject to the conditions set out in the AH Agreement
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. Ou Qijin, the ultimate beneficial owner of the entire issued share capital of the Purchaser and the guarantor to the Purchaser under the FC Agreement and AH Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKGAAAP”	Hong Kong Generally Accepted Accounting Practice
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Land”	Land A, Land B, Land C, Land D, Land E, Land F, Land G and Land H
“Land A”	a parcel of land in Songjiang District, Shanghai, the PRC with an area of 30,227.90 square metres which can be used for residential purposes
“Land B”	a parcel of land in Songjiang District, Shanghai, the PRC with an area of 48,297.10 square metres which can be used for residential purposes



“Land C”	a parcel of land in Songjiang District, Shanghai, the PRC with an area of 16,263.70 square metres which can be used for residential purposes
“Land D”	a parcel of land in Songjiang District, Shanghai, the PRC with an area of 112,123.20 square metres which can be used for residential purposes
“Land E”	a parcel of land in Songjiang District, Shanghai, the PRC with an area of 54,425.80 square metres which can be used for residential purposes
“Land F”	a parcel of land in Songjiang District, Shanghai, the PRC with an area of 7,090.40 square metres which can be used for residential purposes
“Land G”	a parcel of land in Songjiang District, Shanghai, the PRC with an area of 44,895.80 square metres which can be used for commercial and office purposes
“Land H”	a parcel of land in Songjiang District, Shanghai, the PRC with an area of 20,392.70 square metres which can be used for residential purposes
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	the date falling on the expiry of 90 days after the date of the AH Agreement or such other date as may be agreed in writing between the Vendor and the Purchaser
“Percentage Ratio(s)”	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction
“PRC”	the People’s Republic of China, not including Taiwan, Hong Kong and Macau Special Administrative Region of the People’s Republic of China
“Purchaser”	Kata Holdings Limited, a company incorporated in the British Virgin Islands, the entire issued share capital of which is beneficially owned by the Guarantor
“Regal Asset”	Regal Asset Investment Limited, a company incorporated in Hong Kong with limited liability, which is owned as to 85% and 15% of shareholding by Teamlead and All Happy respectively
“RMB”	Renminbi, the lawful currency of the PRC

“Second Payment”	a sum of RMB100,000,000 (equivalent to approximately HK\$123,457,000) payable by the Purchaser to the Vendor on the terms and subject to the conditions set out in the AH Agreement
“Shanghai Sheshan”	上海佘山鄉村俱樂部有限公司 (Shanghai Sheshan Country Club Company Limited*), a wholly foreign owned enterprise incorporated in the PRC, which is a wholly-owned subsidiary of Regal Asset
“Shareholder(s)”	holder(s) of the issued ordinary share(s) in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Teamlead”	Teamlead Associates Limited, a company incorporated in the British Virgin Islands with limited liability, which is a wholly-owned subsidiary of All Happy
“Third Payment”	a sum of RMB300,000,000 (equivalent to approximately HK\$370,370,000) payable by the Purchaser to the Vendor on the terms and subject to the conditions set out in the AH Agreement
“Vendor”	ACE Result Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company, being the beneficial owner of the entire issued share capital of All Happy
“%”	per cent.

On behalf of the Board  
**Tian An China Investments Company Limited**  
**Tao Tsan Sang**  
*Executive Director*

Hong Kong, 9th May, 2013

*For the purpose of this announcement, translations of Renminbi into Hong Kong dollars or vice versa have been calculated by using an exchange rate of HK\$1.00 equal to RMB0.81. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were, may have been or will be exchanged at such rate or any other rates or at all.*

*As at the date of this announcement, the Board comprises Mr. Song Zengbin (Deputy Chairman), Mr. Patrick Lee Seng Wei (Managing Director), Mr. Ma Sun (Deputy Managing Director), Mr. Edwin Lo King Yau and Mr. Tao Tsan Sang being the Executive Directors; Mr. Lee Seng Hui (Chairman), Dr. Moses Cheng Mo Chi and Mr. Lee Shu Yin being the Non-Executive Directors; and Mr. Francis J. Chang Chu Fai, Mr. Jin Hui Zhi, Mr. Ngai Wah Sang and Ms. Lisa Yang Lai Sum being the Independent Non-Executive Directors.*

\* for identification purpose only