

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

CONTINUING CONNECTED TRANSACTIONS

(I) SUPPLEMENTAL SHARING OF ADMINISTRATIVE SERVICES AND MANAGEMENT SERVICES AGREEMENT

AND

(II) RENEWED SHARING OF ADMINISTRATIVE SERVICES AND MANAGEMENT SERVICES AGREEMENT

SUPPLEMENTAL SHARING OF ADMINISTRATIVE SERVICES AND MANAGEMENT SERVICES AGREEMENT

On 7th February, 2017, the Company entered into the Supplemental Sharing of Administrative Services and Management Services Agreement with AGL, whereby parties thereto agreed to increase the annual cap of the fees payable by the Group to AGL in respect of the Management Services for the year ended 31st December, 2016 from HK\$27,120,000 to HK\$33,927,000 by amending the terms of the Sharing of Administrative Services and Management Services Agreement.

RENEWED SHARING OF ADMINISTRATIVE SERVICES AND MANAGEMENT SERVICES AGREEMENT

As the Sharing of Administrative Services and Management Services Agreement had expired on 31st December, 2016, on 7th February, 2017, the Company entered into the Renewed Sharing of Administrative Services and Management Services Agreement with AGL, whereby parties thereto agreed to renew and extend the term of the Sharing of Administrative Services and Management Services Agreement (as supplemented by the Supplemental Sharing of Administrative Services and Management Services Agreement) for a period of three years from 1st January, 2017 to 31st December, 2019.

LISTING RULES IMPLICATIONS

Following the entering into of the Supplemental Sharing of Administrative Services and Management Services Agreement, there is an update on the 2016 Annual Cap as compared to those disclosed in the section titled “(1) Renewal of the Sharing of Administrative Services and Management Services Agreements” in the Previous Announcement. Pursuant to Rule 14A.54 of the Listing Rules, the Group is required to re-comply with Rule 14A.53 of the Listing Rules.

As at the date of this announcement, the Company is held as to approximately 48.66% by APL, which is in turn held as to approximately 74.99% by AGL. Given that AGL is an associate of APL (which is a Substantial Shareholder of the Company), AGL is regarded as a connected person of the Company under the Listing Rules. As a result, the entering into of each of the Agreements by the Company constitutes a continuing connected transaction of the Company under the Listing Rules.

Pursuant to Rules 14A.73(8) and 14A.98 of the Listing Rules, the transaction regarding the sharing of the Administrative Services between the Company and AGL contemplated under each of the Agreements is fully exempt under Chapter 14A of the Listing Rules.

As one or more of the relevant applicable percentage ratios (other than the profits ratio) set out in Rule 14.07 of the Listing Rules in respect of the fees regarding the Management Services payable by the Group to AGL for the Sharing of Administrative Services and Management Services Agreement (as supplemented by the Supplemental Sharing of Administrative Services and Management Services Agreement) will exceed 0.1% but be less than 5%, the transactions contemplated thereunder and the relevant annual cap are subject to reporting, announcement and annual review requirements but exempt from Independent Shareholders' approval requirements under the Listing Rules.

As one or more of the relevant applicable percentage ratios (other than the profits ratio) set out in Rule 14.07 of the Listing Rules in respect of the fees regarding the Management Services payable by the Group to AGL for the Renewed Sharing of Administrative Services and Management Services Agreement are more than 5%, the transactions contemplated thereunder and the relevant annual caps are subject to reporting, announcement, annual review and Independent Shareholders' approval requirements under the Listing Rules.

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the terms of the Renewed Sharing of Administrative Services and Management Services Agreement and the relevant annual caps. The Company will appoint the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the fairness and reasonableness of the Renewed Sharing of Administrative Services and Management Services Agreement and the relevant annual caps.

GENERAL

The EGM will be convened by the Company for the Independent Shareholders to consider and, if thought fit, approve the Renewed Sharing of Administrative Services and Management Services Agreement and the relevant annual caps.

A circular containing, among other things, (i) further information on the Renewed Sharing of Administrative Services and Management Services Agreement and the relevant annual caps; (ii) the advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iii) the recommendation of the Independent Board Committee to the Independent Shareholders; and (iv) a notice of the EGM, is expected to be despatched to the Shareholders on or before 28th February, 2017.

SUPPLEMENTAL SHARING OF ADMINISTRATIVE SERVICES AND MANAGEMENT SERVICES AGREEMENT

Reference is made to the Previous Announcement.

