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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

Surrender of Put Option and Disposal of an indirect Wholly-owned Subsidiary

On 13th October, 2009, TADD, an indirect wholly-owned subsidiary of the Company, Commander, a direct wholly-owned subsidiary of TADD and AL (Hangzhou), a direct wholly-owned subsidiary of Commander, entered into the Settlement Deed with MH (Singapore), pursuant to which Commander has agreed to surrender the Put Option in favour of MH (Singapore) upon receipt of the full payment of RMB640,000,000 (equivalent to approximately HK\$727,272,727.27), being the Settlement Amount, by MH (Singapore) on the terms and conditions of the Settlement Deed.

Furthermore, pursuant to the Settlement Deed, following the Surrender having taken effect and subject to the fulfilment of the conditions precedent set out in the Settlement Deed, TADD agrees, upon its sole discretion, to sell and MH (Singapore) agrees to purchase the Sale Share representing the entire issued share capital of Commander, at the nominal consideration of HK\$7.80 on the terms and conditions of the Settlement Deed.

The Transaction constitutes a discloseable transaction for the Company pursuant to Rule 14.06(2) of the Listing Rules, on the basis that the calculation of the relevant Percentage Ratio exceeds 5% but less than 25%.

BACKGROUND

In 1992, MH (Shanghai) was set up to develop the land named 上海市長寧區新涇鄉一號(毛地) (No. 1 Xinjingxiang, Changning District, Shanghai) into a residential villa complex. As at the date of this announcement, MH (Singapore) is the beneficial owner of the entire equity interest in MH (Shanghai).

In 1995, at the request of MH (Singapore), AL (Hangzhou) entered into a Master Agreement with MH (Singapore), pursuant to which (i) AL (Hangzhou) agreed to contribute to the Project 60% of all construction costs; (ii) MH (Singapore) agreed that AL (Hangzhou) shall be entitled to 60% of the net profit under the Project; and (iii) MH (Singapore) agreed that 60% of the equity interest in MH (Shanghai) shall be registered in the name of AL (Hangzhou) as security for the performance of the obligation of MH (Singapore) under the Master Agreement.

In 2002, Commander, AL (Hangzhou) and MH (Singapore) further agreed that MH (Singapore) shall grant to Commander the Put Option upon the exercise of which, MH (Singapore) shall be obligated to purchase the entire issued share capital of AL (Hangzhou) at the Exercise Price.

On 13th October, 2009, the Parties entered into the Settlement Deed, details of which are disclosed below.

THE SETTLEMENT DEED

Date: 13th October, 2009

Parties:

- | | |
|--------------------------------------|--|
| (1) Put Option holder | Commander, the holder of the Put Option |
| (2) Vendor | TADD, the vendor selling the Sale Share |
| (3) Put Option grantor and purchaser | MH (Singapore), the grantor of the Put Option to Commander and the purchaser acquiring Commander |
| (4) Other party | AL (Hangzhou) |

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, MH (Singapore) and its ultimate beneficial owner are third parties independent of the Company and Connected Persons of the Company.

Material Assets under the Transaction

The Put Option was granted by MH (Singapore) in favour of Commander in 2002. Upon the exercise of the Put Option by Commander, MH (Singapore) shall be obligated to purchase the entire issued share capital of AL (Hangzhou) at the Exercise Price.

AL (Hangzhou) is entitled to 60% of the net profit generated under the Project.

The Project constitutes part of a property development project known as Shanghai Elegant Garden, which is located at No. 1 Xinjingxiang, Changning District, Shanghai, the PRC. Under the Project, the Project Land is planned to be developed into a residential villa complex with a total saleable area of approximately 36,031 square metres. Construction of Phase II and part I of Phase III of the Project Land has been completed and the remaining part II of Phase III of the Project Land is under construction and planned to be developed by phases.

Upon full payment of the Settlement Amount, Commander shall surrender the Put Option in favour of MH (Singapore).

