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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 TO A JOINT VENTURE OF THE COMPANY

On 3rd July, 2020, the Vendor (an indirect wholly-owned subsidiary of the Company) and the Purchaser (a direct wholly-owned subsidiary of a 50% joint venture of the Company) entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase (i) the Sale Share (representing the entire issued share capital of the Target Company as at the date of this announcement); and (ii) the Shareholder's Loan, at the Consideration of US\$61,760,000 (equivalent to approximately HK\$478,640,000).

LISTING RULES IMPLICATIONS

As one of the relevant Percentage Ratios in respect of the Transaction exceeds 5% but is less than 25%, the Transaction 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.

On 3rd July, 2020, the Vendor (an indirect wholly-owned subsidiary of the Company) and the Purchaser (a direct wholly-owned subsidiary of a 50% joint venture of the Company) entered into the Sale and Purchase Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase (i) the Sale Share (representing the entire issued share capital of the Target Company as at the date of this announcement); and (ii) the Shareholder's Loan, at the Consideration of US\$61,760,000 (equivalent to approximately HK\$478,640,000).

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are as follows:

Date

3rd July, 2020

Parties

- (1) The Vendor
- (2) The Purchaser

Assets to be disposed of

Pursuant to the Sale and Purchase Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase (i) the Sale Share, representing the entire issued share capital of the Target Company as at the date of this announcement, free from all encumbrances together with all rights to any dividend or other distribution declared, made or paid on or after the date of the Sale and Purchase Agreement; and (ii) the Shareholder's Loan, at the Consideration of US\$61,760,000 (equivalent to approximately HK\$478,640,000).

Consideration

Pursuant to the Sale and Purchase Agreement, the Consideration of the Sale Share and the Shareholder's Loan is US\$61,760,000 (equivalent to approximately HK\$478,640,000), which shall be payable by the Purchaser on the Completion Date.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser having taken into account (i) the consolidated unaudited net liability value of the Target Group of HK\$22,090,000 as at 30th June, 2020; (ii) the paid-up registered capital of an indirect wholly-owned subsidiary of the Target Company in the amount of US\$60,000,000 (equivalent to approximately HK\$465,000,000); and (iii) the finance costs of the Shareholder's Loan.

The Directors consider the terms and conditions of the Sale and Purchase Agreement are fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Conditions Precedent

Completion is conditional in all respects upon fulfilment (or waiver in accordance with the terms of the Sale and Purchase Agreement) of the following Conditions:

- (i) all necessary governmental and regulatory approvals, consents, waivers, authorisation, registrations, filings and compliance with all the requirements under the Listing Rules and other applicable laws and regulations in connection with the transactions contemplated under the Sale and Purchase Agreement having been obtained and not revoked prior to Completion;

- (ii) all necessary consents, waivers and/or authorisations from any relevant third parties (where applicable) in connection with the transactions contemplated under the Sale and Purchase Agreement having been obtained and not revoked prior to Completion;
- (iii) the representations, warranties and undertakings given or made by the Vendor pursuant to the Sale and Purchase Agreement remaining true and accurate and not misleading in any material respect at all times between the date of the Sale and Purchase Agreement and the Completion Date; and
- (iv) the representations, warranties and undertakings given or made by the Purchaser pursuant to the Sale and Purchase Agreement remaining true and accurate and not misleading in any material respect at all times between the date of the Sale and Purchase Agreement and the Completion Date.

Conditions under paragraphs (i) and (ii) cannot be waived by any party to the Sale and Purchase Agreement. The Purchaser may in its absolute discretion at any time waive the condition under paragraph (iii), while the Vendor may in its absolute discretion at any time waive the condition under paragraph (iv).

If any of the Conditions has not been satisfied or waived (as the case may be) on or before the Long Stop Date:

- (i) the Sale and Purchase Agreement will terminate immediately, and thereafter the Sale and Purchase Agreement shall be of no further effect;
- (ii) all the rights, obligations and liabilities of the parties under the Sale and Purchase Agreement will cease and determine (save for any antecedent rights and obligations of the parties already accrued before the termination); and
- (iii) no party to the Sale and Purchase Agreement shall have any claim against any of the other parties, except in respect of claims arising out of any antecedent breach of any of the provisions of the Sale and Purchase Agreement.

As at the date of this announcement, none of the Conditions has been fulfilled or, where applicable, waived.

Completion

Upon the fulfilment of the Conditions (or waiver where applicable), Completion shall take place on the Completion Date or such other time as shall be mutually agreed by the Vendor and the Purchaser.

