



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

(1) PLACING OF EXISTING SHARES IN SHANGHAI ALLIED CEMENT LIMITED
(2) RESUMPTION OF TRADING

The Vendors (both wholly-owned subsidiaries of the Company) are currently beneficially interested in an aggregate of 399,485,640 SAC Shares, representing approximately 54.77 per cent. of the issued share capital of SAC as at the date of this announcement.

On 8th May, 2007, the Placing Agreement was executed, pursuant to which the Vendors have agreed to place, through the Placing Agent, the Placing Shares to independent investors at a price of HK\$0.70 per Placing Share. The Placing Shares (being 399,485,640 SAC Shares) amount to all the SAC Shares in which the Vendors are beneficially interested, and the Company deemed to be interested, as at the date of this announcement and represent approximately 54.77 per cent. of the issued share capital of SAC as at the date of this announcement. On completion of the Placing, the Vendors, as well as the Company, will cease to have any beneficial interest in SAC Shares.

The Placing is fully underwritten by the Placing Agent.

The Placing is conditional upon the Shareholders passing a resolution at an extraordinary general meeting of the Company approving the Placing. **The Placing is conditional and may or may not proceed. Accordingly, shareholders and prospective investors are reminded to exercise extreme caution when trading in the Shares and in the SAC Shares.**

The Placing constitutes a major transaction for the Company under Chapter 14 of the Listing Rules, on the basis that the calculation of the revenue ratio pursuant to Rule 14.28 of the Listing Rules is within the range of 25 per cent. and 75 per cent. The Placing is therefore subject to the approval of the Shareholders.

The placing and underwriting services provided by the Placing Agent under the Placing Agreement constitute a connected transaction for the Company, on the basis that the Placing Agent is a wholly-owned subsidiary of Sun Hung Kai & Co. Limited (a substantial shareholder of the Company), and hence the Placing Agent is an associate of a connected person of the Company. As the relevant percentage ratio in respect of the placing commission payable in respect of the placing and underwriting services under the Placing Agreement is less than 0.1 per cent., pursuant to Rule 14A.31(2) of the Listing Rules, the placing and underwriting services provided by the Placing Agent under the Placing Agreement are exempt from all the reporting, announcement and independent shareholders' approval requirements set out in Chapter 14A of the Listing Rules.

A circular containing, among other things, further details of the Placing and a notice to convene an extraordinary general meeting of the Company to approve the Placing will be despatched to the Shareholders as soon as practicable.

Trading in the Shares was suspended at the request of the Company with effect from 10:00 a.m. on 8th May, 2007, pending the issue of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 15th May, 2007.

PLACING OF 399,485,640 EXISTING SAC SHARES

Placing Agreement dated 8th May, 2007

Vendors: The Vendors (both wholly-owned subsidiaries of the Company).

Number of Placing Shares: 399,485,640 SAC Shares to be placed, amounting to all the SAC Shares in which the Vendors are beneficially interested, and the Company deemed to be interested, as at the date of this announcement and representing approximately 54.77 per cent. of the issued share capital of SAC as at the date of this announcement.

Underwriting: The Placing is fully underwritten by the Placing Agent.

Placing price: HK\$0.70 per Placing Share, which was agreed after arm's length negotiations and represents:

- (i) a discount of approximately 62.57 per cent. to the closing price of HK\$1.87 per SAC Share as quoted on the Stock Exchange on the last trading day of the SAC Shares immediately before the date of this announcement; and
- (ii) a discount of approximately 62.96 per cent. to the average closing price of HK\$1.89 per SAC Share as quoted on the Stock Exchange for the last ten trading days of the SAC Shares immediately before the date of this announcement.

Placing commission: The Placing Agent will receive a placement commission of one per cent. on the gross proceeds of the Placing.

Placees: The Placing Shares will be placed to not less than six placees in board lots (which will be individual, corporate or institutional investors or a combination of them). Such placees and their respective ultimate owners are all:

- (i) independent of, and not acting in concert with, the Vendors and parties acting in concert with them; and
- (ii) independent third parties not connected with the Company or its subsidiaries or any of their respective associates, or any of the connected persons of the Company or its subsidiaries or any of their respective associates.

None of such placees, with the exception of one placee, has become a substantial shareholder of SAC as a result of the Placing.

The Directors are advised that:

- (i) COL, through its wholly-owned subsidiary, Honest Opportunity Limited, was beneficially interested in approximately 9.99 per cent. of the issued share capital of SAC before the Placing; and
- (ii) as a result of Taskwell Limited (another wholly-owned subsidiary of COL) taking up 124,000,000 SAC Shares under the Placing, COL will become beneficially interested in approximately 26.99 per cent. of the issued share capital of SAC immediately following completion of the Placing.

Completion: The Placing is conditional upon the Shareholders passing a resolution at an extraordinary general meeting of the Company approving the Placing.

Completion of the Placing is expected to take place as soon as practicable (in any event within two business days) after the fulfilment of the above condition, or at such other date and time as may be agreed between the parties.

The Placing is conditional and may or may not proceed. Accordingly, shareholders and prospective investors are reminded to exercise extreme caution when trading in the Shares and in the SAC Shares.

