
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 (the "Company"), you should at once hand this circular and the accompanying form of proxy 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)

CONNECTED TRANSACTION

**DISPOSAL OF SING HING INVESTMENT LIMITED,
AN INDIRECT WHOLLY OWNED SUBSIDIARY OF
TIAN AN CHINA INVESTMENTS COMPANY LIMITED**

Independent Financial Adviser to the Independent Board Committee



REXCAPITAL (Hong Kong) Limited

A letter from the Board is set out on pages 5 to 11 of this circular and a letter from the Independent Board Committee containing its recommendation in respect of the transaction is set out on pages 12 and 13 of this circular. A letter from REXCAPITAL (Hong Kong) Limited containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 14 to 22 of this circular.

A notice convening an extraordinary general meeting of the Company to be held at Plaza IV, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on 18th March, 2005 at 10:00 a.m. is set out on pages 38 and 39 of this circular. Whether or not you are able to attend the extraordinary general meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the registrar of the Company, Secretaries Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for the holding of the extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy will not prevent shareholders of the Company from attending and voting in person at the extraordinary general meeting or any adjourned meeting thereof if they so wish.

28th February, 2005

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DEFINITIONS

In this circular (other than in the notice of the EGM), the following expressions have the meanings correspondingly ascribed below unless the context otherwise requires:

“Announcement”	the announcement of the Company dated 21st January, 2005 in relation to the SH Sale and Purchase Agreement
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“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
“Business Day”	a day on which licensed banks in Hong Kong are required to be and are generally open for business (other than any Saturday, Sunday or gazetted public holiday in Hong Kong)
“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 whose shares are listed on the Stock Exchange (Stock Code: 28)
“Completion”	completion of the HY Sale and Purchase Agreement or the SH Sale and Purchase Agreement or both (whichever is applicable)
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held on 18th March, 2005, for the purpose of considering and, if thought fit, approving, inter alia, the terms of the SH Sale and Purchase Agreement, notice of which is set out on pages 38 and 39 of this circular, and any adjournment thereof
“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

DEFINITIONS

“Group”	the Company and its subsidiaries
“Hing Yip”	Hing Yip Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and was an indirect wholly owned subsidiary of the Company before 1st February, 2005 and is now a direct wholly owned subsidiary of SHKI
“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, the completion of which was on 1st February, 2005
“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 was outstanding on an unsecured interest-free loan account repayable on demand and free from all Encumbrance and had been assigned to SHKI on 1st February, 2005
“Independent Board Committee”	the independent board committee comprising all the Independent Non-Executive Directors, namely Messrs. Francis J. Chang Chu Fai, Goodwin Gaw, Ngai Wah Sang and Xu Su Jing appointed for the purpose of advising the Independent Shareholders in respect of the SH Sale and Purchase Agreement
“Independent Financial Adviser” or “REXCAPITAL (Hong Kong) Limited”	REXCAPITAL (Hong Kong) Limited, a licensed corporation permitted to engage in type 6 of the regulated activity as stipulated in the SFO, being appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the SH Sale and Purchase Agreement
“Independent Shareholders”	the Shareholders other than SHK and its associates
“Latest Practicable Date”	24th February, 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular

DEFINITIONS

“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratios”	has the meaning ascribed thereto in 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
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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
“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
“Share(s)”	existing ordinary share(s) of HK\$0.20 each in the capital of the Company

DEFINITIONS

“Shareholder(s)”	registered holder(s) of the Share(s)
“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, the shares of which 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(s)”	has the meaning ascribed thereto in the Listing Rules
“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
“%”	per cent.

For the purpose of this circular, 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.

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*)

Ng Qing Hai (*Managing Director*)

Ma Sun

Edwin Lo King Yau

Li Chi Kong

Registered Office:

27th Floor, China Online Centre

333 Lockhart Road

Wanchai

Hong Kong

Non-Executive Directors:

Moses Cheng Mo Chi

Lisa Yang Lai Sum

Independent Non-Executive Directors:

Francis J. Chang Chu Fai

Goodwin Gaw

Ngai Wah Sang

Xu Su Jing

28th February, 2005

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

Dear Sir or Madam,

CONNECTED TRANSACTION

**DISPOSAL OF SING HING INVESTMENT LIMITED,
AN INDIRECT WHOLLY OWNED SUBSIDIARY OF
TIAN AN CHINA INVESTMENTS COMPANY LIMITED**

1. INTRODUCTION

The Company announced on 21st January, 2005 that:

- (a) 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; and

LETTER FROM THE BOARD

- (b) 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 at the EGM, (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 has no other material asset other than the 1st PRC Property. Sing Hing has no other material asset other than the 2nd PRC Property.

Completion of the HY Sale and Purchase Agreement, which should 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), has taken place on 1st February, 2005. Upon Completion of the HY Sale and Purchase Agreement, Hing Yip has become a direct wholly owned subsidiary of SHKI.

Completion of the SH Sale and Purchase Agreement is conditional upon the obtaining of approval by the Independent Shareholders at the EGM. 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). Upon Completion of the SH Sale and Purchase Agreement, Sing Hing will become a wholly owned subsidiary of SHKI.

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. 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.

An Independent Board Committee has been formed to advise the Independent Shareholders on whether the terms of the SH Sale and Purchase Agreement is fair and reasonable. REXCAPITAL (Hong Kong) Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the SH Sale and Purchase Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

The purposes of this circular are:

- (i) to provide you with further details of the SH Sale and Purchase Agreement;
- (ii) to set out the recommendations from the Independent Board Committee and the advice of REXCAPITAL (Hong Kong) Limited to the Independent Board Committee and the Independent Shareholders on the terms of the SH Sale and Purchase Agreement; and

LETTER FROM THE BOARD

(iii) to give the Shareholders notice of the EGM to be convened for the purpose of considering and, if thought fit, approving (inter alia) the terms of the SH Sale and Purchase Agreement.

2. GENERAL INFORMATION OF THE SH SALE AND PURCHASE AGREEMENT

Date: 19th January, 2005

Parties: (a) the vendor: Shine Star

(b) the purchaser: SHKI

(c) the subject company: Sing Hing

Interest to be acquired: the entire issued share capital of Sing Hing, together with the benefits of the SH Shareholder's Loan.

