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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)**

## **DISCLOSEABLE TRANSACTION**

### **DISPOSAL OF A SUBSIDIARY**

On 6th January, 2014, the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the SF Agreement with the Purchaser, pursuant to which, the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares and the Loan for the Consideration of RMB360,000,000 (equivalent to approximately HK\$455,696,000).

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

The SF Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules as the relevant Percentage Ratio(s) for the Company exceeds 5% but is less than 25%.

#### **DATE OF THE SF AGREEMENT**

6th January, 2014

#### **PARTIES**

- (1) The Vendor: Silvery Horizon Holdings Limited as the vendor of the Sale Shares and the Loan
- (2) The Purchaser: Leaderich Global Limited as the purchaser of the Sale Shares and the Loan

At as the date of this announcement, based on the information and confirmation provided by the Purchaser and to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Purchaser and its ultimate beneficial owner are independent third parties of the Company and its connected persons.

#### **ASSETS TO BE DISPOSED OF**

Pursuant to the SF Agreement, the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares, which represents the entire issued share capital of Silver Forest, and the Loan.

## CONSIDERATION AND THE DALIAN LOAN

### Consideration

Pursuant to the SF Agreement, the Consideration of RMB360,000,000 (equivalent to approximately HK\$455,696,000) shall be paid by the Purchaser to the Vendor in full in Hong Kong dollars based on the Exchange Rate on or before the Completion Date in Hong Kong. During the period commencing from the date of the SF Agreement to the Completion Date, the Purchaser shall, through the Purchaser Designated PRC Company, pay the Deposit to the Vendor Designated PRC Company, which will receive the same for and on behalf of the Vendor, in the following manner:

- (1)
  - (i) the first payment of RMB800,000 (equivalent to approximately HK\$1,013,000), shall be paid on the date of the SF Agreement;
  - (ii) in the event that the Purchaser Designated PRC Company is able to pay to the Vendor Designated PRC Company the amount of RMB114,200,000 (equivalent to approximately HK\$144,557,000) on or before 20th February, 2014, the first payment of RMB800,000 (equivalent to approximately HK\$1,013,000) and the Earnest Money of RMB5,000,000 (equivalent to approximately HK\$6,329,000) shall be converted into part of the Deposit. Accordingly, a total of RMB120,000,000 (equivalent to approximately HK\$151,899,000) will then be deemed to have been paid by the Purchaser as part payment of the Deposit;
  - (iii) in the event that the Purchaser Designated PRC Company is not able to pay RMB114,200,000 (equivalent to approximately HK\$144,557,000) on or before 20th February, 2014 and the Purchaser has informed the Vendor in writing as such, the Vendor shall provide the Purchaser with a one-month extension, provided that (i) the first payment of RMB800,000 (equivalent to approximately HK\$1,013,000) and the Earnest Money will not be converted into as part payment of the Deposit, and the first payment of RMB800,000 (equivalent to approximately HK\$1,013,000) shall be forfeited by the Vendor as an agreed compensation; and (ii) the total amount payable by the Purchaser Designated PRC Company shall be RMB120,000,000 (equivalent to approximately HK\$151,899,000) instead of RMB114,200,000 (equivalent to approximately HK\$144,557,000). In addition, the Vendor shall charge the Purchaser interest on RMB120,000,000 (equivalent to approximately HK\$151,899,000) for the period from 20th February, 2014 until the date of actual payment of RMB120,000,000 (equivalent to approximately HK\$151,899,000) at a rate of 0.06% per day. If the Purchaser Designated PRC Company is not able to settle the amount of RMB120,000,000 (equivalent to approximately HK\$151,899,000) on or before 20th March, 2014, the Vendor shall have the right to terminate the SF Agreement and the Purchaser shall pay to the Vendor an agreed compensation, being 15% of the Consideration;
- (2)
  - (i) the remainder of the Deposit being RMB240,000,000 (equivalent to approximately HK\$303,797,000), shall be paid by the Purchaser Designated PRC Company to the Vendor Designated PRC Company on or before 20th March, 2014. In the event that the Purchaser Designated PRC Company cannot settle the remainder of the Deposit on or before 20th March, 2014 and has informed the Vendor in writing as such, the Vendor shall provide the Purchaser with a one-month extension;

