
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Tian An China Investments Company Limited (the "Company"), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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天安中國投資有限公司

TIAN AN CHINA INVESTMENTS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 28)

CONNECTED TRANSACTIONS

DISPOSAL OF INTEREST IN PRC JOINTLY CONTROLLED ENTITY AND ACQUISITIONS OF INTERESTS IN PRC SUBSIDIARIES

Independent Financial Adviser to the Independent Board Committee



REXCAPITAL (Hong Kong) Limited

A letter from the Board is set out on pages 5 to 18 of this circular and a letter from the Independent Board Committee containing its recommendation in respect of the transaction is set out on pages 19 and 20 of this circular. A letter from REXCAPITAL (Hong Kong) Limited containing its advice and recommendation to the Independent Board Committee and the independent Shareholders is set out on pages 21 to 31 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, 27th April, 2005 at 10:00 a.m. is set out on pages 54 and 55 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.

8th April, 2005

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DEFINITIONS

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

“Acquisitions”	the acquisitions of interests contemplated under the CZTA City Development Acquisition Agreement and the CZTA Yuan Cheng Acquisition Agreement
“Agreements”	the CZTA Real Estate Disposal Agreement, the CZTA City Development Acquisition Agreement and the CZTA Yuan Cheng 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)
“Changzhou Changjiang”	常州長江經濟技術開發有限公司 (Changzhou Changjiang Economic Technology Development Company Limited), a company incorporated under the laws of the PRC and is principally engaged in property development and trading
“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
“CZTA City Development”	常州天安城市發展有限公司 (Changzhou Tian An City Development Co., Ltd.), a sino-foreign equity joint venture established under the laws of the PRC and principally engaged in property development
“CZTA City Development Acquisition Agreement”	an agreement dated 3rd February, 2005 entered into between Changzhou Changjiang as vendor and TA Shanghai as purchaser in relation to the acquisition of 10% interest in the registered capital of CZTA City Development subject to the terms and conditions contained therein

DEFINITIONS

“CZTA Real Estate”	常州天安房地產開發有限公司 (Changzhou Tianan Real Estate Development Co., Ltd.), a sino-foreign equity joint venture established under the laws of the PRC and is principally engaged in property development
“CZTA Real Estate Disposal Agreement”	an agreement dated 3rd February, 2005 entered into between TA Investment as vendor and Changzhou Changjiang as purchaser in relation to the disposal of 51% interest in the registered capital of CZTA Real Estate subject to the terms and conditions contained therein
“CZTA Yuan Cheng”	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), a sino-foreign equity joint venture established under the laws of the PRC and is principally engaged in property development
“CZTA Yuan Cheng Acquisition Agreement”	an agreement dated 3rd February, 2005 entered into between Changzhou Changjiang as transferor and TA Shanghai as transferee in relation to the acquisition of 10% interest in the registered capital of CZTA Yuan Cheng subject to the terms and conditions contained therein
“Directors”	the directors of the Company
“Disposal”	the disposal of interest in CZTA Real Estate contemplated under the CZTA Real Estate Disposal Agreement
“EGM”	the extraordinary general meeting of the Company to be held on 27th April, 2005, for the purpose of considering and, if thought fit, approving (inter alia) the terms of the Agreements and the transactions contemplated thereunder, notices of which is set out on pages 54 and 55 of this circular, and any adjournment thereof
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“Independent Board Committee”	the independent board committee comprising all the Independent Non-Executive Directors, namely Messrs. Francis J. Chang Chu Fai, Goodwin Gaw, Ngai Wah Sang and Xu Su Jing appointed for the purpose of advising the independent Shareholders on the transactions contemplated under the Agreements
“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 independent Shareholders in respect of the Agreements
“Latest Practicable Date”	4th April, 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
“percentage ratio”	has the meaning ascribed thereto in the Listing Rules
“PRC”	People’s Republic of China
“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“TA Investment”	Tian An Investment Company Limited 天安投資有限公司, a company incorporated in Hong Kong with limited liability and a wholly owned subsidiary of the Company

DEFINITIONS

“TA Shanghai”	天安(上海)投資有限公司 (Tian An (Shanghai) Investments Co., Ltd.), a foreign owned enterprise established under the laws of the PRC and a wholly owned subsidiary of the Company
“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.

LETTER FROM THE BOARD



天安中國投資有限公司

TIAN AN CHINA INVESTMENTS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 28)

Executive Directors:

Patrick Lee Seng Wei (*Chairman*)

Ng Qing Hai (*Managing Director*)

Ma Sun

Edwin Lo King Yau

Li Chi Kong

Registered Office:

27th Floor, China Online Centre

333 Lockhart Road

Wanchai

Hong Kong

Non-Executive Directors:

Moses Cheng Mo Chi

Lisa Yang Lai Sum

Independent Non-Executive Directors:

Francis J. Chang Chu Fai

Goodwin Gaw

Ngai Wah Sang

Xu Su Jing

8th April, 2005

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

Dear Sir or Madam,

CONNECTED TRANSACTIONS

**DISPOSAL OF INTEREST IN PRC JOINTLY CONTROLLED ENTITY
AND ACQUISITIONS OF INTERESTS IN PRC SUBSIDIARIES**

1. INTRODUCTION

The Company announced on 17th March, 2005 that:

- (a) on 3rd February, 2005, TA Investment entered into a disposal agreement with Changzhou Changjiang in relation to the disposal of 51% interest in the registered capital of CZTA Real Estate by TA Investment to Changzhou Changjiang at the aggregate consideration of RMB8,070,000 (equivalent to approximately HK\$7,613,200) payable to TA Investment. CZTA Real Estate is a sino-foreign equity

LETTER FROM THE BOARD

joint venture established in the PRC principally engaging in property development. Currently, CZTA Real Estate is owned as to 51% and 49% by TA Investment and Changzhou Changjiang respectively. Upon completion of the disposal under the CZTA Real Estate Disposal Agreement, the Company shall cease to have any interest in CZTA Real Estate;

- (b) on 3rd February, 2005, TA Shanghai entered into an acquisition agreement with Changzhou Changjiang in relation to the acquisition of 10% interest in the registered capital of CZTA City Development by TA Shanghai from Changzhou Changjiang at the aggregate consideration of RMB2,194,000 (equivalent to approximately HK\$2,069,800) payable to Changzhou Changjiang. CZTA City Development is a sino-foreign equity joint venture established in the PRC principally engaging in property development. Currently, CZTA City Development is owned as to 90% and 10% by TA Shanghai and Changzhou Changjiang respectively. Upon completion of the acquisition under the CZTA City Development Acquisition Agreement, CZTA City Development shall become a wholly owned subsidiary of the Company; and
- (c) on 3rd February, 2005, TA Shanghai entered into another acquisition agreement with Changzhou Changjiang in relation to the acquisition of 10% interest in the registered capital of CZTA Yuan Cheng by TA Shanghai from Changzhou Changjiang. Currently, CZTA Yuan Cheng is interested as to 90% and 10% by TA Shanghai and Changzhou Changjiang respectively. Upon completion of the acquisition under the CZTA Yuan Cheng Acquisition Agreement, CZTA Yuan Cheng shall become a wholly owned subsidiary of the Company.

Completion of the CZTA Real Estate Disposal Agreement is conditional upon (i) independent Shareholders' approval of the CZTA Real Estate Disposal Agreement at the EGM; and (ii) the approval having been obtained from the Original Examination and Approval Authority in the PRC in respect of the transfer, and completion of the Disposal will take place upon the fulfilment of the conditions.

Completion of the CZTA City Development Acquisition Agreement is conditional upon (i) independent Shareholders' approval of the CZTA City Development Acquisition Agreement at the EGM; and (ii) the approval having been obtained from the Original Examination and Approval Authority in the PRC in respect of the transfer, and completion of the acquisition under the CZTA City Development Acquisition Agreement will take place upon the fulfilment of the conditions.

Completion of the CZTA Yuan Cheng Acquisition Agreement is conditional upon (i) independent Shareholders' approval of the CZTA Yuan Cheng Acquisition Agreement at the EGM; and (ii) the approval having been obtained from the Ministry of Foreign Trade and Economic Cooperation in the PRC, and completion of the acquisition under the CZTA Yuan Cheng Acquisition Agreement will take place upon the conditions having been fulfilled.

LETTER FROM THE BOARD

Since Changzhou Changjiang is holding interests of 10% and 10% in the registered capitals of CZTA City Development and CZTA Yuan Cheng respectively, Changzhou Changjiang is a Substantial Shareholder of CZTA City Development and CZTA Yuan Cheng, both non-wholly owned subsidiaries of the Company, and thus Changzhou Changjiang is a connected person of the Company. As a result, the transactions under the Agreements constitute connected transactions of the Company under the Listing Rules.

The Disposal constitutes a connected transaction of the Company which does not fall within any of the de-minimis exemptions under Chapter 14A of the Listing Rules and is therefore subject to the requirements of reporting, announcement and approval by independent Shareholders as set out in Chapter 14A of the Listing Rules. As both the Acquisitions and the Disposal are contemplated under a similar context to enhance the Group's residential property portfolio for long-term development, motions for their approval will be put forward to the independent Shareholders' voting by way of poll at the EGM for their full consideration.

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

The purposes of this circular are:

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

LETTER FROM THE BOARD

2. GENERAL INFORMATION OF THE CZTA REAL ESTATE DISPOSAL AGREEMENT

Date: 3rd February, 2005
Parties: (a) the vendor: TA Investment
(b) the purchaser: Changzhou Changjiang
Interest to be disposed: 51% interest in CZTA Real Estate

3. GENERAL INFORMATION OF THE CZTA CITY DEVELOPMENT ACQUISITION AGREEMENT

Date: 3rd February, 2005
Parties: (a) the vendor: Changzhou Changjiang
(b) the purchaser: TA Shanghai
Interest to be acquired: 10% interest in CZTA City Development

4. GENERAL INFORMATION OF THE CZTA YUAN CHENG ACQUISITION AGREEMENT

Date: 3rd February, 2005
Parties: (a) the transferor: Changzhou Changjiang
(b) the transferee: TA Shanghai
Interest to be acquired: 10% interest in CZTA Yuan Cheng

5. PRINCIPAL TERMS OF THE CZTA REAL ESTATE DISPOSAL AGREEMENT

The principal terms and conditions of the CZTA Real Estate Disposal 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 Changzhou Changjiang under the CZTA Real Estate Disposal Agreement is RMB8,070,000 (equivalent to approximately HK\$7,613,200). Upon completion of the CZTA Real Estate Disposal Agreement, Changzhou Changjiang shall pay the consideration of RMB8,070,000 (equivalent to approximately HK\$7,613,200) in cash to TA Investment and TA Investment shall transfer the 51% interest in the registered capital of CZTA Real Estate to Changzhou Changjiang or to any other PRC company as Changzhou Changjiang shall direct. TA Investment shall cease to have any right or interest in CZTA Real Estate upon the completion of the CZTA Real Estate Disposal Agreement.

