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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)

MAJOR TRANSACTION

Acquisition of the Entire Issued Share Capital of Shanghai Allied Cement Holdings Limited and Resumption of Trading

On 21st May, 2009, the SP Agreement was entered into between the Purchaser, an indirect wholly-owned subsidiary of the Company, as the purchaser, the Company as the purchaser's guarantor and the Vendor as the vendor, pursuant to which (i) the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares at the consideration of HK\$50,027,000; and (ii) the Vendor agreed to assign and the Purchaser agreed to take the assignment of the Loan free from any encumbrance at the consideration of HK\$149,973,000. Therefore the Total Consideration for the Transactions was in the aggregate sum of HK\$200,000,000.

The Transactions constitute a major transaction for the Company under Rule 14.06(3) of the Listing Rules, on the basis that the calculation of the relevant Percentage Ratio exceeds 25% but less than 100%, hence Completion is conditional upon, inter alia, the Shareholders' approval.

A circular containing, among other things, further details of the Transactions and a notice of the EGM for the purpose of approving the SP Agreement and the Transactions will be despatched by the Company to the Shareholders as soon as practicable in accordance with the Listing Rules.

Trading in the securities of the Company was suspended at the request of the Company with effect from 9:30 a.m. on 22nd May, 2009 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the securities of the Company with effect from 9:30 a.m. on 27th May, 2009 following the publication of this announcement.

THE SP AGREEMENT

Date: 21st May, 2009

Parties:

- (1) Vendor Shanghai Allied Cement Limited as the vendor
- (2) Purchaser Sunwealth Holdings Limited, an indirect wholly-owned subsidiary of the Company, as the purchaser
- (3) Guarantor the Company as guarantor of the Purchaser

To the best knowledge, information and belief of the Directors having made all reasonable enquiries and based on the information available on the website of the Stock Exchange on 26th May, 2009, the Vendor and the Vendor's ultimate beneficial owners are independent third parties not connected with the Company and connected persons of the Company.

The Company advises that the Group was previously a shareholder of the Vendor. On 8th May, 2007, the Group entered into a placing agreement pursuant to which the Group placed (the "Placing") and disposed of all its shareholding interest being 399,485,640 shares, representing approximately 54% of the then issued share capital of the Vendor. Completion of the Placing took place on 29th June, 2007.

The Sale Shares and the Assignment of Loan

The Sale Shares represent the entire issued share capital of the Target Company. The Target Group is principally engaged in the business of manufacturing and distribution of cement, clinker and related products in the PRC and its major assets include manufacturing plants and equipment in the PRC, prepaid lease payments on land use rights, goodwill, inventories, trade and other receivables and bank deposits. Shareholding structure of the Target Group is set out under the sub-section headed "Completion" below.

The Loan is a shareholder's loan owed by the Target Company to the Vendor in the outstanding amount of HK\$278,503,677 as at the date of the SP Agreement and will be assigned to the Purchaser or its nominee(s) free from any encumbrance. The Vendor confirms that the Loan represents the entire amount of the shareholder's loan owed by the Target Company and other than the Loan, the Target Group has no outstanding shareholder's loan as at the date of the SP Agreement.

Consideration

The aggregate consideration for the Acquisition and the Assignment is HK\$200,000,000 (the "Total Consideration"), comprising (i) the sum of HK\$50,027,000 for the Acquisition; and (ii) the sum of HK\$149,973,000 for the Assignment.

The Total Consideration will be satisfied in the following manner:

- (1) the Refundable Deposit of HK\$20,000,000, representing 10% of the Total Consideration has been paid by the Purchaser to the Vendor in cash upon the signing of the SP Agreement; and

- (2) the balance of the Total Consideration less the Refundable Deposit equalling the amount of HK\$180,000,000 shall be paid by the Purchaser to the Vendor in cash upon Completion.

The Total Consideration was arrived at after arm's length negotiation and was determined with reference to the unaudited consolidated net tangible asset value of the Target Group (excluding the goodwill) of HK\$50,027,000 (based upon the unaudited management accounts for the period ended 31st March, 2009 of the Target Group), the value of the Loan and the ability of repayment of the Loan by the Target Company. In assessing the Target Company's ability to repay the Loan, the Company has taken into account the revenue and profitability of the Target Group, based on the financial information of the Target Group for the year 2008. In view of the above, the Directors are of the view that the Total Consideration is fair and reasonable. The Total Consideration will be satisfied by the internal resources of the Group and bank financing.

