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If you have sold or transferred all your shares in Tian An China Investments Company Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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

DISPOSAL BY AUTOBEST HOLDINGS LIMITED OF APPROXIMATELY 56.06% OF THE EXISTING ISSUED SHARE CAPITAL OF ALLIED CEMENT HOLDINGS LIMITED AND NOTICE OF EXTRAORDINARY GENERAL MEETING

A letter from the board of directors of the Company is set out on pages 5 to 18 of this circular.

A notice convening the extraordinary general meeting of the Company (the “EGM”) to be held at Plaza 4, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Tuesday, 28th January, 2014 at 10:00 a.m. is set out on pages 30 and 31 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company’s share registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude the shareholders of the Company from attending and voting in person at the EGM or any adjournment thereof if they so wish.

10th January, 2014

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DEFINITIONS

In this circular (other than in the notice of the EGM and the accompanying form of proxy), unless the context otherwise requires, the following expressions have the following meanings:

“Allied Cement”	Allied Cement Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1312)
“Allied Cement Group”	Allied Cement and its subsidiaries
“Allied Cement Shares”	ordinary shares of HK\$0.01 each in the share capital of Allied Cement
“Announcement”	announcement of the Company dated 16th December, 2013 in relation to the Share Sale
“Board”	the board of Directors
“Business Days”	any days on which licensed banks are generally open for normal banking transactions in Hong Kong (excluding Saturdays and days on which a tropical cyclone signal no. 8 or above or a black rainstorm warning signal is issued between 9:00 a.m. and 5:00 p.m.)
“BVI”	British Virgin Islands
“Company”	Tian An China Investments Company Limited, a company incorporated under the laws of Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange, and which owns 75% of shareholding in Allied Cement as at the Latest Practicable Date
“Completion”	completion of the sale and purchase of Sale Shares in accordance with the Share Sale Agreement
“Connected Persons”	having the meaning ascribed to it under the Listing Rules
“Consideration”	consideration for the sale and purchase of the Sale Shares being HK\$532,800,000
“Deposit”	HK\$53,280,000, the deposit to be paid by the Purchaser to the Vendor pursuant to the Share Sale Agreement

DEFINITIONS

“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held at Plaza 4, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Tuesday, 28th January, 2014 at 10:00 a.m. or any adjournment thereof, for the purpose of considering and, if thought fit, approving, among other things, the Share Sale Agreement and the transactions contemplated thereunder
“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 People’s Republic of China
“Last Trading Day”	6th December, 2013, being the last trading day of the Allied Cement Shares immediately prior to and including the date of the Share Sale Agreement
“Latest Practicable Date”	8th January, 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer”	the possible mandatory unconditional cash offer to be made by Yu Ming Investment Management Limited on behalf of the Purchaser (and parties acting in concert with it) in accordance with the Takeovers Code for the Offer Shares
“Offer Shares”	existing issued Allied Cement Shares other than the Sale Shares and any other Allied Cement Shares owned by the Purchaser, the Vendor and persons acting in concert with any of them
“Percentage Ratios”	percentage ratios as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction

DEFINITIONS

“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Taiwan, Hong Kong and Macau Special Administrative Region of the People’s Republic of China
“Purchaser”	China Health Management Investment Limited, a company incorporated under the laws of the BVI with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	370,000,000 Allied Cement Shares to be sold by the Vendor to the Purchaser pursuant to the Share Sale Agreement, representing approximately 56.06% of the existing issued share capital of Allied Cement as at the Latest Practicable Date and each a “Sale Share”
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.20 each in the share capital of the Company
“Share Sale”	transactions contemplated under the Share Sale Agreement
“Share Sale Agreement”	conditional sale and purchase agreement dated 7th December, 2013 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Sale Shares
“Shareholder(s)”	holder(s) of Share(s)
“Shenzhen Aorongxin”	深圳市奧融信投資發展有限公司 (Shenzhen Aorongxin Investment Development Company Limited*), a company incorporated under the laws of the PRC with limited liability. As at the Latest Practicable Date, it is beneficially owned and controlled as to 83.4% by Mr. Huang Yu (黃俞) and 16.6% by Mr. Huang Xuezhong (黃雪忠)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers

DEFINITIONS

“Tsinghua Holdings”	清華控股有限公司 (Tsinghua Holdings Company Limited*), a solely state-owned corporation with limited liability, is 100% owned by Tsinghua University and is directly supervised by the Assets Management Committee (經營性資產管理委員會) of Tsinghua University
“Vendor”	Autobest Holdings Limited, a company incorporated under the laws of the BVI with limited liability and is a direct wholly-owned subsidiary of the Company
“Waranty Shenzhen”	深圳市華融泰資產管理有限公司 (Shenzhen Waranty Assets Management Company Limited*), a company incorporated under the laws of the PRC with limited liability. As at the Latest Practicable Date, it is beneficially owned and controlled as to 40% by Tsinghua Holdings and 60% by Shenzhen Aorongxin
“%”	per cent.

For the purpose of this circular, translations of Renminbi into Hong Kong dollars or vice versa have been calculated by using an exchange rate of HK\$1.00 equal to RMB0.79. 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.

* *The English translation of the names of companies established in the PRC and agreements referred to in this circular, where marked with “*”, is for reference only. The official names of those companies and agreements are in Chinese.*

LETTER FROM THE BOARD



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)

Executive Directors:

Song Zengbin (*Deputy Chairman*)
Patrick Lee Seng Wei (*Managing Director*)
Ma Sun (*Deputy Managing Director*)
Edwin Lo King Yau
Tao Tsan Sang

Registered Office:

22nd Floor
Allied Kajima Building
138 Gloucester Road
Wanchai
Hong Kong

Non-Executive Directors:

Lee Seng Hui (*Chairman*)
Moses Cheng Mo Chi
Lee Shu Yin

Independent Non-Executive Directors:

Francis J. Chang Chu Fai
Jin Hui Zhi
Ngai Wah Sang
Lisa Yang Lai Sum

10th January, 2014

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

DISPOSAL BY AUTOBEST HOLDINGS LIMITED OF APPROXIMATELY 56.06% OF THE EXISTING ISSUED SHARE CAPITAL OF ALLIED CEMENT HOLDINGS LIMITED AND NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the Announcement. On 7th December, 2013, the Vendor, a direct wholly-owned subsidiary of the Company, entered into the Share Sale Agreement with the Purchaser, pursuant to which, the Purchaser has conditionally agreed to purchase and the Vendor has conditionally agreed to sell the Sale Shares at the Consideration of HK\$532,800,000. As at the Latest Practicable Date, the Sale Shares represent approximately 56.06% of the existing issued share capital of Allied Cement.

The purpose of this circular is to provide you with, among other things, further details of the Share Sale and a notice of the EGM.

LETTER FROM THE BOARD

THE SHARE SALE AGREEMENT

Date

7th December, 2013

Parties

Vendor: Autobest Holdings Limited, a wholly-owned subsidiary of the Company

Purchaser: China Health Management Investment Limited

To the best of knowledge, information and belief of the Board, after making all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its Connected Persons.

Consideration

The Consideration is HK\$532,800,000 (representing approximately HK\$1.44 per Sale Share) of which the Deposit in the amount of HK\$53,280,000 was paid on the date of signing of the Share Sale Agreement and the balance of the Consideration in the amount of HK\$479,520,000 shall be payable on Completion.

