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If you are in any doubt as to any aspect of this circular or the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Tian An China Investments Company Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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**

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DEFINITIONS

In this circular, the following expressions have the meanings correspondingly ascribed below unless the context otherwise requires:

“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

DEFINITIONS

“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
“Latest Practicable Date”	29th May, 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	People’s Republic of China
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	existing ordinary shares(s) of HK\$0.20 each in the capital of the Company
“Shareholder(s)”	the registered holder(s) of the Share(s)
“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

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“RMB” Renminbi, the lawful currency of the PRC

“%” per cent.

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

LETTER FROM THE BOARD



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)

Executive Directors:

Patrick Lee Seng Wei

(Chairman and Acting Managing Director)

Ng Qing Hai *(Deputy Managing Director)*

Ma Sun

Edwin Lo King Yau

Li Chi Kong

Yasushi Ichikawa

Registered Office:

22nd Floor, Allied Kajima Building

138 Gloucester Road

Wanchai

Hong Kong

Non-Executive Directors:

Moses Cheng Mo Chi

Lisa Yang Lai Sum

Yuki Oshima

Independent Non-Executive Directors:

Francis J. Chang Chu Fai

Goodwin Gaw

Ngai Wah Sang

Xu Su Jing

2nd June, 2006

*To the Shareholders and, for information only,
the holder of the warrants*

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

ACQUISITION OF INTEREST IN HUIYANG DANSHUI XINYANGCHENG CONSTRUCTION COMPANY LIMITED

1. INTRODUCTION

On 11th May, 2006, the Company announced that Tenure had on 29th April, 2006 entered into an Agreement with Dayabay Hong Kong with respect to the Acquisition.

The Acquisition constitutes a discloseable transaction of the Company under the Listing Rules. The Company is required by the Listing Rules to issue this circular (i) to provide the Shareholders with further information on the Acquisition, and (ii) to provide relevant information in relation to the Company.

LETTER FROM THE BOARD

2. ACQUISITION OF 100% INTEREST IN XINYANGCHENG

Tenure had on 29th April, 2006 entered into an Agreement with Dayabay Hong Kong whereby Tenure agreed to acquire and Dayabay Hong Kong agreed to dispose of the entire registered interest in Xinyangcheng and shareholder's 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. Details of the Acquisition of 100% interest in Xinyangcheng are as follows:

Agreement date

29th April, 2006

Parties

Vendor : Dayabay Hong Kong

Purchaser : Tenure

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.

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 interest in Xinyangcheng and shareholder's 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.

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.

LETTER FROM THE BOARD

On 29th April, 2006, the Company, as the 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

LETTER FROM THE BOARD

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.

3. REASONS FOR THE ACQUISITION AND EFFECT OF THE TRANSACTION

One of the principal businesses of the Group is property development. 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.

The Acquisition will have a diminishing effect on the immediate cash flow and a positive effect on the asset and balance sheet position of the Group.

However, given that the subject being acquired does not currently generate revenue or profit, no material effect on the operating profits and liabilities positions of the Group is expected.

4. 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.

LETTER FROM THE BOARD

5. 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 respectively. The business and operation activity of Xinyangcheng is development of commercial and residential properties.

6. GENERAL

The Acquisition constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules as the consideration test ratio exceeds 5% but is less than 25%.

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.

7. ADDITIONAL INFORMATION

Your attention is drawn to the general information of the Company set out in the appendix to this circular.

Yours faithfully,
On behalf of the Board
Tian An China Investments Company Limited
Patrick Lee Seng Wei
Chairman

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquires, that to the best of their knowledge and belief, there are no other facts not contained in this circular the omission of which would make any statement herein misleading.

2. DIRECTORS' INTERESTS

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executive of the Company has any interests and short position in the Shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of SFO); or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to the Company and the Stock Exchange:

(a) The Company

Name of Director	Nature of interests	Number of Shares and underlying shares held	Percentage to the issued share capital
Ma Sun	Personal	52,125 (Note)	0.005%

Note: The interests held by Mr. Ma Sun as beneficial owner are all interests in Shares.

