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## **THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

**If you have sold or transferred** all your shares in Tian An China Investments Company Limited (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.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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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 TRANSACTIONS AND DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS**

**(I) ACQUISITION OF AN ADDITIONAL 40% INTEREST IN  
NANJING TIANDU INDUSTRY CO., LTD.**

**AND**

**(II) LOAN AGREEMENT WITH RANBRIDGE FINANCE LIMITED**

**Independent Financial Adviser to the Independent Board Committee**



**REXCAPITAL (Hong Kong) Limited**

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A letter from the Board is set out on pages 5 to 15 of this circular and a letter from the Independent Board Committee containing its recommendation in respect of the transactions is set out on pages 16 and 17 of this circular. A letter from REXCAPITAL (Hong Kong) Limited containing its advice and recommendation to the Independent Board Committee and the Shareholders is set out on pages 18 to 30 of this circular.

A notice convening an extraordinary general meeting of the Company to be held at Plaza V, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Wednesday, 20th April, 2005 at 10:00 a.m. is set out on pages 46 and 47 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 from attending and voting in person at the extraordinary general meeting or any adjourned meeting thereof if they so wish.

16th March, 2005

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## DEFINITIONS

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*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:*

“Acquisition Agreements”	the Changfa Acquisition Agreement and the Jianye Acquisition Agreement
“Board”	the board of Directors
“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)
“Cap”	has the meaning as defined in paragraph 8 of the Letter from the Board in this circular
“Changfa”	南京長江發展股份有限公司 (Nanjing Changjiang Development Joint Stock Company Limited), a company limited by shares established under the laws of the PRC and principally engaged in investment and trading in the PRC
“Changfa Acquisition Agreement”	the agreement dated 22nd February, 2005 entered into between Changfa as vendor and TA Shanghai as purchaser in relation to the acquisition of 20% interest in the registered capital of Tiandu subject to the terms and conditions contained therein
“Company”	Tian An China Investments Company Limited 天安中國投資有限公司, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange (Stock Code: 28)
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Continuing Connected Transaction”	the continuing connected transaction which was entered into between Join View and Ranbridge pursuant to the Loan Agreement
“Directors”	the directors of the Company

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## DEFINITIONS

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“EGM”	the extraordinary general meeting of the Company to be held on 20th April, 2005, for the purpose of considering and, if thought fit, approving (inter alia) the respective terms of each of the Acquisition Agreements and the Loan Agreement (and the Cap) and all respective transactions contemplated thereunder, notice of which is set out on pages 46 and 47 of this circular, and any adjournment thereof
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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 Shareholders on the transactions contemplated under each of the Acquisition Agreements and the Loan Agreement (and the Cap)
“Independent Financial Adviser” or “RexCapital”	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 Shareholders in respect of each of the Acquisition Agreements and the Loan Agreement (and the Cap)
“Jianye”	南京市建邺區城鎮建設綜合開發總公司 (Nanjing City Jianye District Town Infrastructure Integrated Development Company), a company incorporated under the laws of the PRC and principally engaged in property development and sales, sale of construction materials and real estate agency in the PRC
“Jianye Acquisition Agreement”	the agreement dated 22nd February, 2005 entered into between Jianye as vendor and TA Shanghai as purchaser in relation to the acquisition of 20% interest in the registered capital of Tiandu subject to the terms and conditions contained therein

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## DEFINITIONS

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“Join View”	Join View Development Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly owned subsidiary of the Company
“Latest Practicable Date”	11th March, 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	the loan agreement dated 2nd March, 2005 made between Ranbridge as lender, Join View as borrower and the Company as guarantor
“Loan Facility”	the revolving credit facility up to HK\$100,000,000 provided by Ranbridge to Join View subject to and in accordance with the terms and conditions of the Loan Agreement
“percentage ratio”	has the meaning ascribed thereto in the Listing Rules
“PRC”	People’s Republic of China
“Property”	Nanjing Tian An International Building (南京天安國際大廈)
“Ranbridge”	Ranbridge Finance Limited, a company incorporated in Hong Kong with limited liability and is a direct wholly owned subsidiary of SHK
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	existing ordinary share(s) of HK\$0.20 each in the capital of the Company
“Shareholder(s)”	the registered holder(s) of the Share(s)
“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

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## DEFINITIONS

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“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“TA Shanghai”	天安(上海)投資有限公司 (Tian An (Shanghai) Investments Co., Ltd.), a foreign owned enterprise established in the PRC and a wholly owned subsidiary of the Company
“Tiandu”	南京天都實業有限公司 (Nanjing Tiandu Industry Co., Ltd.), a sino-foreign equity joint venture established in the PRC which is beneficially owned as to 60%, 20% and 20% by TA Shanghai, Changfa and Jianye respectively prior to completion of the Acquisition Agreements
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

*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.*

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## LETTER FROM THE BOARD

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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)

*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

16th March, 2005

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

Dear Sir or Madam,

**CONNECTED TRANSACTIONS AND  
DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS**

**(I) ACQUISITION OF AN ADDITIONAL 40% INTEREST IN  
NANJING TIANDU INDUSTRY CO., LTD.**

**AND**

**(II) LOAN AGREEMENT WITH RANBRIDGE FINANCE LIMITED**

**1. INTRODUCTION**

The Company has made two separate announcements on 22nd February, 2005 and 2nd March, 2005 respectively, in respect of (I) the connected transactions regarding the acquisition of an additional 40% interest in Tiandu, and (II) the discloseable and Continuing Connected Transactions regarding the Loan Agreement with Ranbridge.

**I. Connected transactions regarding the acquisition of an additional 40% interest in Tiandu**

The Company announced on 22nd February, 2005 that on 22nd February, 2005, TA Shanghai entered into two Acquisition Agreements respectively with Changfa and Jianye,

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## LETTER FROM THE BOARD

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pursuant to which each of Changfa and Jianye agreed to sell and TA Shanghai agreed to purchase from each of them a 20% interest in the registered capital of Tiandu at the considerations of RMB10,209,600 (equivalent to approximately HK\$9,631,700) and RMB10,209,600 (equivalent to approximately HK\$9,631,700) payable to Changfa and Jianye respectively.

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

Since Changfa and Jianye, each holding a 20% interest in the registered capital of Tiandu, which is a non-wholly owned subsidiary of the Company, are Substantial Shareholders of Tiandu, Changfa and Jianye are connected persons of the Company. As a result, the acquisitions under the Acquisition Agreements constitute connected transactions of the Company under Rule 14A.13(1)(a) of the Listing Rules and would be aggregated under the Listing Rules. The acquisitions under the Acquisition Agreements are therefore subject to the requirements of reporting, announcement and the approval by the Shareholders (by way of poll) at the EGM as set out in Chapter 14 of the Listing Rules.

Upon completion of the Acquisition Agreements, Tiandu will become a wholly owned subsidiary of the Company.

No Shareholder is interested in the Acquisition Agreements and as such, no Shareholder is required to refrain from voting in relation to the Acquisition Agreements in accordance with the Listing Rules at the EGM.