Guarantee

The Company, as the ultimate holding company of the Purchaser, has agreed to provide a guarantee to the Vendor for the performance of obligations by the Purchaser under the SP Agreement. Save and except the guarantee, no other form of security has been provided by the Company.

Conditions Precedent

Completion is conditional upon, inter alia, fulfilment of the following:

- (1) the Vendor's warranties under the SP Agreement remaining true and accurate and not misleading in any material respect as given as of the date of the SP Agreement and as of Completion and as if given at all times between the date of the SP Agreement and Completion;
- (2) the Vendor, the Company and the Purchaser having duly performed and observed all of the obligations, undertakings and covenants required to be performed and observed by it under the SP Agreement, on or prior to Completion;
- (3) all necessary authorisations of all relevant governmental or regulatory authorities, agencies or bodies, or any other third party, required for the implementation of the transactions contemplated in the SP Agreement being obtained and maintained;
- (4) each of the Vendor, the Purchaser and the Company having obtained (where applicable) the approval by their respective shareholders of the SP Agreement and the Transactions as required by the Listing Rules;
- (5) each of the Vendor and the Company having complied with and to the satisfaction of the Stock Exchange all requirements under the Listing Rules in relation to the Transactions;
- (6) no matter, event, circumstance or change having occurred which has caused, causes or is likely to cause any material adverse effect on:
 - (a) the business, operations, prospects or financial condition, or a material portion of the properties or assets, of any member of the Target Group;
 - (b) the operations or legality of the business of the Target Group; or
 - (c) the ability of the Vendor to perform or observe all or any of its obligations, undertakings or covenants under the SP Agreement;

- (7) legal, financial, valuation, business and technical due diligence reviews having been conducted by the Purchaser over the Target Group and its business to the sole and absolute satisfaction of the Purchaser;
- (8) a PRC legal opinion issued by a firm of reputable practising lawyers in the PRC appointed by the Purchaser at its sole and absolute discretion and in a form to the sole and absolute satisfaction of the Purchaser and prior to Completion, confirming the due establishment, valid existence, legality and shareholding structure and legality of the business and operation of each of the PRC Subsidiaries under the PRC law;
- (9) the signing of the Distributorship Agreement by each of the PRC Subsidiaries and the Distributor; and
- (10) there being no indication from the Stock Exchange that listing of the shares of the Vendor will be suspended, revoked or withdrawn at any time in connection with any of the Transactions.

The Vendor and the Purchaser may, at its sole and absolute discretion, waive any of the conditions above except conditions (3), (4), (5), (9) and (10).

If any of the conditions precedent not having been fulfilled (or waived by the Vendor or the Purchaser, except for conditions (3), (4), (5), (9) and (10)) before the Long Stop Date, neither the Purchaser nor the Vendor shall be required to proceed to Completion and the Vendor shall refund, in cash, the Refundable Deposit (together with interest accrued thereon at the rate of 15% per annum and calculated from the date of receipt of the Refundable Deposit by the Vendor to the date immediately preceding the date of return of the Refundable Deposit) to the Purchaser in accordance with the terms of the SP Agreement.