The total consideration of RMB8,070,000 (equivalent to approximately HK\$7,613,200) for the Disposal has been arrived at after arm's length negotiations between the parties to the CZTA Real Estate Disposal Agreement and with reference to the initial subscription cost incurred by TA Investment in 1991 in the sum of approximately RMB8,070,000 (equivalent to approximately HK\$7,613,200) (Note 1).

LETTER FROM THE BOARD

According to the net asset value as stated in the unaudited consolidated management accounts of CZTA Real Estate as at 31st December, 2004, the 51% interest of TA Investment in CZTA Real Estate is approximately RMB11,664,000 (equivalent to approximately HK\$11,004,000). The total consideration of RMB8,070,000 (equivalent to approximately HK\$7,613,200) payable to the Group under the CZTA Real Estate Disposal Agreement represents 100% of the portion of registered capital contributed by TA Investment into CZTA Real Estate representing its 51% interest in CZTA Real Estate and approximately 69% of the net asset value shared by TA Investment (as per the unaudited consolidated management accounts of CZTA Real Estate as at 31st December, 2004). So far as the consideration of the Disposal in comparison with the net asset value of CZTA Real Estate as at 31st December, 2004 is concerned, upon completion of the CZTA Real Estate Disposal Agreement, the Group would have given a discount in the sum of approximately RMB3,594,000 (net asset value of CZTA Real Estate as at 31st December, 2004 of approximately RMB11,664,000 reduced by the consideration in the sum of RMB8,070,000) in respect of the Disposal.

The proceeds of the Disposal will be used as working capital of the Group.

II. Conditions of the CZTA Real Estate Disposal Agreement:

The CZTA Real Estate Disposal Agreement is conditional upon the following:

- (a) independent Shareholders' approval of the CZTA Real Estate Disposal Agreement at the EGM; and
- (b) the approval having been obtained from the Original Examination and Approval Authority in the PRC in respect of the transfer.

III. Completion:

Completion of the Disposal will take place upon the fulfilment of the conditions.

LETTER FROM THE BOARD

6. PRINCIPAL TERMS OF THE CZTA CITY DEVELOPMENT ACQUISITION AGREEMENT

The principal terms and conditions of the CZTA City Development 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 CZTA City Development Acquisition Agreement is RMB2,194,000 (equivalent to approximately HK\$2,069,800). Upon completion of the CZTA City Development Acquisition Agreement, TA Shanghai shall pay the consideration of RMB2,194,000 (equivalent to approximately HK\$2,069,800) in cash to Changzhou Changjiang and Changzhou Changjiang shall cease to have any interest in CZTA City Development.

The total consideration of RMB2,194,000 (equivalent to approximately HK\$2,069,800) for the acquisition under the CZTA City Development Acquisition Agreement has been arrived at after arm's length negotiations between the parties to the CZTA City Development Acquisition Agreement and with reference to the initial subscription cost incurred by Changzhou Changjiang in 1998 in the sum of approximately RMB2,194,000 (equivalent to approximately HK\$2,069,800).

According to the net asset value as stated in the unaudited management accounts of CZTA City Development as at 31st December, 2004, the 10% interest of Changzhou Changjiang in CZTA City Development is approximately RMB6,598,400 (equivalent to approximately HK\$6,224,900). The total consideration of RMB2,194,000 (equivalent to approximately HK\$2,069,800) payable by the Group under the CZTA City Development Acquisition Agreement represents 100% of the portion of registered capital contributed by Changzhou Changjiang into CZTA City Development representing its 10% interest in CZTA City Development and approximately 33% of the net asset value shared by Changzhou Changjiang (as per the unaudited management accounts of CZTA City Development as at 31st December, 2004). So far as the consideration of such acquisition in comparison with the net asset value of CZTA City Development as at 31st December, 2004 is concerned, upon completion of the CZTA City Development Acquisition Agreement, the Group would have received a discount in the sum of approximately RMB4,404,400 (net asset value of CZTA City Development as at 31st December, 2004 in the sum of approximately RMB6,598,400 reduced by the consideration in the sum of RMB2,194,000) in respect of the acquisition under the CZTA City Development Acquisition Agreement.

The consideration shall be satisfied by the internally generated funds of the Group.

LETTER FROM THE BOARD

II. Conditions of the CZTA City Development Acquisition Agreement:

The CZTA City Development Acquisition Agreement is conditional upon the following:

- (a) independent Shareholders' approval of the CZTA City Development Acquisition Agreement at the EGM; and
- (b) the approval having been obtained from the Original Examination and Approval Authority in the PRC in respect of the transfer.

III. Completion:

Completion of the acquisition under the CZTA City Development Acquisition Agreement will take place upon the fulfilment of the conditions.

7. PRINCIPAL TERMS OF THE CZTA YUAN CHENG ACQUISITION AGREEMENT

Under the joint venture contract dated 10th February, 2004 in respect of the establishment of CZTA Yuan Cheng, CZTA Yuan Cheng shall have a registered capital of US\$10,000,000 (equivalent to approximately HK\$78,000,000). Having an interest of 10% in CZTA Yuan Cheng, Changzhou Changjiang is obliged to contribute 10% of the registered capital, being a sum of US\$1,000,000 (equivalent to approximately HK\$7,800,000) in CZTA Yuan Cheng, none of which has been paid by Changzhou Changjiang as at the date of the CZTA Yuan Cheng Acquisition Agreement.

On 3rd February, 2005, an acquisition agreement was entered into between Changzhou Changjiang and TA Shanghai, pursuant to which Changzhou Changjiang agreed to transfer to TA Shanghai the 10% interest held by Changzhou Changjiang in the registered capital of CZTA Yuan Cheng.

The principal terms and conditions of the CZTA Yuan Cheng Acquisition Agreement were arrived at after arm's length negotiations between the parties and are summarized below:

I. Consideration and Payment Terms:

As Changzhou Changjiang has not yet contributed any of the registered capital to CZTA Yuan Cheng, TA Shanghai shall acquire the 10% interest in the registered capital of CZTA Yuan Cheng with no consideration payable to Changzhou Changjiang under the CZTA Yuan Cheng Acquisition Agreement. Upon completion of the CZTA Yuan Cheng Acquisition Agreement, TA Shanghai shall contribute to the capital representing the 10% interest in CZTA Yuan Cheng, being a sum of US\$1,000,000 (equivalent to approximately HK\$7,800,000) into CZTA Yuan Cheng.

The capital to be contributed into CZTA Yuan Cheng after completion of the CZTA Yuan Cheng Acquisition Agreement will be sourced from internally generated funds of the Group.

LETTER FROM THE BOARD

The nil consideration for the acquisition under the CZTA Yuan Cheng Acquisition Agreement has been arrived at after arm's length negotiation between the parties to the CZTA Yuan Cheng Acquisition Agreement and with reference to the facts that (i) CZTA Yuan Cheng was only recently established in 2004; (ii) Changzhou Changjiang has not yet contributed any of the registered capital to CZTA Yuan Cheng; and (iii) the net asset value of CZTA Yuan Cheng as at 30th June, 2004 in the sum of approximately RMB32,320,000 (equivalent to approximately HK\$30,490,600) (based on unaudited management accounts) was solely attributable to the capital contributed by TA Shanghai into CZTA Yuan Cheng in the sum of RMB32,400,000 (equivalent to approximately HK\$30,566,000).

II. Conditions of the CZTA Yuan Cheng Acquisition Agreement:

The CZTA Yuan Cheng Acquisition Agreement is conditional upon the following:

- (a) independent Shareholders' approval of the CZTA Yuan Cheng Acquisition Agreement at the EGM; and
- (b) the approval having been obtained from the Ministry of Foreign Trade and Economic Cooperation in the PRC.

III. Completion:

Completion of the acquisition under the CZTA Yuan Cheng Acquisition Agreement will take place upon the conditions having been fulfilled.

8. REASONS FOR ENTERING INTO THE AGREEMENTS

The Group is principally engaged in property development and investment, hotel operation, provision of hotel and property management and agency services, investment holding and the sale of construction materials.

Based on the Company's knowledge and experience of the PRC residential property market and its experience with the operation and management of the Group's subsidiaries, the Directors expect that the market demand for residential property will continue to grow and will have good financial prospects.

Whilst the major asset of CZTA City Development and CZTA Yuan Cheng are 常州新城市花園 (Changzhou New City Garden) ("Changzhou New City Garden") and 常州天安別墅 (Changzhou Tian An Villa) ("Changzhou Tian An Villa") respectively both of which are residential developments with good financial prospects, the major asset of CZTA Real Estate is 常州天安城北工業村 (Changzhou Tian An North City Industrial Estate) ("North City Industrial Estate"), which is a vacant site mainly for industrial and office uses. To focus its property portfolio on residential property for its long-term business development, the Group is restructuring its interests in the sino-foreign equity joint ventures established in Changzhou, the PRC such that the Group will obtain full control and financial benefits of the residential projects indirectly held by CZTA City Development and CZTA Yuan Cheng.

LETTER FROM THE BOARD

As a result of the transactions contemplated under the Agreements, the Company shall cease to have any interest in CZTA Real Estate whereas CZTA City Development and CZTA Yuan Cheng shall become wholly owned subsidiaries of the Company.

Since the Group is entering into the transactions under the Agreements with the same party, i.e. Changzhou Changjiang, in totality, the Group will receive a nominal discount in the sum of approximately RMB810,400 as a result of the transactions under the Agreements. In other words, the discount given in the Disposal in the sum of approximately RMB3,594,000 (net asset value of CZTA Real Estate as at 31st December, 2004 of approximately RMB11,664,000 reduced by the consideration in the sum of RMB8,070,000) will be more than compensated by the discount to be received in the acquisition in the sum of approximately RMB4,404,400 (net asset value of CZTA City Development as at 31st December, 2004 of approximately RMB6,598,400 reduced by the consideration in the sum of RMB2,194,000) under the CZTA City Development Acquisition Agreement.

The Directors (including the Independent Non-Executive Directors) are of the view that the terms of each of the Agreements were agreed after arm's length negotiations on normal commercial terms and in the ordinary and usual course of business of the Company and are fair and reasonable and the entering into each of the Agreements are in the interests of the Company and the Shareholders as a whole.

9. LISTING RULES REQUIREMENTS

Changzhou Changjiang is a Substantial Shareholder of CZTA City Development and CZTA Yuan Cheng and thus a connected person of the Company under the Listing Rules by virtue of its interests of 10% and 10% in the registered capitals of CZTA City Development and CZTA Yuan Cheng respectively, which are non-wholly owned subsidiaries of the Company. The transactions pursuant to the Agreements thus constitute connected transactions of the Company under Rule 14A.13(1)(a) of the Listing Rules.

