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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)**

## **CONTINUING CONNECTED TRANSACTIONS**

### **RENEWAL OF THE SHARING OF ADMINISTRATIVE SERVICES AND MANAGEMENT SERVICES AGREEMENT AND INSURANCE BROKERAGE SERVICES AGREEMENT**

#### **RENEWED SHARING OF ADMINISTRATIVE SERVICES AND MANAGEMENT SERVICES AGREEMENT**

The Company entered into the Renewed Sharing of Administrative Services and Management Services Agreement with AGL on 31st January, 2011 pursuant to which the Company agreed to renew and extend the terms of the Sharing of Administrative Services and Management Services Agreement in relation to the Administrative Services and the Management Services provided by AGL to the Group and the reimbursement of costs payable to AGL.

#### **INSURANCE BROKERAGE SERVICES AGREEMENT**

On 31st January, 2011, the Company entered into the Insurance Brokerage Services Agreement with SHK Insurance in respect of SHK Insurance providing packaged insurance brokerage services to the Group for a term of two years commencing from 1st January, 2011 and expiring on 31st December, 2012.

#### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, the Company and SHK are held as to approximately 40.00% and 62.72% respectively by APL, which is in turn held as to approximately 72.34% by AGL. Given that AGL, SHK and SHK Insurance are associates of APL (which is a substantial shareholder of the Company), AGL, SHK and SHK Insurance are regarded as connected persons of the Company under the Listing Rules.

Accordingly, the entering into of the Renewed Sharing of Administrative Services and Management Services Agreement and the Insurance Brokerage Services Agreement and the transactions contemplated thereunder will constitute continuing connected transactions for the Company under Rule 14A.14 of the Listing Rules. Pursuant to Rules 14A.31(8) and 14A.33(2) of the Listing Rules, the transaction regarding the sharing of the Administrative Services between the Company and AGL contemplated under the Renewed Sharing of Administrative Services and Management Services Agreement will be exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under the Listing Rules.

As it is anticipated that 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 each of (i) the fees regarding the Management Services payable by the Group to AGL under the Renewed Sharing of Administrative Services and Management Services Agreement and (ii) the fees payable under the Insurance Brokerage Services Agreement will, on an annual basis, be less than 5%, the entering into of each of (i) the Renewed Sharing of Administrative Services and Management Services Agreement and (ii) the Insurance Brokerage Services Agreement by the Company, which is on normal commercial terms, and the transactions regarding the sharing of Management Services contemplated under the Renewed Sharing of Administrative Services and Management Services Agreement and the transactions contemplated under the Insurance Brokerage Services Agreement will constitute continuing connected transactions for the Company under Rule 14A.34 of the Listing Rules which will be subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47, the annual review requirements set out in Rules 14A.37 to 14A.40 and the requirements set out in Rules 14A.35(1) and 14A.35(2) but will be exempted from the independent shareholders' approval requirements under the Listing Rules.

Details of the Continuing Connected Transactions Agreements and the transactions contemplated thereunder will be included in the Company's next published annual report and accounts in accordance with Rules 14A.45 and 14A.46 of the Listing Rules.

## **BACKGROUND**

The Company entered into the Sharing of Administrative Services and Management Services Agreement with AGL on 31st January, 2008 for a term of three years commencing from 1st January, 2008 pursuant to which AGL would provide to the Group the Administrative Services and the Management Staff would provide the Group with the Management Services and the Group would reimburse the relevant costs to AGL.

The Sharing of Administrative Services and Management Services Agreement expired on 31st December, 2010 and the parties thereto agreed to renew and extend the terms of which for a period of three years commencing from 1st January, 2011 to 31st December, 2013.