The Settlement Amount and Extension of Settlement Date

The Settlement Amount for the Surrender under the Settlement Deed is RMB640,000,000 (equivalent to approximately HK\$727,272,727.27), subject to adjustment, which shall be paid by MH (Singapore) to TADD in the following manner:

- (1) the Non-refundable Initial Amount of RMB100,000,000 (equivalent to approximately HK\$113,636,363.64) shall be paid by MH (Singapore) to TADD by cash in two instalments:
 - (a) the first instalment of RMB40,000,000 (equivalent to approximately HK\$45,454,545.46) shall be paid within two (2) Business Days from the date of the Settlement Deed;
 - (b) the second instalment of RMB60,000,000 (equivalent to approximately HK\$68,181,818.18) shall be paid within fourteen (14) Business Days from the date of the Settlement Deed; and
- (2) the Remaining Amount of RMB540,000,000 (equivalent to approximately HK\$613,636,363.63) shall be paid by MH (Singapore) to TADD by cash on the Settlement Date.

MH (Singapore) may make early payment of the Remaining Amount or any part thereof in multiples of RMB10,000,000 or its equivalent in Hong Kong dollars at any time prior to the Settlement Date or the Extended Settlement Date, as the case may be.

If the Remaining Amount is not to be paid by MH (Singapore) to TADD in full on the Settlement Date, MH (Singapore) may within three (3) Business Days before the Settlement Date request in writing for extending the Settlement Date to the Extended Settlement Date and TADD may accept or refuse the request in its absolute discretion.

If MH (Singapore) fails to request for an extension of the Settlement Date or if TADD refuses to extend the Settlement Date to the Extended Settlement Date, TADD shall not be obliged to (i) refund the Non-refundable Initial Amount; or (ii) surrender the Put Option, whereupon the Settlement Deed shall be terminated and no party shall have any claim against the other parties in respect of any matter or thing arising out of or in connection with the Settlement Deed.

If TADD accepts the request for extending the Settlement Date to the Extended Settlement Date, then on the Extended Settlement Date, MH (Singapore) shall pay to TADD (i) the Remaining Amount or such outstanding part thereof (as the case may be); and (ii) interest on the Remaining Amount or such outstanding part thereof (as the case may be) at the Interest Rate for the period between the Settlement Date and the Extended Settlement Date (both days inclusive).

The Settlement Amount and the Interest Rate were arrived at after arm's length negotiation between TADD, Commander and MH (Singapore) having regard to (i) the market value of the Project and the entitlement of AL (Hangzhou) under the Project; and (ii) the interest rate usually charged by the Group against an independent third party in a normal loan transaction. The Directors consider that the Settlement Amount was fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Conditions Precedent for the Surrender

The surrender of the Put Option by Commander in favour of MH (Singapore) is conditional upon:

- (1) the Company having complied with and to the satisfaction of the Stock Exchange all requirements under the Listing Rules in relation to the Transaction;
- (2) TADD having received the resolutions of the board of directors of MH (Singapore) approving and authorising the terms and conditions of the Settlement Deed, the Transaction and the execution thereof;
- (3) TADD having received the resolutions of the board of directors of MH (Shanghai) approving and authorising such matters in connection with or related to the Settlement Deed; and
- (4) all necessary authorisations (if any) of all relevant governmental or regulatory authorities, agencies or bodies, or any other third party and/or relevant regulatory authorities of the PRC (if required), required for the implementation of the Transaction being obtained and maintained.

The Surrender

The Surrender shall take effect upon full payment of the Settlement Amount and the fulfilment of the Surrender Conditions Precedent on the Settlement Date or the Extended Settlement Date (as the case may be).

Transfer of the Sale Share

Pursuant to the Settlement Deed, following the Surrender having taken effect, at the request of MH (Singapore), TADD agrees, upon its sole discretion, to sell, and MH (Singapore) agrees to purchase the Sale Share free from any encumbrances at the consideration of HK\$7.80.

The Sale Share represents the entire issued share capital of Commander. The material asset of Commander is its beneficial ownership of the entire issued share capital of AL (Hangzhou).

The SP Consideration shall be payable by MH (Singapore) to TADD on the SP Completion.

The SP Consideration was arrived at after arm's length negotiation between TADD and MH (Singapore) having regard to the nominal value of Commander and the Settlement Amount. The Directors consider that the SP Consideration was fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The SP Completion is conditional upon the fulfilment of, inter alia, the following conditions:

- (1) the full payment of the Settlement Amount and interest accrued thereon (if any);
- (2) the Surrender having taken effect pursuant to the Settlement Deed; and
- (3) such other conditions as may be required by TADD from time to time.

