



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)

ANNOUNCEMENT
CONNECTED TRANSACTION

On 29th December, 2004, Tian An Xiamen entered into the Agreement with Xin Yuan and Tian An Shanghai for the purpose of acquiring from Xin Yuan its 40% equity interest in Jin Fu at the consideration of RMB2,000,000 (equivalent to approximately HK\$1,887,000). The Acquisition will be financed by the internally generated funds of the Group. Tian An Shanghai and Xin Yuan are respectively interested in 60% and 40% of the entire registered capital of Jin Fu before the Acquisition.

Since Xin Yuan is a substantial shareholder (as defined in the Listing Rules) of Jin Fu, a non-wholly owned subsidiary of the Company, Xin Yuan is a connected person of the Company. Xin Yuan is a connected person of the Company solely by virtue of its 40% interest in the registered capital of Jin Fu and neither Xin Yuan nor its ultimate beneficial owners are otherwise connected with any of the directors, chief executives and substantial shareholders of the Company and its subsidiaries or any of their respective associates (as defined in the Listing Rules). Accordingly, the entering into of the Agreement by Tian An Xiamen constitutes a connected transaction of the Company under Rule 14A.32 of the Listing Rules, which is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE AGREEMENT

Pursuant to the Agreement, Tian An Xiamen has agreed to acquire from Xin Yuan its 40% equity interest in Jin Fu at the consideration of RMB2,000,000 (equivalent to approximately HK\$1,887,000). The Acquisition will be financed by the internally generated funds of the Group. Jin Fu was established on 11th April, 2001 in the PRC with a registered capital of RMB20,000,000 (equivalent to approximately HK\$18,868,000) pursuant to a joint-venture agreement dated 10th February, 2001 between Tian An Shanghai and Xin Yuan. The sum of RMB20,000,000 (equivalent to approximately HK\$18,868,000) was contributed as to RMB12,000,000 (equivalent to approximately HK\$11,321,000) in the form of cash by Tian An Shanghai and RMB8,000,000 (equivalent to approximately HK\$7,547,000) in the form of land by Xin Yuan respectively. Tian An Shanghai and Xin Yuan have the obligations to support Jin Fu paying the outstanding land costs in the sum of RMB29,100,000 (equivalent to approximately HK\$27,453,000) and construction costs payable in the sum of RMB5,866,000 (equivalent to approximately HK\$5,534,000) as well as other construction costs for further development. Tian An Shanghai and Xin Yuan are respectively interested in 60% and 40% of the entire registered capital of Jin Fu before the Acquisition. After the Acquisition, Xin Yuan no longer has the obligations to support Jin Fu paying the outstanding land costs, construction costs payable and other construction costs for further development.

Upon completion of the Acquisition, the registered capital of Jin Fu will be held as to 60% by Tian An Shanghai and 40% by Tian An Xiamen and Jin Fu will become a wholly-owned subsidiary of the Company.

PAYMENT OF THE CONSIDERATION FOR THE ACQUISITION

The consideration for the Acquisition will be payable in cash in the following manner:

- (a) in the amount of RMB1,000,000 (equivalent to approximately HK\$943,500), within 5 business days after the signing of the Agreement and the other necessary documents specified therein; and
- (b) in the amount of RMB1,000,000 (equivalent to approximately HK\$943,500), within 5 business days after the signing of the requisite documents as stated in paragraph (a) above and the completion of the following:
 - (i) obtaining the relevant approvals from the government authorities in Jiangmen or Xinhui, the PRC including the Administration for Industry and Commerce and the Foreign Economic Relations and Trade Commission; and
 - (ii) completing all relevant changes (if any) in the documents relating to but not limited to land use and development and sales for Jin Fu's business operation.

REASON FOR THE ACQUISITION

The Board considers that the Acquisition is beneficial to the Company because the land situated in Xinhui, the PRC which is the primary asset of Jin Fu, is located at the city centre and the Company can have control over the management of Jin Fu and the development plan over the land after the Acquisition.

The terms of the Agreement were arrived at after arm's length negotiations between Tian An Xiamen, Xin Yuan and Tian An Shanghai. The consideration of RMB2,000,000 was arrived on the basis of a discount on the net asset value of Jin Fu as stated in its management accounts as at 30th November, 2004. Since Xin Yuan wanted to dispose of Jin Fu as soon as possible and the shareholders of Jin Fu have the obligations to support Jin Fu paying the outstanding land costs, construction costs payable and construction costs for further development after the Acquisition, Tian An Xiamen was only willing to purchase Jin Fu at a discount.