Costs and expenses

The Company will bear all costs and expenses (including the placing commission of one per cent. on the gross proceeds of the Placing), which are estimated to be approximately HK\$4,800,000, incurred in connection with the Placing.

EFFECT OF THE PLACING

The shareholding structure of SAC immediately before completion of the Placing and immediately after completion of the Placing are and will be as follows:

Name	Approximate shareholding in SAC (Note 1)			
	Immediately before the Placing		Immediately after the Placing	
	Number of Shares	Percentage	Number of Shares	Percentage
The Vendors (Note 2)	399,485,640	54.77	—	—
Mr. Ng Siu Chun (Note 3)	144,000,000	19.74	144,000,000	19.74
COL (Notes 4 and 5)	72,858,680	9.99	196,858,680	26.99
Placees (other than COL)	—	—	275,485,640	37.77
Public	113,050,723	15.50	113,050,723	15.50
Total	729,395,043	100.00	729,395,043	100.00

Notes:

- The figures assume that no new SAC Shares are issued or purchased by SAC and that other than the Placing Shares, no SAC Shares are sold or purchased by the Vendors, in each case, after the date of this announcement up to the date of completion of the Placing.
- This comprises 399,485,640 SAC Shares, which are all held and beneficially owned by the Vendors.
- This comprises 144,000,000 SAC Shares, which are all held and beneficially owned by Mr. Ng Siu Chun. On 20th December, 2001, Mr. Ng entered into a share charge with Best Advantage, whereby Mr. Ng charged his 7,200,000,000 shares in SAC (adjusted to 144,000,000 SAC Shares as a result of the share consolidation of 50 to 1 with effect from 20th December, 2002) to Best Advantage to secure the due observance and performance by Mr. Ng of his obligations under a sale and purchase agreement and a supplemental agreement entered into by, among others, Mr. Ng and Best Advantage.
- Before the Placing, COL, through its wholly-owned subsidiary, Honest Opportunity Limited, was beneficially interested in 72,858,680 SAC Shares.
- Upon completion of the Placing, COL, through another wholly-owned subsidiary Taskwell Limited, will become beneficially interested in an additional 124,000,000 SAC Shares. COL will therefore become beneficially interested in approximately 26.99 per cent. of the issued share capital of SAC immediately following completion of the Placing.

On completion of the Placing, the Vendors, as well as the Company, will cease to have any beneficial interest in SAC Shares, and SAC will be deconsolidated from the financial statements of the Group. The Company will continue to be deemed, for the purposes of the SFO, to be interested in 144,000,000 SAC Shares, representing approximately 19.74 per cent. of the issued share capital of SAC as at the date of this announcement, by virtue of the security interests created in favour of Best Advantage over such 144,000,000 SAC Shares as mentioned in Note 3 above.

INFORMATION ABOUT SAC

SAC is a company incorporated in Bermuda with limited liability. Its shares are listed on both the Main Board of the Stock Exchange and Singapore Exchange Securities Trading Limited.

The principal business of SAC is investment holding. It is engaged principally in the manufacturing and distribution of clinker, cement and slag powder for its continuing operations.

As at the date of this announcement, SAC is beneficially owned as to approximately 54.77 per cent. by the Company. On completion of the Placing, the Company will cease to have any beneficial interest in SAC Shares, and SAC will cease to be a subsidiary of the Company.

INFORMATION ABOUT COL

COL is a company incorporated in Bermuda with limited liability. Its shares are listed on the Main Board of the Stock Exchange.

The principal business of COL is investment holding and through its subsidiaries engages in the distribution of telecommunications and information technology products, securities trading and investments, provision of financial services, property investment and strategic investment.

SUMMARY OF FINANCIAL RESULTS OF SAC

A summary of the audited results of SAC for the two years ended 31st December, 2005 and 31st December, 2006 are as follows:

	Year ended 31st December,	
	2006 HK\$'000	2005 HK\$'000
Turnover	384,931	345,300
Profit (loss) before tax	17,744	(25,058)
Profit (loss) after tax	7,194	(32,540)
Profit (loss) attributable to the equity holders of SAC	387	(35,233)

The audited net asset value of SAC as at 31st December, 2006 was approximately HK\$473,740,000.

INFORMATION ABOUT THE COMPANY AND THE VENDORS

The Company is a company incorporated in Hong Kong with limited liability. Its shares are listed on the Main Board of the Stock Exchange.

The principal business of the Company is investment holding. It is engaged principally in the development of high-end apartments, villas, office buildings and commercial properties, property investment, property management and hotel operation, as well as the manufacturing and sales of construction materials in China.

As at the date of this announcement, SAC is beneficially owned as to approximately 54.77 per cent. by the Company. On completion of the Placing, the Company will cease to have any beneficial interest in SAC Shares, and SAC will cease to be a subsidiary of the Company. Accordingly, the Company will discontinue its engagement in the business of the manufacturing and sales of construction materials in China.

Both of the Vendors are wholly-owned subsidiaries of the Company.

