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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 TRANSACTION**

### **Acquisition of 40% equity interest in Jiangmen City Tian An Property Development Co., Ltd.**

On 25th January, 2008, Sun Hai Tung (an indirect wholly-owned subsidiary of the Company) entered into the Agreement with Xuling, pursuant to which Sun Hai Tung as purchaser has agreed to purchase and Xuling as vendor has agreed to sell 40% equity interest and its rights to dividends and profits in Jiangmen Tian An at a consideration of RMB14,030,000.

The transaction contemplated in the Agreement constitutes a connected transaction for the Company, on the basis that Xuling is a substantial shareholder of Jiangmen Tian An by virtue of its 40% equity interest in Jiangmen Tian An, and Jiangmen Tian An is a subsidiary of the Company. Hence, Xuling is a connected person to the Company.

As each of the relevant percentage ratios in respect of the acquisition of 40% equity interest in Jiangmen Tian An under the Agreement is less than 2.5%, pursuant to Rule 14A.32 of the Listing Rules, the acquisition of 40% equity interest in Jiangmen Tian An under the Agreement is only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 and is exempt from the independent shareholders' approval requirements set out in Chapter 14A of the Listing Rules.

## **THE AGREEMENT**

### **Date**

25th January, 2008

### **Parties**

- (1) Xuling as vendor; and
- (2) Sun Hai Tung as purchaser.

### **Subject Matter of the Transaction**

40% equity interest in Jiangmen Tian An and the rights to dividends and profits attached thereto.

Profits of Jiangmen Tian An shall be distributed in accordance with the articles of association of Jiangmen Tian An and in proportion to Sun Hai Tung's contribution to the share capital of Jiangmen Tian An, pursuant to the Agreement.

## **Consideration**

The consideration for the acquisition of 40% equity interest in Jiangmen Tian An shall be RMB14,030,000 which shall be paid to the bank account designated by Xuling on the Completion Date. The consideration was arrived at after arm's length negotiation amongst Xuling and Sun Hai Tung and by reference to the net asset value of 40% equity interest in Jiangmen Tian An and the market value of the Property (as defined below) as at 31st December, 2007 respectively. The consideration has also taken into account the original purchase costs of Xuling in 40% equity interest in Jiangmen Tian An.

The sole asset of Jiangmen Tian An is a property called Jiangmen Tian An Garden, which is located at Pengjiang District, Jiangmen City, Guangdong Province, the PRC (the "Property").

The market value of the Property is valued at HK\$250,000,000 on 31st December, 2007 by Norton Appraisals Limited, an independent professional valuer with 15 years of experience in the valuation of land in the PRC.

Norton Appraisals Limited adopted the "Market Value" assumptions in conducting the valuation, which is defined as 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.

The consideration represents a 49.5% discount to the net asset value of 40% equity interest in Jiangmen Tian An and the market value of the Property, which is approximately HK\$29,700,000. The discount equals to an amount of approximately HK\$14,710,000. Xuling, as the shareholder holding 40% equity interest in Jiangmen Tian An may have to contribute financially to the future development of the Property. However, Xuling has decided to dispose its equity interest in Jiangmen Tian An. In view of the possible future financial contribution to the development of the Property, Sun Hai Tung as purchaser is only willing to purchase 40% equity interest in Jiangmen Tian An at a discount.

Payment of the consideration for the sale and purchase of 40% equity interest in Jiangmen Tian An will be funded by internal resources of the Company.

## **Completion**

Completion of the sale and purchase of 40% equity interest in Jiangmen Tian An will take place on the Completion Date. The sale and purchase of 40% equity interest in Jiangmen Tian An is not subject to any conditions.

## SUMMARY OF FINANCIAL RESULTS OF JIANGMEN TIAN AN

A summary of the unaudited results of Jiangmen Tian An for the two years ended 31st December, 2007 and 31st December, 2006 are as follows:

	Year ended 31st December,	
	2007	2006
	HK\$'000	HK\$'000
Revenue	–	–
Loss before tax	(10,728)	(1,877)
Loss after tax	(10,728)	(1,877)

The unaudited net liabilities at book costs of Jiangmen Tian An as at 31st December, 2007 according to its financial statements was approximately HK\$4,586,000. By taking into account the market value of the Property, the unaudited net assets value of 40% equity interest in Jiangmen Tian An as at 31st December, 2007 was approximately HK\$29,700,000.

The accounts as summarised above have been prepared in accordance with HKGAAP.

## INFORMATION ABOUT THE COMPANY, SUN HAI TUNG, JIANGMEN TIAN AN AND XULING

### The Company

The Company is a company incorporated in Hong Kong with limited liability. Its securities are listed on the Main Board of the Stock Exchange.

The principal business activity of the Company is investment holding. The Group is principally engaged in the development of high-end apartments, villas, office buildings and commercial properties, property investment, property management and hotel operation in China.

### Sun Hai Tung

Sun Hai Tung is a wholly foreign owned enterprise duly incorporated on 5th September, 1985 and validly existing under the laws of the PRC. As at the date of this announcement, it is an indirect wholly-owned subsidiary of the Company.

The principal business activity of Sun Hai Tung is property development and investment holding.

### Jiangmen Tian An

Jiangmen Tian An is a sino foreign co-operative enterprise duly incorporated on 6th April, 2001 and validly existing under the laws of the PRC. As at the date of this announcement, it is a subsidiary of the Company. The only asset of Jiangmen Tian An is the Property.