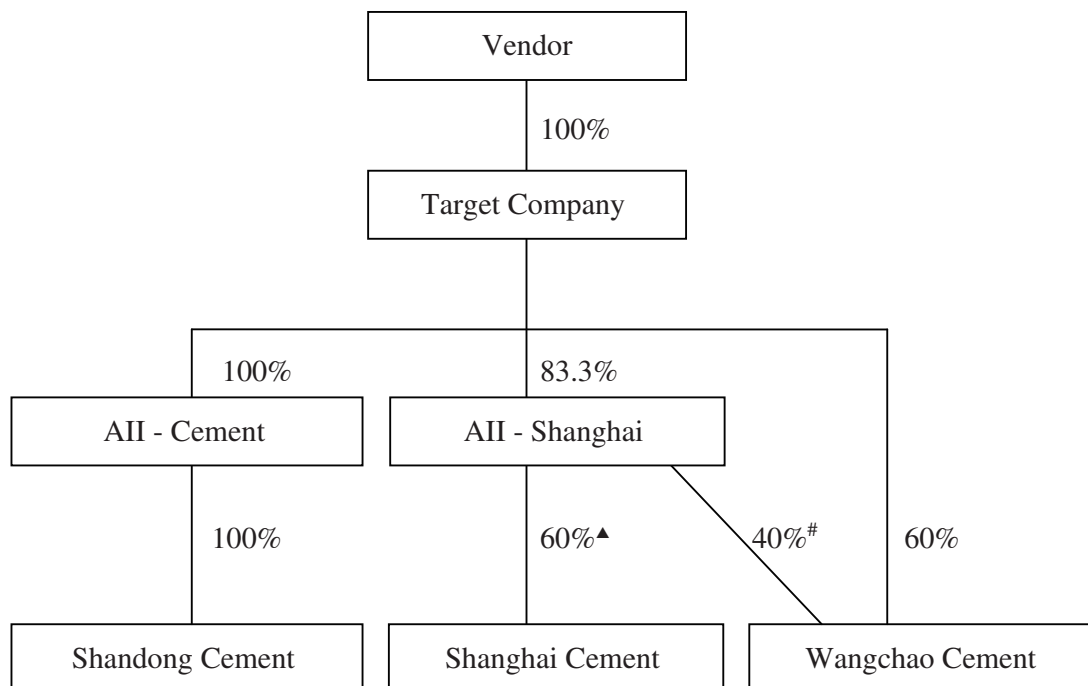
Completion

Completion will take place on the fifth business day following the day on which the last condition under the SP Agreement has been fulfilled or waived (or such other date as may be agreed between the Vendor and the Purchaser in writing). Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company and the financial results of the Target Group will be consolidated in the financial statements of the Company. There are no restrictions in the SP Agreement restricting the Purchaser from subsequently selling any of the Sale Shares.

The change in shareholding structure of the Target Group as at the date of this announcement and after Completion is summarised in the charts as below:

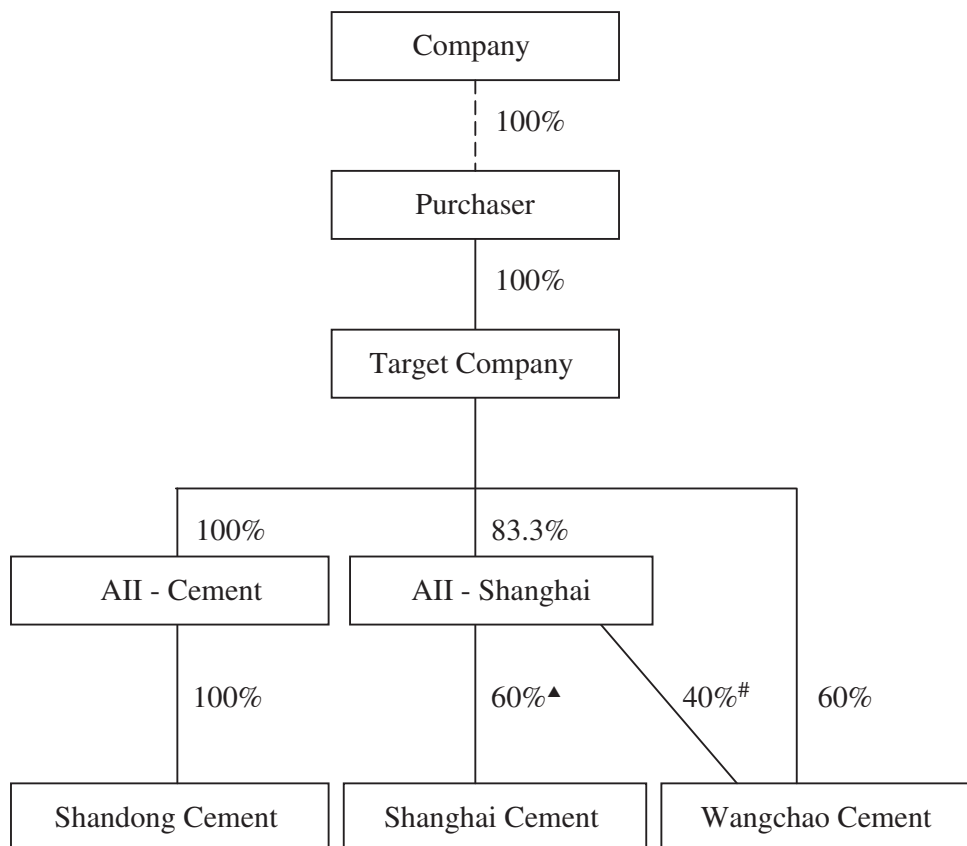
As at the date of this announcement, the shareholding structure of the Target Group is as follows:

