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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
DISPOSALS OF TWO INDIRECT WHOLLY-OWNED SUBSIDIARIES

On 30th December, 2004, Shine Star entered into the HY Sale and Purchase Agreement with SHKI and Hing Yip, pursuant to which (i) Shine Star agreed to sell and SHKI agreed to purchase the entire issued share capital of Hing Yip; and (ii) Shine Star agreed to assign and SHKI agreed to take as an assignment of the benefits of the HY Shareholder's Loan, at the aggregate consideration of RMB14,634,180 (equivalent to approximately HK\$13,805,830) payable from SHKI to Shine Star.

On 19th January, 2005, Shine Star entered into the SH Sale and Purchase Agreement with SHKI and Sing Hing, pursuant to which, conditional upon, among others, the obtaining of approval by the independent Shareholders in general meeting of the Company, (i) Shine Star agreed to sell and SHKI agreed to purchase the entire issued share capital of Sing Hing; and (ii) Shine Star agreed to assign and SHKI agreed to take as an assignment of the benefits of the SH Shareholder's Loan, at the aggregate consideration of RMB40,786,200 (equivalent to approximately HK\$38,477,547) payable from SHKI to Shine Star.

Hing Yip is an indirect wholly-owned subsidiary of the Company and is principally engaged in property investment in the PRC. It is wholly-owned by Shine Star. Upon completion of the HY Sale and Purchase Agreement, Hing Yip will become a wholly-owned subsidiary of SHKI.

Sing Hing is an indirect wholly-owned subsidiary of the Company and is principally engaged in property investment in the PRC. It is wholly-owned by Shine Star. Upon completion of the SH Sale and Purchase Agreement, Sing Hing will become a wholly-owned subsidiary of SHKI.

The Directors consider that the terms and conditions of the HY Sale and Purchase Agreement are fair, reasonable and on normal commercial terms and are in the interests of the Group and the Shareholders as a whole. The Directors (excluding the Independent Non-Executive Directors and the independent board committee who will obtain advice from the independent financial adviser to be appointed) consider that the terms and conditions of the SH Sale and Purchase Agreement are fair, reasonable and on normal commercial terms and are in the interests of the Group and the Shareholders as a whole.

Since SHKI is a direct wholly-owned subsidiary of SHK, a Substantial Shareholder which holds an aggregate interest of approximately 48.6% directly and indirectly in the issued share capital of the Company, it is a connected person of the Company. As a result, the Sale and Purchase Agreements constitute connected transactions of the Company.

Since the parties did not contemplate the SH Sale and Purchase Agreement when the HY Sale and Purchase Agreement was entered into, the Directors did not intend that the HY Sale and Purchase Agreement will be subject to the independent Shareholders' approval requirements under the Listing Rules. As a result, there is no condition in the HY Sale and Purchase Agreement that it is subject to the independent Shareholders' approval requirement.

In view of the foregoing and as a matter of commercial decision of the Company, the Company will sell the 1st PRC Property irrespective of the outcome of the Shareholders' meeting in relation to the 2nd PRC Property.

As the applicable percentage ratios of the HY Sale and Purchase Agreement are more than 0.1% but less than 2.5%, under Rule 14A.32(1) of the Listing Rules, it is only subject to reporting and announcement requirements and is exempt from the independent Shareholders' approval requirement. Details of the HY Sale and Purchase Agreement will be included in the Company's next published annual report and accounts in accordance with Rule 14A.45 of the Listing Rules.

When the considerations receivable by the Company under the HY Sale and Purchase Agreement and the SH Sale and Purchase Agreement are being aggregated under Rules 14A.25 and 14A.26 of the Listing Rules, the entering of the SH Sale and Purchase Agreement is subject to the reporting, announcement and independent Shareholders' approval requirements under the Listing Rules.

Apart from SHK and its associates, no other Shareholder is interested in the Sale and Purchase Agreements and is required to refrain from voting in Shareholders' meeting accordingly.

The Company has formed an independent board committee comprising all the Independent Non-Executive Directors to advise the independent Shareholders on whether the SH Sale and Purchase Agreement is fair and reasonable. An independent financial adviser will be appointed to advise the independent board committee and the independent Shareholders on the terms of the SH Sale and Purchase Agreement.