According to the net asset value as stated in the management accounts of Jin Fu as at 30th November, 2004, the 40% interest acquired by Tian An Xiamen is equivalent to HK\$6,630,000. The consideration of RMB2,000,000 (equivalent to approximately HK\$1,887,000) is approximately 30% of the net asset value and approximately 25% of the capital contribution of RMB8,000,000 (equivalent to approximately HK\$7,547,000) of Xin Yuan. There is no other arrangement relating to the Acquisition.

The Directors (including the Independent Non-Executive Directors) are of the view that the terms of the Agreement are fair and reasonable, on normal commercial terms and in the interests of the shareholders of the Company as a whole. The Acquisition shall have no material impact on the financial status of the Group.

GENERAL INFORMATION

The Group is principally engaged in property development and investment, hotel operation, the provision of hotel and property management and agency services, investment holding and the sale of construction materials in the PRC. Tian An Xiamen, a wholly-owned subsidiary of the Company, is a property

development and management company. Xin Yuan is principally engaged in property development. Jin Fu is engaged in property development and sales and property management. Jin Fu is developing a commercial, shopping and residential complex on the land situated in Xinhui.

The 40% interest in the registered capital of Jin Fu was originally subscribed by Xin Yuan at the amount of RMB8,000,000 (equivalent to approximately HK\$7,547,000).

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, Xin Yuan is a connected person of the Company solely by virtue of its 40% interest in the registered capital of Jin Fu and neither Xin Yuan nor its ultimate beneficial owners are otherwise connected with any of the directors, chief executives and substantial shareholders of the Company and its subsidiaries or any of their respective associates (as defined in the Listing Rules).

Since Xin Yuan is a substantial shareholder (as defined in the Listing Rules) of Jin Fu, a non-wholly owned subsidiary of the Company, Xin Yuan is a connected person of the Company. Accordingly, the entering into of the Agreement by Tian An Xiamen constitutes a connected transaction of the Company under Rule 14A.32 of the Listing Rules, which is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As at the date of this announcement, the Board comprises Mr. Patrick Lee Seng Wei (Chairman), Mr. Ng Qing Hai (Managing Director), Mr. Ma Sun, Mr. Edwin Lo King Yau and Mr. Li Chi Kong being the Executive Directors, Mr. Moses Cheng Mo Chi and Miss Lisa Yang Lai Sum being the Non-Executive Directors, and Mr. Francis J. Chang Chu Fai, Mr. Goodwin Gaw, Mr. Ngai Wah Sang and Mr. Xu Su Jing being the Independent Non-Executive Directors.

DEFINITIONS

"Acquisition"	the acquisition of 40% equity interest in Jin Fu by Tian An Xiamen from Xin Yuan pursuant to the Agreement
"Agreement"	the agreement dated 29th December, 2004 entered into between Xin Yuan, Tian An Shanghai and Tian An Xiamen for the purpose of transferring the 40% equity interest in Jin Fu from Xin Yuan to Tian An Xiamen
"Board"	the board of Directors
"Company"	Tian An China Investments Company Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange (Stock Code: 28)
"Directors"	the directors of the Company
"Group"	the Company and its subsidiaries
"Jin Fu"	江門市新會區錦富房地產開發有限公司 (Jiangmen City Xinhui District Jin Fu Property Development Co. Ltd.), a sino-foreign cooperative joint venture enterprise established in the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	People's Republic of China
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Tian An Shanghai"	Tian An (Shanghai) Investments Co., Ltd., a company incorporated in the PRC and is a wholly-owned subsidiary of the Company
"Tian An Xiamen"	Tian An (Xiamen) Property Investments Co., Ltd., a company incorporated in the PRC and is a wholly-owned subsidiary of the Company
"Xin Yuan"	江門市新會區新源房地產開發有限公司 (Jiangmen City Xinhui District Xin Yuan Property Development Co. Ltd.), a sino-foreign equity joint venture enterprise established in the PRC
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC

By Order of the Board
Tian An China Investments Company Limited
Patrick Lee Seng Wei
Chairman

Hong Kong, 29th December, 2004

For the purpose of this announcement, amounts denominated in RMB have been converted to HK\$ at an exchange rate of RMB1.06:HK\$1.00.