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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)

ANNOUNCEMENT CONNECTED TRANSACTIONS

On 22nd February, 2005, TA Shanghai entered into two acquisition agreements respectively with Changfa and Jianye, pursuant to which each of Changfa and Jianye agreed to sell and TA Shanghai agreed to purchase from each of them a 20% interest in the registered capital of Tiandu at the considerations of RMB10,209,600 (equivalent to approximately HK\$9,631,700) and RMB10,209,600 (equivalent to approximately HK\$9,631,700) payable to Changfa and Jianye respectively.

Tiandu is a sino-foreign equity joint venture established in the PRC principally engaging in property development and investment. Currently, Tiandu is owned as to 60%, 20% and 20% by TA Shanghai, Changfa and Jianye respectively. Upon completion of the acquisitions contemplated under the Acquisition Agreements, Tiandu shall become a wholly owned subsidiary of the Company.

Since Changfa and Jianye, each holding a 20% interest in the registered capital of Tiandu, are Substantial Shareholders of Tiandu, Changfa and Jianye are connected persons of the Company. As a result, the acquisitions under the Acquisition Agreements constitute connected transactions of the Company under the Listing Rules and are therefore subject to Shareholders' approval under Rule 14A.18 of the Listing Rules. A circular containing details of the Acquisition Agreements, 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 CHANGFA ACQUISITION AGREEMENT DATED 22ND FEBRUARY, 2005

On 22nd February, 2005, an agreement was entered into between Changfa and TA Shanghai, pursuant to which Changfa agreed to sell and TA Shanghai agreed to purchase a 20% interest in the registered capital of Tiandu at a total consideration of RMB10,209,600 (equivalent to approximately HK\$9,631,700).

1. Parties to the Changfa Acquisition Agreement

- (a) the vendor: Changfa
- (b) the purchaser: TA Shanghai

2. Consideration and payment terms

The total consideration payable by TA Shanghai under the Changfa Acquisition Agreement is RMB10,209,600 (equivalent to approximately HK\$9,631,700) which will be satisfied in the following manner:

- (a) as to RMB1,020,000 (equivalent to approximately HK\$962,300) payable by TA Shanghai in cash to Changfa within 10 days after the signing of the Changfa Acquisition Agreement; and
- (b) as to the remaining RMB9,189,600 (equivalent to approximately HK\$8,669,400) payable by TA Shanghai in cash to Changfa upon completion of the Changfa Acquisition Agreement.

The total consideration of RMB10,209,600 (equivalent to approximately HK\$9,631,700) for the acquisition under the Changfa Acquisition Agreement has been arrived at after arm's length negotiation between the parties to the Changfa Acquisition Agreement and with reference to the initial subscription cost incurred by Changfa. According to the net asset value as stated in the management accounts of Tiandu as at 31st December, 2004, the 20% interest of Changfa in Tiandu is equivalent to RMB32,466,400 (equivalent to HK\$30,628,700). The total consideration of RMB10,209,600 payable by the Group to Changfa under the Changfa Acquisition Agreement represent 100% of the portion of registered capital (RMB10,209,600 (equivalent to approximately HK\$9,631,700)) contributed by Changfa into Tiandu representing its 20% interest in Tiandu and approximately 31% of the net asset value shared by Changfa (as at 31st December, 2004). The acquisition under the Changfa Acquisition Agreement will be financed by the internally generated funds of the Group.

3. Completion

Completion is conditional upon, among others, Shareholders' approval of the Changfa Acquisition Agreement at the EGM. The relevant registration procedures of the share transfer and change of shareholder particulars of Tiandu with the relevant PRC authorities shall commence immediately after the signing of the Changfa Acquisition Agreement. Completion of the acquisition under the Changfa Acquisition Agreement will take place within one week after (i) the conditions set out in the Changfa Acquisition Agreement are fulfilled or waived or (ii) the issuance of the notice of acceptance of registration in respect of the transfer by the Administration of Industry and Commerce in the PRC; whichever is later. The Changfa Acquisition Agreement does not specify any long stop dates for the fulfilment of the conditions.