Chart 1



Upon Completion, the shareholding structure of the Target Group will be as follows:

Chart 2



Remarks

--- represents indirect shareholding of the Company

AII-Shanghai holds 40% of the equity interest in Wangchao Cement in trust for the Target Company.

▲ The remaining 40% of the equity interest in Shanghai Cement is owned by an independent third party not connected with the Company and connected persons of the Company.

Termination

If Completion fails to take place as a result of the Vendor or the Purchaser failing to fulfil any of its obligations under the SP Agreement at Completion, the party not in default may, inter alia:

- (1) defer Completion to a date not more than twenty-eight (28) days from the original date of Completion; or
- (2) proceed to Completion so far as practicable; or
- (3) sue for specific performance in accordance with the SP Agreement; or
- (4) terminate the SP Agreement.

If termination of the SP Agreement occurs as a result of the Vendor's default, the Purchaser shall be entitled to, inter alia, a refund of the Refundable Deposit, in cash, in full (together with interest accrued thereon at the rate of 15% per annum and calculated from the date of receipt of the Refundable Deposit by the Vendor to the date immediately preceding the date of return of the Refundable Deposit) by the Vendor in accordance with the SP Agreement.

If termination of the SP Agreement occurs as a result of the Purchaser's default, the Vendor shall be entitled to, inter alia, forfeit and retain the Refundable Deposit in full in accordance with the SP Agreement.

INFORMATION RELATING TO THE COMPANY, THE PURCHASER, THE VENDOR AND THE TARGET COMPANY

(1) The Company

The Company is a company incorporated in Hong Kong with limited liability, the securities 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, property management and hotel operation in the PRC.

(2) The Purchaser

The Purchaser is a company incorporated in BVI with limited liability and is an indirect wholly-owned subsidiary of the Company.

The principal business activity of the Purchaser is investment holding.

(3) The Vendor

The Vendor is a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange.

The principal business activity of the Vendor is investment holding. The subsidiaries of the Vendor are engaged principally in manufacturing and distribution of cement and clinker.

(4) The Target Company

The Target Company is a company incorporated in Hong Kong with limited liability and is a direct wholly-owned subsidiary of the Vendor.

The principal business activity of the Target Company is investment holding. The major subsidiaries of the Target Company are engaged principally in manufacturing and distribution of cement and clinker.

SUMMARY OF FINANCIAL INFORMATION OF THE TARGET COMPANY

A summary of the unaudited consolidated financial information of the Target Group for the two financial years ended 31st December, 2007 and 31st December, 2008, as provided by the Vendor, are as follows:

	Year ended 31 December,	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	552,847**	420,683**
Net profit before tax	39,399	18,739
Net profit after tax	37,542	20,139
Net profit attributable to the Target Group	29,516	13,386

** Based on the annual report of the Vendor for the year ended 31st December, 2008, these figures represent revenue derived from the manufacturing and distribution business of the Vendor and its subsidiaries.

As informed by the Vendor, the unaudited consolidated net asset value and net tangible asset value of the Target Company as at 31st December, 2008 were approximately HK\$119,345,000 and HK\$49,866,000 respectively.

According to the Vendor, the accounts summarised above have been prepared in accordance with the Hong Kong Financial Reporting Standards.

DISTRIBUTORSHIP AGREEMENT

The entering into of the Distributorship Agreement is one of the conditions precedents of the SP Agreement. Pursuant to the Distributorship Agreement, the PRC Subsidiaries will sell and the Distributor, being a non-exclusive distributor, will purchase the Products from the PRC Subsidiaries for resale by the Distributor to its customers at such prices to be determined solely by the Distributor within (i) the PRC; (ii) such other territories/countries that the PRC Subsidiaries are authorised to sell and/or distribute the Products as at the date of the Distributorship Agreement; and (iii) subject to the prior written consent of the PRC Subsidiaries, any other countries/territories. The Distributorship Agreement shall be for a term of five (5) years and may be terminated by mutual consent in writing. Pursuant to the Distributorship Agreement, it is agreed that the price for the selling of the Products by the PRC Subsidiaries shall be fixed at the ex-factory price (being a price excluding costs for delivery and insurance), which will be set at cost with a premium subject to the market conditions from time to time, to be charged to customers who are independent third parties of the Company and the PRC Subsidiaries, with a 5% discount and the Distributor shall arrange for the delivery of the Products at its own costs and expenses.

