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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 50% INTEREST IN A SUBSIDIARY

On 21st March, 2013, the Vendor, a direct wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser and the Guarantor, pursuant to which, the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Share and the Loan for the Consideration of RMB1,050,000,000 (equivalent to approximately HK\$1,296,296,000).

The transactions under the Agreement constitute 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% but are less than 25%.

THE AGREEMENT

Date

21st March, 2013

Parties

- (1) The Vendor: Full Choice Resources Limited as the vendor of the Sale Share and the Loan
- (2) The Purchaser: Kata Holdings Limited as the purchaser of the Sale Share and the Loan
- (3) The Guarantor: Mr. Ou Qijin as the guarantor to the Purchaser

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, 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 Agreement, the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Share, which represents 50% of the entire issued share capital of the Target Company, and the Loan.

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

Consideration and Payment Terms

Pursuant to the Agreement, the Consideration of RMB1,050,000,000 (equivalent to approximately HK\$1,296,296,000) 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 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 Agreement;
- (3) the Third Payment of RMB200,000,000 (equivalent to approximately HK\$246,913,000) shall be paid by the Purchaser to the Vendor on or before the date falling 9 months from the date of the Agreement;
- (4) the Fourth Payment of RMB150,000,000 (equivalent to approximately HK\$185,185,000) shall be paid by the Purchaser to the Vendor on or before the date falling 1 year from the date of the Agreement;
- (5) the Fifth 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 2 years from the date of the Agreement; and
- (6) the Balance 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 3 years from the date of the Agreement.

The 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 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 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 due date. The relevant interest is payable by the Purchaser to the Vendor every three months from the date of the Agreement.

The Consideration for the 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\$911,403,000 owed by the Target Company to the Vendor as at the date of the 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.

Guarantee

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

Completion

Completion shall take place on the day of the full payment of the Consideration and the interests 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, the Company will continue to be interested in 50% of the entire issued share capital of the Target Company.

Termination Events

The 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 Agreement;
- (2) the Purchaser failing to proceed with Completion in accordance with the terms of the Agreement; or
- (3) the winding up of the Target Company or the Purchaser, or the bankruptcy of the Guarantor.

If the termination of the Agreement occurs as a result of the winding up of the Target Company, the Purchaser shall be entitled to, inter alia, a refund of all amounts paid to the Vendor pursuant to the Agreement on or prior to the date of termination.

If the termination of the 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 interests accrued on the outstanding amount of the Consideration from 30 days after the date of the 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 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 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 the Target Company, Jack Rock, Tianan Summit and Pacific (Fuzhou).

Upon the full receipt of the Third Payment and up to the Completion Date, the board of directors of Tianan Summit and Pacific (Fuzhou) shall appoint their respective Chairman and their respective Financial Officer as nominated by the Vendor and shall also appoint their respective Vice-Chairman and their respective Vice-Financial Officer as nominated by the Purchaser.

INFORMATION ON THE TARGET GROUP

The Target Company is an investment holding company incorporated in the British Virgin Islands with limited liability, which holds 68.4% voting rights in Jack Rock, which is directly interested in 100% equity interest in Tianan Summit and 25% equity interest in Pacific (Fuzhou). Pacific (Fuzhou) is owned as to 25% by Jack Rock and 75% by Tianan Summit respectively.

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

Tianan Summit is a wholly foreign owned enterprise incorporated in the PRC with limited liability and is principally engaged in the business of construction, management of golf course and associated resorts, residential property development etc and owns the land use and development rights of the Land comprising Land A, Land B, Land C, Land D, Land E and Land F with an aggregate total area of 1,631,931.80 square metres, which are all located in Fuzhou, Fujian, the PRC. The Land is planned to be developed into a commercial and residential complex with a golf course.

Pacific (Fuzhou) is a wholly foreign owned enterprise incorporated in the PRC with limited liability and its business scope includes golf course operation.

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

	Year ended 31st December,	
	2011	2012
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Revenue	–	–
Net loss before taxation	34,034	48,688
Net loss after taxation	34,034	48,688

The unaudited consolidated net deficit of 50% of the equity interest of the Target Group was approximately HK\$160,864,000 as at 31st December, 2012.

