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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)

CONNECTED TRANSACTIONS

DISPOSAL OF INTEREST IN PRC JOINTLY CONTROLLED ENTITY AND ACQUISITIONS OF INTERESTS IN PRC SUBSIDIARIES

On 3rd February, 2005, TA Investment entered into a disposal agreement with Changzhou Changjiang in relation to the disposal of 51% interest in the registered capital of CZTA Real Estate by TA Investment to Changzhou Changjiang at the aggregate consideration of RMB8,070,000 (equivalent to approximately HK\$7,613,200) payable to TA Investment. CZTA Real Estate is a sino-foreign equity joint venture established in the PRC principally engaging in property development. Currently, CZTA Real Estate is owned as to 51% and 49% by TA Investment and Changzhou Changjiang respectively. Upon completion of the disposal under the CZTA Real Estate Disposal Agreement, the Company shall cease to have any interest in CZTA Real Estate.

On 3rd February, 2005, TA Shanghai entered into an acquisition agreement with Changzhou Changjiang in relation to the acquisition of 10% interest in the registered capital of CZTA City Development by TA Shanghai from Changzhou Changjiang at the aggregate consideration of RMB2,194,000 (equivalent to approximately HK\$2,069,800) payable to Changzhou Changjiang. CZTA City Development is a sino-foreign equity joint venture established in the PRC principally engaging in property development. Currently, CZTA City Development is owned as to 90% and 10% by TA Shanghai and Changzhou Changjiang respectively. Upon completion of the acquisition under the CZTA City Development Acquisition Agreement, CZTA City Development shall become a wholly-owned subsidiary of the Company.

On 3rd February, 2005, TA Shanghai entered into another acquisition agreement with Changzhou Changjiang in relation to the acquisition of 10% interest in the registered capital of CZTA Yuan Cheng by TA Shanghai from Changzhou Changjiang. Currently, CZTA Yuan Cheng is interested as to 90% and 10% by TA Shanghai and Changzhou Changjiang respectively. Upon completion of the acquisition under the CZTA Yuan Cheng Acquisition Agreement, CZTA Yuan Cheng shall become a wholly-owned subsidiary of the Company.

Since Changzhou Changjiang is holding interests of 10% and 10% in the registered capitals of CZTA City Development and CZTA Yuan Cheng respectively, Changzhou Changjiang is a Substantial Shareholder of CZTA City Development and CZTA Yuan Cheng, both non-wholly owned subsidiaries of the Company, and thus Changzhou Changjiang is a connected person of the Company. As a result, the transactions under the Agreements constitute connected transactions of the Company under the Listing Rules.

The Disposal constitutes a non-exempt connected transaction of the Company under Rule 14A.16(5) of the Listing Rules (by virtue of the fact that the revenue ratio is more than 2.5% but less than 25% and the total consideration pursuant to Rule 14.15 exceeds HK\$10,000,000) and is therefore subject to the requirements of reporting, announcement and approval by independent Shareholders as set out in Chapter 14A of the Listing Rules. As the applicable percentage ratios of the Acquisitions are less than 2.5% under Rule 14A.32(1) of the Listing Rules, each of the Acquisitions is subject to reporting and announcement requirements. As both the Acquisitions and the Disposal are contemplated under a similar context to enhance the Group's residential property portfolio for long-term development, motions for their approval will be put forward to the independent Shareholders' voting by way of poll at the EGM for their full consideration.

A circular containing details of the Acquisitions and the Disposal, the letter of advice from the independent financial adviser, the recommendation of the Independent Board Committee to the Shareholders, together with a notice to convene the EGM, will be despatched to the Shareholders as soon as possible.

THE CZTA REAL ESTATE DISPOSAL AGREEMENT DATED 3RD FEBRUARY, 2005

On 3rd February, 2005, a disposal agreement was entered into between TA Investment and Changzhou Changjiang, pursuant to which TA Investment agreed to sell and Changzhou Changjiang agreed to purchase 51% interest in the registered capital of CZTA Real Estate at a total consideration of RMB8,070,000 (equivalent to approximately HK\$7,613,200).