## **II. Discloseable and Continuing Connected Transactions regarding the Loan Agreement with Ranbridge**

The Company announced on 2nd March, 2005 that, on 2nd March, 2005, Join View entered into the Loan Agreement with Ranbridge and the Company, pursuant to which Ranbridge agreed to make available to Join View the Loan Facility up to HK\$100,000,000 for its general working capital and the Company agreed to guarantee the repayment of the loan under the Loan Facility. The Loan Agreement is conditional upon, among other things, the obtaining of approval by independent Shareholders at the EGM.



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## LETTER FROM THE BOARD

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Ranbridge is a direct wholly owned subsidiary of SHK, the Substantial Shareholder of the Company which holds an aggregate interest of approximately 48.6% directly and indirectly in the issued share capital of the Company. Ranbridge is principally engaged in the money lending business and holds a money lenders licence under the Money Lenders Ordinance.

Join View is an indirect wholly owned subsidiary of the Company and is principally engaged in the money lending business and holds a money lenders licence under the Money Lenders Ordinance.

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 Loan Agreement constitutes discloseable and Continuing Connected Transactions for the Company which transactions are subject to the reporting, announcement and independent Shareholders' approval requirements of the Listing Rules.

Since SHK is interested in the Loan Agreement and is a Shareholder, SHK and its associates are required to refrain from voting (in respect of the Loan Agreement) in accordance with the Listing Rules at the EGM. Apart from SHK and its associates, no other Shareholder is interested in the Loan Agreement and is required to refrain from voting in the EGM accordingly.

An Independent Board Committee has been formed to advise the Shareholders on whether the respective terms of each of the Acquisition Agreements and the Loan Agreement (and the Cap) are fair and reasonable. RexCapital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Shareholders as to whether the respective terms of each of the Acquisition Agreements and the Loan Agreement (and the Cap) are fair and reasonable so far as the Shareholders are concerned.

The purposes of this circular are:

- (i) to provide you with further details of the Acquisition Agreements and the Loan Agreement;
- (ii) to set out the recommendations from the Independent Board Committee and the advice of RexCapital to the Independent Board Committee and the Shareholders on the respective terms of each of the Acquisition Agreements and the Loan Agreement (and the Cap); and
- (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 respective terms of each of the Acquisition Agreements and the Loan Agreement (and the Cap).

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## LETTER FROM THE BOARD

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### 2. GENERAL INFORMATION OF THE CHANGFA ACQUISITION AGREEMENT

Date: 22nd February, 2005  
Parties: (a) the vendor: Changfa  
(b) the purchaser: TA Shanghai  
Interest to be acquired: 20% interest in Tiandu

### 3. GENERAL INFORMATION OF THE JIANYE ACQUISITION AGREEMENT

Date: 22nd February, 2005  
Parties: (a) the vendor: Jianye  
(b) the purchaser: TA Shanghai  
Interest to be acquired: 20% interest in Tiandu

### 4. PRINCIPAL TERMS OF THE CHANGFA ACQUISITION AGREEMENT

The principal terms and conditions of the Changfa Acquisition 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 TA Shanghai under the Changfa Acquisition Agreement is RMB10,209,600 (equivalent to approximately HK\$9,631,700) which will be satisfied in the following manner:

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

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

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## LETTER FROM THE BOARD

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### II. Conditions of the Changfa Acquisition Agreement:

The Changfa Acquisition Agreement is conditional upon, among others, the following:

- (a) the relevant procedures of the transfer of state-owned assets having been completed by the Vendor; and
- (b) the Shareholders approving the entering into and performance of the Changfa Acquisition Agreement in the manner as required under and in full compliance with the Listing Rules at the EGM.

### III. Completion:

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

## 5. PRINCIPAL TERMS OF THE JIANYE ACQUISITION AGREEMENT

The principal terms and conditions of the Jianye Acquisition 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 TA Shanghai under the Jianye Acquisition Agreement is RMB10,209,600 (equivalent to approximately HK\$9,631,700) which will be satisfied in the following manner:

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

The total consideration of RMB10,209,600 (equivalent to approximately HK\$9,631,700) for the acquisition under the Jianye Acquisition Agreement has been arrived at after arm's length negotiation between the parties to the Jianye Acquisition

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## LETTER FROM THE BOARD

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

### **II. Conditions of the Jianye Acquisition Agreement:**

The Jianye Acquisition Agreement is conditional upon, among others, the following:

- (a) the relevant procedures of the transfer of state-owned assets being completed by the Vendor; and
- (b) the Shareholders approving the entering into and performance of the Jianye Acquisition Agreement in the manner as required under and in full compliance with the Listing Rules at the EGM.

### **III. Completion:**

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

## **6. REASONS FOR ENTERING INTO THE ACQUISITION AGREEMENTS**

As a result of the acquisitions contemplated under the Acquisition Agreements, Tiandu shall become a wholly owned subsidiary of the Company. Whilst the main asset of Tiandu is the Property, the Property is a commercial and residential development located at a prime location at the city center of Nanjing on top of a future subway station under construction which, when completed, will guarantee a steady stream of visitors to the Property. The podium levels (levels 1-8) of the Property have a total gross floor area of 51,841 square meters and have been leased to a department store. The rest of the unsold parts of the Property are offices (levels 9-12) of 11,500 square meters and a residential unit of 93 square meters which can be

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## LETTER FROM THE BOARD

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offered for sale. More details of the Property are included in Appendix I – Property Valuation to this circular. Although the Property was only recently completed in 2003, since the podium levels of the Property is currently leased to a department store, it is expected that the Property will have stable income-generating capability. As such, the Company does not expect Tiandu to continue to be loss-making in view of the reasons set out above. Therefore, the Company’s decision to acquire an additional 40% interest in Tiandu is in line with its intention to strengthen its rental property portfolio as long term investment. In view of the positive outlook of the property market in the PRC, the Company considers that Tiandu has good financial prospects in the long term. As a result, the Company has decided to purchase an additional 40% interest in Tiandu.

The Directors are of the view that the terms of the Acquisition Agreements were agreed after arm’s length negotiations and are fair, reasonable and on normal commercial terms and the entering into of the Acquisition Agreements are in the interests of the Group and the Shareholders as a whole.

### 7. GENERAL INFORMATION OF THE LOAN AGREEMENT

Date:	2nd March, 2005
Parties:	(a) the lender: Ranbridge (b) the borrower: Join View (c) the guarantor: the Company
Loan Facility:	a revolving credit facility up to HK\$100,000,000 subject to and in accordance with the terms and conditions of the Loan Agreement

### 8. PRINCIPAL TERMS OF THE LOAN AGREEMENT

The purpose of the Loan Facility is the provision of general working capital to Join View. The Loan Facility will be available to Join View for the term of 36 months from the date of the Loan Agreement. The Repayment Date (as defined in the Loan Agreement) of each of the Advance (as defined in the Loan Agreement) will be specified in each of the Drawdown Notice (as defined in the Loan Agreement) by Join View but, in any event, it shall not be later than 36 months from the date of the Loan Agreement. Join View shall pay interest on the Advance (as defined in the Loan Agreement) at the rate of prime rate plus 1% per annum. The repayment of the loan under the Loan Facility is guaranteed by the Company. The maximum annual Advance and the accumulative Advance during the term of the Loan Agreement will not exceed HK\$100,000,000 (the “Cap”). The Loan Agreement is conditional upon, among other things, the obtaining of approval by the independent Shareholders at the EGM.