A circular containing, among other things, details of the Sale and Purchase Agreements, the recommendation from the independent board committee in relation to the SH Sale and Purchase Agreement and the opinion from the independent financial adviser would be despatched to the Shareholders within 21 days after the publication of this announcement. A notice to hold an extraordinary general meeting of the Company for approval of the SH Sale and Purchase Agreement will be despatched to the Shareholders together with the circular as soon as possible.

THE HY SALE AND PURCHASE AGREEMENT DATED 30TH DECEMBER, 2004

On 30th December, 2004, the HY Sale and Purchase Agreement was entered into between Shine Star, SHKI and Hing Yip, pursuant to which (i) Shine Star agreed to sell and SHKI agreed to purchase the entire issued share capital of Hing Yip; and (ii) Shine Star agreed to assign and SHKI agreed to take as an assignment of the benefits of the HY Shareholder's Loan, at the aggregate consideration of RMB14,634,180 (equivalent to approximately HK\$13,805,830) payable from SHKI to Shine Star.

1. Parties to the HY Sale and Purchase Agreement

- (a) the vendor : Shine Star
- (b) the purchaser : SHKI
- (c) the subject company : Hing Yip

2. Consideration and payment terms

The total consideration payable by SHKI under the HY Sale and Purchase Agreement is RMB14,634,180 (equivalent to approximately HK\$13,805,830) which will be satisfied in the following manner:

- (a) a non-refundable sum of RMB10,000,000 (equivalent to approximately HK\$9,433,962) payable by SHKI to Shine Star by way of cash remittance upon the signing of the HY Sale and Purchase Agreement; and
- (b) the remaining balance of RMB4,634,180 (equivalent to approximately HK\$4,371,868) payable by SHKI to Shine Star by way of cash remittance upon completion of the HY Sale and Purchase Agreement.

The total consideration of RMB14,634,180 (equivalent to approximately HK\$13,805,830) for the HY Sale and Purchase Agreement has been arrived at after arm's length negotiation between the parties and with reference to the market value of the 1st PRC Property.

3. Completion

The completion of the HY Sale and Purchase Agreement will take place within one month from the date of execution of the HY Sale and Purchase Agreement (or such other date as the parties to the HY Sale and Purchase Agreement may agree in writing).

THE SH SALE AND PURCHASE AGREEMENT DATED 19TH JANUARY, 2005

On 19th January, 2005, the SH Sale and Purchase Agreement was entered into between Shine Star, SHKI and Sing Hing, pursuant to which (i) Shine Star agreed to sell and SHKI agreed to purchase the entire issued share capital of Sing Hing; and (ii) Shine Star agreed to assign and SHKI agreed to take as an assignment of the benefits of the SH Shareholder's Loan, at the aggregate consideration of RMB40,786,200 (equivalent to approximately HK\$38,477,547) payable from SHKI to Shine Star.

1. Parties to the SH Sale and Purchase Agreement

- (a) the vendor : Shine Star
- (d) the purchaser : SHKI
- (e) the subject company : Sing Hing

2. Consideration and payment terms

The total consideration payable by SHKI under the SH Sale and Purchase Agreement is RMB40,786,200 (equivalent to approximately HK\$38,477,547) which will be satisfied in the following manner:

- (a) a sum of RMB14,360,000 (equivalent to approximately HK\$13,547,170) payable by SHKI to Shine Star by way of cash remittance upon the signing of the SH Sale and Purchase Agreement; and
- (b) the remaining balance of RMB26,426,200 (equivalent to approximately HK\$24,930,377) payable by SHKI to Shine Star by way of cash remittance upon completion of the SH Sale and Purchase Agreement.

The total consideration of RMB40,786,200 (equivalent to approximately HK\$38,477,547) for the SH Sale and Purchase Agreement has been arrived at after arm's length negotiation between the parties and with reference to the market value of the 2nd PRC Property.

3. Completion

The SH Sale and Purchase Agreement is conditional upon the obtaining of approval by the independent Shareholders in general meeting of the Company. If such approval can be obtained, the completion of the SH Sale and Purchase Agreement will take place within one month from the date of approval by the independent Shareholders of the SH Sale and Purchase Agreement (or such other date as the parties to the SH Sale and Purchase Agreement may agree in writing).

INFORMATION ON HING YIP

Hing Yip is a company incorporated in the British Virgin Islands on 18th August, 2004 with limited liability with fully paid-up share capital of US\$1.00. It is an indirect wholly-owned subsidiary of the Company and is principally engaged in property investment in the PRC. It has no other material asset other than the 1st PRC Property.

