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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)

MANDATE FOR POSSIBLE MAJOR TRANSACTION IN RESPECT OF THE POSSIBLE INVESTMENT IN THE TARGET COMPANY

POSSIBLE MAJOR TRANSACTION

The Board would like to seek Shareholders' authorisation for the Company (through the Bidder, a wholly-owned subsidiary to be nominated or designated by the Company) to bid at the Tender for the investment in the Target Company by way of capital contribution at the Maximum Capital Contribution of not more than RMB1,322.0 million (equivalent to approximately HK\$1,537.2 million). The principal asset of the Target Company comprises the Ducheng Yiyuan Project which is located at the Land.

On 30th July, 2018, the Target Company (through the Xiamen Assets and Equity Exchange) announced a public tender for 50% equity interests in the Target Company. According to the Tender Documents, prior to the Possible Investment, the Target Company had a registered capital of RMB400.0 million, all of which was contributed by the Existing Equity Holder.

According to the Tender Documents, the Target Company intends to raise approximately RMB1,301.3 million (equivalent to approximately HK\$1,513.1 million) through the Tender.

If the Bidder's bidding at the Tender is successful, the Target Company will increase its registered capital by RMB400.0 million and the Bidder will make a capital contribution to the Target Company in the amount of the relevant tender price submitted at the Tender to the registered capital and the capital reserve of the Target Company. Upon Completion, the equity interests in the Target Company will be owned as to 50% by the Bidder and 50% by the Existing Equity Holder. As such, the Target Company will become a joint venture of the Company and its financial results will be incorporated into the Company's consolidated financial statements using the equity method of accounting.

LISTING RULES IMPLICATIONS

As the relevant Percentage Ratio(s) in respect of the Possible Investment (including the Maximum Capital Contribution) exceeds 25% but is less than 100%, the Possible Investment, if materialises, will constitute a major transaction of the Company and will therefore be subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

If the Bidder's bidding is successful, it will thereupon become unconditionally obliged to proceed with the Possible Investment and will not, at that time, be able to seek the approval of Shareholders which is required under Chapter 14 of the Listing Rules. Accordingly, the Directors would like to seek the Shareholders' prior approval for the grant of the Proposed Mandate at the EGM.

GENERAL

The Circular containing, among other things, (i) further details of the Possible Investment; (ii) financial information of the Group; (iii) valuation report on the Ducheng Yiyuan Project; and (iv) a notice of the EGM to be convened and held to consider and, if thought fit, to approve the Possible Investment and to grant the Directors the Proposed Mandate, is expected to be despatched to the Shareholders on or before 22nd August, 2018.

As the Possible Investment may or may not proceed, Shareholders and potential investors should exercise caution when dealing in the Shares.

POSSIBLE INVESTMENT IN THE TARGET COMPANY

The Board would like to seek Shareholders' authorisation for the Company (through the Bidder, a wholly-owned subsidiary to be nominated or designated by the Company) to bid at the Tender for the investment in the Target Company by way of capital contribution at the Maximum Capital Contribution of not more than RMB1,322.0 million (equivalent to approximately HK\$1,537.2 million). The principal asset of the Target Company comprises the Ducheng Yiyuan Project which is located at the Land.

BACKGROUND OF THE POSSIBLE INVESTMENT

On 30th July, 2018, the Target Company (through the Xiamen Assets and Equity Exchange) announced a public tender for 50% equity interests in the Target Company. According to the Tender Documents, prior to the Possible Investment, the Target Company had a registered capital of RMB400.0 million, all of which was contributed by the Existing Equity Holder.

If the Bidder's bidding at the Tender is successful, the Target Company will increase its registered capital by RMB400.0 million and the Bidder will make a capital contribution to the Target Company in the amount of the relevant tender price submitted at the Tender to the registered capital and the capital reserve of the Target Company. Upon Completion, the equity interests in the Target Company will be owned as to 50% by the Bidder and 50% by the Existing Equity Holder. As such, the Target Company will become a joint venture of the Company and its financial results will be incorporated into the Company's consolidated financial statements using the equity method of accounting.