The Disposal constitutes a connected transaction of the Company which does not fall within any of the de-minimis exemptions under Chapter 14A of the Listing Rules and is therefore subject to the requirements of reporting, announcement and approval by independent Shareholders as set out in Chapter 14A of the Listing Rules. As both the Acquisitions and the Disposal are contemplated under a similar context to enhance the Group's residential property portfolio for long-term development, motions for their approval will be put forward to the independent Shareholders' voting by way of poll at the EGM for their full consideration.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Shareholder is required under Rule 14A.18 of the Listing Rules to abstain from voting on the resolution(s) regarding the Acquisitions and/or Disposal and the transactions contemplated thereunder at the EGM.

LETTER FROM THE BOARD

The Independent Board Committee has been formed to advise the independent Shareholders in relation to each of the Agreements. RexCapital has been appointed to advise the Independent Board Committee and the independent Shareholders as to whether the terms of each of the Agreements are fair and reasonable so far as the independent Shareholders are concerned.

10. 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.

11. INFORMATION OF CZTA REAL ESTATE, CZTA CITY DEVELOPMENT AND CZTA YUAN CHENG

I. CZTA Real Estate

CZTA Real Estate is a sino-foreign equity joint venture established in the PRC with limited liability on 18th December, 1990 with fully paid-up registered capital of US\$3,000,000 (equivalent to approximately HK\$23,400,000). Prior to the completion of the disposal under the CZTA Real Estate Disposal Agreement, the Company has an indirect interest of 51% in CZTA Real Estate. According to the joint venture contract entered into between the Company and Changzhou Changjiang and the supplemental agreement entered into between TA Investment and Changzhou Changjiang in respect of CZTA Real Estate dated 10th November, 1990 and 14th September, 1991 respectively, the total investment commitment to CZTA Real Estate is US\$3,800,000 (equivalent to approximately HK\$29,640,000), however, there is no capital commitment for the Group to contribute beyond the capital contribution of RMB8,070,000 and the Group is obligated to contribute only the capital contribution of RMB8,070,000. Upon completion of the disposal under the CZTA Real Estate Disposal Agreement, the Company shall cease to have any interests in CZTA Real Estate. CZTA Real Estate is principally engaged in property development in the PRC and is currently involved in the development of an industrial property project named North City Industrial Estate. For the period from 1999 to 2003, CZTA Real Estate has been involved in the residential development project named 常州河濱花園 (Changzhou Riverside Garden) (“Changzhou Riverside Garden”) and the property interests in Changzhou Riverside Garden had been completely sold in 2004.

North City Industrial Estate is an industrial development located at Changcheng Road, Changzhou City, Jiang Su Province, the PRC with a total site area of approximately 87,420 square meters. The development of North City Industrial Estate commenced in 1990 and started to generate income in 1991. The majority of the site of North City Industrial Estate had been constructed and sold leaving a remaining site with an area of 21,296 square meters, which is a vacant site mainly for industrial and office uses.

LETTER FROM THE BOARD

In addition, CZTA Real Estate has a subsidiary in which it has 90% interest, namely 常州天安物業管理有限公司 (Changzhou Tian An Property Management Company Limited) (“CZTA Property Management”), a company incorporated in the PRC with limited liability. CZTA Property Management is principally engaged in property management and real estate agency. As at the Latest Practicable Date, other than North City Industrial Estate and CZTA Property Management, CZTA Real Estate has no other income-generating business or assets.

According to the unaudited consolidated management accounts of CZTA Real Estate for the year ended 31st December, 2003, CZTA Real Estate recorded a net profit before and after taxation of approximately RMB8,373,700 (equivalent to approximately HK\$7,899,700) and approximately RMB7,123,900 (equivalent to approximately HK\$6,720,700) respectively. The net assets of CZTA Real Estate as at 31st December, 2003 were approximately RMB22,740,800 (equivalent to approximately HK\$21,453,600). According to the unaudited consolidated management accounts of CZTA Real Estate for the year ended 31st December, 2002, CZTA Real Estate recorded a net profit before and after taxation of approximately RMB2,146,200 (equivalent to approximately HK\$2,024,700) and approximately RMB2,141,600 (equivalent to approximately HK\$2,020,400) respectively. The net assets of CZTA Real Estate as at 31st December, 2002 were approximately RMB17,617,700 (equivalent to approximately HK\$16,620,500).

Upon completion of the CZTA Real Estate Disposal Agreement, the Group will dispose of its 51% interest in CZTA Real Estate without any gain or loss in RMB. However, due to the difference in exchange conversion rates between RMB and HK\$ in 1991 and 2005 (Note 2), the Group has suffered exchange losses in the sum of approximately HK\$3,410,800. Prior to completion of the CZTA Real Estate Disposal Agreement, the Company’s accounting treatment of its interest in CZTA Real Estate is equity accounting as CZTA Real Estate is a jointly-controlled entity. As from completion, the Company shall cease to have any interest in CZTA Real Estate.

II. CZTA City Development

CZTA City Development is a sino-foreign equity joint venture established in the PRC with limited liability on 1st December, 1997 with fully paid-up registered capital of US\$2,650,000 (equivalent to approximately HK\$20,670,000). Prior to the completion of the acquisition under the CZTA City Development Acquisition Agreement, the Company has an indirect interest of 90% in CZTA City Development. According to the joint venture contract entered into between TA Shanghai and Changzhou Changjiang in respect of CZTA City Development dated 27th October, 1997, the total investment commitment of CZTA City Development is US\$5,000,000 (equivalent to approximately HK\$39,000,000), however, there is no capital commitment for the Group to contribute beyond the capital contribution of US\$2,385,000 and the Group is obligated to contribute only the capital contribution of US\$2,385,000. Upon completion of the acquisition under the CZTA City Development Acquisition Agreement, CZTA City Development shall become a wholly owned subsidiary of the Company. CZTA City Development is principally engaged in property development in the PRC and is involved in the development of Changzhou New City Garden.

LETTER FROM THE BOARD

Changzhou New City Garden is a residential development located at Zhu Jiang Road, Changzhou City, Jiang Su Province, the PRC and is divided into five phases. Changzhou New City Garden will have a total gross floor area of approximately 220,000 square meters when completed. The project comprises apartments targeting the middle to high end markets. The development of Changzhou New City Garden commenced in 1997 and started to generate income in 1998. The first three phases of the project, with gross floor area of 138,000 square meters had been completed within the period from 1999 to 2003 with over 99% of the units having been sold out. The construction of the fourth phase commenced in the fourth quarter of 2003 and the construction of the fifth phase will commence in early 2005. The entire project is expected to be completed in late 2005. As at the Latest Practicable Date, other than Changzhou New City Garden, CZTA City Development has no other income-generating business or assets.

According to the unaudited management accounts of CZTA City Development for the year ended 31st December, 2003, CZTA City Development recorded a net profit before and after taxation of approximately RMB29,109,000 (equivalent to approximately HK\$27,461,300) and approximately RMB19,503,000 (equivalent to approximately HK\$18,399,000) respectively. The net assets of CZTA City Development as at 31st December, 2003 was approximately RMB48,570,700 (equivalent to approximately HK\$45,821,400). According to the unaudited management accounts of CZTA City Development for the year ended 31st December, 2002, CZTA City Development recorded a net profit before and after taxation of approximately RMB24,597,500 (equivalent to approximately HK\$23,205,200) and approximately RMB16,827,300 (equivalent to approximately HK\$15,874,800) respectively. The net assets of CZTA City Development as at 31st December, 2002 was approximately RMB43,067,700 (equivalent to approximately HK\$40,629,900).

Before and after the completion of the CZTA City Development Acquisition Agreement, the Company's accounting treatment of its interest in CZTA City Development would be the same in that CZTA City Development will continue to be accounted for as a subsidiary and consolidated into the next published consolidated accounts of the Company.

III. CZTA Yuan Cheng

CZTA Yuan Cheng is a sino-foreign equity joint venture established in the PRC with limited liability on 5th March, 2004 with registered capital of US\$10,000,000 (equivalent to approximately HK\$78,000,000), of which US\$3,914,414 (equivalent to approximately HK\$30,532,400) have been paid up. Prior to the completion of the acquisition under the CZTA Yuan Cheng Acquisition Agreement, the Company has an indirect interest of 90% in CZTA Yuan Cheng. According to the joint venture contract entered into between TA Shanghai and Changzhou Changjiang in respect of CZTA Yuan Cheng dated 10th February, 2004, the total investment commitment to CZTA Yuan Cheng is US\$25,000,000 (equivalent to approximately HK\$195,000,000), however, there is no capital commitment for the Group to contribute beyond the capital contribution of US\$9,000,000 and the

LETTER FROM THE BOARD

Group is obligated to contribute only the capital contribution of US\$9,000,000. Upon completion of the acquisition under the CZTA Yuan Cheng Acquisition Agreement, CZTA Yuan Cheng shall become a wholly owned subsidiary of the Company. CZTA Yuan Cheng is principally engaged in property development in the PRC and is involved in the development of Changzhou Tian An Villa.

Changzhou Tian An Villa is a residential development project located at Ge Lake, Wu Jin District, Changzhou City, Jiang Su Province, the PRC and is divided into 4 phases. Changzhou Tian An Villa will have a total gross floor area of approximately 142,000 square meters when completed. The residential development is designed to consist solely of villas targeting the high-end market. The development of Changzhou Tian An Villa commenced in 2004 and offered for pre-sale in 2004. The first phase of the project with 112 units is under construction and is expected to be completed by mid 2005. As at the Latest Practicable Date, other than Changzhou Tian An Villa, CZTA Yuan Cheng has no other income-generating business or assets.

According to the unaudited management accounts of CZTA Yuan Cheng for the period from 5th March, 2004 to 30th June, 2004, CZTA Yuan Cheng recorded a net loss before and after taxation of approximately RMB80,000 (equivalent to approximately HK\$75,500) and approximately RMB80,000 (equivalent to approximately HK\$75,500) respectively. The net assets of CZTA Yuan Cheng as at 30th June, 2004 was approximately RMB32,320,000 (equivalent to approximately HK\$30,490,600).

Both before and after the completion of the CZTA Yuan Cheng Acquisition Agreement, the Company's accounting treatment of its interest in CZTA Yuan Cheng would be the same in that CZTA Yuan Cheng will continue to be accounted for as a subsidiary and consolidated into the next published consolidated accounts of the Company.

12. INFORMATION OF CHANGZHOU CHANGJIANG

Changzhou Changjiang is a company incorporated under the laws of the PRC and is principally engaged in property development and trading. To the best of the Directors' knowledge, information and belief, Changzhou Changjiang and its ultimate legal beneficial owners, are independent of and not connected with the Company and its connected persons.

13. EGM

Set out on pages 54 and 55 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 27th April, 2005 at 10:00 a.m. at which an ordinary resolution will be proposed to the independent Shareholders to consider and, if thought fit, to approve the respective terms of each of the Agreements and all respective transactions contemplated thereunder. The vote of the independent Shareholders at the EGM will be taken by poll pursuant to the Listing Rules. An announcement will be made in respect of the results of the poll.

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Shareholder is required under Rule 14A.18 of the Listing Rules to abstain from voting on the resolution regarding the Acquisitions and/or Disposal and the 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.

