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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 23rd March, 2011, the Vendor, an indirect 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 RMB450,000,000 (equivalent to approximately HK\$529,412,000).

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

THE AGREEMENT

Date

23rd March, 2011

Parties

- (1) The Vendor: AP Pearl Limited as the vendor of the Sale Share and the Loan
- (2) The Purchaser: Lanwa International Limited as the purchaser of the Sale Share and the Loan
- (3) The Guarantor: Mr. Liao Chang 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, 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 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 and the Vendor shall have the pre-emption rights to acquire the shares and/or equity interest of any member of the Target Group, including the Sale Share, under the Agreement if the Purchaser intends to dispose of any such share or equity interest in the future.

Consideration and Payment Terms

Pursuant to the Agreement, the Consideration of RMB450,000,000 (equivalent to approximately HK\$529,412,000), shall be satisfied in cash in the following manner:

- (1) the First Payment of RMB20,000,000 (equivalent to approximately HK\$23,529,000) shall be paid by the Purchaser to the Vendor on the date of the Agreement;
- (2) the Second Payment of RMB180,000,000 (equivalent to approximately HK\$211,765,000) shall be paid by the Purchaser to the Vendor on or before the date falling 3 months from the date of the Agreement; and
- (3) the Balance Payment of RMB250,000,000 (equivalent to approximately HK\$294,118,000) shall be paid by the Purchaser to the Vendor on or before the date falling 18 months from the date of the Agreement (the “Balance Payment Date”).

The Agreement will be terminated if, inter alia, the Purchaser fails to pay (i) the First Payment and/or the Second Payment on the relevant due dates; or (ii) the Balance Payment within 30 days (or such other date as may be agreed between the Vendor and the Purchaser in writing) following the Balance Payment Date.

Pursuant to the Agreement, the Purchaser has agreed to pay interest accrued on the Second Payment and the Balance Payment from the date of the Agreement up to the respective dates of actual payment of the Second Payment and the Balance Payment at the rate of 12% per annum. The relevant interest is payable by the Purchaser to the Vendor on the same date on which the Second Payment and the Balance Payment is paid respectively. Therefore, assuming (i) the Second Payment is paid on the date falling 3 months from the date of the Agreement; and (ii) the Balance Payment is paid on thirtieth day following the Balance Payment Date, the maximum amount receivable by the Vendor under the Agreement is RMB502,900,000 (equivalent to approximately HK\$591,647,000).

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 HK\$131,912,803 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 in the manner set out above which shall, in any event, be on or before 22nd October, 2012 or such other date as may be agreed between the Vendor and the Purchaser in writing.

Upon Completion, all the members of the Target Group will cease to be subsidiaries of the Company. However, the Company will continue to be interested in 50% of the issued share capital and/or equity interest of Tenure Development and Xinyancheng Construction respectively through its wholly-owned subsidiary following Completion.

INFORMATION OF THE TARGET GROUP

The Target Company is an investment holding company incorporated in the British Virgin Islands with limited liability, which holds 50% shareholding in Tenure Development, which, in turn, is directly interested in 100% equity interest in Xinyangcheng Construction.

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

Xinyangcheng Construction 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 and development rights of the Land comprising Land A, Land B and Land C with an aggregate total area of approximately 392,000 square metres, which are all located in Danshui Town, Huiyang City, Guangdong Province, the PRC. As at the date of this announcement, the Land is planned to be developed into an office and residential complex, and foundational construction work for the first phase of the development has commenced in 2010.

The Target Company and Tenure Development have not conducted any business save for its investment holding of Xinyangcheng Construction for the last two financial years, hence both the Target Company and Tenure Development have recorded insignificant loss as a result of administrative expenses and did not have any revenue nor has any of them recorded any profit before or after taxation for the two years ended 31st December, 2009 and 31st December, 2010.

Set out below is the financial information of Xinyangcheng Construction for the two years ended 31st December, 2009 and 31st December, 2010:

	Year ended 31st December,	
	2009	2010
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Revenue	–	–
Net profit before taxation	44,056	12,093
Net profit after taxation	<u>32,916</u>	<u>9,454</u>

The unaudited net asset value of 50% of the equity interest of Xinyangcheng Construction was approximately HK\$179,440,000 as at 31st December, 2010.

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

FINANCIAL EFFECT OF THE TARGET COMPANY

It is estimated that, as a result of the Disposal, the Company will recognise an estimated gain of approximately HK\$165,118,000 being the Consideration less the Loan, net asset value 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, the shares 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 and property management, as well as the manufacture, sale 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 and its entire issued share capital is beneficially owned by the Guarantor.

The principal business activity of the Purchaser is investment holding.

LISTING RULES IMPLICATIONS OF THE DISPOSAL

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

DEFINITIONS

“Agreement”	the sale and purchase agreement dated 23rd March, 2011 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\$294,118,000) 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
“connected person(s)”	having the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration in the sum of RMB450,000,000 (equivalent to approximately HK\$529,412,000) 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
“First Payment”	a sum of RMB20,000,000 (equivalent to approximately HK\$23,529,000) 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. Liao Chang, the 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
“HKGAAAP”	Hong Kong Generally Accepted Accounting Practice
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Land”	Land A, Land B and Land C

“Land A”	a parcel of land in Danshui Town, Huiyang City, Guangdong Province, the PRC with an area of approximately 173,830 square metres which can be used for commercial and residential purposes
“Land B”	a parcel of land in Danshui Town, Huiyang City, Guangdong Province, the PRC with an area of approximately 4,032 square metres which can be used for commercial and residential purposes
“Land C”	a parcel of land in Danshui Town, Huiyang City, Guangdong Province, the PRC with an area of approximately 214,116 square metres which can be used for commercial and residential purposes
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loan”	all shareholder’s loan owed by the Target Company to the Vendor as at the date of Completion
“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”	Lanwa International 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 in the issued share capital, representing the entire issued share capital, of the Target Company
“Second Payment”	a sum of RMB180,000,000 (equivalent to approximately HK\$211,765,000) 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”	Green Village Limited, a company incorporated in the British Virgin Islands with limited liability
“Target Group”	the Target Company, Tenure Development and Xinyangcheng Construction
“Tenure Development”	Tenure Development Limited (天培發展有限公司), a company incorporated in Hong Kong with limited liability, which is owned as to 50% by the Target Company

“Vendor”	AP Pearl Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company, which is the beneficial owner of the entire issued share capital of the Target Company
“Xinyangcheng Construction”	惠陽市淡水新陽城建設有限公司 (Huiyang Danshui Xinyangcheng Construction Company Limited*), a wholly foreign owned enterprise incorporated in the PRC, which is a direct wholly-owned subsidiary of Tenure Development
“%”	per cent.

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

Hong Kong, 24th March, 2011

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 RMB0.85. 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. 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), 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*