The Property comprises a site with an area of approximately 42,388 square metres and is planned to be developed into a residential development by two phases. Phase I of the Property is currently under construction and Phase II is currently vacant without development. Phase II is limited to residential use and any funding for development of Phase II will be generated by internal resources. The estimated funding requirement is unavailable as at the date of this announcement, as the same depends on the design plan in relation to the development of Phase II, which has not been prepared.

The principal business activity of Jiangmen Tian An is property development.

Upon Completion, Jiangmen Tian An will be an indirect wholly-owned subsidiary of the Company.

### **Xuling**

Xuling is a private company duly incorporated on 3rd August, 2005 and validly existing under the laws of the PRC. The principal business activity of Xuling is investment holding, sales and supplies of goods, and export of goods and technical skills.

According to Xuling, on 12th January, 2006, Xuling purchased 40% equity interest in Jiangmen Tian An at the original purchase costs of RMB12,600,000.

### **REASONS FOR AND BENEFITS OF THE ACQUISITION OF 40% EQUITY INTEREST IN JIANGMEN TIAN AN**

The Company is currently interested in approximately 60% equity interest in Jiangmen Tian An, the only asset of which is the Property. As a result of the acquisition in 40% equity interest in Jiangmen Tian An, Jiangmen Tian An will be a wholly-owned subsidiary of the Company, allowing the Company to exercise full control over the Property and its development. The Company also considers the acquisition a good opportunity to secure future profits for the Shareholders following the development of the Property.

Having regard to the nature and the benefits resulting from the acquisition of 40% equity interest in Jiangmen Tian An, the Directors believe that the terms of the acquisition of 40% equity interest in Jiangmen Tian An are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Independent Non-Executive Directors believe the terms of the acquisition of 40% equity interest in Jiangmen Tian An are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Immediately following Completion, Xuling will cease to hold any equity interest or voting right in Jiangmen Tian An.

### **LISTING RULES IMPLICATIONS OF THE AGREEMENT**

The transaction contemplated in the Agreement constitutes a connected transaction for the Company, on the basis that Xuling is a substantial shareholder of Jiangmen Tian An by virtue of its 40% equity interest in Jiangmen Tian An, and Jiangmen Tian An is a subsidiary of the Company. Hence, Xuling is a connected person to the Company.

As each of the relevant percentage ratios in respect of the sale and purchase of 40% equity interest in Jiangmen Tian An under the Agreement is less than 2.5%, pursuant to Rule 14A.32 of the Listing Rules, the acquisition of 40% equity interest in Jiangmen Tian An under the Agreement is only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 and is exempt from the independent shareholders' approval requirements set out in Chapter 14A of the Listing Rules.

## DIRECTORS

As at the date of this announcement, the Directors are:

### *Executive Directors:*

Mr. Patrick Lee Seng Wei (Managing Director), Mr. Ng Qing Hai (Deputy Managing Director), Mr. Ma Sun, Mr. Edwin Lo King Yau, Mr. Li Chi Kong and Mr. Yasushi Ichikawa

### *Non-Executive Directors:*

Mr. Lee Seng Hui (Chairman), Mr. Moses Cheng Mo Chi and Mr. Yuki Oshima

### *Independent Non-Executive Directors:*

Mr. Francis J. Chang Chu Fai, Mr. Ngai Wah Sang, Mr. Xu Su Jing and Ms. Lisa Yang Lai Sum

## DEFINITIONS

“Agreement”	the sale and purchase agreement dated 25th January, 2008 entered into between Xuling as vendor and Sun Hai Tung as purchaser in relation to the 40% equity interest in Jiangmen Tian An;
“Board”	the board of Directors;
“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;
“Completion”	completion of the sale and purchase of 40% equity interest in Jiangmen Tian An;
“Completion Date”	the date on which Completion takes place, which shall take place within 5 days following the execution of the Agreement;
“connected person”	having the meaning ascribed to it under the Listing Rules;
“Directors”	directors of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HKGAAAP”	the Hong Kong Generally Accepted Accounting Practice;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Independent Non-Executive Directors”	the Independent Non-Executive Directors of the Company;
“Jiangmen Tian An”	江門市天安房地產開發建設有限公司 (Jiangmen City Tian An Property Development Co., Ltd.*), a sino foreign co-operative enterprise duly incorporated on 6th April, 2001 and validly existing under the laws of the PRC, and is a subsidiary of the Company;

“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“PRC”	People’s Republic of China, not including Taiwan, Hong Kong and Macau;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shares”	shares of HK\$0.20 each in the issued share capital of the Company and “Share” means any such Shares;
“Shareholders”	holder of Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“substantial shareholder”	having the meaning ascribed to it under the Listing Rules;
“Sun Hai Tung”	新海通有限公司 (Sun Hai Tung Co., Ltd.), a wholly foreign owned enterprise duly incorporated on 5th September, 1985 and validly existing under the laws of the PRC, and is an indirect wholly-owned subsidiary of the Company;
“Xuling”	深圳市旭濤貿易有限公司 (Shenzhen City Xuling Trading Company Limited*), a private company incorporated on 3rd August, 2005 and validly existing under the laws of the PRC; and
“%”	per cent.

On behalf of the Board  
**Tian An China Investments Company Limited**  
**Edwin Lo King Yau**  
*Executive Director*

Hong Kong, 29th January, 2008

\* *The English translation is for reference only*