On 7th February, 2017, the Company entered into the Supplemental Sharing of Administrative Services and Management Services Agreement with AGL, whereby parties thereto agreed to increase the annual cap of the fees payable by the Group to AGL in respect of the Management Services for the year ended 31st December, 2016 from HK\$27,120,000 to HK\$33,927,000 by amending the terms of the Sharing of Administrative Services and Management Services Agreement.

Under the Sharing of Administrative Services and Management Services Agreement (as supplemented by the Supplemental Sharing of Administrative Services and Management Services Agreement), the Group agreed to reimburse a portion of the actual costs of the services incurred by AGL by reference to a specified percentage of the remuneration of members of the Management Staff providing the Management Services to the Group, which would be payable by the Group on a quarterly basis.

The amount of fees paid and payable by the Group to AGL for the Management Services provided by the Management Staff for each of the two financial years ended on 31st December, 2015 were approximately HK\$21,480,000 and HK\$24,120,000 respectively. The historical service fees paid by the Group reflected the actual level of requirement for the Management Services that were provided by the Management Staff.

During the year ended 31st December, 2016, the actual costs incurred by AGL by reference to the specified percentage of the remuneration of the Management Staff providing the Management Services to the Group of HK\$33,927,000 have exceeded the agreed fees payable by the Group to AGL of HK\$27,120,000 for the year ended 31st December, 2016 in respect of the Management Services.

The annual cap for the year ended 31st December, 2016 has been exceeded mainly because of the increase in the actual costs of the services provided to the affairs of the Group during the year ended 31st December, 2016. The remuneration of certain members of the Management Staff was increased during the year ended 31st December, 2016 when compared to the projection made in January 2014.

The Directors considered that the sharing of Administrative Services and Management Services arrangement would benefit the Group in that both AGL and the Group can enjoy economies of scale brought by the sharing of the Administrative Services and Management Services which would maximise cost efficiency and management effectiveness.

RENEWED SHARING OF ADMINISTRATIVE SERVICES AND MANAGEMENT SERVICES AGREEMENT

As the Sharing of Administrative Services and Management Services Agreement had expired on 31st December, 2016, on 7th February, 2017, the Company entered into the Renewed Sharing of Administrative Services and Management Services Agreement with AGL, whereby parties thereto agreed to renew and extend the term of the Sharing of Administrative Services and Management Services Agreement (as supplemented by the Supplemental Sharing of Administrative Services and Management Services Agreement) for a period of three years from 1st January, 2017 to 31st December, 2019.

The major terms of the Renewed Sharing of Administrative Services and Management Services Agreement are as follows:

| | | |
|--|---|--|
| Date | : | 7th February, 2017 |
| Parties | : | The Company and AGL |
| Effective period | : | Three years commencing from 1st January, 2017 and expiring on 31st December, 2019 |
| Nature of transaction | : | Subject to the approval by the Independent Shareholders at the EGM, the Company agreed to reimburse AGL the costs incurred in respect of the Administrative Services and the Management Services provided by AGL to the Group. |
| Terms in respect of the sharing of Management Services | : | The Group agreed to reimburse a portion of the actual costs of the services incurred by AGL by reference to a specified percentage of the remuneration of members of the Management Staff providing the Management Services to the Group, which will be payable by the Group on a quarterly basis. Such percentage varies among each member of the Management Staff providing Management Services and would be determined by reference to the percentage of the time currently estimated to be devoted by the individual members of the Management Staff to the affairs of the Group against the amount of time they would otherwise devote to the affairs of AGL as full time employees of AGL. |

- Historical figures : Prior to the signing of the Renewed Sharing of Administrative Services and Management Services Agreement, the amount of fees paid and payable by the Group to AGL for the Management Services provided by the Management Staff for each of the three financial years ended on 31st December, 2016 were approximately HK\$21,480,000, HK\$24,120,000 and HK\$33,927,000 respectively. The historical service fees paid by the Group reflected the actual level of requirement for the Management Services that were provided by the Management Staff.
- Annual cap and the basis of determining the same : In determining the annual cap, besides taking into account the aforementioned service fees paid and payable by the Group for each of the three financial years ended on 31st December, 2016, the Directors have also taken into consideration the existing scales of the Group's operations and, for the purpose of determining the annual cap only, the anticipated growth of the Group, the anticipated increase in the remuneration of those Management Staff who are involved in providing the Management Services to the Group, and having done so, for each of the three financial years ending on 31st December, 2019, the aggregate annual amount payable by the Group in respect of the Management Services under the Renewed Sharing of Administrative Services and Management Services Agreement is expected not to exceed HK\$85,000,000, HK\$94,000,000 and HK\$103,000,000 respectively and accordingly, the above figures have been adopted as the annual cap for the transaction in respect of the Management Services under the Renewed Sharing of Administrative Services and Management Services Agreement in respect of the same period.
- Reasons for and benefits of the transaction : The Directors consider that the sharing of Administrative Services and Management Services arrangement will benefit the Group in that both AGL and the Group can enjoy economies of scale brought by the sharing of the Administrative Services and Management Services which will maximise cost efficiency and management effectiveness. In addition, since members of the Management Staff will devote part of their time to the affairs of the Group in the course of performance of the Management Services to the Group, the Directors (other than the independent non-executive Directors whose opinion will be provided after reviewing the advice of the Independent Financial Adviser) consider that it is reasonable for the Group to be charged for the Management Services so as to allocate the costs borne by AGL in this respect.