(b) Associated Corporation – Shanghai Allied Cement Limited

Name of Directors	Nature of interests	Number of Shares and underlying shares held	Percentage to the issued share capital
Ng Qing Hai	Personal	4,000,000 (Notes 1 & 4)	0.54%
Ma Sun	Personal	100,000 (Note 2)	0.01%
Li Chi Kong	Personal	600,000 (Notes 3 & 4)	0.08%

Notes:

1. The interests held by Mr. Ng Qing Hai as beneficial owner are all interests in underlying shares relating to share options.
2. The interests held by Mr. Ma Sun as beneficial owner are all interests in shares.
3. The interests held by Mr. Li Chi Kong as beneficial owner are all interests in underlying shares relating to share options.
4. The share options are granted on 28th July, 2003 and are exercisable during the period from 28th January, 2004 to 27th July, 2013 at the exercise price of HK\$0.70 per share.

All the interests stated above represent long positions. As at the Latest Practicable Date, no short positions were recorded in the register required to be kept under section 352 of the SFO.

3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

Save as disclosed below, as at the Latest Practicable Date and so far as was known to the Directors and chief executive of the Company, there were no other persons other than the Directors or chief executive of the Company, who has an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

(a) Interests in Shares of the Company

Name of Shareholders	Number of Shares and underlying shares held			Total interests	Percentage of total interests to the issued share capital
	Personal interests (held as beneficial owner)	Corporate interests (interest of controlled corporation)	Other interests (held as investment manager)		
Sun Hung Kai & Co. Limited ("SHK")	436,241,603	–	–	436,241,603	40.91%
Allied Properties (H.K.) Limited ("APL")	–	436,241,603 (Note 1)	–	436,241,603 (Note 2)	40.91%
Allied Group Limited ("AGL")	–	436,241,603 (Note 3)	–	436,241,603 (Note 2)	40.91%
Lee and Lee Trust ("LL Trust")	–	436,241,603 (Note 4)	–	436,241,603 (Note 2)	40.91%

Name of Shareholders	Number of Shares and underlying shares held			Total interests	Percentage of total interests to the issued share capital
	Personal interests (held as beneficial owner)	Corporate interests (interest of controlled corporation)	Other interests (held as investment manager)		
Penta Investment Advisers Limited ("Penta")	–	–	150,510,000	150,510,000	14.12%
John Zwaanstra	–	150,510,000 (Note 5)	–	150,510,000 (Note 6)	14.12%
ORIX Corporation	87,500,000	–	–	87,500,000	8.21%
Wachovia Corporation	–	78,800,000 (Note 7)	–	78,800,000	7.39%

Notes:

1. Through AP Jade Limited and AP Emerald Limited, direct and indirect wholly owned subsidiaries of APL respectively, APL owned approximately 61.42% interest in the issued share capital of SHK and was therefore deemed to have an interest in the Shares in which SHK was interested.
2. The figure refers to the same interest of SHK in 436,241,603 Shares.
3. AGL owned approximately 74.93% interest in the issued share capital of APL and was therefore deemed to have an interest in the Shares in which APL was interested.
4. Mr. Lee Seng Hui, Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of the LL Trust, being a discretionary trust. They together owned approximately 40.62% interest in the issued share capital of AGL and were therefore deemed to have an interest in the Shares in which AGL was interested.
5. Mr. John Zwaanstra was deemed to be interested in the Shares through his 100% interest in Penta.
6. The figure refers to the same interest of Penta in 150,510,000 Shares.
7. The total interests of 78,800,000 in Shares and underlying shares were held through Everen Capital Corporation and Wachovia Investment Holdings, LLC which are 100% directly controlled by Wachovia Corporation and Everen Capital Corporation respectively. Accordingly Wachovia Corporation are deemed to be interested in 15,760,000 Shares and 63,040,000 unlisted physically settled warrants of the Company giving rise to an interest in 63,040,000 underlying shares of the Company.

All the interests stated above represent long positions. As at the Latest Practicable Date, no short positions were recorded in the register required to be kept under section 336 of the SFO.

