
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to 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 (“Company”), you should at once hand this circular with 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)

**PROPOSALS FOR RE-ELECTION OF DIRECTORS,
GENERAL MANDATES TO ISSUE SECURITIES AND REPURCHASE SHARES
AND
AMENDMENTS TO ARTICLES OF ASSOCIATION**

The notice convening the annual general meeting of the Company (“AGM”) is set out on pages 42 to 48 of the 2004 Annual Report of the Company, a copy of which is despatched to the shareholders of the Company together with this circular. A form of proxy for the AGM is also enclosed with the 2004 Annual Report of the Company. Whether or not you are able to attend the AGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the office of 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 and in any event not less than 48 hours before the time appointed for holding the AGM. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the AGM or any adjourned meeting thereof should you so desire.

13th April, 2005

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“AGM”	the annual general meeting of the Company to be held at Plaza V, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Thursday, 12th May, 2005 at 10:00 a.m.
“AGM Notice”	the notice convening the AGM as set out on pages 42 to 48 of the 2004 Annual Report of the Company, a copy of which is despatched together with this circular
“Articles of Association”	the existing articles of association of the Company adopted by a special resolution dated 19th May, 2004
“Board”	the board of Directors
“Company”	Tian An China Investments Company Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 28)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	7th April, 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	share(s) of HK\$0.20 each in the capital of the Company
“Shareholder(s)”	registered holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers

DEFINITIONS

“Warrants”	the unlisted warrants of the Company conferring rights to subscribe for up to 78,800,000 new Shares in cash at the initial subscription price of HK\$2.25 per Share (subject to adjustments) at any time on or before 23rd June, 2006
“2004 Warrants”	the warrants of the Company conferring rights to subscribe for Shares in cash at an adjusted subscription price of HK\$2.00 per Share (subject to adjustments) at any time on or before 3rd December, 2004 (Stock Code: 390)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

13th April, 2005

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

Dear Sir or Madam,

**PROPOSALS FOR RE-ELECTION OF DIRECTORS,
GENERAL MANDATES TO ISSUE SECURITIES AND REPURCHASE SHARES,
AND
AMENDMENTS TO ARTICLES OF ASSOCIATION**

INTRODUCTION

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the AGM relating to (i) the re-election of Directors; (ii) the granting to the Directors of general mandates for the issue of securities and the repurchase of Shares up to 20% and 10% respectively of the aggregate nominal amount of the Company's issued share capital as at the date of the passing of such resolutions; and (iii) the proposed amendments to the Articles of Association.

RE-ELECTION OF DIRECTORS

The Board currently consists of eleven Directors, namely Mr. Patrick Lee Seng Wei, Mr. Ng Qing Hai, Mr. Ma Sun, Mr. Edwin Lo King Yau, Mr. Li Chi Kong, Mr. Moses Cheng Mo Chi, Miss Lisa Yang Lai Sum, Mr. Francis J. Chang Chu Fai, Mr. Goodwin Gaw, Mr. Ngai Wah Sang and Mr. Xu Su Jing.

LETTER FROM THE BOARD

Pursuant to Article 105(A) of the Articles of Association, at each annual general meeting of the Company, one third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office provided that no Director holding office as executive chairman or as a managing director or as a chief executive shall be subject to retirement by rotation or taken into account in determining the number of Directors to retire. The Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot. The retiring Directors shall be eligible for re-election. Pursuant to Article 96 of the Articles of Association, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a causal vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election, but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting.

Pursuant to Article 105(A) of the Articles of Association, Messrs. Ma Sun and Li Chi Kong shall retire by rotation and, being eligible, offer themselves for re-election at the AGM. In addition, Messrs. Francis J. Chang Chu Fai, Goodwin Gaw, Ngai Wah Sang and Xu Su Jing, being Directors appointed by the Board after the Company's annual general meeting held on 19th May, 2004, will hold office only until the AGM pursuant to Article 96 of the Articles of Association and, being eligible, offer themselves for re-election as Directors. All the retiring Directors are eligible for re-election.

Article 109 of the Articles of Association provides that no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been given to the Company during the period commencing no earlier than the day after the despatch of the notice of the general meeting appointed for such election and ending no later than seven days prior to the date of such general meeting.

Accordingly, if a Shareholder wishes to nominate a person to stand for election as a Director at the AGM, notice of his intention to propose such person for election as a Director and the notice executed by the nominee of his willingness to be elected must be validly served at the registered office of the Company at 27th Floor, China Online Centre, 333 Lockhart Road, Wanchai, Hong Kong on or before 4th May, 2005.

A brief biographical details of the retiring Directors are set out in Appendix I to this circular. If a valid notice from a Shareholder to propose a person to stand for election as a Director at the AGM is received after the printing of this circular, the Company will issue a supplementary circular to inform Shareholders of the details of the additional candidate proposed.

GENERAL MANDATES TO ISSUE SECURITIES AND REPURCHASE SHARES

At the annual general meeting of the Company held on 19th May, 2004, ordinary resolutions were passed to grant general mandates authorising the Directors (i) to allot, issue and deal with securities of the Company not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company at that date ("Existing Issue Mandate"); and (ii) to repurchase securities of the Company not exceeding 10% of the issued share capital, or the relevant class of securities, of the Company at that date ("Existing Repurchase Mandate").

