



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

An Agreement was entered into on 19th May, 2004 between the Vendor and the Purchaser, pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase, the Sale Shares at an aggregate consideration of HK\$28,000,000.00.

The Purchaser presently holds 20,000,000 Ordinary A Shares and 339,136,480 Ordinary B Shares representing 35.70% of the entire issued share capital (representing 45.89% of the total voting power exercisable at general meetings at which one share (regardless of class) entitles a shareholder of CBI to one vote) and will acquire from the Vendor an additional 12,760,000 Ordinary A Shares and 133,479,808 Ordinary B Shares representing 17.29% of the entire issued share capital (representing 18.69% of the total voting power exercisable at general meetings at which one share (regardless of class) entitles a shareholder of CBI to one vote) of CBI pursuant to the Agreement.

Since the Vendor is a wholly-owned subsidiary of SHK which is the controlling shareholder (as defined in the Listing Rules) of the Company, the Vendor is a connected person of the Company. Accordingly, the entering into and performance of the Agreement constitutes a connected transaction for the Company under the Listing Rules and is therefore subject to Independent Shareholders' approval under Rule 14A.18 of the Listing Rules. A circular containing details of the Agreement, the letter of advice from the independent financial adviser, the recommendation of the Independent Board Committee to the Independent Shareholders, together with a notice to convene the EGM, will be despatched to the Shareholders and for information, the warrant holders of the Company, as soon as practicable.

THE AGREEMENT

Date: 19th May, 2004
Parties: (a) the Vendor: Tailwind Consultants Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of SHK
(b) the Purchaser: Asia Coast Investments Limited, a company incorporated in the British Virgin Islands with limited liability, a wholly-owned subsidiary of the Company

Sale and purchase: the Vendor agreed to sell, and the Purchaser agreed to purchase, the Sale Shares

Interest to be acquired: the Purchaser presently holds 20,000,000 Ordinary A Shares and 339,136,480 Ordinary B Shares representing 35.70% of the entire issued share capital (representing 45.89% of the total voting power exercisable at general meetings at which one share (regardless of class) entitles a shareholder of CBI to one vote) and will acquire from the Vendor an additional 12,760,000 Ordinary A Shares and 133,479,808 Ordinary B Shares representing 17.29% of the entire issued share capital (representing 18.69% of the total voting power exercisable at general meetings at which one share (regardless of class) entitles a shareholder of CBI to one vote) of CBI pursuant to the Agreement.

CBI is an investment holding company, which holds an 88% interest in Zhao Qing Golf, a sino-foreign cooperative enterprise established in the PRC. The remaining 12% interest in Zhao Qing Golf is held by an independent PRC party which is not a connected person (as defined in the Listing Rules). The primary asset of Zhao Qing Golf is the Zhaoqing Resort and Golf Club, which is a resort and golf club located at Huilong Town, Gaoyao City, Zhaoqing, Guangdong Province, the PRC. Zhao Qing Golf is engaged in the development and operation of golf courses, resort clubs and related facilities, and the development and sale of villas, commercial and residential property and has a registered capital of US\$12,000,000.00 (approximately HK\$93,600,000.00).

In addition, CBI has a wholly-owned subsidiary, Regal Zone Limited 凱境有限公司, a company incorporated in Hong Kong with limited liability. Regal Zone Limited is engaged in the marketing and promotion of golf courses, resort clubs and related facilities.

Based on the management accounts of CBI, the unaudited consolidated total asset of CBI was approximately HK\$337 million as at 31st December, 2003. The unaudited consolidated results before and after taxation of CBI for the two financial years ended 31st December, 2002 and 31st December, 2003 are set out as follows:

	For the year ended	
	2002	2003
	HK\$'000	HK\$'000
Loss before taxation	4,051	6,117
Loss after taxation	4,051	6,117

There were no extraordinary items for such financial years.

Prior to Completion, the accounting treatment of the Company's interest in CBI is equity accounting. As from Completion, CBI will be accounted for as a subsidiary and consolidated into the next published consolidated accounts of the Company.

Conditions: Completion is conditional upon, among other things, the approval being obtained from the Independent Shareholders approving the Agreement and the transactions contemplated thereunder.

Consideration: The consideration for the Acquisition is HK\$28,000,000.00 of which HK\$3,000,000.00 is payable in cash and the remaining HK\$25,000,000.00 is payable by the issuance by the Company of a promissory note in the principal amount of HK\$25,000,000.00 in favour of the Vendor or any person as it may direct in writing bearing interest at a rate of 5% per annum payable half-yearly in arrears and the principal amount of which is repayable on the first anniversary date of the date of Completion. The Vendor intends the promissory note to be issued in favour of SHK or any of its subsidiaries.

The consideration payable by the Purchaser in respect of the Acquisition was arrived at after arm's length negotiations between the parties with reference to (i) the financial performance and the total asset value of CBI in the financial years ended 31st December, 2002 and 2003 respectively; (ii) the historical investment cost of the Vendor in CBI which was approximately HK\$28,715,000.00; and (iii) the benefits that are expected to accrue to the Company in terms of the additional control over CBI.

The HK\$3,000,000.00 cash payment to the Vendor and the repayment of the promissory note will be satisfied by the internal resources of the Company.

Completion: Completion is conditional upon the Independent Shareholders' approval of the Agreement at the EGM. Completion shall take place on the third Business Day after the day on which the conditions as set out under the Agreement are fulfilled or waived (as the case may be) in accordance with the terms thereof.

At Completion, the Vendor will cease to have any interest in CBI whereas the equity interest of the Company (through the Purchaser) in CBI will increase from 35.70% to 52.98% and the voting interest of the Company (through the Purchaser) in CBI will increase from 45.89% to 64.58%.