3. PRINCIPAL TERMS OF THE SH SALE AND PURCHASE AGREEMENT

The principal terms and conditions of the SH Sale and Purchase Agreement were arrived at after arm's length negotiations between the parties and are summarized below:

I. 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 the 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. A property valuation report of the 2nd PRC Property is enclosed in Appendix I to this circular.

II. Conditions of the SH Sale and Purchase Agreement:

The SH Sale and Purchase Agreement is conditional upon the Independent Shareholders approving the terms of the SH Sale and Purchase Agreement in the manner as required under and in full compliance with the Listing Rules at the EGM.

LETTER FROM THE BOARD

III. Completion:

The SH Sale and Purchase Agreement is conditional upon the obtaining of approval by the Independent Shareholders at the EGM. 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).

4. REASONS FOR ENTERING INTO THE SH SALE AND PURCHASE AGREEMENT

The principal business of the Group includes the marketing and sale of properties in the PRC. The Directors consider that the sale of Sing Hing and hence the 2nd PRC Property by Shine Star at the given consideration was arrived at after arm's length negotiation between the parties and with reference to the market value of the 2nd PRC Property, and will provide a reasonable return on investment to the Group.

The Directors 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.

5. LISTING RULES REQUIREMENTS

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 requirement 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.

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. Such market value was determined with reference to (1) the sales considerations of other similar properties at the Building to other independent third parties by Shanghai Tian An, and (2) the valuation report of the 1st PRC Property by an international property valuer made by SHKI (which was produced to the Company during the negotiation of the HY Sale and Purchase Agreement). Therefore, the Company did not conduct its own independent valuation of the 1st PRC Property based on the consideration that to do so would be unduly burdensome and not in the interest of the shareholders of the Company.

LETTER FROM THE BOARD

In view of the foregoing and as a matter of commercial decision of the Company, the Company has sold Hing Yip (i.e. the 1st PRC Property) at the Completion of the HY Sale and Purchase Agreement on 1st February, 2005.

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.

As at the Latest Practicable Date, SHK is beneficially interested in approximately 48.6% of the entire issued share capital of the Company. In view of SHK's interest in the Company, SHK and its associates will abstain from voting in relation to the resolution approving the SH Sale and Purchase Agreement to be proposed at the EGM. Apart from SHK and its associates, no other Shareholder is interested in the SH Sale and Purchase Agreement and is required to refrain from voting at the EGM accordingly.

6. INFORMATION OF THE COMPANY AND SHINE STAR

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. As set out in the annual report of the Company for the year ended 31st December, 2003, the Group recorded an annual turnover of approximately HK\$1,080 million and HK\$1,904 million for the years ended 31st December, 2002 and 2003, respectively. For the same years, the Group recorded net profit of approximately HK\$87 million and HK\$102 million, respectively.

Shine Star, an indirect wholly owned subsidiary of the Company, is an investment holding company.

7. INFORMATION OF 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.

LETTER FROM THE BOARD

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 were approximately HK\$885,097.

8. INFORMATION OF SHKI AND SHK

SHKI is a company incorporated in the British Virgin Islands with limited liability and is a direct wholly owned subsidiary of SHK which is a Substantial Shareholder of the Company. Therefore, SHKI is a connected person of the Company. The principal activity of SHKI is investment holding. The principal activities of SHK's major subsidiary companies are securities, leveraged forex, bullion, commodities and futures broking, provision of online financial services and online financial information distribution, money lending including the provision of term loans, share margin financing, financial planning and wealth management, fund management, corporate finance, property investment and insurance consultancy.

9. EGM

Set out on pages 38 and 39 of this circular is a notice convening the EGM to be held at Plaza IV, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on 18th March, 2005 at 10:00 a.m. at which an ordinary resolution will be proposed to the Independent Shareholders to consider and, if thought fit, to approve the terms of the SH Sale and Agreement. The vote of the Independent Shareholders at the EGM will be taken by poll pursuant to the Listing Rules. An announcement will be made in respect of the results of the poll.

At the EGM, SHK and its associates, holding in aggregate 425,510,603 Shares, representing approximately 48.6% of the issued Shares as at the Latest Practicable Date, will abstain from voting in respect of the resolution to approve the terms of the SH Sale and Purchase Agreement.

A form of proxy for use at the EGM is enclosed with this circular, whether or not you are able to attend the EGM, Shareholders are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the registrar of the Company, Secretaries Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not prevent Shareholders from attending and voting in person at the EGM or any adjourned meeting thereof if they so wish.

10. RECOMMENDATION

The Board considers that the terms of the SH Sale and Purchase Agreement are fair and reasonable and the same are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the terms of the SH Sale and Purchase Agreement.

LETTER FROM THE BOARD

11. ADDITIONAL INFORMATION

Your attention is drawn to the letters from the Independent Board Committee and REXCAPITAL (Hong Kong) Limited in this circular. As set out in the letter from the Independent Board Committee, the Independent Board Committee considers that the entering into of the SH Sale and Purchase Agreement is in the interests of the Company and the Shareholders and concurs with the views of REXCAPITAL (Hong Kong) Limited that the terms of the SH Sale and Purchase Agreement are fair and reasonable so far as the Shareholders as a whole are concerned and therefore, recommends the Independent Shareholders to vote in favour of the ordinary resolution to approve the terms of the SH Sale and Purchase Agreement.

The Board has appointed all the Independent Non-Executive Directors, namely Messrs. Francis J. Chang Chu Fai, Goodwin Gaw, Ngai Wah Sang and Xu Su Jing as the members of the Independent Board Committee to advise the Independent Shareholders.

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



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)

Registered Office:
27th Floor, China Online Centre
333 Lockhart Road
Wanchai
Hong Kong

28th February, 2005

To the Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION

**DISPOSAL OF SING HING INVESTMENT LIMITED,
AN INDIRECT WHOLLY OWNED SUBSIDIARY OF
TIAN AN CHINA INVESTMENTS COMPANY LIMITED**

We refer to the circular (the “Circular”) of Tian An China Investments Company Limited dated 28th February, 2005, of which this letter forms part. The terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

As Independent Non-Executive Directors who are independent of the parties to the SH Sale and Purchase Agreement, we have been appointed to form this Independent Board Committee to advise you as to whether, in our opinion, the terms of the SH Sale and Purchase Agreement are fair and reasonable so far as the Shareholders as a whole are concerned.