PRINCIPAL TERMS OF THE TENDER FOR THE POSSIBLE INVESTMENT

Date of the Tender

The Tender is to be held for a period of 40 Business Days from 30th July, 2018 to 21st September, 2018 (both days inclusive). In the event that the Existing Equity Holder does not receive any qualified tender during the initial tender period, the tender period shall be extended for each subsequent period of 10 Business Days.

Parties

Bidder: The Bidder, a wholly-owned subsidiary of the Company

Existing equity holder: The Existing Equity Holder

Procedure of the Tender

If at the expiry of the application period of the Tender, there shall be more than one qualified intended bidder with bidding price not less than approximately RMB1,301.3 million (equivalent to approximately HK\$1,513.1 million), a tender evaluation committee of three members will be formed by the Existing Equity Holder to evaluate the tenders received based upon the evaluation criteria contained in the Tender Documents to select the most suitable bidder for award of contract. In the event that there is only one qualified intended bidder with bidding price not less than approximately RMB1,301.3 million (equivalent to approximately HK\$1,513.1 million), no detailed tender evaluation will be conducted and the Tender shall be awarded to such bidder.

According to the Tender Documents, the Existing Equity Holder shall adopt a marking scheme approach in assessing the tenders received taking into account, among other things, the tender price and the management and operation capability of the bidder(s). The successful intended bidder will be obliged to enter into a capital increase agreement within 5 Business Days after winning the Tender.

Maximum Capital Contribution for the bid

According to the Tender Documents, the Target Company intends to raise approximately RMB1,301.3 million (equivalent to approximately HK\$1,513.1 million) through the Tender.

Potential bidder(s) will be required to deposit earnest money of RMB30.0 million (equivalent to approximately HK\$34.9 million) with the Xiamen Assets and Equity Exchange at the time of submission of the application for participating in the Tender. Potential bidder(s) will also be responsible for settling the fees, expenses or commissions payable to the Xiamen Assets and Equity Exchange in respect of the Tender.

The Group intends to submit the required documents for participating in the Tender and pay the earnest money before the prescribed deadline as stated above. Should the Proposed Mandate not be granted by the Shareholders at the EGM, the Group will not submit its application for participating in the Tender or pay the earnest money. If the Bidder wins the Tender, the Bidder shall within 5 Business Days from the date upon the Bidder having received the notification of completion of transaction from the Xiamen Assets and Equity Exchange enter into the Capital Increase Agreement with the Existing Equity Holder and pay the first installment of capital contribution to the Target

Company in the amount not less than 70% of the tendered price to the designated bank account of the Target Company. The remaining capital contribution to the Target Company shall be paid within 20 Business Days from the date upon the Bidder having received the notification of completion of transaction from the Xiamen Assets and Equity Exchange.

The Maximum Capital Contribution for the Possible Investment under the Proposed Mandate to be granted by the Shareholders is RMB1,322.0 million (equivalent to approximately HK\$1,537.2 million), which is determined having taken into account (i) the amount of approximately RMB1,301.3 million (equivalent to approximately HK\$1,513.1 million) intended to be raised by the Target Company through the Tender; (ii) the total asset of the Target Company of approximately RMB1,421.9 million (equivalent to approximately HK\$1,653.4 million) as at 12th April, 2018 as set out in the Tender Documents; (iii) the audited financial performance and profitability of the Target Company for its latest financial year (i.e. the year ended 31st December, 2017, further details of which are set out in the paragraph headed “Information on the Existing Equity Holder, the Target Company and the Ducheng Yiyuan Project” in this announcement below); and (iv) the Group’s view on the property market of Suzhou, the PRC.

Shareholders should note that the final bid price for the Tender to be submitted by the Bidder will in any event not exceed the Maximum Capital Contribution. Based on the above, the Directors (including the independent non-executive Directors) consider that the Proposed Mandate including the Maximum Capital Contribution is fair and reasonable.

It is currently expected that the Bidder will finance the payment for the Possible Investment by the internal resources of the Bidder and bank financing.