The Consideration per Sale Share at HK\$1.44 represents:

- (i) a discount of approximately 36.00% to the closing price of HK\$2.25 per Allied Cement Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 33.02% to the average closing price of approximately HK\$2.15 per Allied Cement Share for the last 5 trading days immediately prior to and including the Last Trading Day;
- (iii) a discount of approximately 35.14% to the average closing price of approximately HK\$2.22 per Allied Cement Share for the last 10 trading days immediately prior to and including the Last Trading Day;
- (iv) a discount of approximately 33.64% to the average closing price of approximately HK\$2.17 per Allied Cement Share for the last 30 trading days immediately prior to and including the Last Trading Day;
- (v) a discount of approximately 1.37% to the average closing price of approximately HK\$1.46 per Allied Cement Share for the last 100 trading days immediately prior to and including the Last Trading Day;
- (vi) a premium of approximately 16.13% over the average closing price of approximately HK\$1.24 per Allied Cement Share for the last 150 trading days immediately prior to and including the Last Trading Day;

LETTER FROM THE BOARD

- (vii) a premium of approximately 27.43% over the unaudited net asset value attributable to shareholders of Allied Cement of approximately HK\$1.13 per Allied Cement Share as at 30th June, 2013 and a premium of approximately 28.57% over the audited net asset the value attributable to shareholders of Allied Cement of approximately HK\$1.12 per Allied Cement Share as at 31st December, 2012; and
- (viii) a discount of approximately 26.53% to the closing price of HK\$1.96 per Allied Cement Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Company shall receive the Consideration on behalf of the Vendor.

The Consideration was determined following arm's length negotiation between the Vendor and the Purchaser, taking into account factors including but not limited to, the financial position (including the net asset value) and performance of Allied Cement Group.

If the Share Sale does not proceed due to the default of the Purchaser, the Vendor shall be entitled to forfeit the Deposit without affecting its rights, interests and compensation under the Share Sale Agreement.

Conditions Precedent

Completion is conditional upon the fulfillment of, among other things, the following conditions:

- (1) the issued Allied Cement Shares remain listed on the Stock Exchange and tradable on the market, except for suspension of trading due to the matters pursuant to the Share Sale Agreement and the Offer;
- (2) the SFC or the Stock Exchange not having indicated that they will, or to the best knowledge of the Vendor, that they will possibly revoke or oppose to the listing of the issued Allied Cement Shares on the Stock Exchange; and
- (3) the passing of the relevant resolution(s) by the Shareholders approving the Share Sale Agreement and the transactions contemplated thereunder; and the Company and the Vendor having obtained all necessary authorisations and approvals in relation to the transactions contemplated under the Share Sale Agreement (including but not limited to all necessary approvals (including but not limited to approvals by the Stock Exchange, if applicable, and consents from the financial institutions which have provided Allied Cement Group with loan facilities) required to be obtained by the Company for the major transaction involved in the transactions contemplated in the Share Sale Agreement).

If the above conditions precedent have not been fulfilled on or before 4th February, 2014 or waived by the Purchaser (other than the passing of relevant resolutions by the Shareholders which cannot be waived), the Share Sale Agreement shall terminate without affecting the parties' rights and obligations therein before the termination. Upon termination, the Vendor shall return the Deposit to the Purchaser as soon as possible.

LETTER FROM THE BOARD

Undertaking, Warranties and Indemnities

The Vendor has given certain customary warranties to the Purchaser, in respect of, among other things, the legal status, financial conditions, business, operations and assets in relation to Allied Cement.

The Vendor has provided an undertaking to the Purchaser that it shall procure the businesses of Allied Cement to be conducted in the ordinary and usual course and not to carry out any action which causes Allied Cement a material loss and specific actions, such as, allotment of new Allied Cement Shares, executing material contract or distributing dividend, etc., which are prohibited in that regard under the Share Sale Agreement, from the date of the Share Sale Agreement to the date which the Purchaser is permitted to appoint nominee(s) as directors of Allied Cement (as permitted under the Takeovers Code), other than for the purposes of repayment of loans due to banks and for other ordinary course of business.

Completion

Subject to fulfillment of conditions precedent as set out in this circular, Completion shall take place on the third Business Day following the fulfillment of the conditions precedent. Upon Completion, Allied Cement will cease to be a subsidiary of the Company, but the Company will retain 125,000,000 Allied Cement Shares, representing approximately 18.94% of the issued share capital of Allied Cement as at the Latest Practicable Date. There is no restriction imposed on the subsequent sale of the Sale Shares by the Purchaser under the Share Sale Agreement.

After Completion, the Company will account for its retained interests in Allied Cement Group as available-for-sale investment, and measure at fair value at the end of each reporting period.

Offer

The Purchaser has agreed, following and subject to Completion, to comply with its obligations under the Takeovers Code to make the Offer to holders of Allied Cement Shares of the Offer Shares in accordance with the Takeovers Code.

Pursuant to the Share Sale Agreement, the Vendor shall retain 125,000,000 Allied Cement Shares, and shall not sell, assign, charge or otherwise dispose of these shares or accept the Offer prior to the close of the Offer. As at the Latest Practicable Date, the Company does not have any plan to dispose of the retained 125,000,000 Allied Cement Shares.

INFORMATION ON ALLIED CEMENT GROUP

General Information

Allied Cement is a company incorporated under the laws of the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1312). As at the Latest Practicable Date, the Company indirectly owns 75% of the issued

LETTER FROM THE BOARD

share capital of Allied Cement. Allied Cement Group is principally engaged in the manufacture and sales of cement, clinker and slag, trading of cement and provision of technical services with operations in Shandong Province and Shanghai in the PRC.

Set out below is the key financial information of the Allied Cement Group based on its audited consolidated financial statements for each of the two years ended 31st December, 2011 and 31st December, 2012 respectively:

	For the year ended 31st December, 2011	For the year ended 31st December, 2012
	<i>(Audited)</i>	<i>(Audited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	725,298	704,698
Profit before tax	117,810	46,516
Profit after tax	88,489	37,132
Profit for the year (including discontinued operations)	88,489	37,132
	As at	As at
	31st December, 2011	31st December, 2012
	<i>(Audited)</i>	<i>(Audited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net assets	570,757	741,633

Management Discussion And Analysis

The following is the summary of management discussion and analysis principally extracted from the annual reports of Allied Cement for the years ended 31st December, 2012 and 31st December, 2011, respectively.

(1) For the year ended 31st December, 2012

Financial Results

The revenue of Allied Cement Group for the year ended 31st December, 2012 was HK\$704.7 million (2011: HK\$725.3 million), representing a decrease of 2.8% compared to 2011. The profit attributable to owners of Allied Cement was HK\$26.8 million (2011: HK\$76.2 million). The basic earnings per share amounted to HK4.11 cents (2011: HK21.31 cents).

The financial performance and profit of Allied Cement Group for the year ended 31st December, 2012 showed a significant decrease as compared with 2011. Despite the increase in sales volume during 2012, revenue decreased due to a decline in the average selling price. With the overall market selling prices of cement products having significantly declined in 2012 as compared with 2011, the average selling prices of cement products from Allied Cement Group's manufacturing and sales operations in Shandong province were also significantly impacted.

