

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)

DISCLOSEABLE TRANSACTION

DISPOSAL OF 50% INTEREST IN A SUBSIDIARY

On 12th June, 2012, the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the Disposal 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 RMB476,000,000 (equivalent to approximately HK\$587,654,000).

The transactions under the Disposal Agreement, on a stand-alone basis and when aggregated with the Previous Transaction pursuant to Rule 14.22 of the Listing Rules, constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules on the basis that the relevant Percentage Ratios, on a stand-alone basis and on an aggregated basis, exceed 5% but are less than 25%.

INTRODUCTION

Reference is made to an announcement of the Company dated 24th March, 2011. As disclosed in the announcement, AP Pearl Limited (“AP Pearl”), an indirect wholly-owned subsidiary of the Company, entered into an agreement with the Purchaser, pursuant to which, AP Pearl agreed to sell and the Purchaser agreed to purchase the entire issued share capital of Green Village Limited and the shareholder’s loan owed by Green Village Limited to AP Pearl (the “Previous Transaction”). The Guarantor has also provided guarantee in favour of AP Pearl for the performance of the Purchaser under the agreement. As at the date of the Disposal Agreement, the Previous Transaction has not been completed.

THE DISPOSAL AGREEMENT

Date

12th June, 2012

Parties

- (1) The Vendor: Best Advantage 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, who is a natural person, are independent third parties of the Company and its connected persons.

Assets to be disposed of

Pursuant to the Disposal Agreement, the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Share, which represents the entire issued share capital of Best Diversity, and the Loan. Best Diversity is the legal and beneficial owner of 50% of the entire issued share capital of Crystal Idea.

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

Consideration and Payment Terms

Pursuant to the Disposal Agreement, the Consideration of RMB476,000,000 (equivalent to approximately HK\$587,654,000), shall be satisfied in cash in the following manner:

- (1) the First Payment of RMB22,000,000 (equivalent to approximately HK\$27,161,000) shall be paid by the Purchaser to the Vendor within 5 Business Days from the date of the Disposal Agreement;
- (2) the Second Payment of RMB168,000,000 (equivalent to approximately HK\$207,407,000) shall be paid by the Purchaser to the Vendor on or before the date falling 3 months from the date of the Disposal Agreement; and
- (3) the Balance Payment of RMB286,000,000 (equivalent to approximately HK\$353,086,000) shall be paid by the Purchaser to the Vendor on or before the date falling 18 months from the date of the Disposal Agreement (the "Balance Payment Date").

The Disposal 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 Disposal Agreement, the Purchaser has agreed to pay interest accrued on the Second Payment and the Balance Payment from the date of the Disposal Agreement up to the respective date 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 made respectively. Therefore, assuming (i) the Second Payment is paid on the date falling 3 months from the date of the Disposal Agreement; and (ii) the Balance Payment is paid on the thirtieth day following the Balance Payment Date, the maximum amount receivable by the Vendor under the Disposal Agreement shall be RMB535,380,000 (equivalent to approximately HK\$660,963,000).

The Consideration for the Interest 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\$327,195,611.74 owed by Best Diversity to the Vendor as at the date of the Disposal 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 Disposal Agreement.

Summary of other material terms of the Disposal Agreement

Pursuant to the Disposal Agreement, the Vendor and the Purchaser shall have the first right of refusal to acquire the shares of Best Diversity and its interest in Crystal Idea, Winwell Universal and Project Company, if either the Vendor or the Purchaser intends to dispose of any such share or interest in the future.

It is also agreed in the Disposal Agreement that, after receipt of the Second Payment by the Vendor, the Purchaser shall have a right to nominate two directors to the respective board of directors of Crystal Idea, Winwell Universal and Project Company. In addition, the Chairman, Vice-General Manager and the Financial Controller of Project Company shall be nominated by the Vendor and the Vice-Chairman, General Manager and Vice-Financial Controller of Project Company shall be nominated by the Purchaser after receipt of the Second Payment by the Vendor. However, the Vendor has the right to unilaterally remove all such appointments nominated by the Purchaser if, for any reason, the Purchaser is in breach of or fails to implement any provisions in the Disposal Agreement. Such unilaterally removal shall carry no compensation. The Purchaser shall also procure all such appointed persons nominated by it to resign from their positions, including but not limited to procure all such appointed persons to sign any documents relating to the resignation and complete registration of such.