1. Parties to the CZTA Real Estate Disposal Agreement

- (a) the vendor : TA Investment
- (b) the purchaser : Changzhou Changjiang

2. Consideration and terms

The total consideration payable by Changzhou Changjiang under the CZTA Real Estate Disposal Agreement is RMB8,070,000 (equivalent to approximately HK\$7,613,200). Upon completion of the CZTA Real Estate Disposal Agreement, Changzhou Changjiang shall pay the consideration of RMB8,070,000 (equivalent to approximately HK\$7,613,200) in cash to TA Investment and TA Investment shall transfer the 51% interest in the registered capital of CZTA Real Estate to Changzhou Changjiang or to any other PRC company as Changzhou Changjiang shall direct. TA Investment shall cease to have any right or interest in CZTA Real Estate upon the completion of the CZTA Real Estate Disposal Agreement.

The total consideration of RMB8,070,000 (equivalent to approximately HK\$7,613,200) for the Disposal has been arrived at after arm's length negotiation between the parties to the CZTA Real Estate Disposal Agreement and with reference to the initial subscription cost incurred by TA Investment in 1991 in the sum of approximately RMB8,070,000 (equivalent to approximately HK\$7,613,200) (Note 1).

According to the net asset value as stated in the unaudited consolidated management accounts of CZTA Real Estate as at 31st December, 2004, the 51% interest of TA Investment in CZTA Real Estate is approximately RMB11,664,000 (equivalent to approximately HK\$11,004,000). The total consideration of RMB8,070,000 (equivalent to approximately HK\$7,613,200) payable to the Group under the CZTA Real Estate Disposal Agreement represents 100% of the portion of registered capital contributed by TA Investment into CZTA Real Estate representing its 51% interest in CZTA Real Estate and approximately 69% of the net asset value shared by TA Investment (as per the unaudited consolidated management accounts of CZTA Real Estate as at 31st December, 2004). So far as the consideration of the Disposal in comparison with the net asset value of CZTA Real Estate as at 31st December, 2004 is concerned, upon completion of the CZTA Real Estate Disposal Agreement, the Group would have given a discount in the sum of approximately RMB3,594,000 (net asset value of CZTA Real Estate as at 31st December, 2004 of approximately RMB11,664,000 reduced by the consideration in the sum of RMB8,070,000) in respect of the Disposal.

The proceeds of the Disposal will be used as working capital of the Group.

3. Completion

Completion is conditional upon (i) independent Shareholders' approval of the CZTA Real Estate Disposal Agreement at the EGM; and (ii) the approval having been obtained from the Original Examination and Approval Authority in the PRC in respect of the transfer, and completion of the Disposal will take place upon the fulfilment of the conditions.

THE CZTA CITY DEVELOPMENT ACQUISITION AGREEMENT DATED 3RD FEBRUARY, 2005

On 3rd February, 2005, an acquisition agreement was entered into between Changzhou Changjiang and TA Shanghai, pursuant to which Changzhou Changjiang agreed to sell and TA Shanghai agreed to purchase 10% interest in the registered capital of CZTA City Development at a total consideration of RMB2,194,000 (equivalent to approximately HK\$2,069,800).

1. Parties to the CZTA City Development Acquisition Agreement

- (a) the vendor : Changzhou Changjiang
- (b) the purchaser : TA Shanghai

2. Consideration and terms

The total consideration payable by TA Shanghai under the CZTA City Development Acquisition Agreement is RMB2,194,000 (equivalent to approximately HK\$2,069,800). Upon completion of the CZTA City Development Acquisition Agreement, TA Shanghai shall pay the consideration of RMB2,194,000 (equivalent to approximately HK\$2,069,800) in cash to Changzhou Changjiang and Changzhou Changjiang shall cease to have any interest in CZTA City Development.

The total consideration of RMB2,194,000 (equivalent to approximately HK\$2,069,800) for the acquisition under the CZTA City Development Acquisition Agreement has been arrived at after arm's length negotiation between the parties to the CZTA City Development Acquisition Agreement and with reference to the initial subscription cost incurred by Changzhou Changjiang in 1998 in the sum of approximately RMB2,194,000 (equivalent to approximately HK\$2,069,800).