As at the date of this announcement, a loan in the amount of approximately RMB21,000,000 (equivalent to approximately HK\$22,826,000) is owed by TA Nanjing to an indirect wholly-owned subsidiary of the Company. Such loan carries an interest rate of 5.5% per annum and is due for repayment on 31st December, 2020, which is subject to early repayment under the relevant loan agreement. The Purchaser agrees that it shall procure TA Nanjing to settle the loan and interest at or after the Completion.

As at the date of this announcement, members of the Target Group are indirect wholly-owned subsidiaries of the Company. Upon Completion, members of the Target Group will cease to be subsidiaries of the Company but through the Company's interest in TA Cyberpark, will become indirect 50% joint ventures of the Company.

INFORMATION RELATING TO THE TARGET GROUP

The Target Company is incorporated in the British Virgin Islands with limited liability and is an investment holding company. The Target Group is engaged in property development in the PRC.

The primary asset of the Target Group is the Land with an aggregate planned site area of 224,000 m² and a planned total gross floor area of approximately 568,000 m². The project is planned for industrial science and research, and comprehensive residential and commercial use.

The following is the consolidated unaudited financial information of the Target Group for the period from 3rd July, 2019 (date of incorporation) to 31st December, 2019, and the six months ended 30th June, 2020, respectively, which has been prepared in accordance with HKGAAP:

| | For the six months ended 30th June, 2020 | For the period from 3rd July, 2019 to 31st December, 2019 |
|--------------------------|---|--|
| | <i>HK\$'000</i> (unaudited) | <i>HK\$'000</i> (unaudited) |
| Revenue | 0 | 0 |
| Net loss before taxation | 14,645 | 209 |
| Net loss after taxation | 14,645 | 209 |

FINANCIAL IMPACT OF THE TRANSACTION

Upon Completion, it is estimated that the Group will record a gain of approximately HK\$22,172,000 which is calculated on the basis of the Consideration of US\$61,760,000 (equivalent to approximately HK\$478,640,000) and the consolidated unaudited net liability value of the Target Group of HK\$22,090,000 as at 30th June, 2020, and arises from the recovery of expenses (including finance costs) previously incurred by the Target Group and the reversal of unrealised exchange loss due to depreciation of Renminbi against Hong Kong dollars.

Shareholders should note that the above figures are for illustrative purposes only. The actual gain or loss arising from the Transaction may be different from the above estimation and will be determined based on the book value of the Target Group and the relevant expenses incurred at the Completion and is subject to review by the Company's auditors.

Upon Completion, members of the Target Group will cease to be subsidiaries of the Company. Accordingly, the assets, liabilities and the financial results of the Target Group will no longer be consolidated into the financial statements of the Group. However, the Target Group will become an indirect 50% joint venture of the Company and will be accounted for using equity method.

The Directors are of the view that the Transaction will not have any material adverse impact on the business operations and financial position of the Group.

USE OF PROCEEDS FROM THE TRANSACTION

The proceeds arising from the Transaction of approximately US\$61,760,000 (equivalent to approximately HK\$478,640,000) will be used as general working capital of the Group.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Directors are of the view that the Transaction represents the restructuring of the Group's business portfolio. The Land is planned for industrial science and research, and comprehensive residential and commercial use, and is intended to be developed into a cyberpark with industrial science and research, and comprehensive residential and commercial buildings. As all cyberpark projects under the Group's portfolio are currently managed by TA Cyberpark, the Directors believe that TA Cyberpark's experience in developing and managing cyberpark projects is conducive to the development of the Land upon Completion. As the Company has an indirect 50% equity interest in the Purchaser (via its 50% equity interest in TA Cyberpark), the Company will enjoy 50% of the profits generated from the assets held by the Target Group upon the completion of the development of the Land.

The Directors also consider that the net proceeds from the Transaction is expected to improve the liquidity of the Group and allows the Group to allocate its financial resources in other business segments.

As such, the Directors consider that the terms and conditions of the Sale and Purchase Agreement 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, THE VENDOR AND THE PURCHASER

(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) The Vendor

The Vendor is 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 incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of TA Cyberpark, which in turn is a company established in the PRC with limited liability and a joint venture of the Company.

