

ASX / MEDIA RELEASE

24 July 2017

INCOMPLETE, NON-BINDING AND INDICATIVE PROPOSAL RECEIVED

Tian An Australia Limited (ASX:TIA) (**TIA** or **Company**) has received an incomplete, non-binding and indicative proposal in respect of a proportional off-market takeover from Oasis Star Limited (**Oasis Star**) to acquire 80% of each shareholder's issued shares in TIA that it does not own at an offer price of A\$1.30 per TIA share (**Indicative Proposal**).

The Indicative Proposal is outlined in the enclosed letter received from Oasis Star.

About Oasis Star

Oasis Star currently has a relevant interest in 34.46% of the entire issued share capital of TIA.

Oasis Star is a 100% indirectly held subsidiary of Tian An China Investments Company Limited (**TACI**), a company incorporated under the laws of Hong Kong and listed on the main board of The Stock Exchange of Hong Kong Limited. TACI is a major real estate and investment company concentrating on large-scale developments with a focus on the main cities of Northern, Eastern and Southern China. TACI is engaged principally in the development of apartments, villas, office buildings and commercial properties as well as property investment and property management.

Caution to shareholders

There is no certainty that the Indicative Proposal will result in an offer for TIA shares. Any offer for TIA shares will be the subject of a bidder statement issued by Oasis Star. If a bidder statement is issued, TIA will issue a target statement outlining TIA's recommendation to TIA shareholders. Accordingly, TIA shareholders are advised to exercise caution in dealing with their TIA shares and not to make any decision before a formal offer is made for their shares and they have received TIA's formal recommendation. TIA shareholders are further advised to consult their appropriate legal and professional advisors if they are in any doubt about how to deal with their TIA shares.

Next steps

TIA has established an independent board committee comprised of independent directors of TIA, being Marcus Seow and Cerena Fu (**Independent Board Committee**) to review and assess the Indicative Proposal.

If an offer is made by Oasis Star in accordance with the Indicative Proposal, a shareholder's meeting will be convened and held in due course to approve the proportional takeover pursuant to section 648E of the Corporations Act 2001 (Cth) and otherwise pass the shareholder resolutions necessary to give effect to the transaction the subject of the Indicative Proposal.

TIA will continue to inform the market on any further developments in accordance with its continuous disclosure obligations.

The Board has appointed Piper Alderman as legal advisers in connection with the Indicative Proposal.

END

Investor Contact:

Hai-Young Lu, Company Secretary & Legal Counsel
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About Tian An Australia:

The principal activity of Tian An Australia is to identify urban projects to develop for resale. By nature, these master planned projects offer many built-form value add opportunities beyond the standard residential lot market. Tian An Australia has a vision to grow as a significant contributor to the design and development of premium residential property utilising community based planning and innovative design concepts targeted to meet the needs and exceed the expectations of markets while delivering new benchmarks in environmental excellence.



TIAN AN AUSTRALIA

APPENDIX
INCOMPLETE, NON-BINDING AND INDICATIVE PROPOSAL RECEIVED

For personal use only

24 July 2017

The Directors
Tian An Australia Limited
Level 5 99 Macquarie Street
Sydney NSW 2000 Australia

Attention: Hai-Young Lu, Company Secretary & Legal Counsel

Dear Directors

Intention to make a proportional takeover offer for Tian An Australia Limited

This letter constitutes notice that Tian An China Investments Company Limited, a company incorporated under the laws of Hong Kong and having its registered office at 22nd Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong (**TACI**), through its wholly owned subsidiary Oasis Star Limited, a company incorporated under the laws of British Virgin Islands (**Oasis Star**), intends to make an off-market proportional takeover offer for 80% of each other shareholder's issued shares in Tian An Australia Limited (**TIA**) (**Offer**).

The key terms of the takeover offer will be as follows.

1. Offer price

The Offer will be an all-cash off-market proportional takeover bid at A\$1.30 per share.