14. RECOMMENDATION

The Board considers that the respective terms of each of the Agreements are fair and reasonable and the same are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the respective terms of each of the Agreements and all respective transactions contemplated thereunder.

15. 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 Agreements is in the interests of the Company and the Shareholders and concurs with the views of RexCapital that the terms of the Agreements are fair and reasonable so far as the Shareholders as a whole are concerned and therefore, recommends the independent Shareholders to vote in favour of the ordinary resolution to approve the terms of the Agreements.

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

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

Note 1: In 1991, amounts denominated in RMB had been converted to HK\$ at the exchange rate of approximately RMB0.73 : HK\$1.00. Therefore, in 1991 RMB8,070,000 would have been equivalent to approximately HK\$11,024,000 at the relevant time.

Note 2: In 1991, amounts denominated in RMB had been converted to HK\$ at the exchange rate of approximately RMB0.73 : HK\$1.00. In January 2005, amounts denominated in RMB had been converted to HK\$ at the exchange rate of approximately RMB1.06 : HK\$1.00.



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

8th April, 2005

To the independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTIONS

DISPOSAL OF INTEREST IN PRC JOINTLY CONTROLLED ENTITY AND ACQUISITIONS OF INTERESTS IN PRC SUBSIDIARIES

We refer to the circular (the “Circular”) dated 8th April, 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 Agreements, we have been appointed to form this Independent Board Committee to advise you as to whether, in our opinion, the respective terms of the Agreements 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 Agreements.

We wish to draw your attention to the letter from the Board, as set out on pages 5 to 18 of the Circular, and the letter from RexCapital, as set out on pages 21 to 31 of the Circular, both of which provide details of each of the Agreements. 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 Agreements are in the interests of the Company and the Shareholders as a whole and the respective terms of each of

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

the Agreements are fair and reasonable so far as the Shareholders are concerned. Accordingly, we recommend the independent Shareholders to vote in favour of the ordinary resolution which will be proposed at the EGM to approve the respective terms of each of the Agreements and all respective transactions contemplated thereunder.

Yours faithfully,

For and on behalf of the

**Independent Board Committee of
Tian An China Investments Company Limited**
**Francis J. Chang Chu Fai, Goodwin Gaw,
Ngai Wah Sang and Xu Su Jing**
Independent Non-Executive Directors

LETTER OF ADVICE FROM REXCAPITAL

The following is the text of a letter of advice from RexCapital to the Independent Board Committee and the independent Shareholders in respect of the Disposal and the Acquisitions, 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

8 April 2005

*The Independent Board Committee and
the independent Shareholders*
Tian An China Investments Company Limited
27th Floor, China Online Centre
333 Lockhart Road
Wanchai
Hong Kong

Dear Sirs,

CONNECTED TRANSACTIONS

DISPOSAL OF INTEREST IN PRC JOINTLY CONTROLLED ENTITY AND ACQUISITIONS OF INTERESTS IN PRC SUBSIDIARIES

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the independent Shareholders in respect of the fairness and reasonableness of the terms of (i) the CZTA Real Estate Disposal Agreement; (ii) the CZTA City Development Acquisition Agreement and (iii) the CZTA Yuan Cheng Acquisition Agreement, details of each of them are set out in this circular, of which this letter forms a part. We have been retained by the Company to advise the Independent Board Committee and the independent Shareholders as to whether the terms of the Agreements are fair and reasonable and are in the interests of the Company and its Shareholders as a whole, and to advise the independent 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.

Changzhou Changjiang is a party to each of the Agreements and is holding interests of 10% and 10% in the registered capital of CZTA City Development and CZTA Yuan Cheng respectively, and is the Substantial Shareholder of CZTA City Development and CZTA Yuan Cheng. Therefore, Changzhou Changjiang is a connected person of the Company under the Listing Rules. As such, the transactions pursuant to the Agreements constitute connected transactions of the Company under Rule 14A.13(1)(a) of the Listing Rules.

LETTER OF ADVICE FROM REXCAPITAL

The Disposal constitutes a connected transaction of the Company which does not fall within any of the de-minimis exemptions under Chapter 14A of the Listing Rules and is therefore subject to the requirements of reporting, announcement and approval by independent Shareholders under Chapter 14A of the Listing Rules. As both the Acquisitions and the Disposal are contemplated under a similar context to enhance the Group's residential property portfolio for long-term development, motions for their approval will be put forward to the independent Shareholders' voting by way of poll at the EGM for their full consideration.

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

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

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 CZTA Real Estate, CZTA City Development and CZTA Yuan Cheng, and the valuation of the relevant properties 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 Disposal and the Acquisitions.

LETTER OF ADVICE FROM REXCAPITAL

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 CZTA Real Estate Disposal Agreement, the CZTA City Development Acquisition Agreement and the CZTA Yuan Cheng Acquisition Agreement, we have taken into consideration the following factors and reasons:

1. Background and reasons for entering into the Agreements

On 17 March 2005, the Company announced that,

- (i) the CZTA Real Estate Disposal Agreement was entered into between TA Investment and Changzhou Changjiang on 3 February 2005, pursuant to which TA Investment agreed to sell and Changzhou Changjiang agreed to purchase 51% interest in the registered capital of CZTA Real Estate at a total consideration of RMB8,070,000 (equivalent to approximately HK\$7,613,200) payable by Changzhou Changjiang to TA Investment;
- (ii) the CZTA City Development Acquisition Agreement was entered into between TA Shanghai and Changzhou Changjiang on 3 February 2005, pursuant to which Changzhou Changjiang agreed to sell and TA Shanghai agreed to purchase a 10% interest in the registered capital of CZTA City Development at a total consideration of RMB2,194,000 (equivalent to approximately HK\$2,069,800) payable by TA Shanghai to Changzhou Changjiang; and
- (iii) the CZTA Yuan Cheng Acquisition Agreement was entered into between TA Shanghai and Changzhou Changjiang on 3 February 2005, pursuant to which Changzhou Changjiang agreed to transfer its 10% interest in the registered capital of CZTA Yuan Cheng at nil consideration to TA Shanghai.

Completion of each of the Agreements is conditional upon, among others, the independent Shareholders' approval of the respective agreement at the EGM.

CZTA Real Estate is principally engaged in property development in the PRC and is currently involved in the development of an industrial property project named North City Industrial Estate.

CZTA City Development is principally engaged in property development in the PRC and is involved in the development of a residential property project named Changzhou New City Garden.

CZTA Yuan Cheng is principally engaged in property development in the PRC and is involved in the development of a residential development project named Changzhou Tian An Villa.

LETTER OF ADVICE FROM REXCAPITAL

As also stated in the letter from the Board in this circular, the major asset of CZTA City Development and CZTA Yuan Cheng are, respectively, Changzhou New City Garden and Changzhou Tian An Villa which are both residential developments, while the major assets of CZTA Real Estate is North City Industrial Estate leaving a remaining vacant site of 21,296 square metres mainly for industrial and office uses.

Changzhou New City Garden is a middle to high-end residential development located at Zhu Jiang Road, Changzhou City, Jiang Su Province, the PRC and is divided into five phases. The development of Changzhou New City Garden commenced in 1997 and the first three phases with gross floor area of 138,000 square metres had been completed in the period between 1999 and 2003 with over 99% of which had been sold out. The construction of the fourth phase commenced in the fourth quarter of 2003 and the construction of the fifth phase will commence in early 2005. The entire project is expected to be completed in late 2005. According to the sales figures of Changzhou New City Garden provided to us by the Group, we note that the average transacted price has grown by about 131.54% from 1999 and has reached RMB3,691.93 per square metre in 2004.

Changzhou Tian An Villa is a high-end residential development project located at Ge Lake, Wu Jin District, Changzhou City, Jiang Su Province, the PRC and is divided into four phases. The development of Changzhou Tian An Villa commenced in 2004. The first phase of the project is currently under construction and is expected to be completed by mid-2005. The first phase of the project has been offered for pre-sale in October 2004 and according to the information provided by the Group that, for the about three-month period ended 31 December 2004, approximately 5,063.82 square metres has been sold at an average transacted price of RMB7,115 per square metre. Changzhou Tian An Villa will have a total gross floor area of approximately 142,000 square metres when completed.

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 with its long-term business development objectives to focus on residential properties in the PRC under its property portfolio, we consider the Disposal and the Acquisitions to be in the ordinary and usual course of business of the Group and be in line with its principal business objectives. In particular, as referred to the Group's 2004 interim report, the Group has strategically expanded the volume of villas development in view of the increasing demand of premier residence resulted from the customers' desires to live in luxurious detached houses for better environment and privacy with their improved spending power resulted from the continuous economic growth of the PRC. The Acquisitions are, therefore, again in line with the overall business expansion direction of the Group.

LETTER OF ADVICE FROM REXCAPITAL

Moreover, the Disposal and the Acquisitions will enable the Group to further restructure its interests and efficiently reallocate its resources in the sino-foreign equity joint ventures established in Changzhou such that the Group can maintain its focus on the development of residential properties and obtain full control and financial benefits of the residential projects through the acquisition of CZTA City Development and CZTA Yuan Cheng, as well as to benefit from the continuous growth in the residential property market in the PRC.

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

2. Consideration of the Agreements

Having been advised by the Directors that considerations of each of the Agreements were formulated and mutually agreed between the Group and Changzhou Changjiang, principally, with reference to the respective initial costs incurred by the relevant parties in each of CZTA Real Estate, CZTA City Development and CZTA Yuan Cheng. Building onto such basis, we have taken into account some other factors that may involve in each of the Agreements when considering the fairness and reasonableness of the respective consideration.

(1) The CZTA Real Estate Disposal Agreement

The consideration payable by Changzhou Changjiang to TA Investment under the CZTA Real Estate Disposal Agreement is RMB8,070,000 (equivalent to approximately HK\$7,613,200), which, as confirmed by the Directors, was arrived at after arm's length negotiations between the parties and with reference to the initial subscription cost incurred by TA Investment in 1991 in the sum of approximately RMB8,070,000 (equivalent to approximately HK\$7,613,200).

We have reviewed the unaudited consolidated management accounts of CZTA Real Estate as at 31 December 2004 which reported an unaudited consolidated net asset value of approximately HK\$21,576,000.

Meanwhile, according to the property valuation report dated 8 April 2005 prepared by the independent property valuer, Norton Appraisals Limited (the "Valuer"), the major assets of CZTA Real Estate, the remaining site of North City Industrial Estate, which has been valued on market basis assuming sale with vacant possession by using the direct comparison approach, was valued at approximately HK\$9,700,000 as at 21 March 2005 by the Valuer.