LISTING RULES IMPLICATIONS

Following the entering into of the Supplemental Sharing of Administrative Services and Management Services Agreement, there is an update on the 2016 Annual Cap as compared to those disclosed in the section titled “(1) Renewal of the Sharing of Administrative Services and Management Services Agreements” in the Previous Announcement. Pursuant to Rule 14A.54 of the Listing Rules, the Group is required to re-comply with Rule 14A.53 of the Listing Rules.

As at the date of this announcement, the Company is held as to approximately 48.66% by APL, which is in turn held as to approximately 74.99% by AGL. Given that AGL is an associate of APL (which is a Substantial Shareholder of the Company), AGL is regarded as a connected person of the Company under the Listing Rules. As a result, the entering into of each of the Agreements by the Company constitutes a continuing connected transaction of the Company under the Listing Rules.

Pursuant to Rules 14A.73(8) and 14A.98 of the Listing Rules, the transaction regarding the sharing of the Administrative Services between the Company and AGL contemplated under each of the Agreements is fully exempt under Chapter 14A of the Listing Rules.

As one or more of the relevant applicable percentage ratios (other than the profits ratio) set out in Rule 14.07 of the Listing Rules in respect of the fees regarding the Management Services payable by the Group to AGL for the Sharing of Administrative Services and Management Services Agreement (as supplemented by the Supplemental Sharing of Administrative Services and Management Services Agreement) will exceed 0.1% but be less than 5%, the transactions contemplated thereunder and the relevant annual cap are subject to reporting, announcement and annual review requirements but exempt from Independent Shareholders’ approval requirements under the Listing Rules.

As one or more of the relevant applicable percentage ratios (other than the profits ratio) set out in Rule 14.07 of the Listing Rules in respect of the fees regarding the Management Services payable by the Group to AGL for the Renewed Sharing of Administrative Services and Management Services Agreement are more than 5%, the transactions contemplated thereunder and the relevant annual caps are subject to reporting, announcement, annual review and Independent Shareholders’ approval requirements under the Listing Rules.

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the terms of the Renewed Sharing of Administrative Services and Management Services Agreement and the relevant annual caps. The Company will appoint the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the fairness and reasonableness of the Renewed Sharing of Administrative Services and Management Services Agreement and the relevant annual caps.

The Directors (in respect of the Renewed Sharing of Administrative Services and Management Services Agreement, other than the independent non-executive Directors whose opinion will be provided after reviewing the advice of the Independent Financial Adviser) are of the view that the terms of the Agreements were entered into after arm's length negotiations and reflect normal commercial terms and that the terms of the Agreements (including the respective annual caps in respect of the Management Services) are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

Mr. Lee Seng Hui (being the chairman and a non-executive Director of the Company is also the chief executive and an executive director of AGL, a member of the Management Staff providing Management Services to the Group and also one of the trustees of Lee and Lee Trust, being a discretionary trust which, together with his personal interest, owns approximately 74.49% interest in the total number of shares in issue of AGL which is directly and indirectly interested in an aggregate of approximately 74.99% of the total number of shares in issue of APL, which in turn indirectly holds approximately 48.66% of the total number of shares in issue of the Company) is deemed to be interested in the Agreements and has abstained from voting on the relevant board resolutions of the Company.

Mr. Edwin Lo King Yau (being an executive Director of the Company is also an executive director of AGL and a member of the Management Staff providing Management Services to the Group) is deemed to be interested in the Agreements and has abstained from voting on the relevant board resolutions of the Company.

Apart from the above, none of the Directors has any material interest in the Agreements and is required to abstain from voting on the board resolutions approving the Agreements and the transactions contemplated thereunder.