We believe this will be a very attractive proposition for TIA shareholders. For example:

- The Offer represents a substantial premium to TIA's historical trading price range, being:
 - a 47.73% premium to TIA's closing price of A\$0.88 on 21 July 2017; and
 - a 48.22% premium to TIA's six month volume weighted average share price to 21 July 2017.
- Trading volumes in TIA shares are low. As a result, the Offer provides a liquidity opportunity for shareholders.

2. Offer conditions

The Offer will be conditional on the conditions set out in Annexure A.

TACI has already received confirmation from the Foreign Investment Review Board pursuant to the *Foreign Acquisitions and Takeovers Act 1975* (Cth) that the Commonwealth has no objection to the Offer proceeding.

3. Offer funding

Oasis Star will fund the acquisition from cash on hand and credit facilities available to it through TACI.

4. About Oasis Star and TACI

Oasis Star is a 100% indirectly held subsidiary of TACI.

TACI is a company listed on the main board of The Stock Exchange of Hong Kong Limited and is a major real estate and investment company concentrating on large-scale developments with a focus on the main cities of Northern, Eastern and Southern China. TACI is engaged principally in the development of apartments, villas, office buildings and commercial properties as well as property investment and property management.

5. Intentions

Oasis Star is supportive of the board of directors and management team of TIA and their current strategy and has no current intention to make any substantive changes to the operations of TIA. Oasis Star will be supportive of TIA increasing its operations and of hiring sufficient properly qualified staff in support such increases.

On or about the date of this letter, Tian An Asset Investments Company Limited (**TAAI**), which is a wholly owned subsidiary of TACI and owns the entire share capital of Oasis Star, has entered into a memorandum of understanding with Xiangyu Real Estate Group Company Ltd (**Xiangyu**) (**MOU**). The MOU requires TAAI and Xiangyu to enter into a formal agreement pursuant to which Xiangyu, or its direct or indirect wholly-owned subsidiary, would, following completion of the Offer, acquire 50% of the issued shares in Oasis Star, subject to various conditions including regulatory approvals, the approval of the board of directors of each of TAAI and Xiangyu and to Xiangyu conducting due diligence the results of which it considers to be satisfactory. Any such transaction would also be conditional on the approval of TIA's shareholders pursuant to item 7 of section 611 *Corporations Act 2001* (Cth) (**Corporations Act**).

The consideration payable by Xiangyu (**Xiangyu Consideration**) would be the aggregate of:

- 50% of the value of all issued shares in TIA held by Oasis Star following completion of the Offer (on the basis that the value of each TIA share would be taken to be A\$1.30, being the Offer price) but subject to the maximum of the audited net asset value per share in TIA as at the reference date; and
- an interest charge of 6% per annum accrued on 50% of the total amount expended by TIA and/or Oasis Star in completing the Offer during the period commencing from the full payment of the consideration by Oasis Star under the Offer until the date of payment of the Xiangyu Consideration by Xiangyu or its direct/indirect wholly-owned subsidiary to TAAI.

In addition, Xiangyu or its direct/indirect wholly-owned subsidiary will reimburse TAAI for its proportionate costs in conducting and completing the Offer and associated costs,

Information about Xiangyu is included below.

6. About Xiangyu

Xiangyu is the real estate arm and a wholly-owned subsidiary under Xiamen Xiangyu Group Corporation (**Xiangyu Group**) and has operations in Shanghai, Jiangsu, Fujian, Chongqing, Hunan and other areas in China.

Founded on 28 November 1995, Xiangyu Group is a wholly state-owned enterprise with its headquarters in Xiamen, China. It has over 200 investment companies, 160 wholly-owned companies and investment holding companies as well as 7,000 employees.

Xiangyu Group engages in industrial and residential real estate, trading, logistics and financial services and investment.

7. Indicative timetable

Oasis Star will lodge its bidder's statement as soon as possible but in any event within the prescribed two month period required by section 631(1)(b) of the Corporations Act. At that time, Oasis Star also intends to seek TIA's agreement pursuant to item 6 of section 633(1) of the Corporations Act to an early dispatch of the bidder's statement for the purpose of expediting the Offer process.

We look forward to working together to conduct the Offer in a friendly and timely manner.