According to the net asset value as stated in the unaudited management accounts of CZTA City Development as at 31st December, 2004, the 10% interest of Changzhou Changjiang in CZTA City Development is approximately RMB6,598,400 (equivalent to approximately HK\$6,224,900). The total consideration of RMB2,194,000 (equivalent to approximately HK\$2,069,800) payable by the Group under the CZTA City Development Acquisition Agreement represents 100% of the portion of registered capital contributed by Changzhou Changjiang into CZTA City Development representing its 10% interest in CZTA City Development and approximately 33% of the net asset value shared by Changzhou Changjiang (as per the unaudited management accounts of CZTA City Development as at 31st December, 2004). So far as the consideration of such acquisition in comparison with the net asset value of CZTA City Development as at 31st December, 2004 is concerned, upon completion of the CZTA City Development Acquisition Agreement, the Group would have received a discount in the sum of approximately RMB4,404,400 (net asset value of CZTA City Development as at 31st December, 2004 in the sum of approximately RMB6,598,400 reduced by the consideration in the sum of RMB2,194,000) in respect of the acquisition under the CZTA City Development Acquisition Agreement.

The consideration shall be satisfied by the internally generated funds of the Group.

3. Completion

Completion is conditional upon (i) independent Shareholders' approval of the CZTA City Development Acquisition Agreement at the EGM; and (ii) the approval having been obtained from the Original Examination and Approval Authority in the PRC in respect of the transfer, and completion of the acquisition under the CZTA City Development Acquisition Agreement will take place upon the fulfilment of the condition.

THE CZTA YUAN CHENG ACQUISITION AGREEMENT DATED 3RD FEBRUARY, 2005

Under the joint venture contract dated 10th February, 2004 in respect of the establishment of CZTA Yuan Cheng, CZTA Yuan Cheng shall have a registered capital of US\$10,000,000 (equivalent to approximately HK\$78,000,000). Having an interest of 10% in CZTA Yuan Cheng, Changzhou Changjiang is obliged to contribute 10% of the registered capital, being a sum of US\$1,000,000 (equivalent to approximately HK\$7,800,000) in CZTA Yuan Cheng, none of which has been paid by Changzhou Changjiang as at the date of the CZTA Yuan Cheng Acquisition Agreement.

On 3rd February, 2005, an acquisition agreement was entered into between Changzhou Changjiang and TA Shanghai, pursuant to which Changzhou Changjiang agreed to transfer to TA Shanghai the 10% interest held by Changzhou Changjiang in the registered capital of CZTA Yuan Cheng.

1. Parties to the CZTA Yuan Cheng Acquisition Agreement

(a) the transferor : Changzhou Changjiang

(b) the transferee : TA Shanghai

2. Consideration and terms

As Changzhou Changjiang has not yet contributed any of the registered capital to CZTA Yuan Cheng, TA Shanghai shall acquire the 10% interest in the registered capital of CZTA Yuan Cheng with no consideration payable to Changzhou Changjiang under the CZTA Yuan Cheng Acquisition Agreement. Upon completion of the CZTA Yuan Cheng Acquisition Agreement, TA Shanghai shall contribute to the capital representing the 10% interest in CZTA Yuan Cheng, being a sum of US\$1,000,000 (equivalent to approximately HK\$7,800,000) into CZTA Yuan Cheng.

The capital to be contributed into CZTA Yuan Cheng after completion of the CZTA Yuan Cheng Acquisition Agreement will be sourced from internally generated funds of the Group.

The nil consideration for the acquisition under the CZTA Yuan Cheng Acquisition Agreement has been arrived at after arm's length negotiation between the parties to the CZTA Yuan Cheng Acquisition Agreement and with reference to the facts that (i) CZTA Yuan Cheng was only recently established in 2004; (ii) Changzhou Changjiang has not yet contributed any of the registered capital to CZTA Yuan Cheng; and (iii) the net asset value of CZTA Yuan Cheng as at 30th June, 2004 in the sum of approximately RMB32,320,000 (equivalent to approximately HK\$30,490,600) (based on unaudited management accounts) was solely attributable to the capital contributed by TA Shanghai into CZTA Yuan Cheng in the sum of RMB32,400,000 (equivalent to approximately HK\$30,566,000).

3. Completion

Completion is conditional upon (i) independent Shareholders' approval of the CZTA Yuan Cheng Acquisition Agreement at the EGM; and (ii) the approval having been obtained from the Ministry of Foreign Trade and Economic Cooperation in the PRC, and completion of the acquisition under the CZTA Yuan Cheng Acquisition Agreement will take place upon the condition having been fulfilled.