### 9. REASONS FOR ENTERING INTO THE LOAN AGREEMENT

The Directors consider the provision of the Loan Facility by Ranbridge to Join View and the Cap to be in the interests of the Company in that such financial support will facilitate Join View’s business expansion and that internal resources within the Group could be utilized more

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## LETTER FROM THE BOARD

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efficiently between the Group companies. The Directors consider the Loan Facility, the Cap and the guarantee provided by the Company are being provided on normal commercial terms, which are arrived at after arm's length negotiations between the parties and are fair and reasonable insofar as the Shareholders are concerned.

### 10. LISTING RULES REQUIREMENTS

#### I. Connected transactions regarding the acquisition of an additional 40% interest in Tiandu

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

No Shareholder is interested in the Acquisition Agreements and as such, no Shareholder is required to refrain from voting in relation to the Acquisition Agreements in accordance with the Listing Rules at the EGM.

#### II. Discloseable and Continuing Connected Transactions regarding the Loan Agreement with Ranbridge

Ranbridge is principally engaged in the money lending business. It holds a money lenders licence under the Money Lenders Ordinance. It is a direct wholly owned subsidiary of SHK, the Substantial Shareholder of the Company which holds an aggregate interest of approximately 48.6% directly and indirectly in the issued share capital of the Company and therefore, a connect person of the Company as defined in Rule 14A.11 of the Listing Rules. Accordingly, the transaction under the Loan Agreement constitutes a non-exempt Continuing Connected Transaction of the Company under the Listing Rules and is subject to the disclosure requirements under Rules 14A.37 to 14A.39, 14A.46 and 14A.47 and the approval by the independent Shareholders under Rule 14A.35 of the Listing Rules. Since the Consideration Ratio (as defined in the Listing Rules) for such transaction is more than 5% but less than 25%, it also constitutes a discloseable transaction of the Company under the Listing Rules.

As a result, the Loan Agreement constitutes discloseable and Continuing Connected Transactions for the Company which transactions are subject to reporting, announcement and approval by the independent Shareholders at the EGM as set out in Chapter 14A of the Listing Rules.

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## LETTER FROM THE BOARD

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Since SHK is interested in the Loan Agreement and is a Shareholder, SHK and its associates are required to refrain from voting (in respect of the Loan Agreement) in accordance with the Listing Rules at the EGM. Apart from SHK and its associates, no other Shareholder is interested in the Loan Agreement and is required to refrain from voting at the EGM accordingly.

The Independent Board Committee has been formed to advise the Shareholders in relation to each of the Acquisition Agreements and the Loan Agreement (and the Cap). RexCapital has been appointed to advise the Independent Board Committee and the Shareholders as to whether the respective terms of each of the Acquisition Agreements and the Loan Agreement (and the Cap) are fair and reasonable so far as the Shareholders are concerned.

### 11. INFORMATION OF THE GROUP

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.

### 12. INFORMATION OF TIANDU

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

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

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

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## LETTER FROM THE BOARD

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### 13. INFORMATION OF JOIN VIEW

Join View is an indirect wholly owned subsidiary of the Company and is principally engaged in the money lending business and holds a money lenders licence under the Money Lenders Ordinance.

### 14. INFORMATION OF SHK

The principal activity of SHK is investment holding. The principal activities of its major subsidiaries 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.

### 15. EGM

Set out on pages 46 and 47 of this circular is a notice convening the EGM to be held at Plaza V, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on 20th April, 2005 at 10:00 a.m. at which ordinary resolutions will be proposed to the Shareholders to consider and, if thought fit, to approve the respective terms of each of the Acquisition Agreements, the Loan Agreement (and the Cap) and all respective transactions contemplated thereunder. The vote of the 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.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save as SHK and its associates (as disclosed) which is required to abstain from voting in respect of the ordinary resolution for approving the Loan Agreement, no Shareholder is required under the Listing Rules to abstain from voting on the resolution(s) regarding each of the Acquisition Agreements, the Loan Agreement (and the Cap) and all respective transactions contemplated thereunder at the EGM.

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.



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## LETTER FROM THE BOARD

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### 16. RECOMMENDATION

The Board considers that the respective terms of each of the Acquisition Agreements and the Loan Agreement (and the Cap) 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 Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the respective terms of each of the Acquisition Agreements, the Loan Agreement (and the Cap) and all respective transactions contemplated thereunder.

### 17. ADDITIONAL INFORMATION

Your attention is drawn to the letters from the Independent Board Committee and RexCapital 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 Acquisition Agreements and the Loan Agreement is in the interests of the Company and the Shareholders and concurs with the views of RexCapital that the terms of the Acquisition Agreements and the Loan Agreement are fair and reasonable so far as the Shareholders as a whole are concerned and therefore, recommends the Shareholders and the independent Shareholders to vote in favour of the ordinary resolutions to approve the terms of the Acquisition Agreements and the Loan Agreement respectively.

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 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

16th March, 2005

*To the Shareholders*

Dear Sir or Madam,

**CONNECTED TRANSACTIONS AND  
DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS**

**(I) ACQUISITION OF AN ADDITIONAL 40% EQUITY INTEREST IN  
NANJING TIANDU INDUSTRY CO., LTD.**

**AND**

**(II) LOAN AGREEMENT WITH RANBRIDGE FINANCE LIMITED**

We refer to the circular (the “Circular”) dated 16th March, 2005 of Tian An China Investments Company Limited, 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 each of the Acquisition Agreements and the Loan Agreement, we have been appointed to form this Independent Board Committee to advise you as to whether, in our opinion, the respective terms of Acquisition Agreements and the Loan Agreement (and the Cap) are fair and reasonable so far as the Shareholders as a whole are concerned.

RexCapital has been appointed as the Independent Financial Adviser to advise this Independent Board Committee on the fairness and reasonableness of the respective terms of each of the Acquisition Agreements and the Loan Agreement (and the Cap).

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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We wish to draw your attention to the letter from the Board, as set out on pages 5 to 15 of the Circular, and the letter from RexCapital, as set out on pages 18 to 30 of the Circular, both of which provide details of each of the Acquisition Agreements and the Loan Agreement. Having considered the advice rendered by RexCapital and the principal factors and reasons taken into consideration by it in arriving its advice, we are of the opinion that the respective terms of each of the Acquisition Agreements and the Loan Agreement (and the Cap) are in the interests of the Company and the Shareholders as a whole and the respective terms of each of the Acquisition Agreements and the Loan Agreement (and the Cap) are fair and reasonable so far as the Shareholders are concerned. Accordingly, we recommend the Shareholders and independent Shareholders to vote in favour of the ordinary resolutions which will be proposed at the EGM to approve the respective terms of each of the Acquisition Agreements, the Loan Agreement (and the Cap) and all respective transactions contemplated thereunder.