By entering into the Distributorship Agreement, the Company will be able to carry on the business of distributing the Products through the PRC Subsidiaries and to rely on the distribution network of the Products established by the Vendor's subsidiaries. The Company considers that by engaging the Distributor, the distribution network for the Products will be broadened, which, in turn is expected to generate a higher volume of sale. Hence, it is in the interest of the Company to engage the Distributor to maintain the distribution of the Products after Completion.

REASONS AND BENEFITS FOR ENTERING INTO THE TRANSACTIONS

Following the disposal of, inter alia, the Target Group in 2007, the Company observed that the business of the Target Group has been in growth notwithstanding the macroeconomic measures to cool down the overheated economy by the PRC government and which was reflected in the revenue of the Target Group for the year 2008. Furthermore, based on the long term growth prospect of the PRC economy, the Board expects that property development in the PRC will continue to enjoy growth and as a result of which demand for construction materials will remain strong, the Board believes that the current market condition presents a good opportunity to acquire the business of manufacturing and production of construction material.

As a result of the Transactions, the Group expects to diversify its scope of business to that of manufacturing and distribution of construction material in the PRC. Through the diversification of the Group's business, the Board also expects to expand its source of revenue and to increase its clientele base in the PRC as well as achieving economic benefits in vertical integration through direct management on the business of the Target Group in manufacturing and distributing the Products and assistance with broadening the sourcing of materials for the Group's construction projects.

In addition to the above, in considering the entering into the Transactions, the Board has also taken into account of (i) the discount of approximately 46% to the Loan enjoyed by the Company calculated by comparing the amount of the Loan to the consideration for the Assignment; (ii) the discount of approximately 58% to the net asset value of the Target Group calculated by comparing such net asset value to the consideration for the Acquisition; and (iii) the recoverability of the Loan based on the performance of the Target Group in the year 2008.

In view of the above, the Board is of the view that the Transactions (including the entering into of the Distributorship Agreement between the PRC Subsidiaries and the Distributor) and the terms of the SP Agreement are fair and reasonable and in the interest of the Company and its Shareholders taken as a whole.

LISTING RULES IMPLICATIONS OF THE TRANSACTIONS

The Transactions constitute a major transaction for the Company under Rule 14.06(3) of the Listing Rules, on the basis that the calculation of the relevant Percentage Ratio exceeds 25% but less than 100%. Hence, Completion is conditional upon, inter alia, the Shareholders' approval.

A circular containing, among other things, further details of the Transactions and a notice of the EGM for the purpose of approving the SP Agreement and the Transactions will be despatched by the Company to the Shareholders as soon as practicable in accordance with the Listing Rules.

RESUMPTION OF TRADING

Trading in the securities of the Company was suspended at the request of the Company with effect from 9:30 a.m. on 22nd May, 2009 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption of trading in the securities of the Company with effect from 9:30 a.m. on 27th May, 2009 following the publication of this announcement.