THE JIANYE ACQUISITION AGREEMENT DATED 22ND FEBRUARY, 2005

On 22nd February, 2005, an agreement was entered into between Jianye and TA Shanghai, pursuant to which Jianye agreed to sell and TA Shanghai agreed to purchase a 20% interest in the registered capital of Tiandu at a total consideration of RMB10,209,600 (equivalent to approximately HK\$9,631,700).

1. Parties to the Jianye Acquisition Agreement

- (a) the vendor: Jianye
- (b) the purchaser: TA Shanghai

2. Consideration and payment terms

The total consideration payable by TA Shanghai under the Jianye Acquisition Agreement is RMB10,209,600 (equivalent to approximately HK\$9,631,700) which will be satisfied in the following manner:

- (a) as to RMB1,020,000 (equivalent to approximately HK\$962,300) payable by TA Shanghai in cash to Jianye within 10 days after the signing of the Jianye Acquisition Agreement; and
- (b) as to the remaining RMB9,189,600 (equivalent to approximately HK\$8,669,400) payable by TA Shanghai in cash to Jianye upon completion of the Jianye Acquisition Agreement.

The total consideration of RMB10,209,600 (equivalent to approximately HK\$9,631,700) for the acquisition under the Jianye Acquisition Agreement has been arrived at after arm's length negotiation between the parties to the Jianye Acquisition Agreement and with reference to the initial subscription cost incurred by Jianye. According to the net asset value as stated in the management accounts of Tiandu as at 31st December, 2004, the 20% interest of Jianye in Tiandu is equivalent to RMB32,466,400 (equivalent to HK\$30,628,700). The total consideration of RMB10,209,600 payable by the Group to Jianye under the Jianye Acquisition Agreement represent 100% of the portion of registered capital (RMB10,209,600 (equivalent to approximately HK\$9,631,700)) contributed by Jianye into Tiandu representing its 20% interest in Tiandu and approximately 31% of the net asset value shared by Jianye (as at 31st December, 2004). The acquisition under the Jianye Acquisition Agreement will be financed by the internally generated funds of the Group.

3. Completion

Completion is conditional upon, among others, Shareholders' approval of the Jianye Acquisition Agreement at the EGM. The relevant registration procedures of the share transfer and change of shareholder particulars of Tiandu with the relevant PRC authorities shall commence immediately after the signing of the Jianye Acquisition Agreement. Completion of the acquisition under the Jianye Acquisition Agreement will take place within one week after (i) the conditions set out in the Jianye Acquisition Agreement are fulfilled or waived or (ii) the issuance of the notice of acceptance of registration in respect of the transfer by the Administration of Industry and Commerce in the PRC; whichever is later. The Jianye Acquisition Agreement does not specify any long stop dates for the fulfilment of the conditions.

INFORMATION ON TIANDU

Tiandu is a sino-foreign equity joint venture established in the PRC with limited liability on 2nd July, 1992 with fully paid-up registered capital of US\$7,500,000 (equivalent to approximately HK\$58,500,000). Prior to the completion of the acquisitions contemplated under the Acquisition Agreements, the Company has an indirect interest in 60% of the registered capital of Tiandu. Tiandu is principally engaged in property development and investment in the PRC and has been involved in the development and management of one of the Group's major commercial and residential property project named "Nanjing Tian An International Building", the Property.

The Property is a commercial and residential development located at the commercial hub of Nanjing City, the PRC and is located on top of a future subway station. The podium levels (levels 1-8) of the Property has a total gross floor area of 51,841 square meters and has been leased to a department store. The rest of the unsold parts of the Property are offices (levels 9-12) of 11,500 square meters and a residential apartment of 93 square meters which can be offered for sale.

According to the management accounts of Tiandu for the year ended 31st December, 2003, Tiandu recorded a net loss before and after taxation of approximately RMB4,081,500 (equivalent to approximately HK\$3,850,500) and approximately RMB4,081,500 (equivalent to approximately HK\$3,850,500) respectively. The net assets of Tiandu as at 31st December, 2003 was approximately RMB171,804,400 (equivalent to approximately HK\$162,079,600). According to the management accounts of Tiandu for the year ended 31st December, 2002, Tiandu recorded a net loss before and after taxation of approximately RMB4,971,400 (equivalent to approximately HK\$4,690,000) and approximately RMB4,971,400 (equivalent to approximately HK\$4,690,000) respectively. The net assets of Tiandu as at 31st December, 2002 was approximately RMB49,222,500 (equivalent to approximately HK\$46,436,300).

