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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

JOINT DEVELOPMENT OF THE PROJECT

THE AGREEMENT

On 6th December, 2019, TAC Lennox, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with PCC and EQ Equity, pursuant to which, TAC Lennox, PCC and EQ Equity agreed to jointly develop the Land in Australia. PCC shall provide the Land for the development of the Project, while TAC Lennox and EQ Equity shall contribute to meet all the necessary development and construction costs of the Project on a 70:30 basis. TAC Lennox contributed A\$63,000,000 (equivalent to approximately HK\$337,050,000) as the TAC Contribution on the even date. Upon completion of the Project, the residential apartments together with the commercial/retail space in the Project shall be sold. TAC Lennox and EQ Equity shall share the net proceeds of the Sale in accordance with the terms of the Agreement.

PROVISION OF THE LOAN

Pursuant to the Agreement, TAC Lennox agreed to provide the Loan in the amount of A\$49,155,000 (equivalent to approximately HK\$262,979,000) to PCC for the purposes of funding the acquisition of the Land and the development costs of the Project.

DEED OF PARTICIPATION

On 6th December, 2019, TAC Lennox, PCC and EQ Equity entered into the Deed of Participation, pursuant to which, TAC Lennox agreed to pay PCC A\$13,145,000 (equivalent to approximately HK\$70,326,000) as the Participation Fee in consideration of the participation in the joint development of the Project.

LISTING RULES IMPLICATIONS

The entering into of the Agreement constitutes a joint arrangement pursuant to Rule 14.04(1)(f) of the Listing Rules.

As one of the relevant Percentage Ratios in respect of the TAC Contribution, the Loan and the Participation Fee in aggregate exceeds 5% but is less than 25%, the entering into of the Agreement (including the provision of the Loan) and the Deed of Participation constitutes a discloseable transaction for the Company and is subject to announcement requirement but exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

THE AGREEMENT

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The principal terms of the Agreement are as follows:

Date

6th December, 2019

Parties

- (1) TAC Lennox
- (2) PCC
- (3) EQ Equity

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, save for the investments in PCC by each of TAC Lennox and EQ Equity in relation to the joint development of the Project, PCC and EQ Equity and their respective ultimate beneficial owner (i.e. Mr. Sim) are all third parties independent of the Company and its connected persons.

The Project

The Project is located at 12-14 Phillip Street and 331A-339 Church Street, Parramatta represented by lots 1 and 2 in DP791693 and lot 3 in DP825045, Australia, a piece of land which is owned by PCC. Pursuant to the Agreement, the Parties shall complete the development of the Project involving construction of approximately 425 residential apartments together with commercial/retail space and car-parking with the intention to sell.

Contribution

The total contribution which each of TAC Lennox and EQ Equity shall contribute in the Project shall be on a proportion of 70:30 basis. TAC Lennox contributed A\$63,000,000 (equivalent to approximately HK\$337,050,000) as the TAC Contribution on 6th December, 2019.

The amount of contribution by TAC Lennox and EQ Equity was determined after arm's length negotiation with reference to the estimated fund requirement of the operation of the Project. The Directors (including the independent non-executive Directors) are of the opinion that the amount of the TAC Contribution is fair and reasonable and was determined after arm's length negotiations between TAC Lennox and EQ Equity and is in the interests of the Company and the Shareholders as a whole. The Group financed the TAC Contribution in the Project by its internal financial resources.

Financing

The development and construction costs of the Project shall be financed by:

- (1) TAC Contribution and EQ Contribution;
- (2) the further contribution by each of TAC Lennox and EQ Equity from time to time as required by the management committee;
- (3) the Loan provided by TAC Lennox to PCC (as further elaborated below); and
- (4) the loan to be granted by a financier pursuant to a facility agreement.