Termination events

Before Completion, if Best Diversity is subject to any winding-up application or there is any receiver or liquidator appointed to Best Diversity and such application or appointment has not been withdrawn within 14 days thereafter and which is expected to lead to a material adverse effect to Best Diversity, the Purchaser may by written notice to the Vendor to terminate the Disposal Agreement without incurring any liability, whereupon, the obligation of the Purchaser shall cease and terminate and the Vendor shall return all payments previously made by the Purchaser under the Disposal Agreement before termination, including but not limited to the First Payment, the Second Payment and the Balance Payment and the interests (in each case, to the extent that has already paid) to the Purchaser.

Before Completion, if the Purchaser or the Guarantor is subject to any winding-up or bankruptcy (as the case may be) application or there is any receiver or liquidator appointed to the Purchaser or the Guarantor and such application or appointment has not been withdrawn within 14 days thereafter and which is expected to lead to a material adverse effect to the Purchaser or the Guarantor, the Vendor may by written notice to the Purchaser to terminate the Disposal Agreement without incurring any liability, whereupon, the obligation of the Vendor under the Disposal Agreement shall cease and terminate and the Vendor shall forfeit all payments made by the Purchaser under the Disposal Agreement before termination, including but not limited to the First Payment, the Second Payment and the Balance Payment and the interests.

In addition, if Completion fails to take place because of any breach of the terms by the Purchaser, the Disposal Agreement shall cease and terminate and the Vendor shall forfeit all payments made by the Purchaser under the Disposal Agreement before termination, including but not limited to the First Payment, the Second Payment and the Balance Payment and the interests.

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 11th January, 2014 or such other date as may be agreed between the Vendor and the Purchaser in writing.

Upon Completion, Best Diversity will cease to be a subsidiary of the Company. However, the Company will continue to be interested in 50% of the entire issued share capital of Crystal Idea, and 50% effective interest in Winwell Universal and Project Company respectively through its wholly-owned subsidiary following Completion.

INFORMATION ON THE BEST DIVERSITY GROUP

Best Diversity is an investment holding company incorporated in the British Virgin Islands with limited liability, which is the legal and beneficial owner of 50% of the entire issued share capital of Crystal Idea, which, in turn, through its interest in the entire issued share capital of Winwell Universal, is interested in 100% equity interest in Project Company.

Crystal Idea is a company incorporated in the British Virgin Islands with limited liability and Winwell Universal is a company incorporated in Hong Kong with limited liability and both of them are principally engaged in the business of investment holding.

Project Company 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 two parcels of lands with an aggregate total area of approximately 581,907 square metres, which are all located in Dongli District, Tianjin, the PRC. As at the date of this announcement, the Land is planned to be developed into a commercial and residential complex.

Best Diversity and Winwell Universal have not conducted any business save for its investment holding of interest in Project Company. Best Diversity was incorporated on 3rd October, 2011, and it has not recorded any profit or loss from the date of incorporation to the date of this announcement. Other than its investment interest in Project Company, Crystal Idea has not conducted any business for the last two financial years. For the last two financial years, both Crystal Idea and Winwell Universal 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, 2010 and 31st December, 2011.

Set out below is the financial information of Project Company for the year ended 31st December, 2011:

Project Company

	Year ended 31st December, 2011 <i>HK\$'000</i> (unaudited)
Revenue	–
Net loss before taxation	11,337
Net loss after taxation	<u>11,337</u>

The unaudited net asset value of 50% of the equity interest of Project Company was approximately HK\$333,737,000 as at 31st December, 2011.