As such, the total consideration of RMB8,070,000 (equivalent to approximately HK\$7,613,200) to be received by the Group under the CZTA Real Estate Disposal Agreement represents:

- (i) 100% of the shared portion of registered capital contributed by TA Investment to CZTA Real Estate in 1991;

LETTER OF ADVICE FROM REXCAPITAL

- (ii) a discount of approximately 30.81% of the net asset value as at 31 December 2004 shared by TA Investment according to its 51% interest in CZTA Real Estate, being approximately RMB11,664,000; and
- (iii) a premium of approximately 53.90% to the proportionate share (in respect to TA Investment's 51% interests in CZTA Real Estate) of the value of North City Industrial Estate appraised by the Valuer, being approximately HK\$4,947,000.

(II) The CZTA City Development Acquisition Agreement

The consideration payable by TA Shanghai under the CZTA City Development Acquisition Agreement is RMB2,194,000 (equivalent to approximately HK\$2,069,800), and will be satisfied in cash by internally generated funds upon completion of the CZTA City Development Acquisition Agreement.

The Directors confirmed that the consideration for the CZTA City Development Acquisition Agreement was arrived at after arm's length negotiations between the parties to the CZTA City Development Acquisition Agreement and with reference to the initial subscription cost incurred by Changzhou Changjiang in 1998 in the sum of approximately RMB2,194,000 (equivalent to approximately HK\$2,069,800).

We have also reviewed the unaudited management accounts of CZTA City Development as at 31 December 2004 which reported an unaudited consolidated net asset value of approximately HK\$62,249,000.

Meanwhile, according to the property valuation report dated 8 April 2005 prepared by the Valuer, the major assets of CZTA City Development, Changzhou New City Garden, which has been valued on market basis assuming sale with vacant possession by using the direct comparison approach, was valued at approximately HK\$69,400,000 as at 21 March 2005 by the Valuer.

From the above, the total consideration of RMB2,194,000 (equivalent to approximately HK\$2,069,000) payable by the Group under the CZTA City Development Acquisition Agreement, therefore, represents:

- (i) 100% of the shared portion of registered capital contributed by Changzhou Changjiang to CZTA City Development in 1998;
- (ii) a discount of approximately 66.75% of the net asset value as at 31 December 2004 shared by Changzhou Changjiang according to its 10% interest in CZTA City Development, being approximately RMB6,598,400 (equivalent to approximately HK\$6,224,900); and

LETTER OF ADVICE FROM REXCAPITAL

- (iii) a discount of approximately 70.19% to the proportionate share (in respect to Changzhou Changjiang's 10% interests in CZTA City Development) of the value of Changzhou New City Garden appraised by the Valuer, being approximately HK\$6,940,000.

(III) The CZTA Yuan Cheng Acquisition Agreement

The Directors confirmed that the nil consideration under the CZTA Yuan Cheng Acquisition Agreement has been arrived at after arm's length negotiations between the parties to the CZTA Yuan Cheng Acquisition Agreement and with reference to the facts that,

- (i) CZTA Yuan Cheng was only recently established in 2004;
- (ii) as detailed in the letter from the Board in this circular, Changzhou Changjiang has not yet performed its obligation under the joint venture contract dated 10 February 2004 in respect of the contribution of 10% of the registered capital of CZTA Yuan Cheng, being a sum of US\$1,000,000 (equivalent to approximately HK\$7,800,000); and
- (iii) based on the latest unaudited management accounts, the net asset value of CZTA Yuan Cheng as at 30 June 2004 of approximately RMB32,320,000 (equivalent to approximately HK\$30,490,600) was solely attributable to the capital contributed by TA Shanghai into CZTA Yuan Cheng in the sum of RMB32,400,000 (equivalent to approximately HK\$30,566,000).

Also according to the property valuation report dated 8 April 2005 prepared by the Valuer on the major assets of CZTA Yuan Cheng, Changzhou Tian An Villa, Changzhou Tian An Villa (Phase I) has been valued on market basis assuming sale with vacant possession by using the direct comparison approach, and was valued at approximately HK\$106,000,000 as at 21 March 2005. The nil consideration under the CZTA Yuan Cheng Acquisition Agreement, therefore, represents a net gain for the Group of approximately HK\$10,600,000 represented by the proportionate share (in respect to Changzhou Changjiang's 10% interests in CZTA Yuan Cheng) of the value of Changzhou Tian An Villa (Phase I) appraised by the Valuer.

Conclusion

In light of the fact that the Company entered into each of the Agreements with the same party, Changzhou Changjiang, we consider that it is commercially understandable and reasonable for the parties to formulate the considerations for the transactions under negotiation based on a consistent parameter, that is, in this case, the consideration of each of the Agreements were agreed basically with reference to the respective initial subscription costs incurred by the relevant parties in each of CZTA Real Estate, CZTA City Development and CZTA Yuan Cheng.

LETTER OF ADVICE FROM REXCAPITAL

We are also of the view that, the terms under the CZTA City Development Acquisition Agreement and CZTA Yuan Cheng Acquisition Agreement are both in the interest of and are favorable to the Company since the respective consideration under each of the Acquisitions, as demonstrated above, represents deep discount to its respective net asset value and the appraised values of the underlying major assets of each of CZTA City Development and CZTA Yuan Cheng.

Although the consideration to be received by the Group under the CZTA Real Estate Disposal Agreement, as detailed above, represents a discount of approximately 30.81% to the net asset value as at 31 December 2004 shared by TA Investment according to its 51% interest in CZTA Real Estate, we would like to draw the attention of the Shareholders to the following facts including that:

- (i) the consideration to be received by the Group under the CZTA Real Estate Disposal Agreement is considered favourable and represents a substantial premium of approximately 53.90% to the proportionate share (in respect to TA Investment's 51% interests in CZTA Real Estate) of the value of North City Industrial Estate appraised by the Valuer, which is approximately HK\$4,947,000;
- (ii) a nominal discount in the sum of approximately RMB810,400 is to be received by the Group when the transactions under the Agreements are considered as a whole. That is, the discount of approximately RMB4,404,400 (being the net asset value of CZTA City Development as at 31 December 2004 of approximately RMB6,598,400 net of the consideration of RMB2,194,000 payable by the Group under the CZTA City Development Acquisition Agreement) to be received by the Group will be more than compensating the discount of approximately RMB3,594,000 (being the proportionate share of the net asset value of CZTA Real Estate as at 31 December 2004 of approximately RMB11,664,000 net of the consideration of approximately RMB8,070,000 payable by Changzhou Changjiang under the CZTA Real Estate Disposal Agreement) to be given by the Group to Changzhou Changjiang under the Disposal; and
- (iii) as discussed under the sub-title headed "Background and Reasons for entering into the Agreements", while it is the intention of the Group to streamline its operation and to focus on the residential property development projects, the Disposal offers an appropriate opportunity for the Group to realize its non-core investment at a reasonable price without spending much extra time and resources in searching for potential interested buyer(s).

As such, we are of the opinion that the terms of the Agreements are fair and reasonable and are in the interest of the Company so far as the Shareholders are concerned.

3. Financial effects on the Group as a result of the 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.

Prior to the entering into of the CZTA Real Estate Disposal Agreement, CZTA Real Estate has been a jointly-controlled entity owned as to 51% interest by the Company and its results has been reflected on the Group's consolidated income statement based on equity accounting method. According to the unaudited consolidated management accounts of CZTA Real Estate for the year ended 31 December 2003 and 2004, CZTA Real Estate recorded a net profits after taxation and minority interest of approximately HK\$6,720,000 and HK\$2,008,800 for the financial years 2003 and 2004 respectively. For comparison purposes, the shared profits contributed to the Group for the financial years 2003 and 2004, being approximately HK\$3,427,200 and HK\$1,024,500 respectively, represent only (i) about 3.4% and 1.0% of the net profit (after taxation and minority interests) of the Group for the financial year 2003; and (ii) about 6.5% and 1.9% of the net profit (after taxation and minority interests) of the Group for the six-month period ended 30 June 2004. On such basis, we consider that there would not be significant impact on the profitability of the Group pursuant to the completion of the Disposal.

Prior to the entering into of the CZTA City Development Acquisition Agreement and the CZTA Yuan Cheng Acquisition Agreement, each of CZTA City Development and CZTA Yuan Cheng has been a 90% indirectly-owned subsidiary of the Company and their results have been consolidated into and fully reflected on the Group's consolidated income statement. Accordingly, there would be no material impact immediately upon the completion of the Acquisitions.

As reported in the unaudited management accounts of CZTA City Development for the year ended 31 December 2003 and 2004, CZTA City Development recorded a net profits after taxation of approximately HK\$18,399,000 and HK\$30,578,500 for the financial years 2003 and 2004 respectively. We also note from the unaudited management accounts of CZTA Yuan Cheng for the period between 5 March 2004 and 31 December 2004 that CZTA Yuan Cheng recorded a net loss before and after taxation of approximately HK\$1,067,600. We are advised by the Directors that since CZTA Yuan Cheng is a recently established company and is currently undertaking the construction and development of the first phase of Changzhou Tian An Villa (which is to be completed by mid-2005), the net loss reported in 2004 was mainly attributable to the selling

LETTER OF ADVICE FROM REXCAPITAL

expenses incurred for the pre-sale of the villas in 2004. In view of the continuously improving purchasing power of the PRC population and the recent positive market responses on premier residence as reflected by the sales performance of the Changzhou New City Garden and the pre-sale record of Changzhou Tian An Villa (Phase I), the Directors believe that CZTA Yuan Cheng will not continue to be loss-making and the Changzhou Tian An Villa will soon become one of the most important profit centers generating positive financial contributions to the Group in the near future.

(ii) Cash position

As stated in the letter from the Board, considerations for 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 Disposal and the Acquisitions, the Group's bank balances and cash reserves will increase by an aggregate amount of approximately HK\$5,543,400, representing the consideration (being approximately HK\$7,613,200) to be received by the Company under the CZTA Real Estate Disposal Acquisition net of the consideration payable by the Company for the acquisition of CZTA City Development pursuant to the CZTA City Development Acquisition Agreement (being approximately HK\$2,069,800).

As disclosed in the letter from the Board, Changzhou Changjiang has not contributed any of the registered capital to CZTA Yuan Cheng and TA Shanghai shall contribute to the capital representing the 10% interest in CZTA Yuan Cheng, being a sum of US\$1,000,000 (equivalent to approximately HK\$7,800,000) into CZTA Yuan Cheng upon completion of the CZTA Yuan Cheng Acquisition Agreement. Such capital amount to be contributed into CZTA Yuan Cheng will also be sourced from internally generated funds of the Group. We are of the opinion that such amount of capital contribution to CZTA Yuan Cheng by the Group is considered immaterial to the current cash position of the Group.

Accordingly, we consider that the Group has adequate financial resources to fulfill the payment obligation under the Acquisitions and there would not be a material adverse impact on the Group's financial or cash flow condition upon completion of the Agreements.

(iii) Net asset value

Since each of CZTA City Development and CZTA Yuan Cheng has been a 90% indirectly-owned subsidiary of the Company and their 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.