Management

A management committee shall be established and be responsible for the operation of the Project. The management committee shall comprise two representatives of each of TAC Lennox and EQ Equity. The chairman of the management committee shall be a representative of TAC Lennox. Matters without majority approval at the management committee meetings shall be referred to the chairman for determination. TAC Lennox and EQ Equity shall abide to any decision made by the chairman.

Approval

The participation of TAC Lennox in the Project requires the FIRB Approval. As a condition of the FIRB Approval, the Land must not be sold until completion of the Project construction, and construction must commence within five years of the date of the FIRB Approval. As at the date of this announcement, the FIRB Approval has been granted.

Summary of the principal rights and responsibilities of the Parties

PCC must make the Land available throughout the Term for the purposes of the Project subject to the terms of the Agreement.

TAC Lennox:

- (i) shall provide the TAC Contribution;
- (ii) shall provide its portion of further contributions to the Project from time to time as required by the management committee;
- (iii) may, in the event that EQ Equity fails to contribute its portion of further contribution, provide the Shortfall Contribution at the interest rate of 20% per annum to satisfy EQ Equity's portion of contribution or the shortfall of such as required by the management committee; and
- (iv) shall provide the Loan to PCC.

EQ Equity:

- (i) shall provide the EQ Contribution;
- (ii) shall provide its portion of further contributions to the Project from time to time as required by the management committee; and
- (iii) may, in the event that TAC Lennox fails to contribute its portion of further contribution, provide the Shortfall Contribution at the interest rate of 20% per annum to satisfy TAC Lennox's portion of contribution or the shortfall of such as required by the management committee.

As at the date of this announcement, (i) TAC Lennox has provided the TAC Contribution to the Project; and (ii) EQ Equity contributed the EQ Contribution in the amount of A\$27,000,000 (equivalent to approximately HK\$144,450,000) to the Project.

Distribution of Proceeds

The proceeds from the Sale shall be applied in the following order:

- (i) payment of or retention for any unpaid taxes for the Project and reasonable estate agent's commission and conveyancing fees payable in relation to the Sale, the sale of the Land and/or the Project;
- (ii) payment of any money owing or payable to the financier who provided loan facilities in relation to the Project;
- (iii) payment of any money owing or payable to TAC Lennox under or in connection with the Loan;
- (iv) payment of any unpaid costs incurred by the Parties to execute the Project;
- (v) repayment of the Shortfall Contribution made by TAC Lennox and/or EQ Equity from time to time;
- (vi) payment of any interest incurred arising from the Shortfall Contribution to the relevant parties;
- (vii) repayment of the further contributions made by TAC Lennox and EQ Equity from time to time;
- (viii) repayment of the TAC Contribution and the EQ Contribution respectively; and
- (ix) payment of 70% and 30% of the remaining proceeds of the Sale to TAC Lennox and EQ Equity respectively.

PROVISION OF THE LOAN

Pursuant to the Agreement, TAC Lennox agreed to provide the Loan in the amount of A\$49,155,000 (equivalent to approximately HK\$262,979,000) to PCC for the purposes of funding the acquisition of the Land and the development costs of the Project.

The principal terms of the Loan are as follows:

Parties	:	(1) TAC Lennox, as lender; and (2) PCC, as borrower.
Purpose	:	the Loan will be used for funding the acquisition of the Land and the development costs of the Project.
Loan amount	:	A\$49,155,000 (equivalent to approximately HK\$262,979,000)
Maturity date	:	28th July, 2021, being the date which is three months after the project sunset date of 28th April, 2021
Interest rate	:	9.5% per annum and the interest shall be payable on a quarterly basis from the drawdown date of the Loan, and if such date would otherwise end after the maturity date of the Loan, the interest shall be paid on the maturity date.
Repayment	:	all amount owed by PCC to TAC Lennox shall be repaid on the earlier of (i) upon TAC Lennox giving 5 business days' notice; (ii) an event of default or potential event of default occurring; or (iii) the maturity date of the Loan.