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*

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## LETTER OF ADVICE FROM REXCAPITAL

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*The following is the text of a letter of advice from RexCapital to the Independent Board Committee and the Shareholders in respect of the Acquisition Agreements and the Loan 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

16 March 2005

*The Independent Board Committee  
and the Shareholders*

**Tian An China Investments Company Limited**

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

Dear Sirs,

**CONNECTED TRANSACTIONS AND  
DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS**

**ACQUISITION OF AN ADDITIONAL 40% INTEREST IN  
NANJING TIANDU INDUSTRY CO., LTD.**

**AND**

**LOAN AGREEMENT WITH RANBRIDGE FINANCE LIMITED**

### **INTRODUCTION**

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Shareholders in respect of the fairness and reasonableness of (i) the terms of the Acquisition Agreements; and (ii) the terms of the Loan Agreement and the relevant Cap under the Continuing Connected Transactions, 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 Shareholders as to whether the terms of the Acquisition Agreements and the Loan Agreement (including the relevant Cap) are fair and reasonable and are in the interests of the Company and its Shareholders as a whole, and to advise the 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.

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## LETTER OF ADVICE FROM REXCAPITAL

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Changfa and Jianye, each being a party to the Changfa Acquisition Agreement and the Jianye Acquisition Agreement respectively, each holds a 20% interest in the registered capital of and are Substantial Shareholders of Tiandu, which is a non-wholly owned subsidiary of the Company. As such, Changfa and Jianye are connected persons of the Company and the acquisitions, pursuant to the Acquisition Agreements, constitute connected transactions of the Company under Rule 14A.13(1)(a) of the Listing Rules and are aggregated under the Listing Rules. In view of the foregoing and as the applicable percentage ratios of the Acquisition Agreements are more than 2.5% but less than 25% and the aggregated total considerations payable by TA Shanghai to Changfa and Jianye for the acquisitions under the Acquisition Agreements exceeds HK\$10,000,000 and are therefore subject to the requirements of reporting, announcement and approval by the Shareholders by way of a poll at the EGM under the Listing Rules. Shareholders should note that the completion of the Changfa Acquisition Agreement is not conditional on the completion of the Jianye Acquisition Agreement, nor vice versa.

Ranbridge 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, and therefore, is a connected person of the Company. As a result, the Loan Agreement constitutes non-exempt Continuing Connected Transactions of the Company under the Listing Rules and is subject to the disclosure requirements under Rules 14A.37 to 14A.39, 14A.46 and 14A.47 and the approval by the independent Shareholders under Rule 14A.35 of the Listing Rules. Since the Consideration Ratio (as defined in the Listing Rules) for such transaction is more than 5% but less than 25%, it also constitutes a discloseable transaction of the Company under the Listing Rules and is subject to the reporting, announcement and independent Shareholders' approval requirements of the Listing Rules.

The Directors confirmed that as at the Latest Practicable Date, no Shareholder is interested in the Acquisition Agreements and as such, no Shareholder is required to abstain from voting on the ordinary resolution to approve the Acquisition Agreements at the EGM accordingly.

We are also advised by the Directors that, apart from SHK and its associates, no Shareholder is interested in the Loan Agreement and is required to refrain from voting on the ordinary resolution to approve the Loan Agreement in the EGM.

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 Acquisition Agreements and the Loan Agreement, and to advise the Shareholders on whether each of the Acquisition Agreements and the Loan Agreement (and the relevant Cap) are fair and reasonable.

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## LETTER OF ADVICE FROM REXCAPITAL

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### **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 unaudited financial information on Tiandu and Join View, and the valuation of the Property provided by Norton Appraisals Limited. 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 Acquisition Agreements and the Loan Agreement.

### **A. THE ACQUISITION AGREEMENTS**

#### **Principal Factors Considered**

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

#### *1. Background and Reasons for entering into the Acquisition Agreements*

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

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## LETTER OF ADVICE FROM REXCAPITAL

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payable by TA Shanghai to Changfa; and (ii) the Jianye Acquisition Agreement was entered into between Jianye and TA Shanghai on 22 February 2005, pursuant to which Jianye agreed to sell and TA Shanghai agreed to purchase a 20% interest in the registered capital of Tiandu at a total consideration of RMB10,209,600 (equivalent to approximately HK\$9,631,700) payable by TA Shanghai to Jianye. Completion of the Acquisition Agreements are conditional upon, among others, the Shareholders' approval of the Acquisition Agreements at the EGM.

As stated in the letter from the Board in this circular, Tiandu is a sino-foreign equity joint venture established in the PRC on 2 July 1992 with limited liability which is currently owned as to 60% of its registered capital by TA Shanghai, as to 20% by Changfa and as to 20% by Jianye immediately prior to the completion of the Acquisition Agreements. Accordingly, upon completion of the Acquisition Agreements, the Company will own 100% interest in Tiandu.

Tiandu is principally engaged in property development and investment in the PRC and has been involved in the development and management of one of the Group's major commercial and residential property project named "Nanjing Tian An International Building", the Property. The Property is a commercial and residential development located at No. 122, Zhongshan South Road, Nanjing, the commercial hub of Nanjing City, the PRC, and is situated on top of a future subway station. The podium levels (levels 1-8) of the Property has been leased to a department store since May 2002 for a term of 20 years with annual rental income calculated based on a certain percentage of the annual turnover of the department store but in any case not less than RMB30 million for the first six years under the contract term and not less than RMB10 million thereafter. The unsold parts of the Property include offices (levels 9-12) of 11,500 square meters and a residential apartment of 93 square meters which can be offered for sale.

The Directors are of the view that, the Property is located at a prime location at the city center of Nanjing on top of a future subway station currently under construction which, when completed, will guarantee a steady stream of visitors to the Property. Also, the rental income from the lease to the department store has served as and will continue to be a stable income stream for the Group. In view of the positive outlook of the property market in the PRC, the Company considers that Tiandu has good financial prospects in the long run while intends to, through the acquisitions, strengthen its rental property portfolio as its long term investments.

Given that 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, we

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## LETTER OF ADVICE FROM REXCAPITAL

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consider the proposed acquisitions to be in line with its principal business. Moreover, the acquisition of the remaining 40% interest in Tiandu will enable the Group to gain full control of Tiandu and in turn, the Property, and to benefit from the continuous growth in the commercial and residential property market in the PRC. In addition, with the Property being situated at the prime commercial business area in Nanjing with transportation ease and the potential increase in traffic, we are of the view that the acquisitions will provide the Group not only a stable rental income stream, but also potential capital appreciation.

As such, we consider that the acquisitions represent a consistent strategy to the Group's core business which will strengthen the Group's investment property portfolio and provide the Group with future profit potentials.