LETTER FROM THE BOARD

Moreover, the provision for doubtful debts was increased as a result of the uncertainty in the recoverability of certain receivables relating to Allied Cement Group's Shanghai operations. To address the risks on recoverability of receivables, the internal control procedures and management systems of Allied Cement Group have been further reviewed and strengthened. The system of credit-worthiness analysis of customers has been reinforced, including but not limited to that an independent company has been engaged to investigate the credit-worthiness of Allied Cement Group's customers.

For the year ended 31st December, 2012, the administrative expenses increased significantly when comparing to 2011. This was mainly attributable to the expenses incurred in complying with the relevant rules and regulations after the listing of the shares of Allied Cement on the Stock Exchange on 18th January, 2012.

For the year ended 31st December, 2011, due to the appreciation of RMB, Allied Cement Group recorded a net foreign exchange gain of HK\$19.2 million. A gain of HK\$37.2 million under other comprehensive income was also recorded when presenting Allied Cement Group's results in HK\$. The relatively small appreciation of RMB in 2012 has resulted in Allied Cement Group recording a significant decrease in such income for the reporting period.

Business Review

Allied Cement Group's cement and clinker sales amounted to 2,405,000 tons (2011: 2,017,000 tons) for the year ended 31st December, 2012, representing an increase by 19.2% over 2011. The overall market demand of cement slowed down as the Chinese government temporarily suspended promoting the infrastructure projects as one of the austerity measures and the stringent regulatory control on real estate to cool down the irrational rise in housing prices.

In the first half of 2012, the growth of cement production in China was less than 6%. The cement industry appeared to struggle in demand amid the stagflation environment as well as the irrational competition triggered in some regions, leading to a significant decline in the margin of the industry. Basically, the industry suffered from the pain of excessive capacity.

In the second half of 2012, China consumer price index ("CPI") eased from the highs gradually. The mainland China government revised its strategy to give priority to stabilising growth and granted approvals to large projects as well as resuming the construction of high-speed rails, which facilitated the recovery of the economy. Consequently, the overall performances of cement companies improved as the demand of cement rebounded in the second half of 2012 with prices recovering gradually.

1. 上海聯合水泥有限公司 (Shanghai Allied Cement Co., Ltd.*) ("Shanghai SAC")

In 2012, cement distributed by Shanghai SAC amounted to 1,001,000 tons (2011: 652,000 tons) with an increase of 53.5% from 2011, generating a gross profit of HK\$27.2 million (2011: HK\$12.9 million), an increase of 110.9% over 2011. During 2012, Shanghai SAC continued to invest part of the net proceeds from the compensation of relocation into wealth management

LETTER FROM THE BOARD

products managed by banks in accordance with Allied Cement Group's treasury policies and investment guidelines. Through such treasury management, Shanghai SAC recorded fair value gains and interest income on financial assets of HK\$28.7 million (2011: HK\$18.1 million), representing an increase of 58.6% over 2011.

In order to potentially enjoy the benefit from the country's policy where income from compensation of relocation can be deducted before tax, Shanghai SAC aimed to minimise its tax burden within the parameters of the country's policy by filing to Shanghai tax authorities documents related to the following transactions: purchase of cement vertical mills, raw material extruders and waste heat power generation equipment and machines for a total consideration of RMB380 million; together with prior purchase of an office located in Pudong, Shanghai and expenses related to relocation and reassignment of personnel. Such potential tax benefit is subject to approval from the relevant tax authorities.

2. Shandong Allied Wangchao Cement Limited ("Allied Wangchao")

In 2012, Allied Wangchao achieved a production of clinker of 891,000 tons (2011: 882,000 tons), representing 1.0% increase from 2011. Cement production reached 1,291,000 tons (2011: 1,138,000 tons), increasing by 13.4% over 2011. The sales volume of cement increased from 1,146,000 tons to 1,291,000 tons, representing an increase of 12.7% over 2011. This certainly reflected the market influence of Allied Wangchao in the northern Jiangsu and southern Shandong areas. Gross profit of Allied Wangchao amounted to HK\$33.4 million (2011: HK\$96.8 million), representing a decrease of 65.5% from 2011.

During 2012, Allied Wangchao had been assessed and awarded certificates of comprehensive utilisation of resources, as well as granted a total subsidy of around RMB5.9 million by a government agency.

3. Shandong Shanghai Allied Cement Co., Ltd. ("Shandong SAC")

The slag production of Shandong SAC during 2012 reached 118,000 tons. Its products are mainly used as additives in cement grinding for Allied Wangchao.

4. The development of new cement production facilities at Bailonggang, Pudong, Shanghai ("Bailonggang Project")

On 13th February, 2012, Shanghai SAC, a subsidiary of Allied Cement, entered into the 《關於建設「白龍港項目」合作協議》(Bailonggang Project Construction Cooperation Agreement*) ("Cooperation Agreement") and the 《關於設立合資公司(原則)協議》(Principle Agreement for the Establishment of the Joint Venture Company*) ("JV Principle Agreement") with 上海建築材料(集團)總公司 (Shanghai Building Material (Group) General Company*) ("Shanghai Building Material") for the purpose of setting up a joint venture company ("JV Company") to operate and manage the Bailonggang Project. Pursuant to the agreements, the JV Company will be held as to 50% respectively by Shanghai SAC and Shanghai Building Material. The former will nominate the general manager and the latter will nominate the chairman of the board which will be appointed by the board. The registered capital of the JV Company is RMB800 million, in which Shanghai SAC and Shanghai Building Material will inject RMB400 million (equivalent to approximately HK\$493.8 million) respectively.

LETTER FROM THE BOARD

The Bailonggang Project progressed smoothly and passed the preliminary approval on the use of land conducted by Shanghai Municipal Bureau of Planning and Land Resources on 16th August, 2012. On 6th February, 2013, Shanghai Municipal Development and Reform Commission submitted to National Development and Reform Commission a formal document related to “上海建材資源綜合利用示範基地” (Demonstrative Base for Comprehensive Utilisation of Resources in Shanghai). The Industrial Development Office of National Development and Reform Commission also officially accepted the relevant document and relevant government officers were supportive to it. We believe that this project will be highly valued by the government departments as it sets an example of successful transformation of cement manufacturing in big cities. The JV Company was tentatively named “上海萬華聯合生態材料股份有限公司” (Shanghai Wanhua Allied Eco Materials Co., Ltd.).

Planning to eliminate ball mills and adopt advanced technologies such as two-support kilns, 4th generation coolers and low-temperature waste heat power generation, the Bailonggang Project will reduce power consumption to a level significantly below those of traditional cement manufacturers. Moreover, the project is situated next to the biggest sewage treatment plant in Asia. It is expected that 530,000 tons of sludge with 80% moisture content, 500,000 tons of desulfurisation gypsum and other wastes amounting to 2.28 million tons will be detoxified every year. This will become an important part of the city’s industrial chain, interdependent and complementing to the city.

The project preparation team has achieved excellent performance since its establishment in February 2012. Allied Cement Group selected and assigned key members to participate in the preparatory work of the project. The principal activities for the next stage are land storage and purchase, improving technical proposals for the project, establishing the project company and assessing the dock construction project. Allied Cement Group will work towards commencing construction of the project in the second half of 2013.

Financial Review

Liquidity and Financing

On 18th January, 2012, 165,000,000 ordinary shares of Allied Cement were issued by way of public offering and placing, raising gross proceeds of HK\$165.0 million. On the same date, Allied Cement Shares were listed on the Main Board of the Stock Exchange.