REASONS FOR THE ACQUISITION

The Company 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. The Purchaser, a wholly-owned subsidiary of the Company, is an investment holding company.

Since the primary asset of CBI and of Zhao Qing Golf is the Zhaoqing Resort and Golf Club which is a golf resort and property development project located in the PRC, the Company's decision to acquire an additional 17.29% equity interest in CBI is in line with its intention to focus on its hospitality and property development businesses. In view of the positive outlook of the hospitality and property market in the PRC, the Company considers that Zhao Qing Golf has good financial prospects in the long term. As a result, the Company has decided to purchase the Sale Shares from the Vendor. Moreover, as a result of the Acquisition, the Company, through CBI, would have additional control over the management and development plan of Zhao Qing Golf. The board of directors of the Company (excluding the independent non-executive directors of the Company and the Independent Board Committee who will obtain advice from the independent financial adviser to be appointed) consider that the terms of the Agreement, including the consideration as stated in the Agreement, have been arrived at after arm's length negotiations and are on normal commercial terms and they consider the same to be fair and reasonable and it is in the best interest of the Company and the Shareholders to proceed with the transactions as contemplated under the Agreement.

CONNECTED TRANSACTION

Since the Vendor is a wholly-owned subsidiary of SHK which is the controlling shareholder (as defined in the Listing Rules) of the Company, the Vendor is a connected person of the Company. Accordingly, the entering into and performance of the Agreement constitutes a connected transaction for the Company under the Listing Rules.

As at the date hereof, SHK is beneficially interested in approximately 48.17% of the entire issued share capital of the Company. In view of SHK's interest in the Acquisition, SHK and its associates (as defined in the Listing Rules) will abstain from voting in relation to the resolution(s) to be proposed at the EGM.

The Independent Board Committee has been formed to advise the Independent Shareholders in relation to the Agreement. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

GENERAL

The principal activity of SHK is investment holding. The principal activities of SHK's major subsidiary companies are securities, leveraged forex, bullion, commodities and futures broking, provision of online financial services and online financial information distribution, money lending including the provision of term loans, share margin financing, financial planning and wealth management, fund management, corporate finance, property investment and insurance consultancy. The Vendor, a wholly-owned subsidiary of SHK, is an investment holding company.

A circular containing details of the Agreement, the letter of advice from the independent financial adviser, the recommendation of the Independent Board Committee to the Independent Shareholders, together with a notice to convene the EGM, will be despatched to the Shareholders and for information, the warrant holders of the Company, as soon as practicable.

As at the date of this announcement, the board of directors of the Company comprises of 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. David Hui Yip Wing being the Non-Executive Director and Mr. Moses Cheng Mo Chi and Miss Lisa Yang Lai Sum being the Independent Non-Executive Directors.

DEFINITIONS

"Acquisition"	the acquisition of the Sale Shares from the Vendor by the Purchaser pursuant to the terms of the Agreement
"Agreement"	the conditional agreement entered into between the Vendor and the Purchaser on 19th May, 2004 in relation to the sale and purchase of the Sale Shares
"Business Day"	a day on which licensed banks in Hong Kong are required to be and are generally open for business (other than any Saturday, Sunday or gazetted public holiday in Hong Kong)
"CBI"	CBI Investment Limited, a company incorporated in Hong Kong with limited liability, the entire issued share capital of which is held as to approximately 35.70% by the Purchaser, 17.29% by the Vendor, 5.83% by a Substantial Shareholder of a subsidiary of the Company and the rest by independent third parties which are not connected persons (as defined in the Listing Rules)
"Company"	Tian An China Investments Company Limited, a company incorporated in Hong Kong with limited liability, the securities of which are listed on the Stock Exchange (Stock Code: 28)
"Completion"	completion of the Agreement
"EGM"	the extraordinary general meeting of the Company to be convened for the Independent Shareholders to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder
"Independent Board Committee"	an independent committee of the Board comprising Miss Lisa Yang Lai Sum solely for the purpose of advising the Independent Shareholders on the Acquisition
"Independent Shareholders"	the holders of shares of the Company other than SHK and its associates
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Ordinary A Shares"	the ordinary A shares of HK\$1.00 each in the share capital of CBI
"Ordinary B Shares"	the ordinary B shares of HK\$0.10 each in the share capital of CBI
"PRC"	People's Republic of China
"Purchaser"	Asia Coast Investments Limited, a company incorporated in the British Virgin Islands with limited liability, a wholly-owned subsidiary of the Company
"Sale Shares"	the 12,760,000 Ordinary A Shares and the 133,479,808 Ordinary B Shares in the capital of CBI, representing a total of 17.29% of the issued share capital of CBI
"Shareholders"	the shareholders of the Company
"SHK"	Sun Hung Kai & Co. Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange, and the controlling shareholder (as defined in the Listing Rules) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Substantial Shareholder"	has the meaning as defined in the Listing Rules
"Vendor"	Tailwind Consultants Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of SHK
"Zhao Qing Golf"	肇慶高爾夫發展有限公司 (Zhao Qing Golf and Development Co., Ltd.), a sino-foreign cooperative enterprise established in the PRC and an 88% direct subsidiary of CBI which is engaged in the development and operation of golf courses, resort clubs and related facilities, and the development and sale of villas, commercial and residential property
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"US\$"	United States Dollars, the lawful currency of the United States
"%"	per cent.

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

Hong Kong, 19th May, 2004

Note: For the purpose of this announcement, the following exchange rate has been used for conversion into Hong Kong dollars for indication purposes only: US\$1.00 = HK\$7.80.