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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)

DISCLOSEABLE TRANSACTION

ACQUISITION OF INTEREST IN HUIYANG DANSHUI XINYANGCHENG CONSTRUCTION COMPANY LIMITED

On 29th April, 2006, Tenure entered into an Agreement with Dayabay Hong Kong whereby Tenure agreed to acquire and Dayabay Hong Kong agreed to dispose of the entire registered capital of Xinyangcheng and shareholders' loan (if any) at a consideration of RMB254,780,000 (equivalent to approximately HK\$246,641,000) and Tenure agreed to pay Dayabay Hong Kong RMB5,000,000 (equivalent to approximately HK\$4,840,000) as Dismantling Fee.

The Acquisition constitutes a discloseable transaction of the Company under the Listing Rules, details of which are as announced below. A circular containing details of the Acquisition will be despatched to the Shareholders and the warrant holder of the Company as soon as practicable.

ACQUISITION OF 100% INTEREST IN XINYANGCHENG

Agreement date: 29th April, 2006
Purchaser: Tenure
Vendor: Dayabay Hong Kong

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Dayabay Hong Kong and its ultimate beneficial owner are Independent Third Parties.

Interest to be acquired

Dayabay Hong Kong shall, as registered and beneficial owner, on completion of the Acquisition transfer its interest in 100% of the entire registered capital of Xinyangcheng. Xinyangcheng is the registered owner of Three Parcels of Land situated in Huiyang with a total site area of approximately 391,978 square metres.

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Upon completion of the Acquisition of Xinyangcheng, Tenure will own beneficially the entire registered capital of Xinyangcheng. The accounts of Xinyangcheng will be consolidated into the Group's accounts after completion of the Acquisition as an indirect wholly owned subsidiary of the Company.

Completion guarantees

On 29th April, 2006, Huizhou Dayabay, being the beneficial owner of Dayabay Hong Kong, entered into an agreement with Tenure to guarantee the performance by Dayabay Hong Kong of all of its obligations under the Agreement.

On 29th April, 2006, the Company, as a holding company of Tenure, entered into an agreement with Dayabay Hong Kong to guarantee the performance by Tenure of all of its obligations under the Agreement. The material obligations of Tenure under the Agreement are the settlement of the Deposit Payment and Final Payment.

Consideration and payment terms

The aggregate consideration payable to Dayabay Hong Kong shall be RMB254,780,000 (equivalent to approximately HK\$246,641,000) and, in addition, Tenure agreed to pay Dayabay Hong Kong RMB5,000,000 (equivalent to approximately HK\$4,840,000) as Dismantling Fee.

Upon execution of the guarantee given by Huizhou Dayabay to Tenure in respect of the Acquisition, Tenure shall pay the Deposit Payment (representing approximately 20% of RMB254,780,000, being the aggregate amount of

consideration payable) into a bank account designated by Dayabay Hong Kong within seven (7) days upon signing of the Agreement. Within two (2) months upon Dayabay Hong Kong duly completing the relevant approval processes for the transfer of 100% of the entire registered capital of Xinyangcheng to Tenure and provides the relevant necessary documentation to Tenure evidencing the land use right period for the Three Parcels of Land have been extended to the year 2074, with a plot ratio of 2 to 2.5, Tenure shall pay the Final Payment and RMB5,000,000 (equivalent to approximately HK\$4,840,000) for Dismantling Fee into a bank account designated by Dayabay Hong Kong.

The consideration of the Acquisition will be funded with the internal resources of the Group.

Basis of consideration

The consideration was arrived at after arm's length negotiations between Tenure and Dayabay Hong Kong with reference to the fair market value of the Three Parcels of Land as at 29th April, 2006 on the assumption that the property is being sold in the genuine market and that the owner thereof has free and uninterrupted rights to use and assign the same. The Three Parcels of Land are the only material assets of Xinyangcheng. The Three Parcels of Land were valued at RMB502,000,000 (equivalent to approximately HK\$485,963,000) as disclosed in the said valuation report. The valuation was conducted by Norton Appraisals Limited, an Independent Third Party valuer. The valuation was conducted on the basis of the market value of the property, meaning "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably prudently and without compulsion".

In preparing the valuation report, the valuer has assumed that the owner has valid and enforceable title to the property interest which is freely transferable, and has free and uninterrupted right to use the same, for the whole of the land use terms granted subject to payment of annual land use fees and all requisite land premium payable has been fully settled. Dayabay Hong Kong further warranted in the Agreement that the net asset value of Xinyangcheng will not be less than RMB200,000,000 upon completion of the Acquisition.