REXCAPITAL (Hong Kong) Limited has been appointed as the Independent Financial Adviser to advise this Independent Board Committee on the fairness and reasonableness of the terms of the SH Sale and Purchase Agreement.

We wish to draw your attention to the letter from the Board, as set out on pages 5 to 11 of the Circular, and the letter from REXCAPITAL (Hong Kong) Limited, as set out on pages 14 to 22 of the Circular, both of which provide details of the SH Sale and Purchase Agreement. Having considered the advice rendered by REXCAPITAL (Hong Kong) Limited and the principal factors and reasons taken into consideration by it in arriving its advice, we are of the opinion that the terms of the SH Sale and Purchase Agreement are in the interests

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

of the Company and the Shareholders as a whole and the terms of the SH Sale and Purchase Agreement are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution which will be proposed at the EGM to approve the terms of the SH Sale and Purchase Agreement.

Yours faithfully,

For and on behalf of the

Independent Board Committee of

Tian An China Investments Company Limited

Ngai Wah Sang

Independent Non-Executive Director

LETTER OF ADVICE FROM REXCAPITAL (HONG KONG) LIMITED

The following is the text of a letter of advice from REXCAPITAL (Hong Kong) Limited to the Independent Board Committee and the Independent Shareholders in respect of the SH Sale and Purchase Agreement, and is prepared for inclusion in this circular.



REXCAPITAL (Hong Kong) Limited

34th Floor, COSCO Tower
Grand Millennium Plaza
183 Queen's Road Central
Hong Kong

28th February 2005

The Independent Board Committee and

The Independent Shareholders

Tian An China Investments Company Limited

27th Floor, China Online Centre

333 Lockhart Road

Wanchai

Hong Kong

Dear Sirs,

CONNECTED TRANSACTION

**DISPOSAL OF SING HING INVESTMENT LIMITED,
AN INDIRECT WHOLLY OWNED SUBSIDIARY OF
TIAN AN CHINA INVESTMENTS COMPANY LIMITED**

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the fairness and reasonableness of the terms of the SH Sale and Purchase Agreement, details of which are set out in this circular, of which this letter forms a part. We have been retained by the Company to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the SH Sale and Purchase Agreement are fair and reasonable and are in the interests of the Company and its Shareholders as a whole, and to advise Shareholders on how to vote. Unless the context otherwise requires, terms used in this letter shall have the same meaning as those defined in this circular.

On 21 January 2005, the Company announced that (i) the HY Sale and Purchase Agreement was entered into between Shine Star, SHKI and Hing Yip on 30 December 2004, pursuant to which Shine Star agreed to sell and SHKI agreed to purchase the entire issued share capital of Hing Yip, and 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

LETTER OF ADVICE FROM REXCAPITAL (HONG KONG) LIMITED

Star; and (ii) the SH Sale and Purchase Agreement was entered into between Shine Star, SHKI and Sing Hing on 19 January 2005, pursuant to which Shine Star agreed to sell and SHKI agreed to purchase the entire issued share capital of Sing Hing, and 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.

SHKI, which is a party to each of the HY Sale and Purchase Agreement and the SH Sale and Purchase Agreement, 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 as at the Latest Practicable Date. SHKI is a connected person of the Company. As a result, the Sale and Purchase Agreements constitute connected transactions of the Company.

It is stated in the letter from the Board in this circular that 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. In view of the foregoing and 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 exempted 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. However, pursuant to Rules 14A.25 and 14A.26 of the Listing Rules, under which the considerations receivable by the Company under the HY Sale and Purchase Agreement and the SH Sale and Purchase Agreement are being aggregated, the entering of the SH Sale and Purchase Agreement is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

Independent Shareholders should note that since the parties did not contemplate the SH Sale and Purchase Agreement when the HY Sale and Purchase Agreement was entered into, there is no condition in the HY Sale and Purchase Agreement that it is subject to the Independent Shareholders' approval requirement. As such, as a matter of commercial decision of the Company, the Company has sold the 1st PRC Property irrespective of the outcome of the EGM in relation to the 2nd PRC Property pursuant to the completion of the HY Sale and Purchase Agreement on 1 February 2005.

We are advised by the Directors that, apart from SHK and its associates, no other Shareholder is interested in the Sale and Purchase Agreements and is required to abstain from voting in the EGM accordingly.

The Independent Board Committee, comprising Mr. Francis J. Chang Chu Fai, Mr. Goodwin Gaw, Mr. Ngai Wah Sang and Mr. Xu Su Jing, all being independent non-executive Directors, has been established to consider the terms of the SH Sale and Purchase Agreement and to advise the Independent Shareholders on whether the SH Sale and Purchase Agreement is fair and reasonable.

LETTER OF ADVICE FROM REXCAPITAL (HONG KONG) LIMITED

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied upon accuracy of the information and representations contained in this circular and information provided to us by the Company and its Directors. In particular, we have relied on the respective financial information on Sing Hing and the sales record of the Building provided by Shanghai Tian An. We have assumed that all statements, information and representations made or referred to in this circular and all information and representations which have been provided by the Company and the Directors, for which they are solely and wholly responsible, were true at the time they were made and continue to be true as at the date hereof. We have also assumed that all statements of belief, opinion and intention made by the Directors in this circular were reasonably made after due and careful enquiry and were based on honestly-held opinions.

We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and have been confirmed by the Directors that no material facts and representations the omission of which would make any statement in this circular, including this letter, misleading. We have not, however, conducted any independent in-depth investigation into the business affairs, financial position or future prospects of the Group, nor have we carried out any independent verification of the information provided by the Directors and management of the Company. We consider that we have reviewed sufficient information to reach an informed view and to justify reliance on the accuracy of the information and representations contained in this circular and to provide a reasonable basis for our recommendation regarding the SH Sale and Purchase Agreement.