Yours faithfully



Tao Tsan Sang
Director
Oasis Star Limited

Annexure A – Conditions of Offer

Defined terms

In this Annexure, the following defined terms apply.

Announcement Date means the date the Offer is announced by TIA.

Associate has the meaning given in section 12(2) of the Corporations Act.

Business Day means a day on which banks are open for business in Sydney, excluding a Saturday, Sunday or public holiday in Sydney, and the ASX is open for trading.

Corporations Act means the *Corporations Act 2001* (Cth).

Encumbrance means an interest or power:

- (a) reserved in or over an interest in any asset, including any retention of title; or
- (b) created or otherwise arising in or over any interest in any asset under a bill of sale, mortgage, charge, lien, pledge, trust or power,

by way of security for the payment of a debt, any other monetary obligation or the performance of any other obligation, and includes, any agreement to grant or create any of the above and also includes a "security interest" within the meaning of section 12 of the *Personal Property Securities Act 2009* (Cth).

Offer means the offer defined on the first page of this letter.

Offer Period means the period during which the Offer will remain open for acceptance in accordance with the bidder's statement that will be provided by Oasis Star.

Public Authority means any government or any governmental, semi-governmental, statutory or judicial entity, agency or authority, whether in Australia, or elsewhere, including any self-regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions, and the ASX or any other stock exchange.

Share means a fully paid ordinary share in the capital of TIA.

Subsidiary has the meaning given in section 9 of the Corporations Act.

TIA Group means TIA and each of its Subsidiaries.

Conditions

1. Minimum acceptance

Oasis Star receiving sufficient acceptances so that, following completion of the Offer, it will own at least 50.1 (by number) of TIA shares on issue at the end of the Offer Period.

2. Shareholder approval under article 14.6 of constitution for proportional takeover bid

TIA obtaining shareholder approval pursuant to article 14.6 of TIA's constitution.

3. No regulatory action

Between the Announcement Date and the end of the Offer Period (each inclusive):

- there is not in effect any preliminary or final decision, order or decree issued by any Public Authority;
- no action or investigation is announced, commenced or threatened by any Public Authority; and
- no application is made to any Public Authority (other than by Oasis Star or any Associate of Oasis Star),

in consequence of or in connection with the Offer (other than an application to, or a decision or order of, ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act) which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or materially impact upon, the making of the Offer and the completion of the Offer or which requires the divestiture by Oasis Star of any Shares or any material assets of TIA or any Subsidiary of TIA.

4. **No material adverse change**

Between the Announcement Date and the end of the Offer Period (each inclusive), none of the following occurs (**Specified Event**):

- an event, change, condition, matter or thing occurs;
- information is disclosed or announced by TIA or any of its subsidiaries concerning any event, change, condition, matter or thing; or
- information concerning any event, change, condition, matter or thing becomes known to Oasis Star (whether or not becoming public),

which will have, could reasonably be expected to have or which evidences that there has been a material adverse effect on the business, assets, liabilities, financial position and performance, material contracts (taken as a whole), profitability or prospects of TIA or any of its Subsidiaries from that existing prior to the Announcement Date.

5. **No prescribed occurrences**

Between the Announcement Date and the date 3 Business Days after the end of the Offer Period (each inclusive), none of the following prescribed occurrences happen:

- TIA converts all or any of its Shares into a larger or smaller number of Shares;
- TIA or a Subsidiary of TIA (which is not a directly or indirectly wholly owned Subsidiary) resolves to reduce its share capital in any way;
- TIA or a Subsidiary of TIA (which is not a directly or indirectly wholly owned Subsidiary):
 - enters into a buy-back agreement; or
 - resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- TIA or a Subsidiary of TIA issues shares or grants an option over its shares, or agrees to make such an issue or grant such an option;
- TIA or a Subsidiary of TIA issues, or agrees to issue, convertible notes;

- TIA or a Subsidiary of TIA disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- TIA or a Subsidiary of TIA charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- TIA or a Subsidiary of TIA resolves to be wound up;
- the appointment of a liquidator or provisional liquidator of TIA or a Subsidiary of TIA;
- a court makes an order for the winding up of TIA or a Subsidiary of TIA;
- an administrator of TIA, or a Subsidiary of TIA, is appointed under section 436A, 436B or 436C of the Corporations Act;
- TIA or a Subsidiary of TIA executes a deed of company arrangement; or
- a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of TIA or a Subsidiary of TIA.