(b) Interests in other members of the Group*Companies incorporated in Hong Kong*

Name of non-wholly owned subsidiaries of the Company	Name of Substantial Shareholders	No. of shares	Percentage
CBI Investment Limited	Eastern Beauty Consultants Limited	102,950,000	13.16%
Tian An (Guangzhou) Investment Company Limited	China Century Oriental Hotel & Tourism Holdings (BVI) Co. Ltd.	3,500	35%
World Market Limited	E-Uphold Management Limited	10	10%

Companies incorporated in the British Virgin Islands

Name of non-wholly owned subsidiaries of the Company	Name of Substantial Shareholders	No. of shares	Percentage
All – Shanghai Inc.	Aso Corporation	2,562,750	16.7%
Strait Investments (Shanghai) Limited	Fabulous Assets Limited	1,985	19.85%

Company incorporated in Bermuda

Name of non-wholly owned subsidiary of the Company	Name of Substantial Shareholder	No. of shares	Percentage
Shanghai Allied Cement Limited	Ng Siu Chun	144,000,000	19.74%

Companies incorporated in the PRC

Name of non-wholly owned subsidiaries of the Company	Name of Substantial Shareholders	No. of shares	Percentage
大連天安房地產開發有限公司 Dalian Tian An Property Development Co., Ltd.	大連德泰控股有限公司	N/A	40%
廣州市天穗房地產開發建設有限公司 Guangzhou Tian Sui Realty Development Co., Ltd.	廣州市建築置業公司	N/A	10%
江門市天安房地產開發建設有限公司 Jianmen City Tian An Property Development Co., Ltd.	江門市蓬江區水南房地產營業部	N/A	40%
上海天洋房地產有限公司 Shanghai Tianyang Real Estate Co., Ltd.	上海聯洋集團有限公司	N/A	20%
武漢長福房地產開發有限公司 Wuhan Changfu Property Development Co., Ltd.	武漢長福新型建築材料房屋聯合開發公司	N/A	10%
肇慶高爾夫發展有限公司 Zhao Qing Golf and Development Co., Ltd	肇慶市七星發展有限公司	N/A	12%
上海聯合水泥有限公司 Shanghai Allied Cement Co., Ltd.	上海水泥廠	N/A	40%
北京上聯首豐建材有限公司	北京禾辰建材有限公司	N/A	20%

4. SERVICE CONTRACTS OF THE DIRECTORS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Save as disclosed below, as at the Latest Practicable Date, none of the Directors (not being the Independent Non-Executive Directors) or their respective associates (as defined in the Listing Rules) was considered to have interests in any competing businesses of the Group pursuant to the Listing Rules:

1. Mr. Patrick Lee Seng Wei is a director of SHK which, through certain of its subsidiaries, is partly engaged in the business of money lending;
2. Messrs. Patrick Lee Seng Wei and Li Chi Kong are directors of APL which, through a subsidiary, is partly engaged in the business of money lending; and
3. Mr. Edwin Lo King Yau is a director of AGL which, through certain of its subsidiaries, is partly engaged in the business of money lending. Both Messrs. Edwin Lo King Yau and Li Chi Kong are directors of AG Capital Limited, a subsidiary of AGL, which is partly engaged in the business of money lending. Also, Mr. Edwin Lo King Yau is a director of The Building and Loan Agency (Asia) Limited, a subsidiary of AGL, which is partly engaged in the business of money lending.

As the Board is independent from the boards of the abovementioned companies and none of the above Directors can control the Board, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of such companies.

6. LITIGATION

So far as the Directors are aware, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or arbitration of material importance was pending or threatened against the Company or any of its subsidiaries as at the Latest Practicable Date.

7. MISCELLANEOUS

- (a) The registered office of the Company is 22nd Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong.
- (b) The registrar of the Company is Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (c) The company secretary of the Company is Miss Cindy Yung Yee Mei, who is an associate member of The Hong Kong Institute of Company Secretaries and The Institute of Chartered Secretaries and Administrators.
- (d) The qualified accountant of the Company appointed pursuant to Rule 3.24 of the Listing Rules is Mr. Sunny Tao Tsan Sang, who is an associate of the Hong Kong Institute of Certified Public Accountants and The Chartered Institute of Management Accountants.
- (e) The English text of this circular shall prevail over the Chinese text in the event of inconsistency.