PRINCIPAL FACTORS CONSIDERED

In giving our recommendation to the Independent Board Committee and the Independent Shareholders in respect of the fairness and reasonableness of the terms of the SH Sale and Purchase Agreement, we have taken into consideration the following factors and reasons:

1. Background and Reasons for entering into the SH Sale and Purchase Agreement

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.

Sing Hing, which is an indirect wholly owned subsidiary of the Company, is principally engaged in property investment in the PRC and its sole asset is the 2nd PRC Property.

As disclosed in the letter from the Board in this circular, Shine Star acquired the 2nd PRC Property from Shanghai Tian An through Sing Hing on 13 January 2005. While the principal business of the Group includes the marketing and sale of properties in the PRC, the Company intended to sell the 2nd PRC Property in the market and had been in negotiations with several potential purchasers who then expressed their interests in the 2nd PRC Property. However, none of these negotiations materialized. The Company was subsequently approached by SHKI

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who expressed its intention to acquire the entire issued share capital of Sing Hing from Shine Star and in turn to acquire the 2nd PRC Property. The Directors are of the view that the approach by SHKI offers the Group with the opportunity to dispose of its equity interest in Sing Hing, and thus the 2nd PRC Property at a reasonable return on investment to the Company.

While the 2nd PRC Property occupies a total gross floor area of approximately 1,359.54 square metres, the unit price of the 2nd PRC Property represented based on its acquisition cost of RMB28,550,340 (equivalent to approximately HK\$26,934,283) as at 13 January 2005 was approximately RMB21,000 (equivalent to approximately HK\$19,811.32) per square metre. By comparison, we are advised by the Directors that the total consideration for the SH Sale and Purchase Agreement of approximately RMB40,786,200 (equivalent to approximately HK\$38,477,547) arrived at based on a mutually agreed unit price of the 2nd PRC Property of approximately RMB30,000 (equivalent to approximately HK\$28,301.89) per square metre, which represents a substantial premium of 42.86% over and above the unit cost of acquisition of the 2nd PRC Property.

Similarly, the total consideration for the SH Sale and Purchase Agreement of RMB40,786,200 (equivalent to approximately HK\$38,477,547) represents a rate of return of approximately 42.86% on the acquisition cost of RMB28,550,340 (equivalent to approximately HK\$26,934,283) to the Company.

As such, we concur with the Directors' view that the offer by SHKI to acquire the 2nd PRC Property would be a good opportunity for the Company to realize its investment at a reasonable rate of return.

2. Valuation of Sing Hing and the 2nd PRC Property

The sole asset of Sing Hing is the 2nd PRC Property. According to the unaudited management accounts of Sing Hing for the period ended 18 January 2005 since its incorporation, Sing Hing recorded no turnover for the period and a net loss before and after taxation of approximately HK\$885,105 and HK\$885,105 respectively. We are advised by the Directors that the abovementioned net losses were solely attributable to the operating expenses including the PRC taxes and fees for the purchase of the 2nd PRC Property from Shanghai Tian An. We consider, therefore, that Sing Hing currently has not been able to generate any revenue or earnings and, thus, it would not be appropriate to evaluate the value of Sing Hing on an earning basis.

According to the unaudited management accounts of Sing Hing for the period ended 18 January 2005 since its incorporation, Sing Hing recorded an unaudited net liabilities of approximately HK\$885,097 as at 18 January 2005. As disclosed in the letter from the Board in this circular, Shine Star acquired the 2nd PRC Property from Shanghai Tian An through Sing Hing on 13 January 2005 at the consideration of RMB28,550,340 (equivalent to approximately HK\$26,934,283). We are advised by the Directors that the abovementioned net liabilities figure has already taken into account the acquisition cost of the 2nd PRC Property of RMB28,550,340 (equivalent to approximately HK\$26,934,283) as at 13 January 2005 and the SH Shareholder's Loan of HK\$26,934,275 as at 18 January 2005. In view of such net liabilities position of Sing Hing, we consider that it would not be appropriate to evaluate the value of Sing Hing based on its net asset value.

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As referred to the letter from the Board in this circular, the total consideration 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. Given that the 2nd PRC Property occupies a total gross floor area of approximately 1,359.54 square metres, the Directors advised us that the consideration for the SH Sale and Purchase Agreement was arrived at based on a mutually agreed unit sale price per square metre of approximately RMB30,000 (equivalent to approximately HK\$28,301.89).

We have discussed with and obtained from the Directors the sales record of the Building from September 2003 to December 2004, which were provided by the developer of the Building, Shanghai Tian An, showing that the unit sale price per square metre during the period from September 2003 (being the commencement of pre-sales of the Building) to December 2004 has ranged from RMB20,294.97 to RMB30,600.00 per square metre. The weighted average unit price per square metre of the Building transacted during the same period was approximately RMB25,491.81. A summary of the sales record by certain time intervals is set out below:

Time period	Gross floor area sold (sq.m.)	Lowest unit price per sq.m. transacted (app. RMB)	Highest unit price per sq.m. transacted (app. RMB)	Total Transaction Amount (app. RMB'000)	Weighted Average unit price per sq.m. (app. RMB)
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Presales Period:

September 2003 to June

2004	15,330.29	20,294.97	28,403.82	376,074	24,531.46
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Building development

completed:

2004

July	737.48	22,697.55	29,700.00	18,684	25,335.01
August	655.18	30,000.00	30,000.00	19,655	30,000.00
September	0	N/A	N/A	0	N/A
October	820.56	25,244.52	28,000.00	22,052	26,873.81
November	667.14	28,800.00	29,181.31	19,272	28,887.83
December*	3,555.25	24,930.00	30,600.00	99,115	27,878.39

* sale of the 1st PRC Property pursuant to the HY Sale and Purchase Agreement is excluded

Notes:

- Save as the transaction pursuant to the HY Sale and Purchase Agreement on 30 December 2004 (details of which were set out in the Company's announcement dated 21 January 2005), all transactions recorded in the period from September 2003 to December 2004 were conducted between Shanghai Tian An and third parties who are independent of and not connected with the Company or any of the Directors, chief executive and Substantial Shareholders and its subsidiaries and any of their respective associates; and
- Save as the transaction pursuant to the SH Sale and Purchase Agreement on 19 January 2005, no transaction has been recorded by Shanghai Tian An in January 2005.