LETTER OF ADVICE FROM REXCAPITAL

However, as CZTA Real Estate has been a jointly-controlled entity owned as to 51% interest by the Company and its results has been reflected on the Group's consolidated accounts based on equity accounting method prior to the entering into of the CZTA Real Estate Disposal Agreement, it is expected that the net asset value of the Group will decrease by approximately HK\$3,390,600 (being the discount given to Changzhou Changjiang under the CZTA Real Estate Disposal Agreement), representing approximately 0.08% of the unaudited consolidated net asset value of the Group as at 30 June 2004, upon the completion of the Disposal.

Accordingly, we consider that the Disposal and the Acquisitions will not have substantial adverse impact on the Group's consolidated net asset value and it is fair and reasonable so far as the Company and the Shareholders as a whole are concerned.

RECOMMENDATION

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

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

8 April 2005

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

Dear Sirs,

In accordance with your instructions for us to value the interests of the properties as specified in the attached summary of values in the People's Republic of China (hereinafter referred to as the "PRC"), 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 values of such property interests as at 21 March 2005 (hereinafter referred to as the "date of valuation").

Our valuations of such property interests are 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 interests, we have assumed that the owners have valid and enforceable title to the property interests which are freely transferable, and have free and uninterrupted right to use the same, for the whole of the land use terms granted subject to payment of annual land use fees and all requisite land premium/purchase consideration payable have been fully paid.

In valuing the property interest in Group I which is held under development in the PRC, we have valued the property interest on the basis that the property will be developed and completed in accordance with the latest development proposals provided to us by Tian An China Investments Company Limited (hereinafter referred to as the “Company”). We have assumed that all the relevant approvals for the development have been obtained.

In arriving at our opinion of value, we have valued it by Direct Comparison Approach by making reference to comparable transactions in the locality and have also taken into account the construction costs that will be expended to complete the development to reflect the development potential of the property and the quality of the completed development. The “capital value when completed” represents our opinion of the aggregate selling price of the development assuming that it would have been completed at the date of valuation.

In valuing the property interests in Groups II and III which are held for future development and for sale in the PRC respectively, we have also valued each of these property interests by Direct Comparison Approach assuming sale of each of these property interests in their existing states with the benefit of vacant possession and by making reference to comparable transactions as available in the relevant markets.

Our valuations have been made on the assumption that the owners sell the properties on the open market in their existing states without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to affect the values of such property interests. In addition, no account has been taken of any option or right of pre-emption concerning or affecting sales of the properties and no forced sale situation in any manner is assumed in our valuations.

We have been provided with extracts of title documents of the property interests but have not scrutinised the original documents. We have relied on the advice given by the Company and its legal adviser, Shanghai Shenhua Law Firm, (the “PRC legal adviser”), on the PRC Law regarding the title to the properties.

We have inspected the exterior and, where possible, the interior of the properties. 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 properties are free from rot, infestation or other defects.

Furthermore, we did not carry out any site investigations to determine or otherwise the suitability of the ground conditions, the presence or otherwise of contamination and the provision of/or suitability for services, etc. for future development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period.

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

We have relied to a considerable extent on the information provided by the Company and have accepted advice on such matters as planning approvals, statutory notices, easements, tenures, completion dates of buildings, particulars of occupancy, tenancy summaries, development proposals, construction costs already expended, estimated outstanding construction costs, site and floor areas and all other relevant matter in the identification of the properties in which the owners have valid interests.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We were also advised by the Company 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 valuations for any charges, mortgages or amounts owing on the property interests nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

Our valuations have 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.

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

Our summary of values and the valuation certificates are 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 12 years' experience in valuation of properties in Hong Kong and in the PRC

SUMMARY OF VALUES

No. Property	Capital value in existing state as at 21 March 2005 <i>HK\$</i>
Group I – Property interest held under development in the PRC	
1. Phase I of Tian An Villa, Wujin District, Changzhou City, Jiangsu Province, the PRC	106,000,000
Sub-total:	106,000,000
Group II – Property interests held for future development in the PRC	
2. Remaining site of Tian An North City Industrial Estate, Changcheng Road, Changzhou City, Jiangsu Province, the PRC	9,700,000
3. Phase V of New City Garden, Changjiang Road/Zhujiang Road, Gaoxin District, Changzhou City, Jiangsu Province, the PRC	37,000,000
Sub-total:	46,700,000
Group III – Property interest held for sale in the PRC	
4. Unsold portions of Phases I to IV of New City Garden, Changjiang Road/Zhujiang Road, Gaoxin District, Changzhou City, Jiangsu Province, the PRC	32,400,000
Sub-total:	32,400,000
Grand Total:	185,100,000

VALUATION CERTIFICATE

Group I – Property interest held under development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in its existing state as at 21 March 2005 HK\$								
1.	Phase I of Tian An Villa, Wujin District, Changzhou City, Jiangsu Province, the PRC	<p>Tian An Villa (the “Development”) comprises an irregular-shaped site with an area of 473,333 sq.m. (5,094,956 sq.ft.) and is designated to be developed into 405 villas with a total gross floor area of approximately 144,100 sq.m. in 4 phases.</p> <p>The property comprises Phase I of the Development with a site area of approximately 166,668 sq.m. (1,794,014 sq.ft.) and will comprise 112 2-storey villas and a club house. The details of the gross floor area are listed as follows:</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th style="text-align: left;">Use</th> <th style="text-align: right;">Gross floor area sq.m.</th> </tr> </thead> <tbody> <tr> <td>Residential (villa)</td> <td style="text-align: right;">40,000</td> </tr> <tr> <td>Club house</td> <td style="text-align: right;">3,300</td> </tr> <tr> <td style="border-top: 1px solid black;">Total:</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">43,300</td> </tr> </tbody> </table> <p>The land use rights of the property have been granted for terms of 70 years and 40 years for residential and commercial uses respectively.</p>	Use	Gross floor area sq.m.	Residential (villa)	40,000	Club house	3,300	Total:	43,300	The property is currently under construction and scheduled to be completed at the end of 2005.	106,000,000
Use	Gross floor area sq.m.											
Residential (villa)	40,000											
Club house	3,300											
Total:	43,300											

Notes:

1. Pursuant to the Certificate for the State-owned Land Use Rights No.【武國用(2005)第1200481號】dated 27 January 2005, the land use rights of portion of the Development (including phase I), having a site area of 199,956.1 sq.m., have been granted to 常州天安元城房地產發展有限公司 (the “JV Company”) for respective terms up to 12 January 2044 and 12 January 2074 for commercial and residential uses.
2. Pursuant to the Contract for Grant of State-owned Land Use Rights (the “Contract”) entered into between 常州市武進區國土資源局 (the “Bureau”) and the JV Company on 13 January 2004, the Bureau agreed to grant the land use rights of the Development to the JV Company. The salient conditions as stipulated in the Contract are summarized as follows:
 - (i) Site area : 473,333 sq.m.
 - (ii) Use : Residential/Commercial
 - (iii) Land use term : 70 years – residential
40 years – commercial
 - (iv) Plot ratio : 0.8

3. Pursuant to the Business Licence No. 【企合蘇常總字第003718號】 dated 4 June 2004, the JV Company has been established with a registered capital of USD10,000,000 for an operation period of 50 years commencing from 5 March 2004 and expiring on 4 March 2054. The scope of business is to develop, sell and lease real estate.
4. Pursuant to the Certificate for Construction Land Use Planning No. 【常規地5-2004-41號】 dated 10 September 2004, the Development has been permitted to be developed with a site area of 710 mu.
5. Pursuant to the Certificate for Construction and Engineering Planning No. 【常規建5-2004-52號】 dated 12 October 2004, the property has been permitted to be developed as 2-storey villas and club house with a total gross floor area of 43,300 sq.m..
6. Pursuant to three Certificates for Construction Works Permit Nos. 320483200410200103 to 320483200410200105 all dated 20 October 2004, construction of the property, having a total gross floor area of 39,904 sq.m. for residential and 3,358 sq.m. for club house, has been permitted to be commenced.
7. Pursuant to the Pre-sale Permit for Commodity Housing No. 【常武(2004)房預售証第(28)號】 dated 20 October 2004, the property has been entitled to conduct pre-sale with a total gross floor area of 39,245 sq.m..
8. As advised by the Group, the estimated total construction cost expended as at 21 March 2005 was approximately HK\$6,163,000, and the outstanding construction costs to complete Phase I of the Development was approximately HK\$97,775,000. In the course of our valuation, we have taken into account the said construction costs.
9. The “capital value when completed” of Phase I of the Development is approximately HK\$238,000,000.
10. The opinion of the Company’s legal adviser on PRC law, Shanghai Shenhua Law Firm, states that:
 - (i) According to the Certificate for State-owned Land Use Rights, the JV Company has duly obtained the land use rights of the Development for respective terms up to 12 January 2044 and 12 January 2074 for commercial and residential uses.
 - (ii) 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.
 - (iii) The JV Company has been duly incorporated and has full corporate power and land capacity to carry out on the business specified in the Business Licence of the JV Company.
11. We have prepared our valuation on the following assumptions:
 - (i) The JV Company is in possession of a proper legal title to the property and free from encumbrances, and is entitled to transfer the property with the residential term of its land use rights at no extra land premium or other onerous payment payable to the government.
 - (ii) All land premium and other costs of ancillary utility services have been settled in full.
 - (iii) The design and construction of Phase I of the Development are in compliance with the local planning regulations and have been approved by the relevant authorities.
 - (iv) The property, whether as a whole or on a strata-titled basis, may be disposed of freely to both local and overseas purchasers.