INFORMATION ON CZTA REAL ESTATE, CZTA CITY DEVELOPMENT AND CZTA YUAN CHENG

1. CZTA Real Estate

CZTA Real Estate is a sino-foreign equity joint venture established in the PRC with limited liability on 18th December, 1990 with fully paid-up registered capital of US\$3,000,000 (equivalent to approximately HK\$23,400,000). Prior to the completion of the disposal under the CZTA Real Estate Disposal Agreement, the Company has an indirect interest of 51% in CZTA Real Estate. According to the joint venture contract entered into between the Company and Changzhou Changjiang and the supplemental agreement entered into between TA Investment and Changzhou Changjiang in respect of CZTA Real Estate dated 10th November, 1990 and 14th September, 1991 respectively, the total investment commitment to CZTA Real Estate is US\$3,800,000 (equivalent to approximately HK\$29,640,000), however, there is no capital commitment for the Group to contribute beyond the capital contribution of RMB8,070,000 and the Group is obligated to contribute only the capital contribution of RMB8,070,000. Upon completion of the disposal under the CZTA Real Estate Disposal Agreement, the Company shall cease to have any interests in CZTA Real Estate. CZTA Real Estate is principally engaged in property development in the PRC and is currently involved in the development of an industrial property project named 常州天安城北工業村 (Changzhou Tian An North City Industrial Estate) ("North City Industrial Estate"). For the period from 1999 to 2003, CZTA Real Estate has been involved in the residential development project named 常州河濱花園 (Changzhou Riverside Garden) ("Changzhou Riverside Garden") and the property interests in Changzhou Riverside Garden had been completely sold in 2004.

North City Industrial Estate is an industrial development located at Changcheng Road, Changzhou City, Jiang Su Province, the PRC with a total site area of approximately 87,420 square meters. The development of North City Industrial Estate commenced in 1990 and started to generate income in 1991. The majority of the site of North City Industrial Estate had been constructed and sold leaving a remaining site with an area of 21,296 square meters, which is a vacant site mainly for industrial and office uses.

In addition, CZTA Real Estate has a subsidiary in which it has 90% interest, namely 常州天安物業管理有限公司 (Changzhou Tian An Property Management Company Limited) (“CZTA Property Management”), a company incorporated in the PRC with limited liability. CZTA Property Management is principally engaged in property management and real estate agency. As at the date of this announcement, other than North City Industrial Estate and CZTA Property Management, CZTA Real Estate has no other income-generating business or assets.

According to the unaudited consolidated management accounts of CZTA Real Estate for the year ended 31st December, 2003, CZTA Real Estate recorded a net profit before and after taxation of approximately RMB8,373,700 (equivalent to approximately HK\$7,899,700) and approximately RMB7,123,900 (equivalent to approximately HK\$6,720,700) respectively. The net assets of CZTA Real Estate as at 31st December, 2003 were approximately RMB22,740,800 (equivalent to approximately HK\$21,453,600). According to the unaudited consolidated management accounts of CZTA Real Estate for the year ended 31st December, 2002, CZTA Real Estate recorded a net profit before and after taxation of approximately RMB2,146,200 (equivalent to approximately HK\$2,024,700) and approximately RMB2,141,600 (equivalent to approximately HK\$2,020,400) respectively. The net assets of CZTA Real Estate as at 31st December, 2002 were approximately RMB17,617,700 (equivalent to approximately HK\$16,620,500).

Upon completion of the CZTA Real Estate Disposal Agreement, the Group will dispose of its 51% interest in CZTA Real Estate without any gain or loss in RMB. However, due to the difference in exchange conversion rates between RMB and HK\$ in 1991 and 2005 (Note 2), the Group has suffered exchange losses in the sum of approximately HK\$3,410,800. Prior to completion of the CZTA Real Estate Disposal Agreement, the Company’s accounting treatment of its interest in CZTA Real Estate is equity accounting as CZTA Real Estate is a jointly-controlled entity. As from completion, the Company shall cease to have any interest in CZTA Real Estate.

2. CZTA City Development

CZTA City Development is a sino-foreign equity joint venture established in the PRC with limited liability on 1st December, 1997 with fully paid-up registered capital of US\$2,650,000 (equivalent to approximately HK\$20,670,000). Prior to the completion of the acquisition under the CZTA City Development Acquisition Agreement, the Company has an indirect interest of 90% in CZTA City Development. According to the joint venture contract entered into between TA Shanghai and Changzhou Changjiang in respect of CZTA City Development dated 27th October, 1997, the total investment commitment of CZTA City Development is US\$5,000,000 (equivalent to approximately HK\$39,000,000), however, there is no capital commitment for the Group to contribute beyond the capital contribution of US\$2,385,000 and the Group is obligated to contribute only the capital contribution of US\$2,385,000. Upon completion of the acquisition under the CZTA City Development Acquisition Agreement, CZTA City Development shall become a wholly-owned subsidiary of the Company. CZTA City Development is principally engaged in property development in the PRC and is involved in the development of 常州新城市花園 (Changzhou New City Garden) (“Changzhou New City Garden”).