Except for the proceeds received from the public offering and placing, Allied Cement Group’s capital expenditure, daily operations and investments are mainly funded by cash generated from its operations and loans from principal bankers and financial institutions. As at 31st December, 2012, Allied Cement Group maintained bank balances and cash reserves of approximately HK\$171.3 million (2011: HK\$286.1 million), including pledged short-term bank deposits of approximately HK\$79.4 million (2011: HK\$43.2 million) and time deposits of approximately HK\$61.7 million (2011: HK\$142.3 million). Total borrowings amounted to approximately HK\$102.0 million (2011: HK\$256.9 million of which borrowings from a fellow subsidiary amounted to approximately HK\$134.3 million). At 31st December, 2012, the equity attributable to owners of Allied Cement amounted to HK\$741.6 million (2011: HK\$570.8 million).

LETTER FROM THE BOARD

The gearing ratio (net borrowings over equity attributable to owners of Allied Cement) of Allied Cement Group was negative 9% (2011: negative 5%).

As at 31st December, 2012, Allied Cement Group's outstanding borrowings HK\$59.9 million was repayable within one year and HK\$42.1 million was repayable after one year (2011: HK\$227.4 million and HK\$29.5 million respectively). Around 3.9% of Allied Cement Group's interest-bearing borrowings bore interest at fixed rates while the remainders were at floating rates.

Due to the branding strategy of Allied Cement Group used in the industry, the management has obtained a longer credit period from suppliers by bills payments and resulting in a trade and bills payable of HK\$138.5 million as at 31st December, 2012. This has increased the cashflow from operating activities and provided good liquidity for Allied Cement Group.

(2) For the year ended 31st December, 2011

Financial Results

The revenue of Allied Cement Group for the year ended 31st December, 2011 was HK\$725.3 million (2010: HK\$451.4 million), representing an increase of 60.7% compared to 2010. The profit attributable to owners of Allied Cement was HK\$76.2 million (2010: HK\$168.3 million). The basic earnings per share amounted to HK21.31 cents (2010: HK47.73 cents).

The decrease in profit attributable to owners of Allied Cement was mainly due to the nonrecurring net gain on land resumption exercise of Shanghai SAC in 2010. The profit attributable to the owners of Allied Cement from this land resumption exercise amounted to HK\$128.6 million, representing the gain on land resumption exercise less taxation and non-controlling interests and the goodwill attributable to the relocated Shanghai factory written off.

Compared to the adjusted profit attributable to owners of Allied Cement for the year ended 31st December, 2010, which excluded the net gain on land resumption exercise, amounting to approximately HK\$39.7 million, the profit attributable to owners of Allied Cement for the year ended 31st December, 2011 would represent a more than 90% increase over 2010. The increase in profit from Allied Cement's main business was mainly attributable to (i) favourable product price; (ii) the waste heat recovery system and cement grinding system of Allied Wangchao commencing normal operations; and (iii) Shanghai SAC successfully carrying out its new business model.

Since December 2009, due to the land resumption exercise, Shanghai SAC has ceased manufacturing business to prepare for the dismantling of the plant and equipment during the first half of 2010. The expenses incurred during that period, being mainly administrative in nature, were included in the calculation of the gain on land resumption exercise. Therefore, the administrative expenses in 2010 were significantly reduced.

LETTER FROM THE BOARD

For the year ended 31st December, 2011, the administrative expenses increased significantly when comparing to 2010 partly due to the aforesaid reason and also because more expenses were incurred to cope with the expansion of trading business of Shanghai SAC.

Business Review

Cement Business

Allied Cement Group's cement and clinker sales amounted to 2,017,000 tons for the year ended 31st December, 2011, increasing by 22.2% over 2010. The market demand in Eastern China was buoyant during 2011. The cement price during the first half of 2011 continued to rally from 2010. Although market growth slowed in the second half of 2011 due to tightened monetary policy of the state, most cement enterprises managed to react rationally. Thus, price of cement was brought down but vicious competition was not seen in the market.

1. Shanghai SAC

To facilitate the auxiliary construction projects of the World Expo, Shanghai SAC ceased operation in the end of 2009 and planned to relocate its premises to Bailonggang, Heqing Town in Pudong District, Shanghai. Given that the new project was still in preparation, Shanghai SAC changed its business model in a timely manner after careful consideration. Under the new model, Shanghai SAC purchased high quality cement and re-sold to its quality customers instead of manufacturing high quality cement for them, by which it maintained the relationship with its long-term good quality customers and its market share. This has laid a foundation for the product sales of its new project.

During the year 2011, cement sales of Shanghai SAC recorded 652,000 tons with an increase of 43.0% from 2010, generating a gross profit of HK\$12.9 million. Shanghai SAC earned fair value gains and interest income on financial assets of HK\$15.8 million by investing part of the net proceeds from the relocation into wealth management products launched by banks.

2. Allied Wangchao

The clinker production volume of Allied Wangchao during 2011 amounted to 882,000 tons, representing a decrease of 12.0% as compared to 2010. The cement production volume increased by 1,322.5% to 1,138,000 tons as compared to 2010. Allied Wangchao generated a gross profit of HK\$96.8 million. Its profit before taxation increased by 142.7% from 2010 to HK\$85.3 million (2010: HK\$35.2 million). Allied Cement Group has invested around HK\$100 million in the construction of the waste heat recovery system and cement grinding system. The two systems started operations during 2011 and has complemented other systems of the company and considerably enhanced the competitiveness.

3. Shandong SAC

The slag production of Shandong SAC reached 154,000 tons, generating a gross profit of HK\$2.2 million. With the cement grinding system in Allied Wangchao operating normally, Shandong SAC ground and processed slag as additives in cement grinding for Allied Wangchao and the result was satisfactory.

LETTER FROM THE BOARD

Financial Review

Liquidity and Financing

Allied Cement Group's capital expenditure, daily operations and investments are mainly funded by cash generated from its operations and loans from principal bankers and financial institutions. As at 31st December, 2011, Allied Cement Group maintained bank balances and cash reserves of approximately HK\$286.1 million (2010: HK\$597.9 million) including pledged short-term bank deposits of approximately HK\$43.2 million (2010: HK\$45.9 million) and time deposits of approximately HK\$142.3 million (2010: HK\$282.4 million). Total borrowings amounted to approximately HK\$256.9 million (2010: HK\$459.1 million) of which borrowings from fellow subsidiaries amounted to approximately HK\$134.3 million (2010: HK\$355.9 million). At 31st December, 2011, the equity attributable to owners of Allied Cement amounted to HK\$570.8 million (2010: HK\$250.0 million).

The gearing ratio (net borrowings over equity attributable to owners of Allied Cement) of Allied Cement Group was negative 5% (2010: negative 56%).

FINANCIAL EFFECT OF THE SHARE SALE

Based on the Consideration of HK\$532,800,000, the carrying value of the investment in Sale Shares of approximately HK\$448,242,000 on the unaudited consolidated financial statements of the Company as at 31st October, 2013 and the amount of HK\$532,800 being Vendor's agreed contribution to stamp duty payable on the Share Sale pursuant to the Share Sale Agreement, the gain to be accrued to the Company (before legal and professional fee and tax) will be approximately HK\$84,025,200.