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From the above table, we note that the agreed unit price of the 2nd PRC Property of approximately RMB30,000.00 (equivalent to approximately HK\$28,301.89) per square metre for calculating the total consideration under the SH Sale and Purchase Agreement:

- (i) is equivalent to the second highest unit price per square metre transacted and is close to the highest transacted unit price of RMB30,600.00 since September 2003;
- (ii) is equivalent to the highest weighted average unit price of RMB30,000 per square metre in August 2004;
- (iii) represents a premium of approximately 17.68% over and above the weighted average unit price of approximately RMB25,491.81 per square metre of the Building transacted since September 2003; and
- (iv) represents a premium of approximately 7.61% over and above the weighted average unit price of approximately RMB27,878.39 per square metre of the Building transacted in December 2004.

Furthermore, as previously discussed under the paragraphs headed “*Background and Reasons for entering into the SH Sale and Purchase Agreement*”, the mutually agreed unit price of the 2nd PRC Property of approximately RMB30,000.00 (equivalent to approximately HK\$28,301.89) per square metre represents a substantial premium of 42.86% over the unit cost of acquisition of the 2nd PRC Property.

We note from the valuation report prepared by the independent property valuer, Norton Appraisals Limited (the “Valuer”), that the 2nd PRC Property has been valued at HK\$39,800,000 as at 22 February 2005 by the Valuer. Although the total consideration of the SH Sale and Purchase Agreement represents a discount of approximately 3.32% to the value appraised by the Valuer, the Directors consider the consideration of the SH Sale and Purchase Agreement to be fair and reasonable and in the interests of the Company and the Shareholders as a whole as the disposal provides the Company an opportunity to realize the 2nd PRC Property at a price comparable to the prevailing transacted unit selling prices of the Building as detailed in the above paragraphs.

In view of our observations that:

- (i) taking into account the timing involved in individual unit sales, the present arrangement will better serve the interest of the Group than by selling the units individually;
- (ii) the agreed unit price per square metre for calculating the total consideration under the SH Sale and Purchase Agreement,
 - (a) is equivalent to the second highest unit price per square metre transacted and is close to the highest transacted unit price of the Building since September 2003;

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- (b) represents a premium of approximately 17.68% over and above the weighted average unit price of the Building since September 2003;
 - (c) represents a substantial premium of 42.86% over the cost of acquisition of the 2nd PRC Property; and
- (iii) the total consideration under the SH Sale and Purchase Agreement is close to and represents an insignificant discount of approximately 3.32% to the value appraised by the Valuer,

we concur with the view of the Directors that the valuation of the 2nd PRC Property and in turn Sing Hing is fair and reasonable and in the interest of the Company as well as the Independent Shareholders as a whole.

3. Amount of consideration payable by SHKI under the SH Sale and Purchase Agreement

The SH Shareholder's Loan is owed by Sing Hing to Shine Star, an indirect wholly owned subsidiary of the Company. Pursuant to the SH Sale and Purchase Agreement, Shine Star will sell its entire equity interest in Sing Hing to SHKI. SHKI, therefore, will gain the full control of Sing Hing. As such, we consider that it would be fair and reasonable for Shine Star to recover from SHKI the full amount owing to it by Sing Hing.

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 with (i) 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 signing of the SH Sale and Purchase Agreement; and (ii) the remaining balance of RMB26,426,200 (equivalent to approximately HK\$24,930,377) payable upon completion of the SH Sale and Purchase Agreement.

As referred to the letter from the Board in this circular, the total consideration for the SH Sale and Purchase Agreement has been arrived at after arm's length negotiation between the parties and with reference to the prevailing market value of the 2nd PRC Property. While we have discussed under the paragraph headed "*Valuation of Sing Hing and the 2nd PRC Property*" that the basis of the valuation of the 2nd PRC Property is reasonable and the total consideration for the SH Sale and Purchase Agreement of RMB40,786,200 (equivalent to approximately HK\$38,477,547) represents a substantial rate of return of approximately 42.86% on the acquisition cost of RMB28,550,340 (equivalent to approximately HK\$26,934,283) to the Company, we are of the view that the consideration payable by SHKI under the SH Sale and Purchase Agreement is in the interests of the Company and the Shareholders as a whole.

4. Financial effects on the Group as a result of the SH Sale and Purchase Agreement*(i) Income effect*

We note from the annual report of the Company for the year ended 31 December 2003, the Group recorded an annual turnover of approximately HK\$1,080 million and HK\$1,904 million for the years ended 31 December 2002 and 2003, respectively. The Group reported net profit after taxation and minority interests of approximately HK\$87 million and HK\$102 million respectively for the financial years ended 2002 and 2003. For the six-month period ended 30 June 2004, the Group reported turnover and net profit after taxation and minority interests of approximately HK\$887 million and HK\$52 million respectively.

As stated in the letter from the Board in this circular, the development of the Building was completed on 30 June 2004 and the 2nd PRC Property was then acquired by the Company on 13 January 2005. Since the acquisition of the 2nd PRC Property by Shine Star, the 2nd PRC Property has been vacant and held for sale purposes until the present disposal transaction. Therefore, there has been no revenue or profit attributable to the 2nd PRC Property.

Pursuant to the completion of the SH Sale and Purchase Agreement, the Group will recognize a gain of approximately RMB12,235,860 (equivalent to approximately HK\$11,543,264), being the difference between the consideration and the unaudited carrying value of the 2nd PRC Property of approximately RMB28,550,340 (equivalent to approximately HK\$26,934,283) as at 13 January 2005, before deduction of any related costs and expenses.

(ii) Cash position

As at 30 June 2004, the total bank balances and cash reserves of the Group were maintained at over approximately HK\$525 million. Pursuant to the completion of the SH Sale and Purchase Agreement, the Group's bank balances and cash reserves will increase by the amount of HK\$38,477,547, being the total proceed received by the Group for the disposal. The Directors advised us that the Company intends to apply the proceed for general working capital purposes.