Changzhou New City Garden is a residential development located at Zhu Jiang Road, Changzhou City, Jiang Su Province, the PRC and is divided into five phases. Changzhou New City Garden will have a total gross floor area of approximately 220,000 square meters when completed. The project comprises apartments targeting the middle to high-end markets. The development of Changzhou New City Garden commenced in 1997 and started to generate income in 1998. The first three phases of the project, with gross floor area of 138,000 square meters had been completed within the period from 1999 to 2003 with over 99% of the units having been sold out. The construction of the fourth phase commenced in the fourth quarter of 2003 and the construction of the fifth phase will commence in early 2005. The entire project is expected to be completed in late 2005. As at the date of this announcement, other than Changzhou New City Garden, CZTA City Development has no other income-generating business or assets.

According to the unaudited management accounts of CZTA City Development for the year ended 31st December, 2003, CZTA City Development recorded a net profit before and after taxation of approximately RMB29,109,000 (equivalent to approximately HK\$27,461,300) and approximately RMB19,503,000 (equivalent to approximately HK\$18,399,000) respectively. The net assets of CZTA City Development as at 31st December, 2003 was approximately RMB48,570,700 (equivalent to approximately HK\$45,821,400). According to the unaudited management accounts of CZTA City Development for the year ended 31st December, 2002, CZTA City Development recorded a net profit before and after taxation of approximately RMB24,597,500 (equivalent to approximately HK\$23,205,200) and approximately RMB16,827,300 (equivalent to approximately HK\$15,874,800) respectively. The net assets of CZTA City Development as at 31st December, 2002 was approximately RMB43,067,700 (equivalent to approximately HK\$40,629,900).

Before and after the completion of the CZTA City Development Acquisition Agreement, the Company's accounting treatment of its interest in CZTA City Development would be the same in that CZTA City Development will continue to be accounted for as a subsidiary and consolidated into the next published consolidated accounts of the Company.

3. CZTA Yuan Cheng

CZTA Yuan Cheng is a sino-foreign equity joint venture established in the PRC with limited liability on 5th March, 2004 with registered capital of US\$10,000,000 (equivalent to approximately HK\$78,000,000), of which US\$3,914,414 (equivalent to approximately HK\$30,532,400) have been paid up. Prior to the completion of the acquisition under the CZTA Yuan Cheng Acquisition Agreement, the Company has an indirect interest of 90% in CZTA Yuan Cheng. According to the joint venture contract entered into between TA Shanghai and Changzhou Changjiang in respect of CZTA Yuan Cheng dated 10th February, 2004, the total investment commitment to CZTA Yuan Cheng is US\$25,000,000 (equivalent to approximately HK\$195,000,000), however, there is no capital commitment for the Group to contribute beyond the capital contribution of US\$9,000,000 and the Group is obligated to contribute only the capital contribution of US\$9,000,000. Upon completion of the acquisition under the CZTA Yuan Cheng Acquisition Agreement, CZTA Yuan Cheng shall become a wholly-owned subsidiary of the Company. CZTA Yuan Cheng is principally engaged in property development in the PRC and is involved in the development of 常州天安別墅 (Changzhou Tian An Villa) ("Changzhou Tian An Villa").

Changzhou Tian An Villa is a residential development project located at Ge Lake, Wu Jin District, Changzhou City, Jiang Su Province, the PRC and is divided into 4 phases. Changzhou Tian An Villa will have a total gross floor area of approximately 142,000 square meters when completed. The residential development is designed to consist solely of villas targeting the high-end market. The development of Changzhou Tian An Villa commenced in 2004 and offered for pre-sale in 2004. The first phase of the project with 112 units is under construction and is expected to be completed by mid-2005. As at the date of this announcement, other than Changzhou Tian An Villa, CZTA Yuan Cheng has no other income-generating business or assets.