### *2. Consideration of the Acquisition Agreements*

The consideration payable by TA Shanghai under the Changfa Acquisition Agreement and the Jianye Acquisition Agreement are RMB10,209,600 (equivalent to approximately HK\$9,631,700) and RMB10,209,600 (equivalent to approximately HK\$9,631,700) respectively, and will be satisfied by internally generated funds in the manner of: (i) as to RMB1,020,000 (equivalent to approximately HK\$962,300) payable by TA Shanghai in cash to each of Changfa and Jianye within 10 days after the signing of the Acquisition Agreements; and (ii) as to the remaining RMB9,189,600 (equivalent to approximately HK\$8,669,400) payable by TA Shanghai by cash to each of Changfa and Jianye upon completion of the respective acquisition agreement.

The Directors confirmed that the respective considerations for the Changfa Acquisition Agreement and the Jianye Acquisition Agreement were arrived at after arm's length negotiations between the parties to the respective acquisition agreements on normal commercial terms and with reference to the respective initial subscription costs incurred by Changfa and Jianye.

We have reviewed management accounts of Tiandu as at 31 December 2004 which reported an unaudited net asset value of approximately HK\$153,143,700. The total consideration of RMB10,209,600 (equivalent to approximately HK\$9,631,700) under each of the Changfa Acquisition Agreement and the Jianye Acquisition Agreement represents:

- (i) 100% of the portion of registered capital contributed by each of Changfa and Jianye to Tiandu respectively; and
- (ii) a discount of approximately 68.55% of the net asset value as at 31 December 2004 shared by each of Changfa and Jianye according to their respective 20% interest in Tiandu, being approximately HK\$30,628,700.



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## LETTER OF ADVICE FROM REXCAPITAL

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We have also reviewed the property valuation report as at 16 March 2005 prepared by the independent property valuer, Norton Appraisals Limited (the “Valuer”). We understand that the Property has been valued on market basis assuming sale with vacant possession by using the direct comparison approach. According to the valuation report, the Property has been valued at approximately HK\$708,000,000 as at 28 February 2005 by the Valuer. The aggregated consideration under the Acquisition Agreements of RMB20,419,200 (equivalent to approximately HK\$19,263,400) represents a substantial discount of approximately 93.20% to the proportionate share (in respect to Changfa’s and Jianye’s interests in Tiandu) of the value appraised by the Valuer.

As such, we are of the view that the aggregate consideration payable by TA Shanghai under the Acquisition Agreements is fair and reasonable so far as the Company and the Shareholders are concerned.

### 3. *Financial effects on the Group as a result of the Acquisition Agreements*

#### (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.

According to the management accounts of Tiandu for the year ended 31 December 2003 and 2004, Tiandu recorded a net loss before taxation of approximately HK\$3,850,500 and HK\$2,531,400 for the financial years 2003 and 2004 respectively. Prior to the entering into of the Acquisition Agreements, Tiandu has been a 60% indirectly-owned subsidiary of the Company and its results has been consolidated into and fully reflected on the Group’s consolidated income statement.

As discussed under the paragraphs headed “*Background and Reasons for entering into the Acquisition Agreements*” above, the Directors expect that the future subway station will provide transportation ease while enable potential substantial increase in traffic, representing a possible increase in rental income as well as potential capital appreciation of the Property. As such, we are of the opinion that Tiandu has great potential to generate positive financial contributions to the Group’s earnings in the near future.

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## LETTER OF ADVICE FROM REXCAPITAL

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(ii) Cash position

As stated in the letter from the Board, the acquisitions will be satisfied by internal resources of the Group. 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 Acquisition Agreements, the Group's bank balances and cash reserves will decrease by the amount of approximately HK\$19,263,400, which is the aggregated consideration payable by the Company for the acquisitions pursuant to the Acquisition Agreements, and is immaterial to the current cash position. Accordingly, we consider that the Group has adequate financial resources to fulfill the payment obligation and the cash payment will not have a material adverse impact on the Group's financial or cash flow condition upon completion of the acquisitions.

(iii) Net asset value

Since Tiandu has been a 60% indirectly-owned subsidiary of the Company and its results have been consolidated into and fully reflected on the Group's consolidated accounts, the net asset value of the Group immediately before and after the acquisitions will remain the same at approximately HK\$4,037.52 million, being the reported unaudited consolidated net asset value of the Group as at 30 June 2004. Accordingly, we consider that the acquisitions will not have any adverse impact on the Group's consolidated net asset value and it is in the interest of the Company and the Shareholders as a whole.

### **Conclusion**

Having considered the abovementioned principal factors and reasons, we consider that the entering into and the terms of the Acquisition Agreements 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 Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Acquisition Agreements.

## **B. THE LOAN 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 Loan Agreement, we have taken into consideration the following factors and reasons:

#### *1. Background and Reasons for entering into the Loan Agreement*

On 2 March 2005, the Company announced that Join View entered into a Loan Agreement with Ranbridge and the Company on 2 March 2005, pursuant to which Ranbridge agreed to make available to Join View the Loan Facility up to HK\$100 million for its general working capital and the Company agreed to guarantee the repayment of the loan under the Loan Facility. The Loan Agreement is conditional upon, among other things, the obtaining of approval by independent Shareholders at the EGM.

Ranbridge is principally engaged in the money lending business. It holds a money lenders licence under the Money Lenders Ordinance. It is a direct wholly owned subsidiary of SHK which is an investment holding company with its major subsidiaries engaging in 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.

Join View is an indirect wholly owned subsidiary of the Company and is principally engaged in the money lending business and holds a money lenders licence under the Money Lenders Ordinance.

As stated in the letter from the Board in this circular, the Directors consider that the Loan Facility will facilitate Join View's business expansion and that internal resources within the Group could be utilized more efficiently between the Group companies.

Given that the core business of the Group is, amongst others, property development and investment which, from time to time, involves substantial capital commitments for, such as, financing the acquisition of land use rights or development costs of property of its development projects in the PRC, the Loan Facility will then serve as an immediately available funding source for other

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## LETTER OF ADVICE FROM REXCAPITAL

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Group companies, through lending by Join View, for meeting their capital needs in their properties investment and development projects. In particular, the Loan Facility will also provide sufficient financial support to Join View, as a licensed money lender, to facilitate lending to the Group's joint-venture companies and/or other third-party companies which may need some financing arrangement for meeting their respective capital commitments in their property projects and through which, Join View can then have its business expanded while its interest income enhanced.

Having considered the above reasons, we are of the opinion that the entering into of the Loan Agreement is in the interest of the Company so far as the Shareholders are concerned.

### 2. *Terms of the Loan Agreement*

#### (i) Interest rate

Under the Loan Agreement, Join View shall pay interest on the Advances (as defined in the Loan Agreement) in arrears on each Interest Payment Date (as defined in the Loan Agreement), which is 1, 2, 3 or 6 months from the drawdown date of the respective Advance (but in any event should not fall beyond 36 months from the date of the Loan Agreement) to be chosen by Join View, at the rate of prime plus 1% per annum. The Directors advised us that the interest rate for the Loan Facility is determined after arm's length negotiation between the parties on normal commercial terms.

The Directors advised us that Join View is currently funded by the Company. We discussed with and are confirmed by the Directors that currently the average interest rate charged on Join View's clients is at an annual interest rate of about 9.99% on average in the financial year 2004. The interest rate of prime plus 1% under the Loan Agreement is, thus, substantially lower than the average lending rate offered by Join View to its clients in the financial year 2004, which means a higher spread, and in turn, a higher profitability can be enjoyed by Join View.