(iii) Net asset value

In light of the realized gain resulted from the disposal, the net asset value of the Group will increase accordingly by approximately RMB12,235,860 (equivalent to approximately HK\$11,543,264) as at 30 June 2004, representing a slight increase of 0.29% with reference to the unaudited consolidated net asset value of HK\$4,037.52 million of the Group as at 30 June 2004. Similarly, the expected increase in Shareholders' equity due to the realized gain resulted from the disposal will be expected to improve the gearing position of the Group.

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Based on the foregoing, we consider that the abovementioned financial effects on the Company as a result of the SH Sale and Purchase Agreement are favorable to the Company and are in the interests of the Company and the Shareholders as a whole.

RECOMMENDATION

Having considered the abovementioned principal factors and reasons, we consider that the entering into and the terms of the SH Sale and Purchase Agreement are fair and reasonable and are in the interests of the Company so far as the Shareholders as a whole are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the SH Sale and Purchase Agreement.

Yours faithfully,
For and on behalf of
REXCAPITAL (Hong Kong) Limited
Sam Lum
Associate Director



Room 3830-32, Sun Hung Kai Centre
30 Harbour Road
Wanchai Hong Kong
Tel: (852) 2810 7337 Fax: (852) 2810 6337

28th February, 2005

The Directors
Tian An China Investments Company Limited
27th Floor, China Online Centre
333 Lockhart Road
Wanchai
Hong Kong

Dear Sirs,

Re: The whole of 11th Floor, Tian An Centre, No. 338 Nanjing Road West, Huangpu District, Shanghai, the People's Republic of China (the "PRC")

In accordance with your instruction for us to value the property interest of the captioned property. We confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for providing you with our opinion of the open market value of the property interest as at 22nd February, 2005 (hereinafter referred to as the "date of valuation").

Our valuation of the property interest is our opinion of the open market value which we would define as intended to mean "the best price at which the sale of an interest in a property would have been completed unconditionally for cash consideration on the date of valuation, assuming:

- (a) a willing seller;
- (b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of price and terms and for the completion of the sale;
- (c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
- (d) that no account is taken of any additional bid by a purchaser with a special interest; and
- (e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion."

In valuing the property interest, we have 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 land use fees and all requisite land premium/purchase consideration payable have been fully paid.

In valuing the property interest, we have adopted Direct Comparison Approach assuming such property interest is capable of being sold in its existing state and on a strata-titled basis with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant market.

Our valuation has been made on the assumption that the owner sells the property on the open market in its existing state without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to affect the value of the property interest. In addition, no account has been taken of any option or right of pre-emption concerning or affecting sales of the property and no forced sale situation in any manner is assumed in our valuation.

We have been provided with extracts of title documents of the property interest but have not scrutinised the original documents. We have relied on the advice given by Tian An China Investments Company Limited and its subsidiaries (hereinafter referred to as the “Group”) and its legal adviser, Tenet United Law Firm (the “PRC legal adviser”), on the PRC Law regarding the title to the property.

We have inspected the exterior and, where possible, the interior of the property. During the course of our inspections, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report as to whether the property is free from rot, infestation or other defects.

We have not carried out site measurements to verify the correctness of the floor area in respect of the property but have assumed that the area shown on the documents handed to us are correct. Based on our valuation experience of similar property interest, we consider the assumption so made to be reasonable.

All dimensions, measurements and areas included in the attached valuation certificate are based on information contained in the documents provided to us by the Group and therefore only approximations.

We have relied to a considerable extent on the information provided by the Group and have accepted advice on such matters as statutory notices, easements, tenures, completion date of building, particulars of occupancy and floor area.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We were also advised by the Group that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property interest nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interest is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

Our valuation has been prepared in accordance with the Hong Kong Guidance Notes on the Valuation of the Property Assets (2nd Edition) published by the Hong Kong Institute of Surveyors in March 2000. Our valuation has also been prepared under the generally accepted valuation procedures and are in compliance with Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Unless otherwise stated, all sums stated in our valuation are in Hong Kong dollars. The exchange rate adopted in our valuation is approximately HK\$1=RMB1.06 which was approximately the prevailing exchange rate as at the date of valuation.

Our valuation certificate is enclosed herewith.

Yours faithfully,
For and on behalf of
Norton Appraisals Limited
M. K. Wong MRICS, MHKIS, RPS (G.P.)
Director

Note: Mr. M. K. Wong is a Registered Professional Surveyor who has more than 11 years' experience in valuation of properties in Hong Kong and in the PRC.

VALUATION CERTIFICATE

Property	Description and Tenure	Particulars of Occupancy	Capital Value in its Existing State as at 22nd February, 2005
The whole of 11th Floor, Tian An Centre, No. 338 Nanjing Road West, Huangpu District, Shanghai, the PRC	The property comprises the whole of 11th Floor of Tian An Centre completed in about 2004. Tian An Centre is a 30-storey commercial building on top of a 3-storey basement and having a total gross floor area of approximately 57,893.02 sq.m. (623,161 sq.ft.) and approximately 164 car parking spaces are provided.	The property is currently vacant.	HK\$39,800,000

The property is divided into 9 office units having a total gross floor area of approximately 1,359.54 sq.m. (14,634 sq.ft.) and the individual floor area breakdown are as follows:

Unit	Gross Floor Area	
	sq.m.	sq.ft.
1101	204.70	2,203
1102	155.47	1,673
1103	154.17	1,659
1104	187.53	2,019
1105	138.35	1,489
1106	158.65	1,708
1107	102.45	1,103
1108	102.45	1,103
1109	155.77	1,677
Total	<u>1,359.54</u>	<u>14,634</u>

The land use rights of the property have been granted for a term of 50 years from 8th July, 1994 to 7th July, 2044 for comprehensive use.

Notes:

- Pursuant to the Certificate for Real Estate Title No. 【滬房地市字(2002)第006422號】 dated 5th July, 2002, the land use rights of Tian An Centre is vested in 上海捷扶房地產有限公司 (Shanghai Jee Fo Estate Co., Ltd.) (the "JV Company") for a term of 50 years from 8th July, 1994 to 7th July, 2044 for comprehensive use.
- Pursuant to the Business Licence No. 05154 dated 18th May, 1998, the JV Company has been established with a registered capital of USD28,000,000 for an operation period of 50 years commencing from 16th June, 1994 and expiring on 15th June, 2044. The scope of business is to develop, construct, lease and manage real estate.
- Pursuant to the Approval of Change of Name No. 【滬外資委簡批字(2002)第0211號】 dated 9th February, 2002, the name of the JV Company is approved to be changed as "上海天安中心大廈有限公司" (Shanghai Tian An Centre Building Co., Ltd.).