LISTING RULES IMPLICATIONS OF THE ACQUISITION AGREEMENTS

Changfa and Jianye are connected persons of the Company as Changfa and Jianye, each holding a 20% interest in the registered capital of Tiandu, are Substantial Shareholders of Tiandu, which is a non-wholly owned subsidiary of the Company. The acquisitions pursuant to the Acquisition Agreements thus constitute connected transactions of the Company under Rule 14A.13(1)(a) of the Listing Rules and would be aggregated under the Listing Rules. As a result, the Acquisition Agreements and the transactions contemplated thereunder constitute a non-exempt connected transaction of the Company under Rule 14A.16(5) of the Listing Rules (by virtue of the fact that the aggregated assets ratio and revenue ratio are more than 2.5% but less than 25% and the aggregated total considerations payable by TA Shanghai to Changfa and Jianye for the acquisitions under the Acquisition Agreements exceeds HK\$10,000,000 and are therefore subject to the requirements of reporting, announcement and approval by the Shareholders (by way of poll) at the EGM as set out in Chapter 14A of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder is required under the Listing Rules to abstain from voting on the resolution(s) regarding the Acquisition Agreements and the transactions contemplated thereunder at the EGM.

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

REASONS FOR THE CONNECTED TRANSACTIONS

As a result of the acquisitions contemplated under the Acquisition Agreements, Tiandu shall become a wholly owned subsidiary of the Company. The Property is located at a prime location at the city center of Nanjing on top of a future subway station under construction which, when completed, will guarantee a steady stream of visitors to the Property. Although the Property was only recently completed in 2003, since the podium levels (levels 1-8) of the Property is currently leased to a department store, it is expected that the Property will have stable income-generating capability. As such, the Company does not expect Tiandu to continue to be loss-making in view of the reasons set out above. As such, the Company's decision to acquire an additional 40% interest in Tiandu is in line with its intention to strengthen its rental property portfolio as long term investment. In view of the positive outlook of the property market in the PRC, the Company considers that Tiandu has good financial prospects in the long term. As a result, the Company has decided to purchase an additional 40% interest in Tiandu.

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 Acquisition Agreements were agreed after arm's length negotiations and are fair, reasonable and on normal commercial terms and the entering into of the Acquisition Agreements are in the interests of the Group 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.

A circular containing, among others, information on the transactions under the Acquisition Agreements, 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.

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 Agreements”	the Changfa Acquisition Agreement and the Jianye Acquisition Agreement
“Board”	the board of Directors
“Changfa”	南京長江發展股份有限公司 (Nanjing Changjiang Development Joint Stock Limited Company), a company limited by shares established under the laws of the PRC and principally engaged in investment and trading in the PRC
“Changfa Acquisition Agreement”	an agreement dated 22nd February, 2005 entered into between Changfa as vendor and TA Shanghai as purchaser in relation to the acquisition of 20% interest in the registered capital of Tiandu subject to the terms and conditions contained therein
“Company”	Tian An China Investments Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange (Stock Code: 28)
“Directors”	the directors of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering and approving the Acquisition Agreements and all 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 Shareholders on the transactions under the Acquisition Agreements
“Jianye”	南京市建鄴區城鎮建設綜合開發總公司 (Nanjing City Jianye District Town Infrastructure Integrated Development Company), a company incorporated under the laws of the PRC and principally engaged in property development and sales, sale of construction materials and real estate agency in the PRC
“Jianye Acquisition Agreement”	an agreement dated 22nd February, 2005 entered into between Jianye as vendor and TA Shanghai as purchaser in relation to the acquisition of 20% interest in the registered capital of Tiandu subject to the terms and conditions contained therein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	People’s Republic of China
“Property”	南京天安國際大廈 (Nanjing Tian An International Building)

“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 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
“Tiandu”	南京天都實業有限公司 (Nanjing Tiandu Industry Co., Ltd.), a sino-foreign equity joint venture established in the PRC which is beneficially owned as to 60%, 20% and 20% by TA Shanghai, Changfa and Jianye respectively prior to completion of the Acquisition Agreements
“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, 22nd February, 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.