To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, and with reference to the 2019 annual report of Shenzhen Investment and according to the latest published record in the register kept under section 336 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), TA Cyberpark is directly owned as to 50% by the Company and 50% by 深業泰然(集團)股份有限公司 (Shum Yip Terra (Holdings) Co., Ltd.*), a company established in the PRC with limited liability which in turn is beneficially owned as to 75.05% by Shenzhen Investment. Shenzhen Investment is 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: 604), which is beneficially owned as to approximately 63.66% by 深業集團有限公司 (Shum Yip Group Limited*) via its interest in its wholly-owned subsidiaries.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, save for the 50% equity interest of the Purchaser held by the Company (via its 50% equity interest in TA Cyberpark), the Purchaser and its ultimate beneficial owners are all third parties independent of the Company and its connected persons.

The principal business activity of the Purchaser is investment holding.

LISTING RULES IMPLICATIONS

As one of the relevant Percentage Ratios in respect of the Transaction exceeds 5% but is less than 25%, the Transaction 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

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| “Board” | the board of Directors |
| “Business Day(s)” | any day (excluding Saturdays, Sundays, bank holidays and public holidays in the PRC) on which licensed banks are generally open for business in the PRC |
| “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” | the completion of the Transaction pursuant to the terms of the Sale and Purchase Agreement on or before the Long Stop Date |
| “Completion Date” | the 5th Business Day upon the fulfilment of the Conditions (or waiver where applicable) |
| “Conditions” | the conditions precedent to completion of the Transaction as set out in the Sale and Purchase Agreement, which are required to be satisfied or waived (where applicable) |
| “connected persons” | having the meaning ascribed to it under the Listing Rules |
| “Consideration” | the aggregate consideration payable by the Purchaser for the Sale Share and the Shareholder's Loan, being US\$61,760,000 (equivalent to approximately HK\$478,640,000), pursuant to the Sale and Purchase 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 |
| “HKGAAP” | the Hong Kong generally accepted accounting practice |
| “Hong Kong” | Hong Kong Special Administrative Region of the PRC |
| “Land” | four parcels of land situated in Nanjing, the PRC, owned by TA Nanjing |

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| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Long Stop Date” | 31st December, 2020 or such later date as may be agreed between the Vendor and the Purchaser |
| “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 |
| “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, for the purpose of this announcement only, excludes Taiwan, Hong Kong and Macau Special Administrative Region of the People’s Republic of China |
| “Purchaser” | Tian An Cyber Park (HongKong) Group Limited, a company incorporated in Hong Kong with limited liability, and a direct wholly-owned subsidiary of TA Cyberpark |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Sale and Purchase Agreement” | the sale and purchase agreement dated 3rd July, 2020 entered into between the Vendor and the Purchaser in relation to the Transaction |
| “Sale Share” | one share of US\$1 in the Target Company, representing the entire issued share capital of the Target Company as at the date of this announcement |
| “Shareholder(s)” | the shareholder(s) of the Company |
| “Shareholder’s Loan” | a shareholder’s loan in the aggregate amount of HK\$478,558,050.21 owed by the Target Company to the Vendor |
| “Shenzhen Investment” | Shenzhen Investment 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: 604) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “TA Cyberpark” | 天安數碼城(集團)有限公司 (Tianan Cyber Park Group Co., Ltd.*), a company established in the PRC with limited liability, being a joint venture of the Company and is directly owned as to 50% by the Company and 50% by 深業泰然(集團)股份有限公司 (Shum Yip Terra (Holdings) Co., Ltd.*), an independent third party |

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| “TA Nanjing” | 天安(南京)投資發展有限公司 (Tian An (Nanjing) Investment Development Company Limited*), a company established in the PRC with limited liability, and an indirect wholly-owned subsidiary of the Target Company |
| “Target Company” | Magic Token Investments Limited, a company incorporated in the British Virgin Islands with limited liability, and an indirect wholly-owned subsidiary of the Company prior to the Transaction |
| “Target Group” | the Target Company and its subsidiaries |
| “Transaction” | the disposal of the Sale Share and the Shareholder’s Loan by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement |
| “US\$” | United States dollar(s), the lawful currency of the United States of America |
| “Vendor” | Tian An Cyberpark (China) Company Limited, a company incorporated in the British Virgin Islands with limited liability, and an indirect wholly-owned subsidiary of the Company |
| “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, 3rd July, 2020

For the purpose of this announcement, (i) translations of US\$ into Hong Kong dollars or vice versa have been calculated by using an exchange rate of HK\$1 equal to US\$7.75; and (ii) translations of Renminbi into Hong Kong dollars or vice versa have been calculated by using an exchange rate of HK\$1 equal to RMB0.92. Such exchange rates have been used, where applicable, for the purpose of illustration only and do 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.*