- (ii) if, upon the expiry of the one-month extension, the Purchaser has not settled the remainder of the Deposit, the Purchaser shall have the right to charge the Vendor an interest on RMB240,000,000 (equivalent to approximately HK\$303,797,000) for the period from 20th March, 2014 until the date of actual payment at a rate of 0.06% per day. After 30 days from the expiry of the one-month extension period and the Purchaser remains unable to settle the remainder of the Deposit, the Vendor shall have the right to terminate the SF Agreement at any time and the Purchaser shall pay to the Vendor an agreed compensation, being 15% of the Consideration; and
- (3) if the Earnest Money has not been converted into part payment of the first Deposit on or before 20th February, 2014, it shall be converted into part payment of the second Deposit payable on or before 30th March, 2014 and the total amount to be paid by the Purchaser Designated PRC Company for the second Deposit payable on or before 30th March, 2014 will be reduced accordingly.

Upon the Purchaser having paid to the Vendor in Hong Kong the Consideration in Hong Kong dollars based on the Exchange Rate, the Vendor shall within 7 business days instruct the Vendor Designated PRC Company to refund the total RMB amount paid by the Purchaser Designated PRC Company (other than the interest and agreed compensation, if any).

In the event that on Completion Date, the Purchaser is not able to pay the Consideration in Hong Kong dollars based on the Exchange Rate in Hong Kong, the Deposit so paid by the Purchaser PRC Designated Company to the Vendor PRC Designated Company shall be treated as payment for the Consideration. The obligation of the Purchaser to pay the consideration shall be deemed to have discharged but the Purchaser and the Purchaser Designated PRC Company shall bear any risk and tax that may be incurred in the PRC.

Save as otherwise stipulated in the SF Agreement, any PRC income tax that may be incurred by the Vendor resulting the amount payable by the Purchaser in Hong Kong dollars for the transactions contemplated under the SF Agreement shall be borne by the Vendor and the Purchaser on an equal basis.

The Consideration was determined after arm's length negotiation between the Vendor and the Purchaser having regard to (i) the market value of the Land; and (ii) the outstanding amount of the shareholder's loan in the amount of approximately HK\$320,452,000 owed by Silver Forest to the Vendor as at the date of the SF Agreement.

### **The Dalian Loan**

The Purchaser has facilitated the provision of a one-year loan in the amount of RMB40,000,000 (equivalent to approximately HK\$50,633,000) provided by the Lender to Dalian Jinma for the sole purpose of repaying a loan in the amount of RMB40,000,000 (equivalent to approximately HK\$50,633,000) owed by Dalian Jinma to Dalian TianAn.

The Dalian Loan shall be repaid by Dalian Jinma upon the expiry of the term or within 10 business days from the date on which the SF Agreement is terminated. If there is a default on the part of the Purchaser resulting the SF Agreement being terminated, the Vendor shall have right to set-off the amount repayable by Dalian Jinma to the Lender against the agreed compensation payable by the Purchaser under the SF Agreement.

## **COMPLETION**

Completion for the sale and purchase of the Sale Shares and the assignment of the Loan shall take place on the day of the full payment of the Consideration in the manner set out above which shall, in any event, be on or before the Completion Date. The legal title of the Sale Shares and the Loan will be transferred to the Purchaser only at Completion.

Upon Completion, each member of the SF Group will cease to be a subsidiary of the Company.

## **WARRANTIES AND LIABILITY CAP**

The Vendor has given certain customary warranties and undertakings to the Purchaser, in respect of, among other things, the business affairs, assets, financial information and operation of the SF Group. Notwithstanding any provision contained in the SF Agreement, the Purchaser shall not sue the Vendor in court for any claim in respect of any breach of the terms or warranties by the Vendor under the SF Agreement or the Assignment unless the total amount to be claimed by the Purchaser exceeds RMB500,000 (equivalent to approximately HK\$633,000). The Vendor, however, shall be responsible for resolving such breach upon the Purchaser having provided the relevant and sufficient supporting documents.