DEFINITIONS

“Acquisition”	the sale and purchase of the Sale Shares contemplated under the SP Agreement
“AII-Cement”	AII-Cement Limited, a company incorporated in BVI with limited liability and a wholly-owned subsidiary of the Target Company
“AII-Shanghai”	AII-Shanghai Inc., a company incorporated in BVI with limited liability and a subsidiary of the Target Company as to which the Target Company beneficially owns approximately 83.3% of the entire issued share capital in AII-Shanghai
“Assignment”	the assignment of the Loan by the Vendor as the assignor to the Purchaser as the assignee on the terms and subject to the conditions set out in the Deed of Loan Assignment
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Company”	Tian An China Investments Company Limited, a company incorporated in Hong Kong with limited liability, the securities of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of (i) the sale and purchase of the Sale Shares; and (ii) the Assignment in accordance with the SP Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules
“Deed of Loan Assignment”	the deed of assignment to be entered into between the Vendor as the assignor and the Purchaser as the assignee at Completion pursuant to which the Vendor assigns the Loan free from any encumbrance to the Purchaser or its nominee(s)
“Director(s)”	the director(s) of the Company
“Distributor”	the distributor under the Distributorship Agreement and a wholly-owned subsidiary of the Vendor and/or its nominees (other than the member of the Target Group)
“Distributorship Agreement(s)”	the agreement(s) to be entered into between the PRC Subsidiaries and the Distributor prior to Completion, pursuant to which the Distributor will purchase products from the PRC Subsidiaries for resale to the customers of the Distributor at such prices to be determined solely at the discretion of the Distributor
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving (inter alia) the SP Agreement and the Transactions

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Loan”	the amount in the sum of HK\$278,503,677 owed by the Target Group to the Vendor as recorded as at the date of the SP Agreement, which will be assigned by the Vendor to the Purchaser or its nominee(s) pursuant to the Deed of Loan Assignment on Completion
“Long Stop Date”	21st November, 2009, being a date falling on sixth months from the date of the SP Agreement (or such other date as may be agreed by the Vendor and the Purchaser in writing)
“Percentage Ratio”	the “percentage ratio” as defined in rule 14.04(9) of the Listing Rules
“PRC”	the People’s Republic of China, not including Taiwan, Hong Kong and Macau
“PRC Subsidiaries”	Shandong Cement, Wangchao Cement and Shanghai Cement
“Products”	the cement and clinker manufactured and produced by the PRC Subsidiaries
“Purchaser”	Sunwealth Holdings Limited, a company incorporated in BVI with limited liability and an indirect wholly-owned subsidiary of the Company, being the purchaser under the SP Agreement
“Refundable Deposit”	the refundable deposit in the amount of HK\$20,000,000, representing 10% of the Total Consideration
“Sale Shares”	10,000,000 shares, representing the entire issued share capital of the Target Company to be sold by the Vendor to the Purchaser pursuant to the SP Agreement
“Shandong Cement”	山東上聯水泥發展有限公司 (Shandong Shanghai Allied Cement Co. Ltd.*), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Target Company
“Shanghai Cement”	上海聯合水泥有限公司 (Shanghai Allied Cement Co. Ltd.*), a limited liability company incorporated in the PRC and an indirect non-wholly owned subsidiary of the Target Company
“Share(s)”	ordinary shares of HK\$0.20 each in the issued share capital of the Company and a “Share” shall mean any of such Shares

“Shareholder(s)”	holder(s) of the Share(s)
“SP Agreement”	the sale and purchase agreement entered into between the Purchaser, the Vendor and the Company as the Purchaser’s guarantor on 21st May, 2009, pursuant to which (i) the Vendor agreed to sell and the Purchaser agreed to purchase the Sale Shares; and (ii) the Vendor agreed to assign and the Purchaser agreed to take the assignment of the Loan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Shanghai Allied Cement Holdings Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Vendor
“Target Group”	the Target Company and its subsidiaries, namely, AII-Cement, Shandong Cement, AII-Shanghai, Shanghai Cement and Wangchao Cement
“Transactions”	the transactions contemplated under the SP Agreement, in particular, the Acquisition and the Assignment
“Vendor”	Shanghai Allied Cement Limited, a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 1060), being the vendor under the SP Agreement
“Wangchao Cement”	山東聯合王晁水泥有限公司 (Shandong Allied Wangchao Cement Limited*), a limited liability company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

On behalf of the Board
Tian An China Investments Company Limited
Li Chi Kong
Executive Director

Hong Kong, 26th May, 2009

As at the date of this announcement, the Board comprises 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, Mr. Li Chi Kong and Mr. Yasushi Ichikawa being the Executive Directors; Mr. Lee Seng Hui (Chairman), Mr. Song Zengbin (Deputy Chairman) and Dr. Moses Cheng Mo Chi being the Non-Executive Directors; and Mr. Francis J. Chang Chu Fai, Mr. Ngai Wah Sang, Mr. Xu Su Jing and Ms. Lisa Yang Lai Sum being the Independent Non-Executive Directors.

* *for identification purpose only.*