6. No persons entitled to exercise or exercising rights under certain agreements or instruments

Between the Announcement Date and the end of the Offer Period (each inclusive), there is no person, excluding any Associate of TACI, entitled to exercise, exercising or purporting to exercise, stating an intention to exercise (whether or not that intention is stated to be a final or determined decision of that person), or asserting a right to exercise, any rights under any provision of any agreement or other instrument to which TIA or any of its Subsidiaries is a party, or by or to which TIA or any of its Subsidiaries or any of its assets or businesses may be bound or be subject, which results, or could result, to an extent which is material in the context of TIA and its Subsidiaries taken as a whole, in:

- any moneys borrowed by TIA or any of its Subsidiaries being or becoming repayable or being capable of being declared repayable immediately or earlier than the repayment date stated in such agreement or other instrument;
- any such agreement or other such instrument being terminated or modified or any action being taken or arising there under (including the acceleration of the performance of any obligations there under);
- the interest of TIA or any of its Subsidiaries in any firm, incorporated or unincorporated joint venture, trust corporation or other entity (or any arrangements relating to such interest) being terminated, modified or being required to be disposed of;
- the assets of TIA or any of its Subsidiaries being sold, transferred or offered for sale or transfer, including under any pre-emptive rights or similar provisions; or
- the business of TIA or any of its Subsidiaries with any other person being adversely affected.

7. No material acquisitions, disposals, changes in the conduct of business or dividends

Between the Announcement Date and the end of the Offer Period (each inclusive), neither TIA nor any of its Subsidiaries:

- acquires or disposes of, or enters into agrees to enter into or announces any agreement for the acquisition or disposal of, any asset or business, or enters into any transaction, which would or would reasonably be likely to involve a material change in
 - the manner in which TIA and its Subsidiaries conduct their business;including without limitation, any agreement or transaction which would or (subject to one or more conditions) may involve TIA or any of its Subsidiaries:
 - entering into any contract, commitment or arrangement (including the acquisition of, or offering or agreeing to acquire, any asset or the entering into, or offering or agreeing to enter into, any joint venture, partnership, farm-in or management agreement) that is not in the ordinary course of business;
 - entering into any agreement or arrangement with respect to derivative instruments (including swaps, futures contracts, forward commitments, commodity derivatives or options) or similar instruments, except foreign currency hedges made in the ordinary and usual course of business and in accordance with existing policy in place as at the Announcement Date; or
- gives or agrees to give any Encumbrance over any of its assets, other than liens in the ordinary and usual course of business;
- makes any change to its constitutional documents;
- amends the terms of issue of any of the Shares or other securities (including performance rights and options);
- enters into a contract or commitment restraining it from competing with any person or conducting activities in any market or voluntarily changes any accounting policy applied by them to report their financial position;
- enters into, amends, or agrees to enter into or amend, any contract, commitment or other arrangement with a related party of TIA;
- enters into or materially amends any employment, consulting, severance or similar agreement or arrangement with officers, directors, other executives or employees of TIA or a Subsidiary or otherwise materially increasing compensation or benefits for any of the above other than in the ordinary course of business or pursuant to contractual arrangements in effect on the Announcement Date;
- enters into any enterprise bargaining agreement other than in the ordinary course of business or pursuant to contractual arrangements in effect on the Announcement Date or amends in any material respect any arrangement with its financial adviser, or enters into arrangements with a new financial adviser, in respect of the Offer; or
- announces an intention to pay, pays or declares any dividend or other distribution, other than:
 - a dividend or distribution to be made by TIA with the prior written consent of Oasis Star; or
 - a dividend or distribution to be made by a Subsidiary of TIA where the only recipient of that dividend or distribution is TIA or a wholly-owned Subsidiary of TIA.