Conditions precedent for participating in the Tender

The Group should satisfy the following criteria for participating in the Tender:

- (a) the Possible Investment and the Proposed Mandate having been approved and granted by the Shareholders at the EGM;
- (b) completion of the application for participating in the Tender during the prescribed period as elaborated above; and
- (c) full payment of earnest money of RMB30.0 million at the time of submission of the application for participating in the Tender.

REASONS FOR AND BENEFITS OF THE POSSIBLE INVESTMENT

The Group is principally engaged in the development of apartments, villas, office buildings and commercial properties, property investment and property management on the mainland in the PRC, as well as property investment and property management in Hong Kong.

In this connection, the Group has identified the Ducheng Yiyuan Project and considered that the Possible Investment is a good investment opportunity for the Group to further strengthen its property development business in the PRC to maximise return and enhance Shareholders’ value.

The Directors (including the independent non-executive Directors) are of the opinion that the terms of the Possible Investment are fair and reasonable and the Possible Investment is in the interest of the Company and the Shareholders as a whole.

INFORMATION ON THE EXISTING EQUITY HOLDER, THE TARGET COMPANY AND THE DUCHENG YIYUAN PROJECT

(1) The Existing Equity Holder

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Existing Equity Holder is a subsidiary of a state-owned enterprise registered and incorporated in the PRC, namely 廈門象嶼集團有限公司 (Xiamen Xiangyu Group Corporation*), and the Existing Equity Holder and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons. As at the date of the Tender Documents, the Existing Equity Holder held the entire equity interest in the Target Company.

(2) The Target Company

According to the Tender Documents, the Target Company is a company established in the PRC with limited liability on 13th March, 2014 and a direct wholly-owned subsidiary of the Existing Equity Holder. The Target Company currently has a registered capital of RMB400.0 million and is principally engaged in real estate development and operation and property management in the PRC.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the principal asset of the Target Company is the Ducheng Yiyuan Project which is located at the western side of Jishan Road of Huaqiao Town in Kunshan City of Suzhou, the PRC (i.e. the Land) with site areas of approximately 101,000 m², which is designated for commercial and residential mixed use.

(3) The Ducheng Yiyuan Project

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the development of the Ducheng Yiyuan Project comprises two phases. Phase I primarily consists of residential and commercial buildings, whereas Phase II primarily consists of residential buildings. The development of Phase I was completed in 2017 and sales of more than half of the residential units under Phase I were recognised in the same year. As at the date of the Tender Documents, Phase II was still under construction. The total remaining saleable gross floor area of the Ducheng Yiyuan Project amounts to approximately 184,000 m², primarily comprising of (i) the remaining unsold residential units under Phase I and all the residential units to be constructed under Phase II with a total saleable gross floor area of approximately 181,800 m²; and (ii) all the commercial buildings under Phase I with a total saleable gross floor area of approximately 2,200 m².

The following is the audited financial information of the Target Company as extracted from the Tender Documents for the years ended 31st December, 2016 and 2017 respectively:

	For the year ended 31st December, 2017	For the year ended 31st December, 2016
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	964,920	–
Net profit/(loss) before taxation	249,010	(11,810)
Net profit/(loss) after taxation	186,710	(8,540)

According to the Tender Documents, the total asset value and the net asset value of the Target Company prepared in accordance with the PRC accounting standards as at 12th April, 2018 (being the latest date to which the financial statements of the Target Company made up to) were approximately RMB1,421.9 million and RMB421.3 million respectively.

LISTING RULES IMPLICATIONS

As the relevant Percentage Ratio(s) in respect of the Possible Investment (including the Maximum Capital Contribution) exceeds 25% but is less than 100%, the Possible Investment, if materialises, will constitute a major transaction of the Company and will therefore be subject to reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

If the Bidder's bidding is successful, it will thereupon become unconditionally obliged to proceed with the Possible Investment and will not, at that time, be able to seek the approval of Shareholders which is required under Chapter 14 of the Listing Rules. Accordingly, the Directors would like to seek the Shareholders' prior approval for the grant of the Proposed Mandate at the EGM.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder or any of its close associates has any material interest in the Possible Investment and the Proposed Mandate and the transactions contemplated thereunder, and no Shareholder is required to abstain from voting on the resolution(s) in respect of the Possible Investment and the Proposed Mandate at the EGM.