4. The opinion of the Group's legal adviser on PRC law, Tenet United Law Firm, states that:
- (i) According to the Certificate or Real Estate Title, the JV Company has the land use rights of the subject site with an area of 5,381 sq.m. for a term of 50 years commencing from 8th July, 1994 for comprehensive use.
 - (ii) The JV Company is in possession of a proper legal title to the property and is freely transferable by way of transfer, mortgage or letting.
 - (iii) The JV Company has been duly incorporated and has full corporate power and legal capacity to carry on the business specified in the Business Licence.
5. We have prepared our valuation on the following assumptions:
- (i) The JV Company is in possession of a proper legal title to the property and free from encumbrances, and is entitled to transfer the property with the residual term of its land use rights at no extra land premium or other onerous payment payable to the government.
 - (ii) All land premium and other costs of ancillary utility services have been settled in full.
 - (iii) The design and construction of the development are in compliance with the local planning regulations and have been approved by the relevant authorities.
 - (iv) The property, whether as a whole or on a strata-titled basis, may be disposed of freely to both local and overseas purchasers.

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 IN SECURITIES

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 Companies of the Listing Rules:

(a) The Company

Name of Director	Nature of interests	Number of Shares and underlying shares held	% to the relevant issued share capital
Ma Sun	Personal	52,125 <i>(Note)</i>	0.00%

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	% to the relevant issued share capital
Ng Qing Hai	Personal	4,000,000 <i>(Notes 1 & 4)</i>	0.54%
Ma Sun	Personal	100,000 <i>(Note 2)</i>	0.01%
Li Chi Kong	Personal	600,000 <i>(Notes 3 & 4)</i>	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 and 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			% of total interests to the relevant issued share capital
	Personal interests (held as beneficial owner)	Corporate interests (interest of controlled corporation)	Total interests	
SHK	356,570,563	68,940,040 <i>(Note 1)</i>	425,510,603	48.60%
Allied Properties (H.K.) Limited ("APL")	–	425,510,603 <i>(Note 2)</i>	425,510,603 <i>(Note 3)</i>	48.60%
Allied Group Limited ("AGL")	–	425,510,603 <i>(Note 4)</i>	425,510,603 <i>(Note 3)</i>	48.60%
Lee and Lee Trust ("LL Trust")	–	425,510,603 <i>(Note 5)</i>	425,510,603 <i>(Note 3)</i>	48.60%
Value Partners Limited ("VPL")	47,902,100	–	47,902,100	5.47%
Cheah Cheng Hye	–	47,902,100 <i>(Note 6)</i>	47,902,100 <i>(Note 7)</i>	5.47%
Wachovia Corporation	–	78,800,000 <i>(Note 8)</i>	78,800,000	9.00%

Notes:

- The interests include the holding of (i) 31,398,050 Shares held by Sun Hung Kai International Limited, an indirect wholly owned subsidiary of SHK; (ii) 37,541,990 Shares held by Sun Hung Kai Securities Capital Markets Limited, also an indirect wholly owned subsidiary of SHK.
- Through AP Jade Limited and AP Emerald limited, direct and indirect wholly owned subsidiaries of APL respectively, APL owned approximately 74.99% interest in the issued share capital of SHK and was therefore deemed to have an interest in the Shares in which SHK was interested.

3. The figure refers to the same interest of SHK in 425,510,603 Shares.
4. AGL owned approximately 74.79% interest in the issued share capital of APL and was therefore deemed to have an interest in the Shares in which APL was interested.
5. Mr. Lee Seng Hui, Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of the LL Trust, being a discretionary trust, who together owned approximately 39.09% interest in the issued share capital of AGL. They were therefore deemed to have an interest in the Shares in which AGL was interested.
6. Mr. Cheah Cheng Hye owned approximately 31.82% interest in the issued share capital of VPL and was therefore deemed to have an interest in the Shares in which VPL was interested.
7. The figure refers to the same interest of VPL in 47,902,100 Shares.
8. The interest was 78,800,000 unlisted physically settled warrants of the Company giving rise to an interest in 78,800,000 underlying shares of the Company.

All 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 shareholder	No. of shares	%
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 shareholder	No. of shares	%
AII – Shanghai Inc.	Aso Corporation	2,562,750	16.7

Name of non-wholly owned subsidiaries of the Company	Name of substantial shareholder	No. of shares	%
Palance Limited	Jennex Investment Limited	32	25
	Fulun Limited	16	12.5
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	%
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 shareholder	No. of shares	%
常州天安城市發展有限公司 Changzhou Tian An City Development Co., Ltd.	常州長江經濟技術開發總公司	N/A	10
常州天安元城房地產發展有限公司 ChangZhou Tian An Yuan Cheng Real Estate Development Company Limited	常州長江經濟技術開發總公司	N/A	10
大連聯合房地產開發有限公司 Dalian Allied Real Estate Development Co., Ltd.	大連德泰控股有限公司	N/A	40

Name of non-wholly owned subsidiaries of the Company	Name of substantial shareholder	No. of shares	%
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
南京天都實業有限公司 Nanjing Tiandu Industry Co., Ltd.	南京市建鄴區城鎮建設綜合開發總公司 南京長江發展股份有限公司	N/A N/A	20 20
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
上海天榮置業有限公司	上海市普陀區城市建設投資有限公司	N/A	10
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 CONTRACT

As at the Latest Practicable Date, no Director had a service contract with any member of the Group which is not determinable by the Company 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 Allied Properties (H.K.) Limited which, through a subsidiary, is partly engaged in the business of money lending; and
3. Mr. Edwin Lo King Yau is a director of Allied Group Limited which, through certain of its subsidiaries, is partly engaged in the business of money lending. Mr. Li Chi Kong is a director of each of AG Capital Limited and Goldnet Investment Limited, subsidiaries of Allied Group Limited, which are 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. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31st December, 2003, being the date to which the latest financial statements of the Company were made up.