The total liability of the Vendor under any claims made by the Purchaser pursuant to the SF Agreement and the Assignment at any time shall not exceed the amount so paid by the Purchaser pursuant to the SF Agreement at that time.

During the period within one year from the date of the SF Agreement, if the Purchaser is made aware of any undisclosed liabilities of Silver Forest, Silver Wealth and Dalian Baochen incurred prior to the signing of the SF Agreement and/or during the period within two years from the date of the SF Agreement, if the Purchaser is made aware of any undisclosed liabilities of Dalian Jinma, the Purchaser shall within 10 days inform the Vendor in writing as such, together with the relevant supporting documents. The Vendor shall be responsible for the settlement of such undisclosed liabilities.

## **OPERATION OF DALIAN JINMA PRIOR TO THE COMPLETION**

The Vendor and the Purchaser agreed that during the period commenced from the date of signing of the SF Agreement and until the Completion Date, the Purchaser shall have the right to assign and designate person(s) to supervise the financial expenses and the construction project of Dalian Jinma. The Vendor and the Purchaser also agreed on a protocol governing certain operational matters in respect of Dalian Jinma during the period from the date of signing of the SF Agreement to the Completion Date.

On 6th January, 2014, the Vendor, the Purchaser, Dalian Jinma and Shanghai Greentree II entered into an agreement relating to the construction of the relocation apartments, pursuant to which Shanghai Greentree II agrees to pay to Dalian Jinma prior to the Completion an amount of RMB10,000,000 (equivalent to approximately HK\$12,658,000) to facilitate the construction of two relocation apartments by Dalian Jinma. Upon completion of the relocation apartments, a party designated by Shanghai Greentree II shall have the legal title over such relocation apartments. Such designated party will provide the two relocation apartments to the residents who were relocated as a result of Dalian Jinma obtaining the right to use the Land.

Since the construction plan for the Land is still pending for final approval from the relevant government authorities which leads to a delay in commencement of the construction project on the Land, Dalian Jinma has been informed by the relevant local authority requesting for the payment of approximately RMB30,192,500 (equivalent to approximately HK\$38,218,000) as a penalty.

In addition, pursuant to the relevant land grant contract, Dalian Jinma shall pay a penalty in the amount of approximately RMB7,580,000 (equivalent to approximately HK\$9,595,000) for the delay in commencement of the construction project on the Land. Pursuant to the SF Agreement, the Vendor and the Purchaser agreed that if the permit for commencement of construction project was obtained on or before 30th April, 2014 and the relevant authority still requests for the payment of the aforesaid penalties, the Vendor shall be responsible for settlement of such penalties. If the permit for commencement of construction project is not obtained on or before 30th April, 2014, the Purchaser shall be responsible for the settlement of all penalties in respect of delay in commencement of the construction project on the Land.

## **TERMINATION EVENTS**

Without prejudice to the provisions of the SF Agreement, if on or before the Completion Date, there is an occurrence of any one of the followings:

- (1) the winding-up or liquidation of Silver Forest; or
- (2) the entering into of any arrangement between the creditors and Silver Forest in respect of repayment of debt; or
- (3) the appointment of liquidator, receiver or manager to realise all or part of the business or assets of Silver Forest or any other arrangement similar thereto and such appointment has not been withdrawn within 14 days,

the Purchaser shall have the discretion to terminate the SF Agreement by providing the Vendor with a written notice without the incurrance of any liability to the Purchaser. Upon termination of the SF Agreement, the Purchaser shall cease to have any obligation under the SF Agreement and shall procure its designated persons to cease to participate in the operation of Dalian Jinma. No party to the SF Agreement shall make any claim against the other party, provided, however, that the termination of the SF Agreement shall not prejudice to (i) the rights accrued to the Vendor and the Purchaser and the making of any claims by any party to the other party pursuant to the Surviving Clauses; and (ii) the antecedent breach on the part of the Vendor. Furthermore, the Vendor shall refund all amount paid by the Purchaser under the SF Agreement.