The interest rate of the Loan has been determined after arm's length negotiation between TAC Lennox and PCC having taken into account the prevailing market interest rates and the tenor of the Loan. The Loan will be funded by internal resources of the Group.

Guarantee and Indemnity

Pursuant to the Agreement, on 6th December, 2019, EQ Equity and its ultimate beneficial owner, Mr. Sim, and TAC Lennox entered into the Deed of Guarantee and Indemnity, pursuant to which, each of EQ Equity and Mr. Sim, as guarantor, irrevocably and unconditionally guarantees to TAC Lennox the performance by PCC of all of its obligations under the Agreement and other relevant transaction documents, and if PCC does not perform any of its obligations (including any payment obligation) under the Agreement and other relevant transaction documents, each of EQ Equity and Mr. Sim must perform, or procure the performance of, such obligations (without the need for demand by TAC Lennox).

As a separate undertaking, each of EQ Equity and Mr. Sim indemnifies TAC Lennox and agrees to keep TAC Lennox indemnified, from and against all damages and all costs, losses and expenses which TAC Lennox suffers or incurs due to or arising directly or indirectly out of any non-performance of PCC of any obligation under the Agreement and other relevant transaction documents.

DEED OF PARTICIPATION

On 6th December, 2019, TAC Lennox, PCC and EQ Equity entered into the Deed of Participation, pursuant to which, TAC Lennox agreed to pay PCC A\$13,145,000 (equivalent to approximately HK\$70,326,000) as the Participation Fee in consideration of the participation in the joint development of the Project.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

In addition to property development, property investment and property management on the mainland in the PRC, as well as property investment and property management in Hong Kong, the Group also engages in property development in Australia. In view of the Land is situated at a prominent suburb area at Greater Western Sydney, Australia, the Directors are of the view that the entering into of the Agreement is an expansion of the Group's business interests in Australia and contributes to the business growth of the Group.

Furthermore, in view of PCC and EQ Equity's experience in property development in Australia, the Directors consider that the Group would benefit from the experience and expertise of PCC and EQ Equity in carrying out the development of the Land by entering into the Agreement.

The Directors are of the view that the provision of the Loan to PCC provides funding to ensure the completion of the Project and the Sale, in which TAC Lennox has a 70% share of profits of the Sale. The interest income generated from the Loan would bring additional revenue to the Group.

As such, the Directors consider that the terms of the Agreement (including the provision of the Loan), the Deed of Guarantee and Indemnity and the Deed of Participation are entered into on normal commercial terms, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION RELATING TO THE COMPANY, TAC LENNOX, EQ EQUITY, PCC AND MR. SIM

(1) The Company

The Company is incorporated in Hong Kong with limited liability and 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 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.

(2) TAC Lennox

TAC Lennox is a company incorporated in Australia with limited liability, and an indirect wholly-owned subsidiary of the Company.

The principal business activity of TAC Lennox is investment holding in Australia.

(3) EQ Equity

EQ Equity is a company incorporated in Australia with limited liability and is wholly-owned by Mr. Sim. EQ Equity owns the entire issued share capital of PCC.

The principal business activity of EQ Equity is property investment in Australia.

(4) PCC

PCC is a company incorporated in Australia with limited liability, and a direct wholly-owned subsidiary of EQ Equity.

The principal business activity of PCC is property holding and development in Australia.

(5) Mr. Sim

Mr. Sim is an individual and the ultimate beneficial owner of each of EQ Equity and PCC.

LISTING RULES IMPLICATIONS

The entering into of the Agreement constitutes a joint arrangement pursuant to Rule 14.04(1)(f) of the Listing Rules.