Group II – Property interests held for future development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in its existing state as at 21 March 2005 HK\$
2.	Remaining site of Tian An North City Industrial Estate, Changcheng Road, Changzhou City, Jiangsu Province, the PRC	<p>Tian An North City (the “Development”) comprises a trapezium-shaped site with a total site area of approximately 71,061.87 sq.m. (764,910 sq.ft.).</p> <p>The Development is planned to be developed into a comprehensive industrial/commercial/office/residential development with a total gross floor area of approximately 276,000 sq.m. (2,970,864 sq.ft.).</p> <p>The property comprises a site with an area of 21,296.95 sq.m. (229,240 sq.ft.) and is designated ancillary industrial uses and the land use rights of the property have been granted for a term upto 2045.</p>	The property is currently a vacant site.	9,700,000

Notes:

1. Pursuant to the Certificate for State-owned Land Use Rights No. (1995) 00041 dated 27 November 1995, the land use rights of the property with a site area of approximately 21,296.95 sq.m. have been granted to 常州天安城北工業村開發有限公司 (Changzhou Tianan Chengbei Industrial Village Development Limited), currently renamed as Changzhou Tianan Real Estate Development Co., Ltd., for a term of 50 years commencing from the date of issuance the Certificate for State-owned Land Use Rights.
2. Pursuant to the Sino-foreign Joint Venture Contract (the “JV Contract”) entered into between 常州長江經濟技術開發總公司 (the “PRC partner”) and Tian China Investments Co., Ltd. (“Tianan”) on 10 November 1990, both parties agreed to establish a joint venture company. The salient conditions stipulated in the JV Contract are summarized as follows:
 - (i) Name of joint venture company : Changzhou Tianan Chengbei Industrial Village Development Company Limited (currently renamed as “Changzhou Tianan Real Estate Development Co., Ltd.”) (the “JV Company”)
 - (ii) Total investment : USD2,800,000
 - (iii) Registered capital : USD2,000,000
 - (iv) Equity interest/contribution : PRC Partner : 49% (USD980,000)
Tianan : 51% (USD1,020,000)
 - (v) Period of operation : 49 years from the date of issuance of the business licence
 - (vi) Scope of operation : To develop, construct, sell and lease industrial buildings together with ancillary facilities

- (vii) Profit/loss sharing : As per the parties' equity interest in the JV Company
- (viii) Scale of development : – to develop a total site area of approximately 400 mu (266,668 sq.m.). Phase I comprises a site area of 100 mu (66,667 sq.m.)
- the development will comprise a total gross floor area of approximately 360,000 sq.m. and is to be developed in 4 phases. Phase I comprises a site area of approximately 30,000 sq.m. and is proposed to be completed in end 1999
3. Pursuant to the Letter No. (1993) 289 issued by Changzhou Foreign Economy and Trading Committee (the "Committee") on 27 July 1993, the JV Company is approved to change its company name to be "Changzhou Tianan Real Estate Development Company Limited".
4. Pursuant to the Business Licence No. 000087 dated 25 July 1997, the JV Company has been established for an operation period of 49 years from 18 December 1990 to 17 December 2039 with a registered capital of USD3,000,000. The scope of operation is to develop, construct, sell and let of industrial buildings and ancillary facilities.
5. The opinion of the Company's legal adviser on PRC law, Shanghai Shenhua Law Firm, states that:
- (i) According to the Certificate for State-owned Land Use Rights, the JV Company has duly obtained the land use rights of the property, having a site area 21,296.95 sq.m., for a term up to 2045.
- (ii) 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 or letting.
- (iii) The JV Company has been duly incorporated and has full corporate power and land capacity to carry out on the business specified in the Business Licence of the JV Company.
6. We have prepared our valuation on the following assumptions:
- (i) The JV Company is in possession of a proper legal title to the property and is entitled to transfer the property with residual term of its land use rights at no extra land premium or other onerous payment payable to the government.
- (ii) All land premium and other costs of ancillary utility services have been settled in full.
- (iii) All consents, approval and licences required for the proposed development from the relevant government/authorities/departments have been granted without any onerous conditions or undue delay.
- (iv) The property, whether as a whole or on a strata-titled basis, may be disposed of freely to both local and overseas purchasers.

No.	Property	Description and tenure	Particulars of occupancy	Capital value in its existing state as at 21 March 2005 HK\$
3.	Phase V of New City Garden, Changjiang Road/ Zhujiang Road, Gaoxin District, Changzhou City, Jiangsu Province, the PRC	New City Garden (the "Development") comprises a roughly rectangular-shaped site with a site area of approximately 130,117.29 sq.m. (1,400,583 sq.ft.) and is planned to be developed into a residential development with a total gross floor area of approximately 220,000 sq.m. (2,368,080 sq.ft.) in five phases. The property comprises Phase V of the Development with an site area of approximately 24,000 sq.m. (258,336 sq.ft.) and will be developed into a commercial and residential development having a total gross floor area of approximately 43,628 sq.m. (469,612 sq.ft.). The land use rights of the Development have been granted for respective terms upto 2 November 2067 and 31 March 2068 for residential use.	The property is currently a vacant site.	37,000,000

Notes:

1. Pursuant to the Certificate for State-owned Land Use Rights No. 【常國用(2004)字第0089616號】 dated 6 January 2005, the land use rights of portion of the Development, having a site area of 97,060 sq.m., have been granted to 常州天安城市發展有限公司 (Changzhou Tian An City Development Co., Ltd.) (the "JV Company") for a term upto 31 March 2068 for residential use.
2. Pursuant to the Certificate for State-owned Land Use Rights No. 【常國用(2002)字第553181-1號】 dated 23 December 2002, the land use rights of portion of the Development, having a site area of 33,057.29 sq.m., have been granted to the JV Company for a term upto 2 November 2067 for residential use.
3. Pursuant to the Contract for Grant of State-owned Land Use Rights (the "Contract") entered into between 常州市規劃國土管理局 (the "Bureau") and the JV Company on 28 October 1997, the Bureau agreed to grant the land use rights of the Development to the JV Company for a term of 70 years for residential use. The salient conditions stipulated in the Contract are summarised as follows:
 - (i) Site location : Lot No.G2007, Gaoxin District, Changzhou New District
 - (ii) Site area : approximately 137,367.69 sq.m.
 - (iii) Plot ratio : Not exceeding 2.5
 - (iv) Site coverage : Not exceeding 40%
 - (v) Height restriction : Not exceeding 100m
 - (vi) Greenery ratio : Not less than 25%

4. Pursuant to the Sino-foreign Equity Joint Venture Contract (the “Equity Joint Venture Contract”) entered into between 常州長江經濟技術開發總公司 (the “PRC partner”) and Tian An (Shanghai) Investments Co., Ltd., (“Tian An (Shanghai)”) on 26 December 1997, both parties agreed to establish an equity joint venture company. The salient conditions stipulated in the Equity Joint Venture Contract are summarised as follows:
- (i) Name of joint venture company : Changzhou Tian An City Development Co., Ltd.
(the “JV Company”)
 - (ii) Total investment (for Phase I) : USD5,000,000
 - (iii) Registered capital : USD2,650,000
 - (iv) Equity interest/contribution : PRC partner : 10% (USD265,000)
Tian An (Shanghai) : 90% (USD2,385,000)
 - (v) Period of operation : 50 years from the date of issuance of the business licence
 - (vi) Scope of operation : To develop, construct, sell, lease and manage real estate
 - (vii) Profit/loss sharing : As per the parties’ equity interest in the JV Company
 - (viii) Scale of development : – to develop a total gross floor area of
approximately 350,000 sq.m.
– to develop a total gross floor area of 30,000 to
50,000 sq.m. per annum
5. Pursuant to the Business Licence No. 【企合蘇常總字第002279號】 dated 30 October 2002, the JV Company has been established with a registered capital of USD2,650,000 for an operation period of 50 years commencing from 1 December 1997 and expiring on 30 November 2047. The scope of the business is to develop, construct, sell, lease and manage real estate.
6. The opinion of the Company’s legal adviser on PRC law, Shanghai Shenhua Law Firm, states that:
- (i) According to the Certificates for State-owned Land Use Rights, the JV Company has duly obtained the land use rights of the Development for respective terms up to 2 November 2067 and 31 March 2068 for residential use.
 - (ii) 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.
 - (iii) The JV Company has been duly incorporated and has full corporate power and land capacity to carry out on the business specified in the Business Licence of the JV Company.
7. We have prepared our valuation on the following assumptions:
- (i) The JV Company is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of its land use rights at no extra land premium or other onerous payment payable to the government.
 - (ii) All land premium and other costs of ancillary utility services have been settled in full.
 - (iii) The design and construction of the Development are in compliance with the local planning regulations and have been approved by the relevant authorities.
 - (iv) The property, whether as a whole or on a strata-titled basis, may be disposed of freely to both local and overseas purchasers.

Group III – Property interest held for sale in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Capital value in its existing state as at 21 March 2005 HK\$								
4.	Unsold portions of Phases I to IV of New City Garden, Changjiang Road/ Zhujiang Road, Gaoxin District, Changzhou City, Jiangsu Province, the PRC	<p>New City Garden (the “Development”) comprises a roughly rectangular-shaped site with a site area of approximately 130,117.29 sq.m. (1,400,583 sq.ft.) and is planned to be developed into a residential development with a total gross floor area of approximately 220,000 sq.m. (2,368,080 sq.ft.) in five phases.</p> <p>The property comprises the unsold portions of Phases I to IV of the Development completed in 1999 to 2004. The details of the gross floor area breakdown are listed as follows:</p> <table border="1"> <thead> <tr> <th>Uses</th> <th>Gross floor area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential (45 Units)</td> <td>7,969.94</td> </tr> <tr> <td>Car parking (38 Nos.)</td> <td>986.95</td> </tr> <tr> <td>Total:</td> <td><u>8,956.89</u></td> </tr> </tbody> </table> <p>The land use rights of the Development have granted for respective terms upto 2 November 2067 and 31 March 2068 for residential use.</p>	Uses	Gross floor area (sq.m.)	Residential (45 Units)	7,969.94	Car parking (38 Nos.)	986.95	Total:	<u>8,956.89</u>	The property is currently vacant.	32,400,000
Uses	Gross floor area (sq.m.)											
Residential (45 Units)	7,969.94											
Car parking (38 Nos.)	986.95											
Total:	<u>8,956.89</u>											

Notes:

- Pursuant to the Certificate for State-owned Land Use Rights No. 【常國用(2004)字第0089616號】 dated 6 January 2005, the land use rights of portion of the Development, having a site area of 97,060 sq.m., have been granted to 常州天安城市發展有限公司 (Changzhou Tian An City Development Co., Ltd.) (the “JV Company”) for a term upto 31 March 2068 for residential use.
- Pursuant to the Certificate for State-owned Land Use Rights No. 【常國用(2002)字第553181-1號】 dated 23 December 2002, the land use rights of portion of the Development, having a site area of 33,057.29 sq.m., have been granted to the JV Company for a term upto 2 November 2067 for residential use.

3. Pursuant to the Contract for Grant of State-owned Land Use Rights (the “Contract”) entered into between 常州市規劃國土管理局 (the “Bureau”) and the JV Company on 28 October 1997, the Bureau agreed to grant the land use rights of the Development to the JV Company for a term of 70 years for residential use. The salient conditions stipulated in the Contract are summarised as follows:
- (i) Site location : Lot No. G2007, Gaoxin District, Changzhou New District
 - (ii) Site area : approximately 137,367.69 sq.m.
 - (iii) Plot ratio : Not exceeding 2.5
 - (iv) Site coverage : Not exceeding 40%
 - (v) Height restriction : Not exceeding 100m
 - (vi) Greenery ratio : Not less than 25%
4. Pursuant to the Sino-foreign Equity Joint Venture Contract (the “Equity Joint Venture Contract”) entered into between 常州長江經濟技術開發總公司 (the “PRC partner”) and Tian An (Shanghai) Investments Co., Ltd., (“Tian An (Shanghai)”) on 26 December 1997, both parties agreed to establish an equity joint venture company. The salient conditions stipulated in the Equity Joint Venture Contract are summarised as follows:
- (i) Name of joint venture company : Changzhou Tian An City Development Co., Ltd. (the “JV Company”)
 - (ii) Total investment (for Phase I) : USD5,000,000
 - (iii) Registered capital : USD2,650,000
 - (iv) Equity interest/contribution : PRC partner : 10% (USD265,000)
Tian An (Shanghai) : 90% (USD2,385,000)
 - (v) Period of operation : 50 years from the date of issuance of the business licence
 - (vi) Scope of operation : To develop, construct, sell, lease and manage real estate
 - (vii) Profit/loss sharing : As per the parties’ equity interest in the JV Company
 - (viii) Scale of development : – to develop a total gross floor area of approximately 350,000 sq.m.
– to develop a total gross floor area of 30,000 to 50,000 sq.m. per annum
5. Pursuant to the Business Licence No. 【企合蘇常總字第002279號】 dated 30 October 2002, the JV Company has been established with a registered capital of USD2,650,000 for an operation period of 50 years commencing from 1 December 1997 and expiring on 30 November 2047. The scope of the business is to develop, construct, sell, lease and manage real estate.
6. The opinion of the Company’s legal adviser on PRC law, Shanghai Shenhua Law Firm, states that:
- (i) According to the Certificates for State-owned Land Use Rights, the JV Company has duly obtained the land use rights of the Development for respective terms up to 2 November 2067 and 31 March 2068 for residential use.
 - (ii) 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.
 - (iii) The JV Company has been duly incorporated and has full corporate power and land capacity to carry out on the business specified in the Business Licence of the JV Company.