In addition, we are also confirmed by the Directors that the average borrowing costs of the Group from external sources was approximately 5.8% for the financial year 2003 as reflected in the 2003 audited consolidated accounts of the Group. The interest rate of prime plus 1% under the Loan Agreement is approximately the same as the average borrowing costs of the Group during the financial year ended 31 December

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## LETTER OF ADVICE FROM REXCAPITAL

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2003. In particular, the Directors has indicated that while the existing average borrowing costs of the Group for the financial year 2003 was approximately 5.8% and most of the Group's existing borrowings are needed to be secured with certain assets, the Loan Facility, which is an unsecured loan facility with interest rate of prime plus 1%, is no worse than but a feasible funding alternatives for the Group as compared to the terms offered under the existing loan facilities.

On the above basis, we consider that the interest rate to be charged by Ranbridge to Join View under the Loan Agreement represents a lower borrowing cost for Join View and therefore, is fair and reasonable as far as the interest of the Company and the Shareholders are concerned.

(ii) The Cap

The Loan Facility under the Loan Agreement is a revolving credit facility up to HK\$100 million.

According to the unaudited management accounts of Join View for the financial year ended 31 December 2004, the current total loan receivables have amounted to approximately HK\$19.37 million for the year ended 31 December 2004 and are all due from independent third parties. While as detailed under the subtitle headed "*Background and Reasons for entering into the Loan Agreement*" above, such financial support to Join View obtained by way of the Loan Facility will serve not only the business expansion purposes of Join View, it will also serve as an additional and immediately available funding source for meeting any future possible capital needs of the Group's core property investment business through lending by Join View (being a licensed money lender) to other Group companies in the future. Though, as discussed with the Directors and with reference to the figures provided in the Company's 2003 annual report, the historical total capital commitment of the Group for its property development business has already amounted to over HK\$1.71 billion as at 31 December 2003 and the Cap under the Loan Agreement represents only a small portion of such capital commitment amount, the Directors considered that such Cap amount (on a revolving basis) is of the optimum level which is sufficient for smoothing out the expected cashflow requirements of the projects while will not pressurize the Group with unacceptable extra gearing exposure.

On the other hand, the revolving nature of the Loan Facility will also allow Join View to draw a specific amount (in tranches) from time to time (provided that outstanding loan amount in aggregate under the Loan

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## LETTER OF ADVICE FROM REXCAPITAL

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Facility not exceeding HK\$100 million) to meet its capital demand instead of a one-shot drawdown so as to save unnecessary interest expenses. In particular, the Directors has indicated that while the existing average borrowing costs of the Group for the financial year 2003 was approximately 5.8% and most of the existing borrowings are needed to be secured with certain assets, the Loan Facility, which is an unsecured loan facility with interest rate of prime plus 1%, is no worse than but a feasible funding alternatives for the Group as compared to the terms offered under the existing loan facilities.

In conclusion, having considered that:

- (a) as discussed above, the Loan Facility offered by Ranbridge at this Cap amount in such duration is unsecured and interest rate charged under the Loan Facility (being prime plus 1%) is close to the said existing average borrowing cost of the Group which is considered acceptable;
- (b) in respect of the Group's capital commitment level, such Cap amount (on a revolving basis) is of the optimum level which is sufficient for smoothing out the expected cashflow requirements of the projects while will not pressurize the Group with unacceptable extra gearing exposure;
- (c) the existing terms of the Loan Facility allow Join View to draw the loan in tranches from time to time to meet its capital needs instead of a one-shot drawdown so as to save unnecessary interest expenses; and
- (d) the Loan facility will then serve as an immediately available funding source for other Group companies as well as a sufficient financial support for Join View to facilitate lending to the Group's joint-venture companies and/or other third-party companies so as to expand its lending business and enhance its interest income,

we consider that the Cap under the Loan Facility is in the interest of the Company as well as its Shareholders as a whole.

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## LETTER OF ADVICE FROM REXCAPITAL

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### (iii) Repayment

The term of the Loan Agreement is 36 months commencing from the date of the Loan Agreement. The repayment date of each of the Advances and the respective interest, which is 1, 2, 3 or 6 months from the drawdown date of the respective Advance (but in any event should not fall beyond 36 months from the date of the Loan Agreement), is to be chosen by Join View and specified in each of the respective Drawdown Notice.

Such discretion of Join View on deciding the repayment date of the relative Advance(s) and the respective interest during the term of the Loan Agreement is beneficial to itself as well as the Group since Join View can then try to match the repayment schedule of the Loan Facility against its own lending schedule so as to ensure sufficient fund for its money lending business with minimal cashflow pressure.

### (iv) The Guarantee

The Company has provided guarantee to Ranbridge for Join View on the repayment of loan under the Loan Agreement. We consider that it is a common practice for lenders in granting financing to require guarantees from the borrower's holding company with good reputation and solid financial background.

Given that Join View has been a wholly owned subsidiary of the Company and its results has been consolidated into the Group's consolidated accounts, the Group's bank balances and cash reserves will increase by the same amount of the Advance(s) to be drawn by Join View from time to time but in any event not exceeding HK\$100 million in total. Since currently Join View does not have enough financial resources to make repayment to Ranbridge, the Company may have to provide financial assistance to Join View or should the Guarantee be called upon. As such, the exposure to the Group arising from the Guarantee would be at a maximum of HK\$100 million plus the respective outstanding interest (which is estimated as an aggregate maximum amount of approximately HK\$6 million per year at the interest rate of prime plus 1% (prime rate as at Latest Practicable Date is approximately 5%) under the Loan Agreement), which represents about 2.63% of the Group's unaudited consolidated net assets as at 30 June 2004 of approximately HK\$4,037.52 million after the acquisitions.

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## LETTER OF ADVICE FROM REXCAPITAL

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Also, assuming the drawdown of the maximum amount of HK\$100 million, the total borrowings of the Group will increase by HK\$100 million from approximately HK\$2,442.24 million as at 30 June 2004 to approximately HK\$2,542.24 million and, accordingly, the net gearing ratio of the Group will increase from about 47.47% to about 47.69%.

On such basis, save as the immaterial increase in the net gearing ratio of the Group, the entering into of the Loan Agreement shall have no substantial adverse impact on the financial position of the Group. Furthermore, in view of the current strong cash position of the Group, we consider that there is sufficient amount of cash and available financing to repay the loan and the respective interest payment under the Guarantee as and when required. As such, we consider that the provision of the guarantee by the Company for Join View under the Loan Agreement is acceptable and is fair and reasonable so far as the Shareholders are concerned.

### **Conclusion**

Having considered the abovementioned principal factors and reasons, we consider that the entering into and the terms of the Loan 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 Loan Agreement.