Shine Star agreed with Shanghai Tian An to acquire the 1st PRC Property, and Shine Star assigned Hing Yip to sign the sale and purchase contract (with Shanghai Tian An) on 23rd December, 2004 at the consideration of RMB10,783,080. The Building was developed by Shanghai Tian An and the development was completed on 30th June, 2004. The Building was approved for office use by the PRC authority and the 1st PRC Property and the 2nd PRC Property were held for sale purpose. Since no connected person of the Company (nor any of its associates) has any direct or indirect equity interest or control in the PRC JV Partner, the Directors considered that Shanghai Tian An was not a connected person of the Company in accordance with Rule 14A.11(5). Accordingly, the Directors considered that the sale of the 1st PRC Property and 2nd PRC Property from Shanghai Tian An to Hing Yip and Sing Hing respectively did not constitute connected transactions.

There has been no revenue or profit attributable to the 1st PRC Property and the 2nd PRC Property. The development of the Building was completed on 30th June, 2004. Since completion, the 1st PRC Property and 2nd PRC Property were vacant and held for sale purpose until the present disposal transactions.

According to the management accounts of Hing Yip for the period from its date of incorporation to 23rd December, 2004 (unaudited accounts prepared in accordance with generally accepted accounting principles in Hong Kong), Hing Yip recorded a net loss before and after taxation of approximately HK\$316,966 and HK\$316,966 respectively. The net liabilities of Hing Yip as at 23rd December, 2004 was approximately HK\$316,958.

INFORMATION ON SING HING

Sing Hing is a company incorporated in the British Virgin Islands on 18th August, 2004 with limited liability with fully paid-up share capital of US\$1.00. It is an indirect wholly-owned subsidiary of the Company and is principally engaged in property investment in the PRC. It has no other material asset other than the 2nd PRC Property.

Shine Star agreed with Shanghai Tian An to acquire the 2nd PRC Property, and Shine Star assigned Sing Hing to sign the sale and purchase contract (with Shanghai Tian An) on 13th January, 2005 at the consideration of RMB28,550,340.

According to the management accounts of Sing Hing for the period from its date of incorporation to 18th January, 2005 (unaudited accounts prepared in accordance with generally accepted accounting principles in Hong Kong), Sing Hing recorded a net loss before and after taxation of approximately HK\$885,105 and HK\$885,105 respectively. The net liabilities of Sing Hing as at 18th January, 2005 was approximately HK\$885,097.

LISTING RULES IMPLICATIONS OF THE SALE AND PURCHASE AGREEMENTS

The principal business of SHKI is investment holding. Since SHKI is a direct wholly-owned subsidiary of SHK, a Substantial Shareholder which holds an aggregate interest of approximately 48.6% directly and indirectly in the issued share capital of the Company, it is a connected person of the Company. As a result, the Sale and Purchase Agreements constitute connected transactions of the Company.

Since the parties did not contemplate the SH Sale and Purchase Agreement when the HY Sale and Purchase Agreement was entered into, the Directors did not intend that the HY Sale and Purchase Agreement will be subject to the independent Shareholders' approval requirements under the Listing Rules. As a result, there is no condition in the HY Sale and Purchase Agreement that it is subject to the independent Shareholders' approval requirement.

In view of the foregoing and as a matter of commercial decision of the Company, the Company will sell the 1st PRC Property irrespective of the outcome of the Shareholders' meeting in relation to the 2nd PRC Property.

As the applicable percentage ratios of the HY Sale and Purchase Agreement are more than 0.1% but less than 2.5%, under Rule 14A.32(1) of the Listing Rules, it is only subject to reporting and announcement requirements and is exempt from the independent shareholders' approval requirement. Details of the HY Sale and Purchase Agreement will be included in the Company's next published annual report and accounts in accordance with Rule 14A.45 of the Listing Rules.

When the considerations receivable by the Company under the HY Sale and Purchase Agreement and the SH Sale and Purchase Agreement are being aggregated under Rules 14A.25 and 14A.26 of the Listing Rules, the entering of the SH Sale and Purchase Agreement is subject to the reporting, announcement and independent Shareholders' approval requirements under the Listing Rules.

Apart from SHK and its associates, no other Shareholder is interested in the Sale and Purchase Agreements and is required to refrain from voting in Shareholders' meeting accordingly

The Company has formed an independent board committee comprising all the Independent Non-Executive Directors to advise the independent Shareholders on whether the SH Sale and Purchase Agreement is fair and reasonable. An independent financial adviser will be appointed to advise the independent board committee and the independent Shareholders on the terms of the SH Sale and Purchase Agreement.