Since the only material assets of Xinyangcheng consist of the Three Parcels of Land, no figures of net profit are discloseable. Also, as all the expenses incurred in relation to the Three Parcels of Land were capitalized, there is no issue of profit and loss. Further, as the developments on the Three Parcels of Land have not commenced, there is also no issue of revenue.

Strict obligation to complete

If Dayabay Hong Kong is in default by being unable to perform any of its obligations under the Agreement, a penalty amount of 3% shall be charged upon the Deposit Payment for every one (1) month of default. If any default by Dayabay Hong Kong shall continue for more than three (3) months, Tenure shall have the right to unilaterally rescind the Agreement and Dayabay Hong Kong shall within five (5) days thereafter refund to Tenure the Deposit Payment in full, together with an additional amount calculated at 50% of the Deposit Payment as compensation.

REASONS FOR THE ACQUISITION

After due and careful consideration, the Board expects the Group to develop the Three Parcels of Land and generate profits thereof after the transaction is completed. The Group presently intends to commence the development of residential and commercial properties on the Three Parcels of Land. The Board believes that the terms of the Acquisition are fair and reasonable and in the interests of the Shareholders as a whole.

INFORMATION ON TENURE AND THE GROUP

The principal business of Tenure is investment holding.

The Company acts as an investment holding company. The Group is principally engaged in the development of high-end apartments, villas, office buildings and commercial properties, property investment, manufacture and sale of construction materials, property management and hotel operation in the PRC.

INFORMATION ON DAYABAY HONG KONG AND XINYANGCHENG

The principal business of Dayabay Hong Kong is foreign economic trading.

Xinyangcheng is an investment holding company established under the laws of the PRC on 24th July, 1992 and have obtained ownership of the Three Parcels of Land on 21st July, 2004 and 25th January, 2005. The business and operation activity of Xinyangcheng is development of commercial and residential properties.

GENERAL

The Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. A circular containing details of the Acquisition will be despatched to the Shareholders and the warrant holder of the Company as soon as practicable.

DEFINITIONS

“Acquisition”	acquisition of the entire registered capital in Xinyangcheng by Tenure
“Agreement”	the agreement dated 29th April, 2006 between Tenure and Dayabay Hong Kong in respect of the Acquisition
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Tian An China Investments Company Limited (天安中國投資有限公司), a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange (Stock Code: 28)
“Dayabay Hong Kong”	Dayabay Hong Kong Limited (大亞灣香港有限公司), a company incorporated in Hong Kong with limited liability
“Deposit Payment”	RMB50,956,000 (equivalent to approximately HK\$49,328,200), representing 20% of the aggregate consideration of RMB254,780,000 (equivalent to approximately HK\$246,641,000 payable to Dayabay Hong Kong under the Acquisition
“Directors”	the directors of the Company
“Dismantling Fee”	amount payable to Dayabay Hong Kong to conclude the dismantling and removal of the buildings and high voltage electric wires in the Three Parcels of Land and for crop compensation

“Final Payment”	RMB203,824,000 (equivalent to approximately HK\$197,312,800), representing the remaining balance of the aggregate consideration (after deducting the Deposit Payment) payable to Dayabay Hong Kong under the Acquisition
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huizhou Dayabay”	惠州市大亞灣經濟技術開發集團公司 (Huizhou Dayabay Economic and Technological Development Group), a company established under the laws of the PRC
“Independent Third Parties”	persons not connected with the directors, chief executives or substantial shareholders of the Company or its subsidiaries or any of its respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenure”	Tenure Development Limited (天培發展有限公司), a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company
“Three Parcels of Land”	three parcels of land which are registered under State-owned land Registration Numbers: Huiyang State use (2004) No.13210100763 (173,830 square metres), Huiyang State use (2005) No.0100144 (4,032 square metres), Huiyang State use (2005) No.0100145 (214,116 square metres)
“Xinyangcheng”	惠陽市淡水新陽城建設有限公司 (Huiyang Danshui Xinyangcheng Construction Company Limited), a foreign owned enterprise established under the laws of the PRC

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

For the purpose of this announcement, amounts denominated in RMB have been converted to HK\$ at an exchange rate of RMB1.033: HK\$1.00.

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

Hong Kong, 11th May, 2006

As at the date of this announcement, the Board comprises Mr. Patrick Lee Seng Wei (Chairman and Acting Managing Director), Mr. Ng Qing Hai (Deputy 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.