GENERAL

The Circular containing, among other things, (i) further details of the Possible Investment; (ii) financial information of the Group; (iii) valuation report on the Ducheng Yiyuan Project; and (iv) a notice of the EGM to be convened and held to consider and, if thought fit, to approve the Possible Investment and to grant the Directors the Proposed Mandate, is expected to be despatched to the Shareholders on or before 22nd August, 2018.

As the Possible Investment may or may not proceed, Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

“Bidder”	a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company to be nominated or designated by the Company at the time of submission of the application for participating in the Tender
“Board”	the board of Directors
“Business Day(s)”	a day on which licensed banks in the PRC are open for business
“Capital Increase Agreement”	the capital increase agreement for Possible Investment to be entered into between the Existing Equity Holder and the Bidder pursuant to the Tender Documents if the Bidder’s bidding at the Tender is successful
“Circular”	the circular of the Company in respect of the Possible Investment which is expected to be despatched to the Shareholders on or before 22nd August, 2018
“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
“Completion”	completion of the Capital Increase Agreement
“connected persons”	having the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Ducheng Yiyuan Project”	a property development project, namely 象嶼都城怡園 (Xiangyu Ducheng Yiyuan*) located at the Land
“EGM”	the extraordinary general meeting to be convened by the Company to consider and, if thought fit, to approve the Possible Investment and the grant of the Proposed Mandate and the transactions contemplated thereunder
“Existing Equity Holder”	上海象嶼置業有限公司 (Shanghai Xiangyu Real Estate Company Limited*), a company established in the PRC with limited liability which holds the entire equity interest in the Target Company as at the date of the Tender Documents and a subsidiary of 廈門象嶼集團有限公司 (Xiamen Xiangyu Group Corporation*) which is a state-owned enterprise registered and incorporated in the PRC
“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 PRC

“Land”	a parcel of land located at 中國蘇州昆山市花橋鎮集善路西側 (the western side of Jishan Road of Huaqiao Town in Kunshan City of Suzhou, the PRC*) with site areas of approximately 101,000 m ² , which is designated for commercial and residential mixed use
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
“Maximum Capital Contribution”	RMB1,322.0 million (equivalent to approximately HK\$1,537.2 million), being the maximum capital contribution to be offered by the Bidder for the Possible Investment under the Proposed Mandate to be approved by the Shareholders at the EGM
“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
“Possible Investment”	the possible investment in the Target Company by way of capital contribution by the Bidder through the Tender if the Bidder’s bidding at the Tender is successful
“PRC”	the People’s Republic of China which, for the purpose of this announcement only, excludes Taiwan, Hong Kong and Macau Special Administrative Region of the PRC
“Proposed Mandate”	the authorisations proposed to be granted to the Directors in advance by the Shareholders at the EGM for the Possible Investment
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	蘇州象嶼地產有限公司 (Suzhou Xiangyu Real Estate Company Limited*), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of the Existing Equity Holder, the principal asset of which comprises the Ducheng Yiyuan Project which is located at the Land
“Tender”	the public tender for investment in the Target Company by way of capital contribution
“Tender Documents”	tender documents in respect of the Tender released by Xiamen Assets and Equity Exchange on 30th July, 2018

“Xiamen Assets and Equity Exchange”	廈門產權交易中心 (Xiamen Assets and Equity Exchange Center*)
“m ² ”	square metres
“%”	per cent.

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

Hong Kong, 1st August, 2018

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 RMB0.86 equal to HK\$1.00. 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. 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) 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.

* *The English translation of the Chinese name of the relevant entity included in this announcement is for identification and reference only, and such translation may not be accurate and such entity may not have an official English translation/version of its Chinese name.*