If on or before the Completion Date, there is an occurrence of any of the followings:

- (1) the winding-up or liquidation of the Purchaser; or
- (2) the entering into of any arrangement between the creditors and the Purchaser in respect of repayment of debt; or
- (3) the appointment of liquidator, receiver or manager to realise all or part of the business or assets of the Purchaser or any other arrangement similar thereto and such appointment has not been withdrawn within 14 days; or
- (4) the Purchaser failing to pay all or any part of the Deposit in accordance with the terms of the SF Agreement; or
- (5) the Purchaser failing to complete the transactions in accordance with the terms of the SF Agreement,

the Vendor shall have the discretion to terminate the SF Agreement by providing the Purchaser with a written notice without the incurrance of any liability to the Vendor. Upon termination of the SF Agreement, the Vendor shall cease to have any obligation under the SF Agreement. No party to the SF Agreement shall make any claim against the other party, provided, however, that the termination of the SF Agreement shall not prejudice to (i) the rights accrued to the Vendor and the Purchaser and the making of any claims by any party to the other party pursuant to the Surviving Clauses; (ii) the antecedent breach on the part of the Purchaser; (iii) the Purchaser's obligation to compensate the Vendor for any loss (if any) resulting from the breach of any laws and regulations on the part of the Purchaser and/or any act committed by the Purchaser intentionally which prejudices the interest of Dalian Jinma; and (iv) the obligation of the Purchaser to pay the agreed compensation to the Vendor pursuant to the terms of the SF Agreement.

## INFORMATION OF THE SF GROUP

Silver Forest is an investment holding company incorporated in the British Virgin Islands with limited liability, which holds 100% of the entire issued share capital of Silver Wealth. Dalian Jinma is a direct wholly-owned subsidiary of Silver Wealth.

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

Dalian Jinma is a wholly foreign owned enterprise incorporated in the PRC with limited liability and is principally engaged in the business of property development and owns the land use right of the Land.

Set out below is the financial information of Dalian Jinma for eleven months ended 30th November, 2013 and the two years ended 31st December, 2012 and 31st December, 2011:

	<b>Eleven months ended 30th November, 2013</b>	<b>Year ended 31st December,</b>	
	<b>2013</b>	<b>2012</b>	<b>2011</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)
Revenue	—	—	—
Net loss before taxation	14,900	4,938	3,598
Net loss after taxation	14,900	4,938	3,598

The unaudited net asset value of the equity interest of the SF Group was approximately HK\$316,082,000 as at 30th November, 2013.

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

## FINANCIAL EFFECT OF THE SF DISPOSAL

It is estimated that, as a result of the SF Disposal, the Company will recognise an estimated gain of approximately HK\$128,482,000 being the Consideration less the shareholder's loan in the amount of approximately HK\$320,452,000 owed by Silver Forest to the Vendor as at the date of the SF Agreement, and other costs. The proceeds generated from the SF Disposal will be applied as general working capital of the Group.



## **REASONS FOR AND BENEFITS OF THE SF DISPOSAL**

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

Having regard to the nature of and the benefits resulting from the SF Disposal, the Directors are of the view that the terms of the SF Agreement are entered into on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

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

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

The Company is 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.

The principal business activity of the Purchaser is investment holding.

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

The SF Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules as the relevant Percentage Ratio(s) for the Company exceeds 5% but is less than 25%.