According to the unaudited management accounts of CZTA Yuan Cheng for the period from 5th March, 2004 to 30th June, 2004, CZTA Yuan Cheng recorded a net loss before and after taxation of approximately RMB80,000 (equivalent to approximately HK\$75,500) and approximately RMB80,000 (equivalent to approximately HK\$75,500) respectively. The net assets of CZTA Yuan Cheng as at 30th June, 2004 was approximately RMB32,320,000 (equivalent to approximately HK\$30,490,600).

Both before and after the completion of the CZTA Yuan Cheng Acquisition Agreement, the Company's accounting treatment of its interest in CZTA Yuan Cheng would be the same in that CZTA Yuan Cheng will continue to be accounted for as a subsidiary and consolidated into the next published consolidated accounts of the Company.

INFORMATION ON CHANGZHOU CHANGJIANG

Changzhou Changjiang is a company incorporated under the laws of the PRC and is principally engaged in property development and trading. To the best of the Directors' knowledge, information and belief, Changzhou Changjiang and its ultimate legal beneficial owners, are independent of and not connected with the Company and its connected persons (as defined under the Listing Rules).

LISTING RULES IMPLICATIONS OF THE AGREEMENTS

Changzhou Changjiang is a Substantial Shareholder of CZTA City Development and CZTA Yuan Cheng and thus a connected person of the Company under the Listing Rules by virtue of its interests of 10% and 10% in the registered capitals of CZTA City Development and CZTA Yuan Cheng respectively, which are non-wholly owned subsidiaries of the Company. The transactions pursuant to the Agreements thus constitute connected transactions of the Company under Rule 14A.13(1)(a) of the Listing Rules.

The Disposal constitutes a non-exempt connected transaction of the Company under Rule 14A.16(5) of the Listing Rules (by virtue of the fact that the revenue ratio is more than 2.5% but less than 25% and the total consideration pursuant to Rule 14.15 exceeds HK\$10,000,000) and is therefore subject to the requirements of reporting, announcement and approval by independent Shareholders as set out in Chapter 14A of the Listing Rules. As the applicable percentage ratios of the Acquisitions are less than 2.5% under Rule 14A.32(1) of the Listing Rules, each of the Acquisitions is subject to reporting and announcement requirements. As both the Acquisitions and the Disposal are contemplated under a similar context to enhance the Group's residential property portfolio for long-term development, motions for their approval will be put forward to the independent Shareholders' voting by way of poll at the EGM for their full consideration.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Shareholder is required under Rule 14A.18 of the Listing Rules to abstain from voting on the resolution(s) regarding the Acquisitions and/or Disposal and the transactions contemplated thereunder at the EGM.

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

REASONS FOR THE CONNECTED TRANSACTIONS

The Group is principally engaged in property development and investment, hotel operation, provision of hotel and property management and agency services, investment holding and the sale of construction materials.

Based on the Company's knowledge and experience of the PRC residential property market and its experience with the operation and management of the Group's subsidiaries, the Directors expect that the market demand for residential property will continue to grow and will have good financial prospects.

As at the date of this announcement, whilst the major asset of CZTA City Development and CZTA Yuan Cheng are Changzhou New City Garden and Changzhou Tian An Villa respectively both of which are residential developments with good financial prospects, the major asset of CZTA Real Estate is North City Industrial Estate, which is a vacant site mainly for industrial and office uses. To focus its property portfolio on residential property for its long-term business development, the Group is restructuring its interests in the sino-foreign equity joint ventures established in Changzhou, the PRC such that the Group will obtain full control and financial benefits of the residential projects indirectly held by CZTA City Development and CZTA Yuan Cheng.

As a result of the transactions contemplated under the Agreements, the Company shall cease to have any interest in CZTA Real Estate whereas CZTA City Development and CZTA Yuan Cheng shall become wholly-owned subsidiaries of the Company.

Since the Group is entering into the transactions under the Agreements with the same party, i.e. Changzhou Changjiang, in totality, the Group will receive a nominal discount in the sum of approximately RMB810,400 as a result of the transactions under the Agreements. In other words, the discount given in the Disposal in the sum of approximately RMB3,594,000 (net asset value of CZTA Real Estate as at 31st December, 2004 of approximately RMB11,664,000 reduced by the consideration in the sum of RMB8,070,000) will be more than compensated by the discount to be received in the acquisition in the sum of approximately RMB4,404,400 (net asset value of CZTA City Development as at 31st December, 2004 of approximately RMB6,598,400 reduced by the consideration in the sum of RMB2,194,000) under the CZTA City Development Acquisition Agreement.