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

FINANCIAL EFFECT OF THE INTEREST DISPOSAL

It is estimated that, as a result of the Interest Disposal, the Company will recognise an estimated gain of approximately HK\$234,413,000 being the Consideration less the Loan and tax. The proceeds generated from the Interest Disposal will be applied as general working capital of the Group.

REASONS FOR AND BENEFITS OF THE INTEREST DISPOSAL

The Company considers the Interest Disposal to be a good opportunity for the Company to realise part of its investment especially given that the Interest Disposal will be made at a gain. Moreover, with reference to the prevailing market conditions and the fact that the proceeds from the Interest Disposal will immediately strengthen the financial position of the Group and enhance its cashflow, the Directors consider that the present time is a mature time for the Interest Disposal.

Having regard to the nature of and the benefits resulting from the Interest Disposal, the Directors believe that the terms of the Disposal 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 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 TO THE INTEREST DISPOSAL

The transactions under the Disposal Agreement, on a stand-alone basis and when aggregated with the Previous Transaction pursuant to Rule 14.22 of the Listing Rules, constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules on the basis that the relevant Percentage Ratios, on a stand-alone basis and on an aggregated basis, exceed 5% but are less than 25%.

DEFINITIONS

“Balance Payment”	a sum of RMB286,000,000 (equivalent to approximately HK\$353,086,000) payable by the Purchaser to the Vendor on the terms and subject to the conditions set out in the Disposal Agreement
“Best Diversity”	Best Diversity Limited, a company incorporated in the British Virgin Islands on 3rd October, 2011 with limited liability
“Best Diversity Group”	Best Diversity and its subsidiaries
“Board”	the board of Directors
“Business Day”	a day (excluding Saturday) on which banks are generally open for business in Hong Kong
“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 of Hong Kong Limited
“Completion”	completion of sale and purchase of the Sale Share and the Loan in accordance with the Disposal Agreement
“connected person(s)”	having the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration in the sum of RMB476,000,000 payable by the Purchaser to the Vendor for the Interest Disposal under the Disposal Agreement
“Crystal Idea”	Crystal Idea Management Limited, a company incorporated in the British Virgin Islands on 18th May, 2001 with limited liability, which is owned as to 50% by Best Diversity
“Directors”	the directors of the Company
“Disposal Agreement”	the sale and purchase agreement dated 12th June, 2012 made between the Vendor, the Purchaser and the Guarantor, relating to the sale and purchase of the Sale Share and the Loan
“First Payment”	a sum of RMB22,000,000 (equivalent to approximately HK\$27,161,000) payable by the Purchaser to the Vendor on the terms and subject to the conditions set out in the Disposal 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 Disposal 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 People’s Republic of China
“Interest Disposal”	the disposal of the Sale Share and the Loan by the Vendor pursuant to the Disposal Agreement
“Land”	Land A and Land B
“Land A”	a parcel of land in Dongli District, Tianjin, the PRC with an area of approximately 187,783.1 square metres which can be used for residential purpose
“Land B”	a parcel of land in Dongli District, Tianjin, the PRC with an area of approximately 394,123.9 square metres which can be used for commercial purpose
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loan”	all shareholder’s loan owed by Best Diversity 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
“Project Company”	天津天安泛科技園開發有限公司 (Tianjin Tian An Science Parks Development Limited), a wholly foreign owned enterprise incorporated in the PRC on 14th December, 2010, which is a direct wholly-owned subsidiary of Winwell Universal
“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 Best Diversity
“Second Payment”	a sum of RMB168,000,000 (equivalent to approximately HK\$207,407,000) payable by the Purchaser to the Vendor on the terms and subject to the conditions set out in the Disposal Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Vendor”	Best Advantage Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company, being the beneficial owner of the entire issued share capital of Best Diversity
“Winwell Universal”	Winwell Universal Limited (永威環球有限公司), a company incorporated in Hong Kong on 25th September, 2009 with limited liability, which is a direct wholly-owned subsidiary of Crystal Idea
“%”	per cent

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

Hong Kong, 12th June, 2012

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. Hu Aimin (Deputy Chairman), 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), Mr. Ng Qing Hai, 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.