7. QUALIFICATION OF EXPERTS

The following are the qualification of the experts whose advice or opinion are contained in this circular:

Name	Qualification
REXCAPITAL (Hong Kong) Limited	Licensed corporation for type 6 regulated activity under the SFO
Norton Appraisals Limited	Property Valuer
Tenet United Law Firm	PRC Lawyer

As at the Latest Practicable Date, REXCAPITAL (Hong Kong) Limited, Norton Appraisals Limited and Tenet United Law Firm did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

8. CONSENT OF EXPERTS

Each of REXCAPITAL (Hong Kong) Limited, Norton Appraisals Limited and Tenet United Law Firm has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its report and/or letter dated 28th February, 2005, and/or reference to its name in the form and context in which it is included.

9. MISCELLANEOUS

- (a) As at the Latest Practicable Date, save for the SH Sale and Purchase Agreement, none of the Directors and the experts whose name is referred to in the paragraph headed “Consent of Experts” in this Appendix II has or had any interest, direct or indirect, in any assets which have been, since 31st December, 2003, being the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group.
- (b) Mr. Patrick Lee Seng Wei, the Chairman of the Company, is a director of SHK, a Substantial Shareholder of the Company, which is the parent company of SHKI. Mr. Moses Cheng Mo Chi, a Non-Executive Director of the Company, is the senior partner of Messrs. P. C. Woo & Co., the legal firm which has been advising the Company in respect of the SH Sale and Purchase Agreement for normal professional fees. Accordingly, Messrs. Patrick Lee Seng Wei and Moses Cheng Mo Chi have abstained from voting at the board resolution approving the entering into of the SH Sale and Purchase Agreement. Other than disclosed above, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which is subsisting as at the Latest Practicable Date and which is significant in relation to the business of the Group.

- (c) The registered office of the Company is 27th Floor, China Online Centre, 333 Lockhart Road, Wanchai, Hong Kong.
- (d) 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.
- (e) 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 member of The Hong Kong Society of Accountants and The Chartered Institute of Management Accountants.
- (f) The English text of this circular shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours on any weekday (except public holidays) at the offices of Messrs. P. C. Woo & Co. at Room 1225, 12th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong, from the date of the circular up to and including 18th March, 2005:

- (i) the memorandum and articles of association of the Company;
- (ii) the annual reports of the Company for each of the financial years ended 31st December, 2002 and 31st December, 2003;
- (iii) the SH Sale and Purchase Agreement;
- (iv) the letter from REXCAPITAL (Hong Kong) Limited as set out on pages 14 to 22 of this circular;
- (v) the valuation report of the 2nd PRC Property by Norton Appraisals Limited, the text of which is set out on pages 23 to 27 of this circular;
- (vi) the written consents referred to in the paragraph headed "Consent of Experts" of this Appendix;
- (vii) the letter from the Independent Board Committee as set out on pages 12 and 13 of this circular; and
- (viii) this circular.

APPENDIX III PROCEDURES FOR DEMANDING A POLL AT EGM

Under the Articles of Association of the Company, at the EGM, a poll may be demanded, before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll, by:

- (i) the Chairman of the EGM; or
- (ii) at least three Shareholders present in person (or, in case of a Shareholder being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the EGM; or
- (iii) any Shareholder or Shareholders present in person (or, in case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the EGM; or
- (iv) a Shareholder or Shareholders present in person (or, in case of a Shareholder being a corporation, by its duly authorised representative) or by proxy and holding Shares in the Company conferring a right to vote at the EGM being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the Shares conferring that right.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “Meeting”) of Tian An China Investments Company Limited (the “Company”) will be held at Plaza IV, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 18th March, 2005 at 10:00 a.m., for the purpose of considering and, if thought fit, passing with or without modification the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the conditional sale and purchase agreement dated 19th January, 2005 (the “Agreement”) entered into between Shine Star Properties Limited (“Shine Star”) as vendor, Sun Hung Kai International Investment Management Limited (“SHKI”) as purchaser, and Sing Hing Investment Limited (“Sing Hing”) as the subject company 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 shareholder’s loan in the sum of HK\$26,934,275 due from Sing Hing to Shine Star as at 18th January, 2005 (the “Assignment”), at the aggregate consideration of RMB40,786,200 (equivalent to approximately HK\$38,477,547) payable from SHKI to Shine Star (a copy of which has been produced to the Meeting marked “A” and signed by the Chairman of the Meeting for the purpose of identification), be and is hereby approved, ratified and confirmed;
- (b) the transactions contemplated under the Agreement and the Assignment be and are hereby approved; and
- (c) the directors of the Company be and are hereby authorised for and on behalf of the Company, amongst other matters, to sign, execute, perfect, deliver or to authorise signing, executing, perfecting and delivering all such documents and deeds, and to do or authorise doing all such acts, matters and things as they may in their discretion consider necessary, expedient or desirable to give effect to and implement the Agreement and the Assignment.”

By Order of the Board
Tian An China Investments Company Limited
Cindy Yung Yee Mei
Company Secretary

Hong Kong, 28th February, 2005

NOTICE OF EXTRAORDINARY GENERAL MEETING

Registered office:

27th Floor, China Online Centre
333 Lockhart Road
Wanchai
Hong Kong

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint more than one proxy to attend and, on poll, vote on his behalf. A proxy need not be a member of the Company.
2. A form of proxy for use at the Meeting is enclosed. Whether or not you intend to attend the Meeting in person, you are urged to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible. Completion and return of the form of proxy will not prevent you from attending and voting in person at the Meeting or any adjourned meeting thereof if you so wish. In the event that you attend the Meeting after having returned the completed form of proxy, your form of proxy will be deemed to have been revoked.
3. To be valid, the form of proxy, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney, must be deposited at the Company's registrar, Secretaries Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time fixed for the Meeting or any adjournment thereof.
4. Where there are joint holders of a share of the Company, any one of such holders may vote at the Meeting, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such holders be present at the Meeting personally or by proxy, that one of such holders so present whose name stands first on the register of members of the Company shall alone be entitled to vote in respect of such share.