### **RECOMMENDATION**

Having considered the abovementioned principal factors and reasons, we consider that the entering into and the terms of (i) the Acquisition Agreements and (ii) the Loan 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 Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Acquisition Agreements and the Loan 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

16th March, 2005

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

Dear Sirs,

**Re: Various portions of Nanjing Tian An International Building, junction of Zhongshan South Road and Shigu Road, Jianye District, Nanjing City, Jiangsu Province, 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 28th 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, Shanghai Shenhua 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 28th February, 2005																							
Various portions of Nanjing Tian An International Building, junction of Zhongshan South Road and Shigu Road, Jianye District, Nanjing City, Jiangsu Province, the PRC	Tian An International Building (the "Development") comprises a 44-storey comprehensive commercial/residential building with a 2-level basement and was completed in 2003.	Basement 1 and Levels 1 to 8 of the property is currently occupied by a department store and subject to a tenancy for a term of 20 years from January 2003 at yearly rental as calculated at 6% of the turnover for the 1st to 6th year and 5% for the 7th to 20th year with a minimum annual rental of RMB30,000,000 for 1st to 6th year and RMB10,000,000 thereafter.	HK\$708,000,000																							
	The property comprises various portions of the Development with a total gross floor area of 76,120.36 sq.m. (819,360 sq.ft.) and the details of the area breakdown are listed as follows:																									
	<table border="1"> <thead> <tr> <th style="text-align: left;">Level</th> <th style="text-align: left;">Use</th> <th style="text-align: right;">Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>B2</td> <td>Car parking for lease (121 nos)/Plant room</td> <td style="text-align: right;">4,780.09</td> </tr> <tr> <td>B1</td> <td>Commercial</td> <td style="text-align: right;">6,869.50</td> </tr> <tr> <td>L1 to L8</td> <td>Commercial</td> <td style="text-align: right;">51,841.08</td> </tr> <tr> <td>L9 to L12</td> <td>Office</td> <td style="text-align: right;">11,507.26</td> </tr> <tr> <td>L42</td> <td>Residential (one unit)</td> <td style="text-align: right;">93.39</td> </tr> <tr> <td>L43</td> <td>Recreational facilities</td> <td style="text-align: right;">1,029.04</td> </tr> <tr> <td></td> <td style="text-align: center;">Total</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">76,120.36</td> </tr> </tbody> </table>	Level	Use	Gross Floor Area (sq.m.)	B2	Car parking for lease (121 nos)/Plant room	4,780.09	B1	Commercial	6,869.50	L1 to L8	Commercial	51,841.08	L9 to L12	Office	11,507.26	L42	Residential (one unit)	93.39	L43	Recreational facilities	1,029.04		Total	76,120.36	
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	Total	76,120.36																								
	The land use rights of the Development have been granted for respective terms up to 18th August, 2032, 18th August, 2042 and 18th August, 2062 for commercial, office and residential uses.	In addition, Basement B2 of the property is currently occupied as car parking spaces.																								

## Notes:

- Pursuant to the Certificate for State-owned Land Use Rights No. 【寧建國用(2004)字第04762號】 issued by People's Government of Nanjing City in May 2004, the land use rights of the Development, having a site area of approximately 10,092.2 sq.m., have been granted to Nanjing Tiandu Industry Co., Ltd. (南京天都實業有限公司) (the "JV Company") for respective terms up to 18th August, 2032, 18th August, 2042 and 18th August, 2062 for commercial, office and residential uses.
- Pursuant to the Supplementary Agreement entered into between the JV Company and Nanjing City Land Administration Bureau (the "Bureau") on 29th November, 1996, the approved total gross floor area of the Development was 111,592 sq.m. (excluding basement of 13,254 sq.m.), which had exceeded the permitted gross floor area of 69,838.6 sq.m. as stated in the Land Grant Contract by 41,753.4 sq.m., the Bureau agreed that the JV Company should pay an additional land premium of RMB6,988,684, of which an amount of RMB797,800 should be deducted in lieu of a gross floor area of 7,611 sq.m. which will be surrendered upon the completion of the development by the JV Company for the purpose of resettlement.

3. Pursuant to the Equity Joint Venture Contract (the “Joint Venture Contract”) which superseded the Contract dated May 1992 entered into between Nanjing City Jianye District Town Infrastructure Integrated Development Company (南京市建邺區城鎮建設綜合開發總公司) (“Party A”), Nanjing Changjiang Development Joint Stock Company Limited (南京長江發展股份有限公司) (“Party B”) and Tian An (Shanghai) Investments Co., Ltd. (天安(上海)投資有限公司) (“Party C”) on 26th June, 1997, all parties agreed to establish a joint venture company. The salient conditions stipulated in the Joint Venture Contract are summarized as follows:
- |       |                               |   |   |
|-------|-------------------------------|---|---|
| (i)   | Name of joint venture company | : | Nanjing Tiandu Industrial Co., Ltd. (the “JV Company”)                                    |
| (ii)  | Period of operation           | : | 50 years from the date of issuance of the business licence                                |
| (iii) | Total investment              | : | USD25,000,000   |
| (iv)  | Registered capital            | : | USD7,500,000  |
| (v)   | Equity interest/contribution  | : | Party A: 20% (USD1,500,000)<br>Party B: 20% (USD1,500,000)<br>Party C: 60% (USD4,500,000) |
| (vi)  | Profit sharing                | : | As per the parties’ equity interest in the JV Company                                     |
| (vii) | Scope of operation            | : | To develop, invest, sell, lease and manage real estate and related servicing              |
4. Pursuant to the Business Licence No. 000378 dated 31st July, 1997, the JV Company has been established with a registered capital of USD7,500,000 for an operation period of 50 years commencing from 2nd July, 1992 and expiring on 1st July, 2042. The scope of the business is to develop, construct, sell, lease and manage real estate and related service.
5. Pursuant to the Certificate for Foreign-sale Commodity Housing No. 【寧房外銷第000356號】 dated 16th September, 2000, a total gross floor area of 60,516.83 sq.m. of the Development has been permitted to be sold both locally and overseas.
6. Pursuant to the Certificate for Foreign-sale Commodity Housing No. 【寧房外銷第000419號】 dated 17th September, 2001, a total gross floor area of 37,492.60 sq.m. of the Development has been permitted to be sold both locally and overseas.
7. The opinion of the Group’s legal adviser on PRC law, Shanghai Shenhua Law Firm, states that:
- According to the Certificate for State-owned Land Use Rights, the JV Company has duly obtained the land use rights of the Development, having a site area 10,092.20 sq.m., for respective terms up to 18th August 2032, 18th August 2042 and 18th August 2062 for commercial, office and residential uses.
  - The JV Company is in possession of a proper legal title to the property and is entitled to transfer the residual term of its land use rights by way of transfer, mortgage of letting.
  - The JV Company has been duly incorporated and has full corporate power and legal capacity to carry out on the business specified in the Business Licence of the JV Company.
8. We have prepared our valuation on the following assumptions:
- 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.
  - All land premium (including the additional land premium as stated in note (2) above) and other costs of ancillary utility services have been settled in full.
  - The design and construction of the Development are in compliance with the local planning regulations and have been approved by the relevant authorities.
  - 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**

<b>Name of Director</b>	<b>Nature of interests</b>	<b>Number of Shares and underlying shares held</b>	<b>% to the relevant issued share capital</b>
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