The Company intends to apply the proceeds of the Consideration as working capital, in particular, for investment in assets that may offer better return. As at the Latest Practicable Date, the Company has no specific plan to invest in assets of a particular size and nature and it has not identified any potential assets to be invested in.

REASONS FOR AND BENEFITS OF THE SHARE SALE

The Directors consider that the Consideration is substantially above its carrying cost of the Sale Shares, as the Consideration per Sale Share represents a premium of approximately 27.43% over the unaudited net asset value attributable to shareholders of Allied Cement as at 30th June, 2013 and a premium of approximately 28.57% over the audited net asset value attributable to shareholders of Allied Cement as at 31st December, 2012, and is an attractive opportunity to realise a capital gain on its investment in Allied Cement, taking into account the fact that Allied Cement Group recorded a decline in net profit for the two consecutive years ended 31st December, 2011 and 2012. Although the Consideration per Sale Share of HK\$1.44 represents a discount to the recent trading prices of Allied Cement Shares on the Stock Exchange, it represents a premium of approximately 16.13% over the average closing price of Allied Cement Shares for the last 150 trading days immediately prior to and including the Last

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Trading Day. While the prevailing market price of Allied Cement Shares may be subject to fluctuation, the Directors consider that net asset value which was reviewed and audited by auditors of Allied Cement is a fair approach in arriving at the Consideration. On the other hand, the 18.94% interest of Allied Cement Group retained allows the Company to retain the opportunity to enjoy the potential growth in the development of cement and clinker business in the PRC by Allied Cement Group and capture the resulting capital gain if the market for cement and clinker industries in the PRC shall recover in the future. The proceeds from the Share Sale are intended to be used for investment in assets that may offer better return. Taking into account the premium of the Consideration per Sale Share over the net asset value and average trading price of Allied Cement Shares for a relatively longer period, the Board considers that the terms of the Share Sale Agreement 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 a company incorporated under the laws of 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, as well as the manufacture, sales and trading of cement and clinker in the PRC.

Following completion of the Share Sale, the Company's emphasis on the businesses in the manufacture, sales and trading of cement and clinker in the PRC will be greatly reduced as such businesses are conducted solely through Allied Cement Group. The Group will focus on developing its existing businesses in property development and management, and has no intention to rebuild the cement and clinker business or to develop new business focus as at the Latest Practicable Date.

(2) The Vendor

The Vendor is a company incorporated under the laws of the BVI with limited liability and a direct wholly-owned subsidiary of the Company. Its principal business activity is investment holding.

(3) The Purchaser

The Purchaser is a company incorporated under the laws of the BVI with limited liability. As confirmed by the Purchaser, it is an investment holding company established for the purpose of holding the Sale Shares prior to the date of the Share Sale Agreement, and it has not conducted any business since its incorporation. As at the Latest Practicable Date and to the best of the knowledge of the Directors having confirmed with the Purchaser, the entire issued share capital of the Purchaser is indirectly held by Waranty Shenzhen which principally engages in equity investments, asset management, M&A advisory, venture capital and securities investments.

LETTER FROM THE BOARD

Waranty Shenzhen is beneficially owned and controlled as to 40% by Tsinghua Holdings and 60% by Shenzhen Aorongxin.

Tsinghua Holdings is 100% owned by Tsinghua University and is directly supervised by the Assets Management Committee (經營性資產管理委員會) of Tsinghua University. It manages state-owned assets and state-owned share equity derived from its invested enterprises, and focuses on industrialisation of technical achievements, incubation of high-tech enterprises, investment management, asset/capital operation, etc.

Shenzhen Aorongxin is beneficially owned and controlled as to 83.4% by Mr. Huang Yu (黃俞) and 16.6% by Mr. Huang Xuezhong (黃雪忠).

LISTING RULES IMPLICATIONS

As one of the applicable Percentage Ratios in respect of the Share Sale exceeds 25% but is less than 75% as calculated under Rule 14.07 of the Listing Rules, the Share Sale constitutes a major transaction of the Company. The Share Sale Agreement is therefore subject to reporting, announcement and Shareholders' approval requirements pursuant to the Listing Rules.

As at the Latest Practicable Date, Allied Properties (H.K.) Limited ("APL"), through its wholly-owned subsidiaries, is interested in 733,269,096 Shares, representing approximately 48.66% of the issued share capital of the Company. Given that (1) Yu Ming Investment Management Limited ("Yu Ming"), a wholly-owned subsidiary of Allied Group Limited ("AGL"), the holding company of APL, is the financial adviser of the Purchaser in respect of the Offer; (2) Sun Hung Kai International Limited ("SHK International"), a subsidiary of APL, is an exclusive placing agent and underwriter for all the offer shares validly tendered for acceptance under the Offer; and (3) both Yu Ming and SHK International shall receive service fee or commission on normal commercial basis for their respective roles and involvements in the Offer, APL confirmed that it will abstain from voting at the EGM in respect of the Share Sale and the transactions contemplated thereunder to avoid any potential conflict of interest.

As at the Latest Practicable Date, and to the best knowledge, belief and information of the Directors, and having made all reasonable enquiries, save and except APL's subsidiaries, no Shareholder has any material interest in the Share Sale and is required to abstain from voting at the EGM in respect of the Share Sale and the transactions contemplated thereunder.

EGM

A notice convening the EGM to be held at Plaza 4, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on 28th January, 2014 at 10:00 a.m is set out on pages 30 and 31 of this circular. An ordinary resolution will be proposed to the Shareholders to consider and, if thought fit, to approve, inter alia, the Share Sale Agreement and the transactions contemplated thereunder.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a

LETTER FROM THE BOARD

show of hands. Accordingly, the resolution will be put to vote by way of poll at the EGM. Any announcement on the result of the vote by poll will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM or any adjournment thereof if they so wish.

RECOMMENDATION

The Board considers that the terms of the Share Sale Agreement contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the ordinary resolution to approve the Share Sale Agreement and the transactions contemplated thereunder at the EGM.

As Completion is subject to fulfillment of certain conditions precedent and may or may not proceed, the Shareholders and potential investors should exercise caution when dealing in the shares of the Company.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

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

INDEBTEDNESS OF THE GROUP

As at the close of business on 30th November, 2013, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group had total outstanding borrowings of approximately HK\$4,866.44 million comprising secured bank loans of approximately HK\$3,295.96 million, other secured loans of approximately HK\$1.27 million, unsecured bank loans of approximately HK\$944.11 million, unsecured loans from certain non-controlling shareholders of approximately HK\$478.43 million, unsecured loans from joint ventures of approximately HK\$13.43 million, unsecured loans from associates of approximately HK\$15.83 million, and other unsecured loans of approximately HK\$117.41 million. The Group's banking facilities and other loans were secured by charges over its assets, including bank deposits, property, plant and equipment, properties for development, properties under development, inventories of completed properties and investment properties.

There were contingent liabilities arising from the property for development of a joint venture and a subsidiary. A portion of a property for development that is held by a 50%-owned joint venture of the Group with carrying value of approximately HK\$3 million is under idle land investigation by the local authority. This piece of land owned by the joint venture was held under several land use right certificates. The development of more than half of the piece of land was either completed or under development, except for a portion which is retained for the remaining development of the whole project. Another property for development that is held by a subsidiary of the Group with carrying value of approximately HK\$42.13 million is also under idle land investigation by the local authority. This piece of land owned by the subsidiary has been developed by several phases and more than half was completed, except the last portion which is under the planning approval by the local authority. The Group is currently working diligently to prevent the possible classification as idle land, including negotiating the feasibility of development plans with local authorities. Based on legal advices, the Group has assessed the issue and considers that the idle land confiscation may not materialise.