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

FINANCIAL EFFECT OF THE DISPOSAL

It is estimated that, as a result of the Disposal, the Company will recognise an estimated gain of approximately HK\$901,000,000 being the Consideration less the Loan, net deficit of the Target Group, and other costs. The proceeds generated from the Disposal will be applied as general working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company considers the Disposal to be a good opportunity for the Company to realise part of its investment especially given that the Disposal will be made at a gain. Moreover, with reference to the prevailing market conditions and the fact that the proceeds from the 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 Disposal.

Having regard to the nature of and the benefits resulting from the Disposal, the Directors believe that the terms of the 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 a direct 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 DISPOSAL

The transactions under the Agreement constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules on the basis that the relevant Percentage Ratios for the Company exceed 5% but are less than 25%.

DEFINITIONS

“Agreement”	the sale and purchase agreement dated 21st March, 2013 made between the Vendor, the Purchaser and the Guarantor, relating to the sale and purchase of the Sale Share and the Loan
“Balance 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 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
“Completion”	completion of sale and purchase of the Sale Share and the Loan in accordance with the 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 RMB1,050,000,000 (equivalent to approximately HK\$1,296,296,000) payable by the Purchaser to the Vendor for the Disposal under the Agreement

“Directors”	the directors of the Company
“Disposal”	the disposal of the Sale Share and the Loan by the Vendor pursuant to the Agreement
“Fifth 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 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 Agreement
“Fourth Payment”	a sum of RMB150,000,000 (equivalent to approximately HK\$185,185,000) payable by the Purchaser to the Vendor on the terms and subject to the conditions set out in the 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 Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKGAAP”	Hong Kong Generally Accepted Accounting Practice
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Jack Rock”	Jack Rock Development Limited, a company incorporated in Hong Kong with limited liability, which is owned as to 68.4% of voting rights by the Target Company
“Land”	Land A, Land B, Land C, Land D, Land E and Land F
“Land A”	a parcel of land in Fuzhou, Fujian, the PRC with an area of 131,197.00 square metres which can be used for residential purposes
“Land B”	a parcel of land in Fuzhou, Fujian, the PRC with an area of 73,121.00 square metres which can be used for residential purposes
“Land C”	a parcel of land in Fuzhou, Fujian, the PRC with an area of 989,162.30 square metres which can be used for green area and supporting facilities
“Land D”	a parcel of land in Fuzhou, Fujian, the PRC with an area of 135,402.00 square metres which can be used for residential purposes

“Land E”	a parcel of land in Fuzhou, Fujian, the PRC with an area of 70,428.50 square metres which can be used for residential purposes
“Land F”	a parcel of land in Fuzhou, Fujian, the PRC with an area of 232,621.00 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
“Loan”	50% of shareholder’s loan owed by the Target Company to the Vendor as at the date of Completion
“Pacific (Fuzhou)”	Pacific (Fuzhou) Golf Club Ltd., a wholly foreign owned enterprise incorporated in the PRC, which is owned as to 25% and 75% of shareholding by Jack Rock and Tianan Summit respectively
“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 with limited liability, the entire issued share capital of which is beneficially owned by the Guarantor
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Share”	1 ordinary share of US\$1.00 in the issued share capital of the Target Company, representing 50% of the entire issued share capital of the Target Company
“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 Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Foo Chow Holdings Limited, a company incorporated in the British Virgin Islands with limited liability
“Target Group”	the Target Company, Jack Rock, Tianan Summit and Pacific (Fuzhou)
“Third Payment”	a sum of RMB200,000,000 (equivalent to approximately HK\$246,913,000) payable by the Purchaser to the Vendor on the terms and subject to the conditions set out in the Agreement

“Tianan Summit”	Tianan Summit (Fujian) Real Estate Development Co., Ltd., a wholly foreign owned enterprise incorporated in the PRC, which is a direct wholly-owned subsidiary of Jack Rock
“Vendor”	Full Choice Resources Limited, a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company, being the beneficial owner of the entire issued share capital of the Target Company
“%”	per cent.

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

Hong Kong, 21st March, 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.