## DEFINITIONS

“Assignment”	the assignment of the Loan to be entered into among the Vendor, the Purchaser and Silver Forest upon Completion
“Beijing Baohui”	北京寶匯投資有限公司 (Beijing Baohui Investment Co., Ltd.*), a third party independent of the Company
“Board”	the board of Directors
“Company”	Tian An China Investments Company Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the transactions contemplated under the SF Agreement including the sale and purchase of the Sale Shares and the assignment of the Loan
“Completion Date”	30th June, 2014 being the latest date on which the Completion shall take place or such later date as may be agreed by the Vendor and the Purchaser
“connected persons”	having the meaning ascribed to it under the Listing Rules
“Consideration”	RMB360,000,000 (equivalent to approximately HK\$455,690,000)
“Dalian Baochen”	大連寶晨房地產開發有限公司 (Dalian Baochen Real Estate Development Co., Ltd.*), a limited liability company incorporated in the PRC, which is a subsidiary of Dalian Jinma and its registration with the relevant administration for industry and commerce has been cancelled
“Dalian Jinma”	大連經濟技術開發區金馬大廈企業有限公司 (Dalian Development Area Jinma Building Enterprise Co., Ltd.*), a wholly foreign owned enterprise incorporated in the PRC, which is a direct wholly-owned subsidiary of Silver Wealth
“Dalian Loan”	a loan in the principal amount of RMB40,000,000 (equivalent to approximately HK\$50,633,000) provided by the Lender in favour of Dalian Jinma
“Dalian Tian An”	大連天安房地產開發有限公司 (Dalian Tian An Property Development Co., Ltd.*), a non wholly-owned subsidiary of the Company
“Deposit”	RMB360,000,000 (equivalent to approximately HK\$455,696,000)
“Directors”	the directors of the Company
“Earnest Money”	an amount of RMB5,000,000 (equivalent to approximately HK\$6,329,000) paid by Beijing Baohui to Silver Wealth as earnest money for conducting the due diligence by the Purchaser on the SF Group pursuant to the LoI



“Exchange Rate”	the middle exchange rate of RMB to HK\$ as announced by the China Foreign Exchange Trade System which is authorised by the People’s Bank of China on the business day immediately before the date of payment of the Consideration by the Purchaser to the Vendor in Hong Kong
“Group”	the Company and its subsidiaries
“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”	a piece of land in Dalian, PRC with an aggregate total area of 19,421 square metres which is for residential use
“Lender”	大連融富投資諮詢有限公司 (Dalian Rongfu Investment Consulting Co., Ltd.*), a third party independent of the Company
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	shareholder’s loan owed by Silver Forest to the Vendor as at the Completion Date
“LoI”	a non-legally binding 股權轉讓意向書 (Letter of Intent*) entered into between Silver Wealth and Beijing Baohui dated 29th October, 2013
“Main Board”	Main Board of the Stock Exchange (excludes the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“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, for the purpose of this announcement only, excludes Taiwan, Hong Kong and Macau Special Administrative Region of the People’s Republic of China
“Purchaser”	Leaderich Global Limited, a company incorporated in the British Virgin Islands with limited liability
“Purchaser Designated PRC Company”	a company incorporated in the PRC designated by the Purchaser to pay the Deposit
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	10 ordinary shares of US\$1.00 each, being the entire issued share capital of Silver Forest

“SF Agreement”	the sale and purchase agreement dated 6th January, 2014 made between the Vendor and the Purchaser relating to the sale and purchase of the Sale Shares and the Loan
“SF Disposal”	the disposal of the Sale Shares and the Loan by the Vendor pursuant to the SF Agreement
“SF Group”	Silver Forest, Silver Wealth and Dalian Jinma
“Shanghai Greentree II”	上海凱隆置業有限公司 (Shanghai Greentree II Company Ltd.*), a company incorporated in the PRC and a wholly-owned subsidiary of the Company
“Silver Forest”	Silver Forest Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“Silver Wealth”	Silver Wealth China Limited, a company incorporated in Hong Kong with limited liability, which is a direct wholly-owned subsidiary of Silver Forest
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Surviving Clauses”	clauses titled (i) confidentiality; (ii) general clauses; (iii) notices; (iv) governing law and jurisdiction; and (v) process agent in the SF Agreement
“Vendor”	Silvery Horizon Holdings 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 Silver Forest
“Vendor Designated PRC Company”	a company incorporated in the PRC designated by the Vendor to receive the Deposit
“%”	per cent.

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

Hong Kong, 6th January, 2014

*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 RMB0.79. 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