In addition, the Group had contingent liabilities in the sum of approximately HK\$1,987.30 million in respect of guarantees for banking facilities granted to property purchasers and joint ventures. There were also claims totalling approximately HK\$191.04 million arising from litigations with property purchasers, a contractor and a former material supplier of cement business. Further particulars of these litigations are set out in the section headed "Litigation" in Appendix II to this circular.

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of the business, as at the close of business on 30th November, 2013, the Group did not have other outstanding mortgages, charges, debentures or other loan capital, bank overdrafts or loans, other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, guarantees or other material contingent liabilities.

WORKING CAPITAL

The Directors are of the opinion that, taking into account of its existing cash and bank balances and other internal resources available and also the effect of the Share Sale, the Group will have sufficient working capital for its present requirements and for at least 12 months from the date of publication of this circular in the absence of unforeseen circumstances.

FINANCIAL AND TRADING PROSPECTS OF THE GROUP**Property Development**

The central government is still concerned with the perceived high property prices. Accordingly, it has restricted the number of homes that can be purchased as well as foreign investment in the property sector and imposed individual income tax on properties sold by individuals. It has also increased the extent of its low cost housing programme in all major cities. Moreover, the monetary policy was tight in 2013. With government controls still in place, the sentiment in the short term is somewhat negative. However, the Group remains confident in the longer-term prospects of the property market in the PRC.

The Group's business objectives are as follows:

- (1) To continue to adjust the quality of its landbank through acquisitions and disposals and sale of its end products to balance the demands of short term returns and long term capital appreciation.
- (2) To accelerate construction works for all its development projects. The Group is however cognizant of the slow property market in the PRC at the moment. The Group will adjust its products and pricing where necessary to assist the sale of its products in this weak environment.
- (3) To work closely with onshore mainland banks which are interested in extending credit to customers. The Group hopes to responsibly gear up its projects rather than over-utilising equity in order to increase its return on equity.
- (4) To review its management and cost structure so as to improve efficiency and reduce expenses where possible.

Long term corporate strategies of the Group include:

- (1) Retaining certain development properties for investment where the Group believes these properties will provide increasing rental streams and corresponding increases in capital value.
- (2) Concentrating its effort on developing its cyberpark projects where the Group believes its products are competitive. The Group can increase its cyberpark landbank as the initial capital outlay is considered reasonable.

Manufacture, Sales and Trading of Cement and Clinker

In terms of cement production, total production of cement in China was 1,096.07 million tons for the first half of 2013, representing an increase of 9.7% over the same period of 2012, with the growth rate picking up notably as compared to 5.5% in the same period of 2012. Cement consumption in Shanghai reached 11,172,300 tons, up by 13.11% over the same period of 2012.

As the CPI of China in 2013 declined from its high of 2012, it caused the mainland government easing slightly the macroeconomic policies and the new leaders put forward new proposals. For example, Premier Li Keqiang proposed that economic policies should emphasise non-stimulation, de-leverage and rebalance by means of stabilising commodity prices within a range, and maintaining economic growth above 7% and a reasonable employment rate. To achieve the above-mentioned goals, the government proposes to rebalance the economic structure while reducing administrative intervention to the market and delegating power with an aim of encouraging private investment. Since the beginning of 2013, cement production in the country has made some recovery.

It should be noted that the government has set mandatory targets to phase out outdated capacity in the cement industry as the industry suffers from over capacity. It is expected that 76.35 million tons of clinker production capacity will be phased out in 2013, which should address the problem of oversupply.

Shanghai SAC has three missions currently, namely, facilitating the construction of the Bailonggang Project, proceeding with treasury management and continuing to develop its cement trading business.

Since Allied Cement Group invested in the project of Shanghai SAC in 1993, it has pursued the recycling economy concept, technology innovation, and commitment to social responsibility and satisfying the needs of its customers, as well as creating value for shareholders and attaching great importance to the core values of its staff. With the commencement of construction of the Bailonggang Project, Allied Cement Group will integrate its business into the city's environmental protection activities, becoming an important part of the urban industrial chain and realising its vision of taking the initiative in the recycling economy with its new undertakings.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' INTERESTS

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of SFO); or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to the Company and the Stock Exchange:

Name of Directors	Name of Companies	Number of shares and underlying shares held	Approximate % of the relevant issued share capital	Nature of interests
Lee Seng Hui	the Company	921,963,096 (Note 1)	61.18%	Other interests
	Allied Cement	495,000,000 (Note 2)	75.00%	Other interests
Ma Sun	the Company	47,945	0.003%	Personal interests (held as beneficial owner)

Notes:

- (1) Mr. Lee Seng Hui together with Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of Lee and Lee Trust, being a discretionary trust. They together owned approximately 68.72% interests in the issued share capital of AGL (inclusive of Mr. Lee Seng Hui's personal interests) and were therefore deemed to be interested in the Shares in which AGL was deemed to be interested through the subsidiaries of AGL, including (i) APL, its 74.99%-owned subsidiary; and (ii) Sun Hung Kai & Co. Limited ("SHK"), its 56.15%-owned subsidiary (for its interest held as a holder of securities).
- (2) Mr. Lee Seng Hui, by virtue of his interests in the Company, is deemed to be interested in the Allied Cement Shares, a non wholly-owned subsidiary of the Company and therefore an associated corporation of the Company within the meaning of Part XV of the SFO.
- (3) All interests stated above represent long positions.

As at the Latest Practicable Date, the following Directors were directors of companies which had an interest in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO:

- (a) Mr. Lee Seng Hui is an executive director of APL. APL, through its subsidiaries, is deemed to be interested in, for the purpose of the SFO, 921,963,096 Shares, representing approximately 61.18% of the issued share capital of the Company. In relation to such 921,963,096 Shares, 733,269,096 of which were held by an indirect subsidiary of APL as beneficial owner and 188,694,000 of which were held by an indirect subsidiary of APL as a holder of securities. APL, through its subsidiaries, is also deemed to be interested in 660,000,000 Allied Cement Shares (including the Offer Shares which are underwritten by SHK International, an indirect wholly-owned subsidiary of SHK), representing 100% of the issued share capital of Allied Cement, for the purpose of the SFO; and
- (b) Messrs. Lee Seng Hui and Edwin Lo King Yau are executive directors and Ms. Lisa Yang Lai Sum is an independent non-executive director of AGL. AGL is interested in approximately 74.99% of the entire issued share capital of APL through itself and its direct wholly-owned subsidiaries. Accordingly, AGL is also deemed to be interested in, for the purpose of the SFO, 921,963,096 Shares, representing approximately 61.18% of the issued share capital of the Company. In relation to such 921,963,096 Shares, 733,269,096 of which were held by an indirect subsidiary of AGL as beneficial owner and 188,694,000 of which were held by an indirect subsidiary of AGL as a holder of securities. AGL, through its subsidiaries, is also deemed to be interested in 660,000,000 Allied Cement Shares (including the Offer Shares which are underwritten by SHK International), representing 100% of the issued share capital of Allied Cement, for the purpose of the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other Director who was a director or employee of a company which had an interest in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation (other than statutory compensation).

4. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Save as disclosed below, as at the Latest Practicable Date, none of the Directors (not being the Independent Non-Executive Directors) and their respective associates (as defined in the Listing Rules) was considered to have interests in any competing businesses of the Group pursuant to the Listing Rules:

- (a) Mr. Lee Seng Hui is a director of APL which, through certain of its subsidiaries, is partly engaged in the businesses of money lending, property development and investment;
- (b) Messrs. Lee Seng Hui and Edwin Lo King Yau are directors of AGL which, through certain of its subsidiaries, is partly engaged in the businesses of money lending, property development and investment. Mr. Edwin Lo King Yau is a director of AG Capital Limited (a subsidiary of AGL) which is partly engaged in the business of money lending; and
- (c) Mr. Lee Seng Hui is one of the trustees of Lee and Lee Trust which is a deemed substantial shareholder of each of AGL, APL and SHK which, through their subsidiaries, are partly engaged in the businesses of money lending, property development and investment.

Although the above mentioned Directors have competing interests in other companies by virtue of their respective common directorship, they will fulfil their fiduciary duties in order to ensure that they will act in the best interest of the Shareholders and the Company as a whole at all times. Hence, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of such companies.

5. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31st December, 2012 (being the date to which the latest published audited financial statements of the Group were made up), (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Group.

6. LITIGATION

- (a) A property purchaser who previously purchased a property in Shenzhen initiated legal proceedings against a wholly-owned subsidiary of the Company to rescind the sale contracts and claim for total sales proceeds paid of HK\$145,605,000 together

with compensation. In 2007 and 2008, conditional settlement agreements were reached between the parties whereby the property purchaser agreed to settle the case on condition that the Group has to arrange the issue of ownership certificates of the subject properties under the name of the property purchaser. In December 2012, except for 2 units of shop, all ownership certificates of the subject properties were issued to the property purchaser. In 2013, the Group has placed a RMB security deposit with amount equivalent to approximately HK\$6,456,000 to the property purchaser. The RMB security deposit is agreed to be released to the Group following the issue of ownership certificate of the remaining subject property under the name of the property purchaser.

- (b) A contractor has applied for arbitration against a subsidiary of the Group claiming for outstanding construction costs and compensation of totally HK\$32,063,000 which are being disputed. The arbitration is still in progress, but based on legal opinions, the Group has assessed the claim and considers that the final outcome of the claim will not have material effect on the financial position of the Group.
- (c) A property purchaser initiated legal proceeding against a subsidiary of the Group claiming for total compensation of approximately HK\$2,563,000 for the delayed handover and the decrease in area of that property including private garden and basement. The case is under trial by the court in the PRC. The Group has assessed the claims and obtained legal advice, and considers that it is too early to assess the possible liability at this stage.
- (d) A company who claimed to be the property purchaser that previously purchased a property in Shenzhen initiated legal proceedings against a wholly-owned subsidiary of the Company to rescind the sale contract and claim for sales proceeds paid together with compensation of approximately HK\$6,535,000. The case is under trial by the court in the PRC. The Group has assessed the claims and obtained legal advice, and considers that it is too early to assess the possible liability at this stage.
- (e) A former material supplier of cement business has initiated legal proceeding against subsidiaries of the Company claiming for outstanding construction and material supply costs and compensation of HK\$8,835,000 which are being disputed. The court judgment was held in favour of the former material supplier. The Group had appealed and the Higher Court had ordered retrial to the case. A total of HK\$4,566,000 was recognised as trade, bills and other payable in relation to these claims. The Group has assessed the claims and obtained legal advice, and considers that the final outcome of the claim will not have material effect on the financial position of the Group.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any litigation or claims of material importance which were pending or threatened against any members of the Group.

7. MATERIAL CONTRACTS

Save and except the transactions disclosed below, there are no material contracts (being contracts entered outside the ordinary course of business carried on or intended to be carried on by the Group) having been entered into by any member of the Group within the two years preceding the Latest Practicable Date:

- (a) Cooperation Agreement dated 13th February, 2012 entered into between Shanghai Building Material and Shanghai SAC (an indirect non wholly-owned subsidiary of Allied Cement) with respect to the development of new cement production facilities at Bailonggang (白龍港), Pudong, Shanghai, the PRC;
- (b) JV Principle Agreement dated 13th February, 2012 entered into between Shanghai Building Material and Shanghai SAC setting out the principle and principal terms of the joint venture company to be established in the PRC by Shanghai Building Material and Shanghai SAC pursuant to which Shanghai SAC would invest a sum of RMB400,000,000 to the joint venture company;
- (c) a sale and purchase agreement dated 12th June, 2012 entered into among Best Advantage Limited (“Best Advantage”) (an indirect wholly-owned subsidiary of the Company) as vendor, Lanwa International Limited as purchaser and Mr. Liao Chang as purchaser’s guarantor in relation to the sale and purchase of 1 ordinary share of US\$1, representing the entire issued share capital of Best Diversity Limited (“Best Diversity”) and all shareholder’s loan owed by Best Diversity to Best Advantage at an aggregate consideration of RMB476,000,000 (equivalent to approximately HK\$602,532,000);
- (d) a memorandum dated 18th December, 2012 entered into among 天安投資(深圳)有限公司 (Tian An Investments (Shenzhen) Co., Ltd.*) (“Tian An (Shenzhen)”) (an indirect wholly-owned subsidiary of the Company), 深圳市駿業房地產開發有限公司 (Shenzhen Junye Property Development Co., Ltd.*) (“Junye Company”) and a director of 深圳天安駿業投資發展有限公司 (Shenzhen Tian An Junye Investments Development Co., Ltd.*) (“Shenzhen Tian An Junye”) (owned as to 50% by each of Tian An (Shenzhen) and Junye Company respectively), pursuant to which, among other things, Tian An (Shenzhen) proposed to provide guarantee detailed in (g) below;
- (e) a memorandum dated 8th January, 2013 entered into between Tian An (Shenzhen) and Junye Company, pursuant to which, among other things, Tian An (Shenzhen) proposed to provide guarantee detailed in (f) below;