INFORMATION ON THE COMPANY AND AGL

The Company

The Company is incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board and is owned as to approximately 48.66% by APL.

The principal business activity of the Company is investment holding. The Group is engaged principally in the development of apartments, villas, office buildings and commercial properties, property investment, property management in the PRC, and property investment, property rental and estate management in Hong Kong.

AGL

AGL is a company incorporated in Hong Kong with limited liability, a Substantial Shareholder of APL and the shares of which are listed on the Main Board.

The principal business activity of AGL is investment holding. The principal business activities of its major subsidiaries are property investment and development, hospitality related activities, elderly care services, the provision of finance and investments in listed and unlisted securities.

GENERAL

The EGM will be convened by the Company for the Independent Shareholders to consider and, if thought fit, approve the Renewed Sharing of Administrative Services and Management Services Agreement and the relevant annual caps.

A circular containing, among other things, (i) further information on the Renewed Sharing of Administrative Services and Management Services Agreement and the relevant annual caps; (ii) the advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iii) the recommendation of the Independent Board Committee to the Independent Shareholders; and (iv) a notice of the EGM, is expected to be despatched to the Shareholders on or before 28th February, 2017.

DEFINITIONS

| | |
|---------------------------|--|
| “2016 Annual Cap” | the annual cap amount payable by the Group to AGL in respect of the Management Services for the financial year ended 31st December, 2016 |
| “Administrative Services” | the corporate secretarial services, provision of registered office address, utilities services including water, electricity, telephone (including international telephone services) and internet, photocopying, postal, courier, delivery and other services ancillary to the day-to-day administration and operation of the Group as stipulated in the Agreements |
| “AGL” | Allied Group Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board (Stock Code: 373), is a Substantial Shareholder of the Company through its interests in APL |
| “Agreements” | the Supplemental Sharing of Administrative Services and Management Services Agreement and the Renewed Sharing of Administrative Services and Management Services Agreement |
| “APL” | Allied Properties (H.K.) Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board (Stock Code: 56), is a Substantial Shareholder of the Company and a non wholly-owned subsidiary of AGL |
| “associate(s)” | having the meaning ascribed to it under the Listing Rules |
| “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 (Stock Code: 28) |

| | |
|---------------------------------|--|
| “connected person(s)” | having the meaning ascribed to it under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “EGM” | an extraordinary general meeting to be convened by the Company for the Independent Shareholders to consider and, if thought fit, approve the Renewed Sharing of Administrative Services and Management Services Agreement and the relevant annual caps |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | Hong Kong Special Administrative Region of the People’s Republic of China |
| “Independent Board Committee” | a committee of the Board (comprising all the independent non-executive Directors) established for the purpose of advising the Independent Shareholders in respect of the Renewed Sharing of Administrative Services and Management Services Agreement and the relevant annual caps |
| “Independent Financial Adviser” | the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Renewed Sharing of Administrative Services and Management Services Agreement and the relevant annual caps |
| “Independent Shareholders” | Shareholders who are not interested in the Renewed Sharing of Administrative Services and Management Services Agreement and are not required under the Listing Rules to abstain from voting at the EGM to approve the same and the transactions contemplated thereunder |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “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 |
| “Management Services” | the management, consultancy, strategic, internal audit, management information system consultancy and business advice services provided by the Management Staff to the Group as stipulated in the Agreements |
| “Management Staff” | the senior management and the selected staff of AGL |

| | |
|---|--|
| “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 |
| “Previous Announcement” | the announcement of the Company dated 28th January, 2014 relating to, among other matters, the entering into of the Sharing of Administrative Services and Management Services Agreement |
| “Renewed Sharing of Administrative Services and Management Services Agreement” | the agreement dated 7th February, 2017 entered into between the Company and AGL in respect of the renewal of the Sharing of Administrative Services and Management Services Agreement as supplemented by the Supplemental Sharing of Administrative Services and Management Services Agreement |
| “Shareholder(s)” | the shareholder(s) of the Company |
| “Sharing of Administrative Services and Management Services Agreement” | the agreement dated 28th January, 2014 entered into between the Company and AGL in respect of the sharing of Administrative Services and Management Services |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Substantial Shareholder(s)” | having the meaning ascribed to it under the Listing Rules |
| “Supplemental Sharing of Administrative Services and Management Services Agreement” | the agreement dated 7th February, 2017 entered into between the Company and AGL in respect of the amendments to the terms of the Sharing of Administrative Services and Management Services Agreement |
| “%” | per cent. |

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

Hong Kong, 7th February, 2017

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.