<b>Name of Directors</b>	<b>Nature of interests</b>	<b>Number of shares and underlying shares held</b>	<b>% to the relevant issued share capital</b>
Ng Qing Hai	Personal	4,000,000 <i>(Notes 1 &amp; 4)</i>	0.54%
Ma Sun	Personal	100,000 <i>(Note 2)</i>	0.01%
Li Chi Kong	Personal	600,000 <i>(Notes 3 &amp; 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			Total interests	% of total interests to the relevant issued share capital
	Personal interests (held as beneficial owner)	Corporate interests (interest of controlled corporation)	Other interests (held as investment manager)		
SHK	356,570,563	68,940,040 (Note 1)	–	425,510,603	48.60%
Allied Properties (H.K.) Limited (“APL”)	–	425,510,603 (Note 2)	–	425,510,603 (Note 3)	48.60%
Allied Group Limited (“AGL”)	–	425,510,603 (Note 4)	–	425,510,603 (Note 3)	48.60%
Lee and Lee Trust (“LL Trust”)	–	425,510,603 (Note 5)	–	425,510,603 (Note 3)	48.60%
Value Partners Limited (“VPL”)	–	–	48,852,100	48,852,100	5.58%
Cheah Cheng Hye	–	48,852,100 (Note 6)	–	48,852,100 (Note 7)	5.58%
Wachovia Corporation	–	78,800,000 (Note 8)	–	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.



2. 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 39.18% 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 is deemed to be interested in the Shares through his 31.82% interest in VPL.
7. The figure refers to the same interest of VPL in 48,852,100 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 the interests stated above represent long positions. As at the Latest Practicable Date, no short positions were recorded in the register required to be kept under section 336 of the SFO.

**(b) Interests in other members of the Group**

*Companies incorporated in Hong Kong*

<b>Name of non-wholly owned subsidiaries of the Company</b>	<b>Name of Substantial Shareholder</b>	<b>No. of shares</b>	<b>%</b>
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*

<b>Name of non-wholly owned subsidiaries of the Company</b>	<b>Name of Substantial Shareholder</b>	<b>No. of shares</b>	<b>%</b>
AII – Shanghai Inc.	Aso Corporation	2,562,750	16.7
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*

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

*Companies incorporated in the PRC*

<b>Name of non-wholly owned subsidiaries of the Company</b>	<b>Name of Substantial Shareholder</b>	<b>No. of shares</b>	<b>%</b>
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有限公司	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有限公司	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

<b>Name of non-wholly owned subsidiaries of the Company</b>	<b>Name of Substantial Shareholder</b>	<b>No. of shares</b>	<b>%</b>
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
Tiandu	Jianye Changfa	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 BUSINESS

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:

<b>Name</b>	<b>Qualification</b>
RexCapital	Licensed corporation for type 6 regulated activity under the SFO
Norton Appraisals Limited	Property Valuer
Shanghai Shenhua Law Firm	PRC Lawyer

As at the Latest Practicable Date, RexCapital, Norton Appraisals Limited and Shanghai Shenhua 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, Norton Appraisals Limited and Shanghai Shenhua 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 16th March, 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 Acquisition Agreements and the Loan Agreement, none of the Directors and the experts whose names are 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. 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 Acquisition Agreements and the Loan Agreement for normal professional fees. Accordingly, Mr. Moses Cheng Mo Chi has abstained from voting at the board resolutions approving the entering into of the Acquisition Agreements and the Loan Agreement respectively. Other than disclosed hereinabove and (c) below, 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) 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 Ranbridge. Accordingly, Mr. Patrick Lee Seng Wei has abstained from voting at the board resolutions approving the entering into of the Loan Agreement. Other than disclosed hereinabove and (b) 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.
- (d) The registered office of the Company is 27th Floor, China Online Centre, 333 Lockhart Road, Wanchai, Hong Kong.
- (e) 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.
- (f) 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.
- (g) 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 20th April, 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 Acquisition Agreements;
- (iv) the Loan Agreement;
- (v) the letter from RexCapital as set out on pages 18 to 30 of this circular;
- (vi) the valuation report of the Property by Norton Appraisals Limited, the text of which is set out on pages 31 to 35 of this circular;
- (vii) the written consents referred to in the paragraph headed "Consent of Experts" of this Appendix;
- (viii) the letter from the Independent Board Committee as set out on pages 16 and 17 of this circular; and
- (ix) this circular.

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## **APPENDIX III      PROCEDURES FOR DEMANDING A POLL AT EGM**

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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.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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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)**

**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 V, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Wednesday, 20th April, 2005 at 10:00 a.m., for the purpose of considering and, if thought fit, passing with or without modification the following resolutions as ordinary resolutions of the Company:

### ORDINARY RESOLUTION NO. 1

**“THAT:**

- (a) the conditional agreement dated 22nd February, 2005 (the “Changfa Acquisition Agreement”) entered into between 南京長江發展股份有限公司 (Nanjing Changjiang Development Joint Stock Company Limited) (“Changfa”) as vendor and 天安(上海)投資有限公司 (Tian An (Shanghai) Investments Co., Ltd.) (“TA Shanghai”) as purchaser pursuant to which Changfa agreed to sell and TA Shanghai agreed to purchase a 20% interest in the registered capital of 南京天都實業有限公司 (Nanjing Tiandu Industry Co., Ltd.) (“Tiandu”) at a total consideration of RMB10,209,600 (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 conditional agreement dated 22nd February, 2005 (the “Jianye Acquisition Agreement”) entered into between 南京市建鄴區城鎮建設綜合開發總公司 (Nanjing City Jianye District Town Infrastructure Integrated Development Company) (“Jianye”) as vendor and TA Shanghai as purchaser pursuant to which Jianye agreed to sell and TA Shanghai agreed to purchase a 20% interest in the registered capital of Tiandu at a total consideration of RMB10,209,600 (a copy of which has been produced to the Meeting marked “B” and signed by the Chairman of the Meeting for the purpose of identification), be and is hereby approved, ratified and confirmed;
- (c) the transactions contemplated under the Changfa Acquisition Agreement and the Jianye Acquisition Agreement be and are hereby approved; and
- (d) the directors of the Company be and are hereby authorised for and on behalf of the Company, amongst other matters, to sign, execute, perfect and 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 Changfa Acquisition Agreement and the Jianye Acquisition Agreement.”

and



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### ORDINARY RESOLUTION NO. 2

**“THAT:**

- (a) the conditional loan agreement dated 2nd March, 2005 (the “Loan Agreement”) entered into between Ranbridge Finance Limited (“Ranbridge”) as lender, Join View Development Limited (“Join View”) as borrower, and the Company as the guarantor pursuant to which Ranbridge agreed to make available to Join View a loan facility up to HK\$100,000,000 (the “Cap”) for its general working capital (the “Loan Facility”) and the Company agreed to guarantee the repayment of the loan under the Loan Facility (a copy of which has been produced to the Meeting marked “C” 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 Loan Agreement and the Cap 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 and 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 Loan Agreement.”

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

Hong Kong, 16th March, 2005

*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.