As one of the relevant Percentage Ratios in respect of the TAC Contribution, the Loan and the Participation Fee in aggregate exceeds 5% but is less than 25%, the entering into of the Agreement (including the provision of the Loan) and the Deed of Participation constitutes a discloseable transaction for the Company and is subject to announcement requirement but exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

“A\$”	Australian dollar(s), the lawful currency of Australia
“Agreement”	the joint venture agreement dated 6th December, 2019 entered into among TAC Lennox, PCC and EQ Equity in relation to the joint development of the Land
“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
“connected persons”	having the meaning ascribed to it under the Listing Rules
“Deed of Guarantee and Indemnity”	the deed of guarantee and indemnity dated 6th December, 2019 entered into among EQ Equity, Mr. Sim and TAC Lennox in relation to the provision of guarantee and indemnity by EQ Equity and Mr. Sim to TAC Lennox

“Deed of Participation”	the participation fee deed dated 6th December, 2019 entered into among TAC Lennox, PCC and EQ Equity in relation to the Participation Fee
“Director(s)”	the director(s) of the Company
“EQ Contribution”	the initial contribution in the amount of A\$27,000,000 (equivalent to approximately HK\$144,450,000) invested by EQ Equity in the Project to cover the costs of the Project
“EQ Equity”	EQ Equity Pty Limited, a company incorporated in Australia with limited liability, which owns the entire issued share capital of PCC
“FIRB Approval”	the approval granted by the Foreign Investment Review Board of the Australian Government
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Land”	a piece of land located at 12-14 Phillip Street and 331A-339 Church Street, Parramatta represented by lots 1 and 2 in DP791693 and lot 3 in DP825045, Australia, owned by PCC, for the development of the Project
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan in the amount of A\$49,155,000 (equivalent to approximately HK\$262,979,000) granted by TAC Lennox to PCC
“Main Board”	Main Board of the Stock Exchange (excludes the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
“Mr. Sim”	Mr. Colin Sim, the ultimate beneficial owner of each of EQ Equity and PCC
“Participation Fee”	the fee in the amount of A\$13,145,000 (equivalent to approximately HK\$70,326,000) payable by TAC Lennox to PCC in consideration of the participation in the joint development of the Project
“Parties”	the parties to the Agreement, namely TAC Lennox, PCC and EQ Equity
“PCC”	PCC DevCo 1 Pty Ltd, a company incorporated in Australia with limited liability, and a direct wholly-owned subsidiary of EQ Equity
“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, which, for the purpose of this announcement only, excludes Taiwan, Hong Kong and Macau Special Administrative Region of the People’s Republic of China
“Project”	the property development project on the mixed use development of the Land involving construction of approximately 425 residential apartments together with commercial/retail space and car-parking

“Sale”	the sale of 425 residential apartments together with commercial/retail space and car-parking in the Project
“Shareholder(s)”	the shareholder(s) of the Company
“Shortfall Contribution”	the contribution provided either by TAC Lennox or EQ Equity to satisfy the other party’s shortfall in providing further contribution to the Project as required from time to time other than the TAC Contribution or the EQ Contribution (as the case may be)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TAC Contribution”	the initial contribution in the amount of A\$63,000,000 (equivalent to approximately HK\$337,050,000) invested by TAC Lennox in the Project to cover the costs of the Project on 6th December, 2019
“TAC Lennox”	TAC OPP I (The Lennox) Pty Limited, a company incorporated in Australia with limited liability, and an indirect wholly-owned subsidiary of the Company
“Term”	the term of the Agreement, commencing on the date that all conditions precedent set out in the Agreement are satisfied, and ending on the later of (i) the date being 36 months from the date of the Agreement; (ii) the date that all units under the Project are sold; and (iii) the date that the last of those units under the Project are sold should the management committee decides to retain certain units of the Project
“Transactions”	the transactions contemplated under the Agreement (including the provision of the Loan), the Deed of Guarantee and Indemnity and the Deed of Participation
“%”	per cent.

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

Hong Kong, 6th December, 2019

For the purpose of this announcement, translations of A\$ into Hong Kong dollars or vice versa have been calculated by using an exchange rate of HK\$5.35 equal to A\$1. 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.