REASONS FOR AND BENEFITS OF THE PLACING

The Company intends to continue to focus on its core business activities of property development, property investment, property management and hotel operation. Accordingly, a plan has been formulated to streamline its business activities, involving the disposal of the non-core business of the manufacturing and sales of construction materials in China currently carried on through SAC.

In view of current market conditions, the Directors consider that the Placing represents a good opportunity for the Company to dispose of its entire investment in SAC. Net proceeds from the Placing of approximately HK\$274,800,000 will be utilised by the Company for general working capital purposes.

Having regard to the nature of and the benefits resulting from the Placing, the Directors believe that the Placing is fair and reasonable and in the interests of the Shareholders taken as a whole.

Net profit (loss) attributable to the Placing Shares for the two financial years ended 31st December, 2005 and 31st December, 2006 were:

- (i) approximately HK\$(13,724,000) (before taxation) or approximately HK\$(17,822,000) (after taxation) for the financial year ended 31st December, 2005; and
- (ii) approximately HK\$9,718,000 (before taxation) or approximately HK\$3,940,000 (after taxation) for the financial year ended 31st December, 2006.

As at 31st December, 2006 (being the date up to which the latest published audited consolidated accounts of the Company were made), the aggregate carrying value of the Placing Shares was approximately HK\$154,200,000. Accordingly, this will give rise to an estimated gain of approximately HK\$120,600,000 for the Company.

It is anticipated that subject to the Shareholders passing a resolution at the extraordinary general meeting of the Company approving the Placing, at least one director of SAC who is appointed by the Company will resign.

The Directors confirm that none of the placees in the Placing are acting in concert with one another or acting in concert with shareholders of SAC.

LISTING RULES IMPLICATIONS

The Placing constitutes a major transaction for the Company under Chapter 14 of the Listing Rules, on the basis that the calculation of the revenue ratio pursuant to Rule 14.28 of the Listing Rules is within the range of 25 per cent. and 75 per cent. The Placing is therefore subject to the approval of the Shareholders.

The placing and underwriting services provided by the Placing Agent under the Placing Agreement constitute a connected transaction for the Company, on the basis that the Placing Agent is a wholly-owned subsidiary of Sun Hung Kai & Co. Limited (a substantial shareholder of the Company), and hence the Placing Agent is an associate of a connected person of the Company. As the relevant percentage ratio in respect of the placing commission payable in respect of the placing and underwriting services under the Placing Agreement is less than 0.1 per cent., pursuant to Rule 14A.31(2) of the Listing Rules, the placing and underwriting services provided by the Placing Agent under the Placing Agreement are exempt from all the reporting, announcement and independent shareholders' approval requirements set out in Chapter 14A of the Listing Rules.

A circular containing, among other things, further details of the Placing and a notice to convene an extraordinary general meeting of the Company to approve the Placing will be despatched to the Shareholders as soon as practicable.

RESUMPTION OF TRADING

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DIRECTORS

As at the date of this announcement, the Board comprises:

Executive Directors:

Mr. Patrick Lee Seng Wei (Managing Director), Mr. Ng Qing Hai (Deputy Managing Director), Mr. Ma Sun, Mr. Edwin Lo King Yau, Mr. Li Chi Kong and Mr. Yasushi Ichikawa

Non-Executive Directors:

Mr. Lee Seng Hui (Chairman), Mr. Moses Cheng Mo Chi, Ms. Lisa Yang Lai Sum and Mr. Yuki Oshima

Independent Non-Executive Directors:

Mr. Francis J. Chang Chu Fai, Mr. Goodwin Gaw, Mr. Ngai Wah Sang and Mr. Xu Su Jing

DEFINITIONS

"associates"	having the meaning ascribed to it in the Listing Rules
"Best Advantage"	Best Advantage Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
"Board"	the board of Directors
"COL"	COL Capital Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 383)
"Company"	Tian An China Investments Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 28)
"Directors"	the directors of the Company
"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
"Listing Rules"	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Placing"	the placing of the Placing Shares pursuant to the Placing Agreement
"Placing Agent"	Sun Hung Kai Investment Services Limited, a corporation licensed under the SFO to engage in Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities, and an associate of a connected person of the Company, on the basis that the Placing Agent is a wholly-owned subsidiary of Sun Hung Kai & Co. Limited (a substantial shareholder of the Company)
"Placing Agreement"	the placing agreement dated 8th May, 2007 made between the Company and the Placing Agent in relation to the Placing
"Placing Shares"	the 399,485,640 SAC Shares to be placed by the Placing Agent pursuant to the Placing Agreement
"SAC"	Shanghai Allied Cement Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 1060) and Singapore Exchange Securities Trading Limited
"SAC Shares"	ordinary shares of nominal value of HK\$0.25 each in the issued share capital of SAC
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shareholders"	shareholders of the Company
"Shares"	ordinary shares of nominal value of HK\$0.20 each in the issued share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Vendors"	Tian An China Hotel and Property Investments Company Limited, a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of the Company (with respect to 356,000,000 SAC Shares) and Oasis Star Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company (with respect to 43,485,640 SAC Shares)

By Order of the Board

Tian An China Investments Company Limited

Edwin Lo King Yau

Executive Director