## **RENEWED SHARING OF ADMINISTRATIVE SERVICES AND MANAGEMENT SERVICES AGREEMENT**

Date	:	31st January, 2011
Parties	:	The Company and AGL
Effective period	:	Three years commencing from 1st January, 2011 and expiring on 31st December, 2013
Nature of transaction	:	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 Administrative Services provided to the Group, the Group agreed to reimburse the actual costs incurred by AGL which will be payable by the Group on a monthly basis. The fees charged will be determined by reference to the actual use of the Administrative Services by the Group on a cost basis without margin which varies across different types of services. For instance, in respect of sharing of office space, the rent and utility charges paid by the Company to AGL will be calculated by reference to the floor area occupied by the Company. For other office administrative expenses such as postage, delivery and international telephone calls, AGL will keep a record of such uses and the Company will be charged on its actual use. The Directors consider that such cost allocation of the Administrative Services between the Group and AGL is on a fair and equitable basis and that the fees charged by AGL are comparable to market rates for similar services provided by the Independent Third Parties.
- In respect of the Management Services provided to the Group, 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 between each member of the Management Staff 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.
- Annual cap : In respect of the Management Services, HK\$16,200,000, HK\$18,150,000 and HK\$20,400,000 for each of the three financial years ending 31st December, 2013 respectively
- 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 31st December, 2010 were approximately HK\$11,700,000, HK\$12,880,000 and HK\$14,140,000 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.

- Basis of determining the annual cap : In determining the annual cap, besides taking into account the aforementioned service fees paid by the Group for each of the three financial years ended 31st December, 2010, 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 31st December, 2013, 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\$16,200,000, HK\$18,150,000 and HK\$20,400,000 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 transactions : 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 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.

## **INSURANCE BROKERAGE SERVICES AGREEMENT**

On 31st January, 2011, the Company entered into the Insurance Brokerage Services Agreement with SHK Insurance in respect of SHK Insurance providing packaged insurance brokerage services to the Group for a term of two years commencing from 1st January, 2011 and expiring on 31st December, 2012, details of which are as follows:

- Date : 31st January, 2011
- Parties : The Company as customer and SHK Insurance as service provider
- Effective period : Two years commencing from 1st January, 2011 and expiring on 31st December, 2012
- Nature of transaction : SHK Insurance will provide packaged insurance brokerage services to the Group by assisting the Company in procuring insurance policies to be taken out with third party insurers. The scope of the services provided by SHK Insurance includes without limitation risks analysis, insurance program design, insurance tender exercise, insurance placement, claims handling and management, loss control and insurance advisory.

- Terms : The premium for any insurance policy proposed by SHK Insurance under the Insurance Brokerage Services Agreement shall be such premium as would be charged by SHK Insurance to an Independent Third Party when dealing on an arm's length basis having regard to any other special circumstances such as arm's length negotiated volume discounts. The terms under the Insurance Brokerage Services Agreement will be no less favourable than that provided by the Independent Third Parties. The Group will pay and settle the premium to SHK Insurance in accordance with the terms of the insurance policies taken out with the third party insurers. Under general circumstances, the Group is allowed 30 days credit period to settle the premium.
- Annual cap : HK\$4,000,000 and HK\$4,400,000 for each of the two financial years ending 31st December, 2012 respectively
- Basis of determining the annual cap : The aggregate insurance brokerage services fee paid by the Group to SHK Insurance for the financial year ended 31st December, 2010 amounted to approximately HK\$3,000,000. This historical service fee paid by the Group reflects the actual level of requirement for insurance brokerage services and in determining the annual cap, besides taking into account the aforementioned service fee paid by the Group for the financial year ended 31st December, 2010, the Directors have also taken into consideration the general insurance market this year and a review of the present insurance coverage and having done so, the aggregate amount payable by the Group under the Insurance Brokerage Services Agreement for each of the two financial years ending 31st December, 2012 is expected not to exceed HK\$4,000,000 and HK\$4,400,000 respectively and accordingly, the said figures have been adopted as the annual cap for the transactions under the Insurance Brokerage Services Agreement in respect of the same period.
- Reason for the transaction : Insurance brokerage services are essential in assisting the Group to identify and mitigate the risks exposure through different insurance products. As such, it is essential for the business operations of the Group to be provided with insurance brokerage services. The Company engages an insurance broker to obtain professional insurance advice and to obtain insurance cover that best suits the Group's requirements at competitive prices. The Company engaged SHK Insurance in view of its market standing, capabilities and experience.