Upon the SP Completion, the Company will cease to be interested in Commander and AL (Hangzhou) and the Company will cease to be interested in the Project whatsoever.

SUMMARY OF FINANCIAL INFORMATION OF MH (SHANGHAI)

A summary of the audited results of MH (Shanghai) (the project company of the Project and 60% of its equity interest is registered in the name of AL (Hangzhou)) for the two financial years ended 31st December, 2007 and 31st December, 2008 are as follows:

	Year ended 31st December,	
	2008	2007
	HK\$'000	HK\$'000
Revenue	14,921	–
Loss before tax	(11,233)	(14,427)
Loss after tax	(11,233)	(14,427)

The audited net asset value of the entire equity interest in MH (Shanghai) as at 31st December, 2008 was approximately HK\$18,097,000.

The accounts as summarised above have been prepared in accordance with PRCGAAP.

INFORMATION OF THE COMPANY, TADD, COMMANDER, AL (HANGZHOU) AND MH (SINGAPORE)

(1) The Company

The Company is a company incorporated in Hong Kong with limited liability, the securities of which are 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, property management and hotel operation in the PRC.

(2) TADD

TADD is a company incorporated in BVI with limited liability and is an indirect wholly-owned subsidiary of the Company.

The principal business activity of TADD is investment holding.

(3) Commander

Commander is a company incorporated in BVI with limited liability and is a direct wholly-owned subsidiary of TADD.

The principal business activity of Commander is investment holding.

(4) AL (Hangzhou)

AL (Hangzhou) is a company incorporated in BVI with limited liability and is a direct wholly-owned subsidiary of Commander.

The principal business activity of AL (Hangzhou) is investment holding.

(5) MH (Singapore)

MH (Singapore) is a company incorporated in Singapore with limited liability.

Based on the information provided by MH (Singapore), the principal business activities of MH (Singapore) are investment holding and property investment in the PRC.

FINANCIAL EFFECT OF THE TRANSACTION

It is estimated that, as a result of the Transaction, the Company will recognise an estimated gain of approximately HK\$547,000,000 being the Settlement Amount and the SP Consideration less costs of the Group's investment in the Project. The proceeds generated from the Transaction will be applied as general working capital of the Group.

REASONS FOR THE TRANSACTION

As the development of the Project has been carried on for more than 10 years, the Directors consider that the Transaction presents a good opportunity to realise a substantial gain by disposal of the Group's interest in the Project, such that the Group may employ the Settlement Amount to other existing or new investment opportunities of the Group.

Having regard to the nature of and benefits resulting from the Transaction, the Directors believe that the terms of the Settlement Deed are fair and reasonable and in the interests of the Company and the Shareholders taken as a whole.

LISTING RULES IMPLICATIONS OF THE TRANSACTION

The Transaction constitutes a discloseable transaction for the Company pursuant to Rule 14.06(2) of the Listing Rules, on the basis that the calculation of the relevant Percentage Ratio exceeds 5% but less than 25%.

DEFINITIONS

“AL (Hangzhou)”	Allied Resort (Hangzhou) Company Limited, a company incorporated in BVI with limited liability and a direct wholly-owned subsidiary of Commander
“Business Day”	a day on which banks are generally open for business in Hong Kong (other than a Saturday, Sunday or public holiday or days on which a typhoon signal No. 8 or black rainstorm signal is hoisted in Hong Kong at 10:00 a.m.)
“BVI”	the British Virgin Islands

“Commander”	Commander Ventures Limited, a company incorporated in BVI with limited liability and a direct wholly-owned subsidiary of TADD and is the holder of the Put Option
“Company”	Tian An China Investments Company Limited, a company incorporated in Hong Kong with limited liability, the securities of which are listed on the Main Board of the Stock Exchange
“Connected Person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“Exercise Price”	the consideration of HK\$185,000,000 payable by MH (Singapore) for the acquisition of the entire issued share capital of AL (Hangzhou) when Commander exercises the Put Option
“Extended Settlement Date”	the date on which the Settlement Date is extended by the Extension Period
“Extension Period”	the period of extension requested by MH (Singapore) in writing and granted by TADD in its absolute discretion for extending the Settlement Date
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Interest Rate”	1% per month or such other rate as may be agreed between TADD and MH (Singapore) from time to time
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Master Agreement”	the agreement entered into between AL (Hangzhou) and MH (Singapore) (as supplemented from time to time) pursuant to which (i) AL (Hangzhou) agreed to contribute to the Project 60% of all construction costs; (ii) MH (Singapore) agreed that AL (Hangzhou) shall be entitled to 60% of the net profit under the Project; and (iii) MH (Singapore) agreed that 60% of the equity interest in MH (Shanghai) shall be registered in the name of AL (Hangzhou) as security for the performance of the obligation of MH (Singapore) under the Master Agreement
“MH (Shanghai)”	上海明鴻房地產發展有限公司 (Shanghai Min Hoong Real Estate Development Co., Ltd.*), a company established under the laws of the PRC for the purpose of developing the Project