- (f) a deed of guarantee dated 23rd January, 2013 entered into between Tian An (Shenzhen) as guarantor in favour of a licensed commercial bank in the PRC, pursuant to which Tian An (Shenzhen) agreed to provide guarantee in respect of the repayment obligations of a loan in the amount of RMB180,000,000 (equivalent to approximately HK\$227,848,000) granted to Shenzhen Tian An Junye;
- (g) a deed of guarantee dated 29th January, 2013 entered into between Tian An (Shenzhen) as guarantor in favour of a licensed commercial bank in the PRC, pursuant to which Tian An (Shenzhen) agreed to provide guarantee in respect of the repayment obligations of a loan in the amount of RMB250,000,000 (equivalent to approximately HK\$316,456,000) granted to Shenzhen Tian An Junye;
- (h) an insurance brokerage services agreement dated 29th January, 2013 entered into between the Company and Sun Hung Kai Insurance Consultants Limited (“SHK Insurance”) in relation to the provision of packaged insurance brokerage services by SHK Insurance to the Group for an annual cap of HK\$1,751,000 and HK\$2,028,000 for each of the two financial years ending 31st December, 2014 respectively;
- (i) a sale and purchase agreement dated 21st March, 2013 entered into among Full Choice Resources Limited (“Full Choice”) (a direct wholly-owned subsidiary of the Company) as vendor, Kata Holdings Limited (“Kata Holdings”) as purchaser and Mr. Ou Qijin (“Mr. Ou”) as purchaser’s guarantor in relation to the sale and purchase of 1 ordinary share of US\$1, representing 50% of the entire issued share capital of Foo Chow Holdings Limited (“Foo Chow”), and 50% of shareholder’s loan owed by Foo Chow to Full Choice at an aggregate consideration of RMB1,050,000,000 (equivalent to approximately HK\$1,329,114,000);
- (j) a sale and purchase agreement dated 9th May, 2013 entered into among ACE Result Limited (“ACE Result”) (an indirect wholly-owned subsidiary of the Company) as vendor, Kata Holdings as purchaser and Mr. Ou as purchaser’s guarantor in relation to the sale and purchase of 1 ordinary share of US\$1, representing 50% of the entire issued share capital of All Happy International Limited (“All Happy”) and 50% of shareholder’s loan owed by All Happy to ACE Result at an aggregate consideration of RMB1,450,000,000 (equivalent to approximately HK\$1,835,443,000);
- (k) a deed of guarantee dated 8th November, 2013 entered into between Tian An (Shenzhen) as guarantor in favour of a licensed commercial bank in the PRC, pursuant to which Tian An (Shenzhen) agreed to provide guarantee in respect of the repayment obligations of a loan in the amount of RMB1,300,000,000 (equivalent to approximately HK\$1,645,570,000) granted to Shenzhen Tian An Junye; and
- (l) a sale and purchase agreement dated 6th January, 2014 entered into between Silvery Horizon Holdings Limited (“Silvery Horizon”) (an indirect wholly-owned subsidiary of the Company) as vendor and Leaderich Global Limited as purchaser in relation to the sale and purchase of 10 ordinary shares of US\$1 each, representing the entire issued share capital of Silver Forest Holdings Limited (“Silver Forest”) and the shareholder’s loan owed by Silver Forest to Silvery Horizon at an aggregate consideration of RMB360,000,000 (equivalent to approximately HK\$455,696,000); and

- (m) the Share Sale Agreement.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31st December, 2012, being the date to which the latest published audited financial statements of the Group were made up.

9. GENERAL

- (a) Dr. Moses Cheng Mo Chi, a Non-Executive Director of the Company, is a senior partner of Messrs. P. C. Woo & Co., the legal firm which has been advising the Company in respect of the Share Sale Agreement for normal professional fees. Accordingly, Dr. Moses Cheng Mo Chi has abstained from voting at the board resolutions approving the entering into of the Share Sale Agreement. Mr. Lee Seng Hui, the Chairman and a Non-Executive Director of the Company, is one of the trustees of Lee and Lee Trust, being a discretionary trust which, together with himself, indirectly owns approximately 68.72% interest in the issued share capital of AGL which is directly and indirectly interested in an aggregate of approximately 74.99% of the issued share capital of APL, which in turn is directly and indirectly interested in 61.18% of the issued share capital of the Company, which is deemed to be beneficially interested in 75% of the issued share capital of Allied Cement. As a trustee of Lee and Lee Trust, Mr. Lee Seng Hui is also deemed to be interested in the Offer Shares which are underwritten by SHK International. Although Mr. Lee Seng Hui has no personal interest in the Share Sale, Mr. Lee Seng Hui has abstained voluntarily from voting at the board resolutions approving the entering into of the Share Sale Agreement. Save as disclosed above, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which is subsisting as at the Latest Practicable Date and which is significant in relation to the business of the Group.
- (b) The registered office of the Company is 22nd Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong.
- (c) The share registrar of the Company is Tricor Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (d) The company secretary of the Company is Ms. Cindy Yung Yee Mei, who is an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.
- (e) The English text of this circular shall prevail over the Chinese text in the event of inconsistency.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Messrs. P. C. Woo & Co. at 12th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong during normal business hours on any business day from the date of this circular up to and including the date of the EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the material contracts referred to in the section headed "Material Contracts" in this appendix;
- (c) the annual reports of the Company for the two financial years ended 31st December, 2012; and
- (d) this circular and the circular of the Company dated 18th June, 2013.

NOTICE OF THE EGM



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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “Meeting”) of Tian An China Investments Company Limited (the “Company”) will be held at Plaza 4, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Tuesday, 28th January, 2014 at 10:00 a.m. for the purpose of considering and, if thought fit, passing with or without modification, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the conditional sale and purchase agreement dated 7th December, 2013 (the “Share Sale Agreement”) entered into between Autobest Holdings Limited, a direct wholly-owned subsidiary of the Company, as the vendor, and China Health Management Investment Limited as the purchaser, in relation to the sale and purchase of 370,000,000 ordinary shares of HK\$0.01 each in the issued share capital of Allied Cement Holdings Limited (“Allied Cement”), representing approximately 56.06% of the existing issued share capital of Allied Cement (a copy of the Share Sale Agreement marked “A” has been produced to the Meeting and signed by the chairman of the Meeting for the purpose of identification) and all the transactions contemplated thereunder and all other matters of and incidental thereto or in connection therewith be and are hereby approved, ratified and confirmed; and
- (b) any one director of the Company be and is hereby authorised for and on behalf of the Company, amongst other matters, to sign, seal, execute, perfect, deliver, do or to authorise signing, executing, perfecting and delivering and doing all such documents, deeds, acts, matters and things as he/she may in his/her discretion consider necessary, expedient or desirable to give effect to and implement the terms of the Share Sale Agreement and to make and agree such variations of a minor or non-material nature in or to the terms of the Share Sale Agreement as he/she may in his/her discretion consider to be desirable and in the interests of the Company.”

By Order of the Board

Tian An China Investments Company Limited

Cindy Yung Yee Mei

Company Secretary

Hong Kong, 10th January, 2014

NOTICE OF THE EGM

Registered Office:

22nd Floor
Allied Kajima Building
138 Gloucester Road
Wanchai
Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the Meeting will be entitled to appoint one or more proxies to attend and, on a poll, vote in his or her stead. A proxy need not be a member of the Company.
2. A form of proxy in respect of the Meeting is enclosed. Whether or not you intend to attend the Meeting in person, you are urged to complete and return the form of proxy in accordance with the instructions printed thereon. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Meeting or any adjourned meeting thereof if you so wish. In the event that you attend the Meeting after having lodged the form of proxy, it will be deemed to have been revoked.
3. To be valid, the form of proxy, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power or authority, must be deposited at the Company's share registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong, not less than 48 hours before the time fixed for the Meeting or any adjournment thereof.
4. Where there are joint holders of any shares of the Company, any one of such joint holders may vote at the Meeting, either personally or by proxy in respect of such shares as if he or she was solely entitled thereto, but if more than one of such joint holders are present at the Meeting personally or by proxy, that one of such joint holders so present whose name stands first on the register of members of the Company shall alone be entitled to vote in respect of such shares.
5. The register of members of the Company will be closed on Monday, 27th January, 2014 and Tuesday, 28th January, 2014, during which period no transfer of shares of the Company will be registered. In order for a member to be eligible to attend and vote at the Meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 24th January, 2014.