## **CONTINUING CONNECTED TRANSACTIONS**

As at the date of this announcement, the Company and SHK are held as to approximately 40.00% and 62.72% respectively by APL, which is in turn held as to approximately 72.34% by AGL. Given that AGL, SHK and SHK Insurance are associates of APL (which is a substantial shareholder of the Company), AGL, SHK and SHK Insurance are regarded as connected persons of the Company under the Listing Rules.

Accordingly, the entering into of the Renewed Sharing of Administrative Services and Management Services Agreement and the Insurance Brokerage Services Agreement and the transactions contemplated thereunder will constitute continuing connected transactions for the Company under Rule 14A.14 of the Listing Rules. Pursuant to Rules 14A.31(8) and 14A.33(2) of the Listing Rules, the transaction regarding the sharing of the Administrative Services between the Company and AGL contemplated under the Renewed Sharing of Administrative Services and Management Services Agreement will be exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under the Listing Rules. Details of such transactions regarding the sharing of the Administrative Services between the Company and AGL have been set out in this announcement for the purpose of completeness of disclosure of the material terms of the Renewed Sharing of Administrative Services and Management Services Agreement.

As it is anticipated that 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 each of (i) the fees regarding the Management Services payable by the Group to AGL under the Renewed Sharing of Administrative Services and Management Services Agreement and (ii) the fees payable under the Insurance Brokerage Services Agreement will, on an annual basis, be less than 5%, the entering into of each of (i) the Renewed Sharing of Administrative Services and Management Services Agreement and (ii) the Insurance Brokerage Services Agreement by the Company, which is on normal commercial terms, and the transactions regarding the sharing of Management Services contemplated under the Renewed Sharing of Administrative Services and Management Services Agreement and the transactions contemplated under the Insurance Brokerage Services Agreement will constitute continuing connected transactions for the Company under Rule 14A.34 of the Listing Rules which will be subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47, the annual review requirements set out in Rules 14A.37 to 14A.40 and the requirements set out in Rules 14A.35(1) and 14A.35(2) but will be exempted from the independent shareholders' approval requirements under the Listing Rules.

Details of the Continuing Connected Transactions Agreements and the transactions contemplated thereunder will be included in the Company's next published annual report and accounts in accordance with Rules 14A.45 and 14A.46 of the Listing Rules.

## **GENERAL**

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, as well as the manufacture and sale of construction materials in China.

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, the provision of elderly care homes, the provision of financial services, and investments in listed and unlisted securities.

The principal business activity of SHK is investment holding. The principal business activities of its major subsidiaries are wealth management and brokerage, asset management, corporate finance, consumer finance as well as principal investments. SHK Insurance is an indirect wholly-owned subsidiary of SHK and an insurance broker. The principal business activity of SHK Insurance is the provision of insurance broking and consultancy services to its customers including the Group and other Independent Third Parties.

The Company will comply with the requirements under Rule 14A.36 of the Listing Rules if the aggregate value of the service fees paid for the Continuing Connected Transactions exceeds the respective relevant annual caps, during the three financial years ending 31st December, 2013 (in the case of the Renewed Sharing of Administrative Services and Management Services Agreement) and the two financial years ending 31st December, 2012 (in the case of the Insurance Brokerage Services Agreement), or when any of the Continuing Connected Transactions Agreements is renewed or where there are material changes to the terms of the said agreements. The Company will also comply with the requirements under Rules 14A.37 to 14A.41 of the Listing Rules.