The Directors (excluding the Independent Non-Executive Directors who will form the Independent Board Committee which will obtain advice from the independent financial adviser to be appointed) are of the view that the terms of the CZTA Real Estate Disposal Agreement were agreed after arm's length negotiations, on normal commercial terms and in the ordinary and usual course of business of the Company and are fair and reasonable and the entering into of the CZTA Real Estate Disposal Agreement is in the interests of the Company and the Shareholders as a whole.

The Directors (including the Independent Non-Executive Directors) are of the view that the terms of the CZTA City Development Acquisition Agreement and the CZTA Yuan Cheng Acquisition Agreement were agreed after arm's length negotiations on normal commercial terms and in the ordinary and usual course of business of the Company and are fair and reasonable and the entering into of the CZTA City Development Acquisition Agreement and the CZTA Yuan Cheng Acquisition Agreement are in the interests of the Company and the Shareholders as a whole.

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.

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

“Acquisitions”	the acquisitions of interests contemplated under the CZTA City Development Acquisition Agreement and the CZTA Yuan Cheng Acquisition Agreement
“Agreements”	the CZTA Real Estate Disposal Agreement, the CZTA City Development Acquisition Agreement and the CZTA Yuan Cheng Acquisition Agreement
“Board”	the board of Directors
“Changzhou Changjiang”	常州長江經濟技術開發有限公司 (Changzhou Changjiang Economic Technology Development Company Limited), a company incorporated under the laws of the PRC and is principally engaged in property development and trading
“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)
“CZTA City Development”	常州天安城市發展有限公司 (Changzhou Tian An City Development Co., Ltd.), a sino-foreign equity joint venture established under the laws of the PRC and principally engaged in property development
“CZTA City Development Acquisition Agreement”	an agreement dated 3rd February, 2005 entered into between Changzhou Changjiang as vendor and TA Shanghai as purchaser in relation to the acquisition of 10% interest in the registered capital of CZTA City Development subject to the terms and conditions contained therein
“CZTA Real Estate”	常州天安房地產開發有限公司 (Changzhou Tianan Real Estate Development Co., Ltd.), a sino-foreign equity joint venture established under the laws of the PRC and is principally engaged in property development

“CZTA Real Estate Disposal Agreement”	an agreement dated 3rd February, 2005 entered into between TA Investment as vendor and Changzhou Changjiang as purchaser in relation to the disposal of 51% interest in the registered capital of CZTA Real Estate subject to the terms and conditions contained therein
“CZTA Yuan Cheng”	常州天安元城房地產發展有限公司 (Changzhou Tian An Yuan Cheng Real Estate Development Company Limited), a sino-foreign equity joint venture established under the laws of the PRC and is principally engaged in property development
“CZTA Yuan Cheng Acquisition Agreement”	an agreement dated 3rd February, 2005 entered into between Changzhou Changjiang and TA Shanghai in relation to the acquisition of 10% interest in the registered capital of CZTA Yuan Cheng subject to the terms and conditions contained therein
“Directors”	the directors of the Company
“Disposal”	the disposal of interest in CZTA Real Estate contemplated under the CZTA Real Estate Disposal Agreement
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering and approving the Agreements and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising all the Independent Non-Executive Directors of the Company formed for the purpose of advising the independent Shareholders on the transactions under the Acquisitions and the Disposal
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratios”	has the meaning as ascribed to it under the Listing Rules
“PRC”	People’s Republic of China
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder”	has the meaning as defined in the Listing Rules
“TA Investment”	Tian An Investment Company Limited (天安投資有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company

“TA Shanghai”	天安(上海)投資有限公司(Tian An (Shanghai) Investments Co., Ltd.), a foreign owned enterprise established in the PRC and a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

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

Hong Kong, 17th March, 2005

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 whereas amounts denominated in US\$ have been converted to HK\$ at an exchange rate of US\$1.00 : HK\$7.80.

Note 1: In 1991, amounts denominated in RMB had been converted to HK\$ at the exchange rate of approximately RMB0.73:HK\$1.00. Therefore, in 1991 RMB8,070,000 would have been equivalent to approximately HK\$11,024,000 at the relevant time.

Note 2: In 1991, amounts denominated in RMB had been converted to HK\$ at the exchange rate of approximately RMB0.73:HK\$1.00. In January 2005, amounts denominated in RMB had been converted to HK\$ at the exchange rate of approximately RMB1.06:HK\$1.00.