A circular containing, among other things, details of the Sale and Purchase Agreements, the recommendation from the independent board committee in relation to the SH Sale and Purchase Agreement and the opinion from the independent financial adviser would be despatched to the Shareholders within 21 days after the publication of this announcement. A notice to hold an extraordinary general meeting for approval of the SH Sale and Purchase Agreement will be despatched to the Shareholders together with the circular as soon as possible.

REASON FOR THE CONNECTED TRANSACTIONS

The principal business of the Group includes the marketing and sale of properties in the PRC. The Directors consider that the sale of Hing Yip and Sing Hing and hence the 1st PRC Property and 2nd PRC Property respectively by Shine Star at the given considerations will provide a reasonable return on investment to the Group.

The Directors consider that the terms and conditions of the HY Sale and Purchase Agreement are fair, reasonable and on normal commercial terms and are in the interests of the Group and the Shareholders as a whole. The Directors (excluding the Independent Non-Executive Directors and the independent board committee who will obtain advice from the independent financial adviser to be appointed) consider that the terms and conditions of the SH Sale and Purchase Agreement are fair, reasonable and on normal commercial terms and 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. The principal business of SHKI is investment holding.

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

“Board”	the board of Directors
“Building”	the building named Tian An Centre (天安中心大廈) situated at No. 338 Nanjing Road West, Shanghai, PRC where the 1st PRC Property and the 2nd PRC Property are situated
“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
“Encumbrance”	any mortgage, charge, pledge, lien, hypothecation, equities, adverse claims, restrictions, pre-emption rights or other encumbrance, priority or security interest or other rights of whatsoever nature or interest or any agreement for any of the same
“Group”	the Company and its subsidiaries
“Hing Yip”	Hing Yip Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“HY Sale and Purchase Agreement”	the sale and purchase agreement dated 30th December, 2004 entered into between Shine Star as the vendor, SHKI as the purchaser and Hing Yip as the subject company
“HY Shareholder’s Loan”	an aggregate amount in the sum of HK\$10,172,709 due from Hing Yip to Shine Star as at 23rd December, 2004 which is outstanding on an unsecured interest-free loan account repayable on demand and free from all Encumbrance
“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
“PRC JV Partner”	an independent PRC joint venture partner of the Company in the development of the Building, who owns 2% interest in Shanghai Tian An
“1st PRC Property”	Rooms 1901-1903 on the 19th Floor of the Building with total gross floor areas of approximately 513.48 square metres
“2nd PRC Property”	Rooms 1101-1109 on the 11th Floor of the Building with total gross floor areas of approximately 1,359.54 square metres
“Sale and Purchase Agreements”	the HY Sale and Purchase Agreement and the SH Sale and Purchase Agreement
“Shanghai Tian An”	Shanghai Tian An Centre Building Co., Ltd. (上海天安中心大廈有限公司), a sino-foreign equity joint venture established under the laws of the PRC and principally engaged in property development in the PRC for which, together with the PRC JV Partner, the developer of the Building, and a 98% indirect non wholly-owned subsidiary of the Company
“SH Sale and Purchase Agreement”	the sale and purchase agreement dated 19th January, 2005 entered into between Shine Star as the vendor, SHKI as the purchaser and Sing Hing as the subject company
“SH Shareholder’s Loan”	an aggregate amount in the sum of HK\$26,934,275 due from Sing Hing to Shine Star as at 18th January, 2005 which is outstanding on an unsecured interest-free loan account repayable on demand and free from all Encumbrance
“Shareholders”	the shareholders of the Company
“Shine Star”	Shine Star Properties Limited, a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of the Company
“SHK”	Sun Hung Kai & Co. Limited, a company incorporated in Hong Kong with limited liability whose shares are listed on the Stock Exchange (Stock Code: 86) and is a Substantial Shareholder of the Company

“SHKI”	Sun Hung Kai International Investment Management Limited, a company incorporated in the British Virgin Islands with limited liability and is a direct wholly-owned subsidiary of SHK
“Sing Hing”	Sing Hing Investment Limited, a company incorporated in the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder”	has the meaning as defined in the Listing Rules
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	US 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, 21st January, 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.

“Please also refer to the published version of this announcement in The Standard”