“MH (Singapore)”	Min Hoong Development Co Pte Ltd (新加坡明鴻發展投資(私人)有限公司), the grantor of the Put Option and the purchaser of the Sale Share under the Settlement Deed
“Non-refundable Initial Amount”	the non-refundable initial amount of RMB100,000,000 (equivalent to approximately HK\$113,636,363.64) which has been paid by MH (Singapore) to TADD on the date of the Settlement Deed
“Percentage Ratio”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China, not including Taiwan, Hong Kong and Macau
“PRCGAAP”	the PRC Generally Accepted Accounting Practice
“Project”	the project of developing in the Project Land which is planned to be developed into a residential villa complex
“Project Land”	part of Phases II and Phase III of a land known as 上海市長寧區新涇鄉一號(毛地) (No. 1 Xinjingxiang, Changning District, Shanghai)
“Put Option”	the put option granted by MH (Singapore) to Commander upon the exercise of which by Commander, MH (Singapore) is obligated to purchase from Commander the entire issued share capital of AL (Hangzhou) at the Exercise Price
“Remaining Amount”	the remaining amount of RMB540,000,000 payable by MH (Singapore) to TADD on the Settlement Date pursuant to the Settlement Deed
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Share”	one (1) ordinary share of US\$1.00, representing the entire issued share capital of Commander
“Settlement Amount”	RMB640,000,000 (equivalent to approximately HK\$727,272,727.27) being the sum of the Non-refundable Initial Amount and the Remaining Amount
“Settlement Date”	15th December, 2009 being the date on which the Remaining Amount has been paid by MH (Singapore) to TADD and subject to early payment in accordance with the Settlement Deed
“Settlement Deed”	the settlement deed entered into between the Parties on 13th October, 2009 in respect of the Transaction
“Share(s)”	ordinary shares of HK\$0.20 each in the issued share capital of the Company and a “Share” shall mean any of such Shares
“Shareholder(s)”	holder(s) of the Share(s)

“SP Completion”	completion of the sale and purchase of the Sale Share pursuant to the Settlement Deed
“SP Consideration”	the consideration of HK\$7.80 for the sale and purchase of the Sale Share
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Surrender”	the surrender of the Put Option on the terms and subject to the conditions under the Settlement Deed
“Surrender Conditions Precedent”	the conditions precedent for the Surrender
“TADD”	Tian An Development (Dalian) Company Limited, a company incorporated in BVI with limited liability and an indirect wholly-owned subsidiary of the Company and is the vendor of the Sale Share
“Transaction”	the Surrender and the transfer of the Sale Share on the terms and subject to the conditions under the Settlement Deed
“%”	per cent.

On behalf of the Board
Tian An China Investments Company Limited
Edwin Lo King Yau
Executive Director

Hong Kong, 13th October, 2009

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 RMB0.88. 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 of Directors comprises Mr. Patrick Lee Seng Wei (Managing Director), Mr. Ng Qing Hai (Deputy Managing Director), Mr. Ma Sun (Deputy Managing Director), Mr. Edwin Lo King Yau, Mr. Li Chi Kong and Mr. Yasushi Ichikawa being the Executive Directors; Mr. Lee Seng Hui (Chairman), Mr. Song Zengbin (Deputy Chairman), Dr. Moses Cheng Mo Chi and Mr. Kazunori Okimoto being the Non-Executive Directors; and Mr. Francis J. Chang Chu Fai, Mr. Ngai Wah Sang, Mr. Xu Su Jing and Ms. Lisa Yang Lai Sum being the Independent Non-Executive Directors.

* *for identification purpose only*