The Directors (including the Independent Non-Executive Directors) are of the view that the terms of the Continuing Connected Transactions Agreements were entered into after arm's length negotiations and reflect normal commercial terms and that the terms of the Continuing Connected Transactions (including the respective annual caps for the Continuing Connected Transactions) 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 and a member of the Management Staff providing the Management Services) is one of the trustees of Lee and Lee Trust, being the discretionary trust which together with himself owns approximately 53.32% interest in the issued share capital of AGL which is directly and indirectly interested in an aggregate of approximately 72.34% of the issued share capital of APL, which in turn indirectly holds approximately 62.72% of the issued share capital of SHK. Accordingly, Mr. Lee Seng Hui is deemed to be materially interested in the Continuing Connected Transactions 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 the Management Services) is deemed to be materially interested in the continuing connected transaction regarding the Renewed Sharing of Administrative Services and Management Services Agreement and has abstained from voting on the relevant board resolutions of the Company.

Pursuant to the Articles of Association of the Company, Mr. Patrick Lee Seng Wei (being the Managing Director and an Executive Director of the Company is also a non-executive director of SHK) is interested in the continuing connected transactions regarding the Insurance Brokerage Services Agreement only as a director of SHK and he has confirmed that neither he nor any of his associates in aggregate is beneficially interested in 5% or more of the issued share capital of SHK. Accordingly, Mr. Patrick Lee Seng Wei has voted on the relevant board resolutions of the Company.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Administrative Services”	the corporate secretarial services, provision of registered office address, office space, utilities, courier and delivery, telephone (including international telephone), internet, photocopying and other ancillary office services as stipulated in the Renewed Sharing of Administrative Services and Management Services Agreement;
“AGL”	Allied Group 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 (Stock Code: 373), is a substantial shareholder of the Company through its interests in APL;
“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 of the Stock Exchange (Stock Code: 56), is a substantial shareholder of the Company and a non wholly-owned subsidiary of AGL;
“associate(s)”	has the meaning ascribed thereto 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 of the Stock Exchange (Stock Code: 28);
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Continuing Connected Transactions”	the continuing connected transactions regarding the sharing of Management Services under the Renewed Sharing of Administrative Services and Management Services Agreement and the continuing connected transactions under the Insurance Brokerage Services Agreement;
“Continuing Connected Transactions Agreements”	the Renewed Sharing of Administrative Services and Management Services Agreement and the Insurance Brokerage Services Agreement;
“Director(s)”	the director(s) of the Company;
“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;
“Independent Third Party(ies)”	party(ies) independent of and not connected with the Directors, chief executives or substantial shareholders of the Company or its subsidiaries, or their respective associate(s) (as defined in the Listing Rules) or not otherwise a connected person of the Company within the meaning of the Listing Rules;
“Insurance Brokerage Services Agreement”	the agreement dated 31st January, 2011 and entered into between the Company and SHK Insurance in respect of the provision of packaged insurance brokerage services to the Group by SHK Insurance;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Management Services”	the management, consultancy, strategic and business advice services provided by the Management Staff to the Group as stipulated in the Renewed Sharing of Administrative Services and Management Services Agreement;
“Management Staff”	the senior management and the selected staff of AGL;
“Renewed Sharing of Administrative Services and Management Services Agreement”	the agreement dated 31st January, 2011 and entered into between the Company and AGL in respect of the renewal of the Sharing of Administrative Services and Management Services Agreement;
“Shareholder(s)”	the shareholders of the Company;
“Sharing of Administrative Services and Management Services Agreement”	the agreement dated 31st January, 2008 and entered into between the Company and AGL in respect of the sharing of Administrative Services and Management Services between AGL and the Company (as amended and supplemented by a supplemental letter dated 27th May, 2009 from AGL to the Company);
“SHK”	Sun Hung Kai & Co. 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 (Stock Code: 86), is a non wholly-owned subsidiary of APL;

“SHK Insurance”	Sun Hung Kai Insurance Consultants Limited, a company incorporated in Hong Kong with limited liability, is an indirect wholly-owned subsidiary of SHK;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules; and
“%”	per cent.

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

Hong Kong, 31st January, 2011

*As at the date of this announcement, the Board comprises Mr. Hu Aimin (Deputy Chairman), Mr. Song Zengbin (Deputy Chairman), 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 and Mr. Tao Tsan Sang being the Executive Directors; Mr. Lee Seng Hui (Chairman) and Dr. Moses Cheng Mo Chi 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.*