7. We have prepared our valuation on the following assumptions:
- (i) The JV Company is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of its land use rights at no extra land premium or other onerous payment payable to the government.
 - (ii) All land premium and other costs of ancillary utility services have been settled in full.
 - (iii) The design and construction of the Development are in compliance with the local planning regulations and have been approved by the relevant authorities.
 - (iv) The property, whether as a whole or on a strata-titled basis, may be disposed of freely to both local and overseas purchasers.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquires, that to the best of their knowledge and belief, there are no other facts not contained in this circular the omission of which would make any statement herein misleading.

2. DIRECTORS' INTERESTS IN SECURITIES

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executive of the Company has any interests and short position in the Shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of SFO); or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules:

(a) The Company

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

Note: The interests held by Mr. Ma Sun as beneficial owner are all interests in Shares.

(b) Associated Corporation – Shanghai Allied Cement Limited

Name of Directors	Nature of interests	Number of Shares and underlying shares held	% to the relevant issued share capital
Ng Qing Hai	Personal	4,000,000 <i>(Notes 1 & 4)</i>	0.54%
Ma Sun	Personal	100,000 <i>(Note 2)</i>	0.01%
Li Chi Kong	Personal	600,000 <i>(Notes 3 & 4)</i>	0.08%

Notes:

1. The interests held by Mr. Ng Qing Hai as beneficial owner are all interests in underlying shares relating to share options.
2. The interests held by Mr. Ma Sun as beneficial owner are all interests in shares.
3. The interests held by Mr. Li Chi Kong as beneficial owner are all interests in underlying shares relating to share options.
4. The share options are granted on 28th July, 2003 and are exercisable during the period from 28th January, 2004 to 27th July, 2013 and the exercise price of HK\$0.70 per Share.

All the interests stated above represent long positions. As at the Latest Practicable Date, no short positions were recorded in the register required to be kept under section 352 of the SFO.

3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

Save as disclosed below, as at the Latest Practicable Date 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 corporation)	Other interests (held as investment manager)		
Sun Hung Kai & Co. Limited (“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”)	–	–	49,032,100	49,032,100	5.60%
Cheah Cheng Hye	–	49,032,100 (Note 6)	–	49,032,100 (Note 7)	5.60%
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.
- 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.
- The figure refers to the same interest of SHK in 425,510,603 Shares.
- 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.
- Mr. Lee Seng Hui, Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of the LL Trust, being a discretionary trust. They together owned approximately 39.18% interest in the issued share capital of AGL and were therefore deemed to have an interest in the Shares in which AGL was interested.
- 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 49,032,100 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

Name of non-wholly owned subsidiaries of the Company	Name of Substantial Shareholder	No. of Shares	%
CBI Investment Limited	Eastern Beauty Consultants Limited	102,950,000	13.16
Tian An (Guangzhou) Investment Company Limited	China Century Oriental Hotel & Tourism Holdings (BVI) Co. Ltd.	3,500	35
World Market Limited	E-Uphold Management Limited	10	10

Companies incorporated in the British Virgin Islands

Name of non-wholly owned subsidiaries of the Company	Name of Substantial Shareholder	No. of Shares	%
AII – Shanghai Inc.	Aso Corporation	2,562,750	16.7
Palance Limited	Jennex Investment Limited Fulun Limited	32 16	25 12.5
Strait Investments (Shanghai) Limited	Fabulous Assets Limited	1,985	19.85

Company incorporated in Bermuda

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

Companies incorporated in the PRC

Name of non-wholly owned subsidiaries of the Company	Name of Substantial Shareholder	No. of Shares	%
CZTA City Development	Changzhou Changjiang	N/A	10
CZTA Yuan Cheng	Changzhou Changjiang	N/A	10
大連天安房地產開發有限公司 Dalian Tian An Property Development Co., Ltd.	大連德泰控股有限公司	N/A	40
廣州市天穗房地產 開發建設有限公司 Guangzhou Tian Sui Realty Development Co., Ltd.	廣州市建築置業公司	N/A	10
江門市天安房地產 開發建設有限公司 Jianmen City Tian An Property Development Co., Ltd.	江門市蓬江區水南 房地產營業部	N/A	40
南京天都實業有限公司 Nanjing Tiandu Industry Co., Ltd.	南京市建邺區城鎮建設 綜合開發總公司 南京長江發展股份有限公司	N/A N/A	20 20
上海天洋房地產有限公司 Shanghai Tianyang Real Estate Co., Ltd.	上海聯洋集團有限公司	N/A	20
上海天榮置業有限公司	上海市普陀區城市建設 投資有限公司	N/A	10
武漢長福房地產開發有限公司 Wuhan Changfu Property Development Co., Ltd.	武漢長福新型建築材料 房屋聯合開發公司	N/A	10
肇慶高爾夫發展有限公司 Zhao Qing Golf and Development Co., Ltd.	肇慶市七星發展有限公司	N/A	12
上海聯合水泥有限公司 Shanghai Allied Cement Co., Ltd.	上海水泥廠	N/A	40
北京上聯首豐建材有限公司	北京禾辰建材有限公司	N/A	20

4. SERVICE CONTRACT

As at the Latest Practicable Date, no Director had a service contract with any member of the Group which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Save as disclosed below, as at the Latest Practicable Date, none of the Directors (not being the Independent Non-Executive Directors) or their respective associates (as defined in the Listing Rules) was considered to have interests in any competing businesses of the Group pursuant to the Listing Rules:

1. Mr. Patrick Lee Seng Wei is a director of Sun Hung Kai & Co. Limited 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. Both Messrs. Edwin Lo King Yau and Li Chi Kong are directors of each of AG Capital Limited and Goldnet Investment Limited, subsidiaries of Allied Group Limited, which are partly engaged in the business of money lending.

As the Board is independent from the boards of the abovementioned companies and none of the above Directors can control the Board, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of such companies.

6. MATERIAL ADVERSE CHANGE

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

7. QUALIFICATION OF EXPERTS

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

Name	Qualification
RexCapital	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 8th April, 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 Agreements, 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 Agreements for normal professional fees. Accordingly, Mr. Moses Cheng Mo Chi has abstained from voting at the board resolutions approving the entering into of the Agreements. Other than disclosed above, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which is subsisting as at the Latest Practicable Date and which is significant in relation to the business of the Group.
- (c) The registered office of the Company is 27th Floor, China Online Centre, 333 Lockhart Road, Wanchai, Hong Kong.

- (d) The company secretary of the Company is Miss Cindy Yung Yee Mei, who is an associate member of The Hong Kong Institute of Company Secretaries and The Institute of Chartered Secretaries and Administrators.
- (e) The qualified accountant of the Company appointed pursuant to Rule 3.24 of the Listing Rules is Mr. Sunny Tao Tsan Sang, who is an associate member of The Hong Kong Institute of Certified Public of Accountants and The Chartered Institute of Management Accountants.
- (f) The English text of this circular shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours on any weekday (except public holidays) at the offices of Messrs. P. C. Woo & Co. at Room 1225, 12th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong, from the date of the circular up to and including 27th 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, 31st December, 2003 and 31st December, 2004 (when available);
- (iii) the Agreements;
- (iv) the letter from RexCapital as set out on pages 21 to 31 of this circular;
- (v) the valuation report by Norton Appraisals Limited, the text of which is set out on pages 32 to 44 of this circular;
- (vi) the written consents referred to in the paragraph headed "Consent of Experts" of this Appendix;
- (vii) the letter from the Independent Board Committee as set out on pages 19 and 20 of this circular; and
- (viii) this circular.

APPENDIX III PROCEDURES FOR DEMANDING A POLL AT EGM

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

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

NOTICE OF EXTRAORDINARY GENERAL MEETING



天安中國投資有限公司

TIAN AN CHINA INVESTMENTS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 28)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “Meeting”) of Tian An China Investments Company Limited (the “Company”) will be held at Plaza V, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Wednesday, 27th April, 2005 at 10:00 a.m. for the purpose of considering and, if thought fit, passing with or without modification the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT:**

- (a) the conditional agreement dated 3rd February, 2005 (the “CZTA Real Estate Disposal Agreement”) entered into between Tian An Investment Company Limited (天安投資有限公司) (“TA Investment”) as vendor and 常州長江經濟技術開發有限公司 (Changzhou Changjiang Economic Technology Development Company Limited) (“Changzhou Changjiang”) as purchaser pursuant to which TA Investment agreed to sell and Changzhou Changjiang agreed to purchase 51% interest in the registered capital of 常州天安房地產開發有限公司 (Changzhou Tianan Real Estate Development Co., Ltd.) at a total consideration of RMB8,070,000 (equivalent to approximately HK\$7,613,200) (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 3rd February, 2005 (the “CZTA City Development Acquisition Agreement”) entered into between Changzhou Changjiang 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 Changzhou Changjiang agreed to sell and TA Shanghai agreed to purchase 10% interest in the registered capital of 常州天安城市發展有限公司 (Changzhou Tian An City Development Co., Ltd.) at a total consideration of RMB2,194,000 (equivalent to approximately HK\$2,069,800) (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 conditional agreement dated 3rd February, 2005 (the “CZTA Yuan Cheng Acquisition Agreement”) entered into between Changzhou Changjiang as transferor and TA Shanghai as transferee pursuant to which Changzhou Changjiang agreed to transfer to TA Shanghai the 10% interest held by Changzhou Changjiang in the registered capital of 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) (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;

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (d) the transactions contemplated under the CZTA Real Estate Disposal Agreement, the CZTA City Development Acquisition Agreement and the CZTA Yuan Cheng Acquisition Agreement be and are hereby approved; and
- (e) 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 CZTA Real Estate Disposal Agreement, the CZTA City Development Acquisition Agreement and the CZTA Yuan Cheng Acquisition Agreement.”

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

Hong Kong, 8th April, 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.