LETTER FROM THE BOARD

The Existing Issue Mandate and the Existing Repurchase Mandate will expire upon the conclusion of the AGM. The Directors consider that the Existing Issue Mandate and the Existing Repurchase Mandate increase the flexibility in the Company's affairs and are in the interests of the Shareholders, and that the same shall continue to be adopted by the Company.

New general mandates to allot, issue and deal with securities of the Company up to 20% and to repurchase Shares up to 10% of the issued share capital of the Company as at the date of passing of the resolutions ("Share Repurchase Mandate") as set out in Resolutions 4(A) and 4(B) respectively of the AGM Notice will be proposed at the AGM. Resolution authorising the extension of the general mandate to the Directors to issue Shares to include the aggregate nominal amount of such Shares repurchased (if any) under the Share Repurchase Mandate is to be proposed as Resolution 4(C) at the AGM.

With reference to the proposed new general mandates, the Directors wish to state that they have no immediate plans to issue any new securities or repurchase any Shares pursuant to the relevant mandates.

An explanatory statement containing the particulars required by the Listing Rules to enable the Shareholders to make an informed view on whether to vote for or against Resolution 4(B) to be proposed at the AGM in relation to the proposed Share Repurchase Mandate are set out in Appendix II to this circular.

AMENDMENTS TO ARTICLES OF ASSOCIATION

Since the Company adopted the Articles of Association by a special resolution dated 19th May, 2004, a number of amendments were made to the Listing Rules, which include, inter alia, the replacement of the Code of Best Practice in Appendix 14 by a new code on Corporate Governance Practices ("Corporate Governance Code") and the addition of a new Appendix 23 on the requirement for a Corporate Governance Report to be included in annual reports of listed issuers. The Company has reviewed its corporate governance practices with reference to the Code Provisions of the Corporate Governance Code and the Articles of Association and considers that it is necessary to bring the Articles of Association in line with the latest amended Listing Rules, in particular, the Code Provision A.4.2 of Appendix 14 which recommends that (a) every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years; and (b) all Directors appointed to fill a casual vacancy should be subject to election by Shareholders at the first general meeting after their appointment.

To ensure compliance with the latest amended Listing Rules, the Board considers that it is in the interest of the Company to amend the Articles of Association.

Under the Articles of Association, the Company may by special resolution in general meeting at any time alter or amend its memorandum and articles of association in whole or in part. Details of the proposed amendments to the Articles of Association are set out in Appendix III to this circular.

LETTER FROM THE BOARD

AGM

The AGM Notice is set out on pages 42 to 48 of the 2004 Annual Report of the Company, a copy of which is despatched to the Shareholders together with this circular. Ordinary resolutions in respect of the general mandates to issue securities and repurchase Shares and a special resolution in respect of the amendments to the Articles of Association as referred to above will be proposed at the AGM.

A form of proxy for the AGM is also enclosed with the 2004 Annual Report of the Company. Whether or not you are able to attend the AGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the office of 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 and in any event not less than 48 hours before the time appointed for holding the AGM. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the AGM or any adjourned meeting thereof should you so desire.

Pursuant to Article 75 of the Articles of Association, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) demanded (i) by the Chairman of the meeting; or (ii) by at least three Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or by proxy for the time being entitled to vote at the meeting; or (iii) by any Shareholder or Shareholders present in person (or, in the 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 meeting; or (iv) by a Shareholder or Shareholders present in person (or, in the 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 meeting 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 Shares conferring that right.

RECOMMENDATION

The Directors consider that the proposed ordinary resolutions for approval of the re-election of the retiring Directors, the grant of general mandates to issue securities and repurchase Shares, and to add the aggregate nominal amount of Shares that may be repurchased to the aggregate nominal amount of the Shares that may be allotted pursuant to the general mandate to issue securities, and the proposed special resolution for the amendments to the Articles of Association are each in the best interests of the Company and the Shareholders as a whole, and accordingly, recommend all Shareholders to vote in favour of all the resolutions to be proposed at the AGM.

GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular. The English text of this circular shall prevail over the Chinese text.

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

The biographical details of the Directors proposed to be re-elected at the forthcoming AGM are set out as follows:

Ma Sun, aged 64, was appointed an Executive Director of the Company in April 2003. Mr. Ma joined Sun Hung Kai Securities Limited in 1984 and was then transferred to the Group in 1985. Besides holding a Bachelor's Degree of Electrical Engineering, he has extensive experience in electrical engineering and over twenty years of experience in China commercial business, financial investment and property development. Save as disclosed above, Mr. Ma did not hold any other directorships in listed public companies during the past three years.

As at the Latest Practicable Date, Mr. Ma had personal interests in 52,125 Shares and 100,000 shares in Shanghai Allied Cement Limited ("SAC"), an indirect non-wholly owned subsidiary of the Company.

The term of Mr. Ma's appointment is subject to retirement and re-election at the annual general meetings of the Company in accordance with the articles of association of the Company. There is no service agreement between the Company and Mr. Ma. His emoluments as a Director are determined by the Board and such emoluments are subject to approval by the Shareholders. Save as disclosed above, Mr. Ma did not have any relationship with any other Director, senior management, substantial shareholder or controlling shareholder of the Company as at the Latest Practicable Date. Mr. Ma is not aware of any other matters that need to be brought to the attention of the holders of securities of the Company.

Li Chi Kong, aged 51, a member of the Institute of Chartered Accountants of Scotland and a fellow of the Hong Kong Institute of Certified Public Accountants, was appointed an Executive Director of the Company in February 2004. He has broad experience in the finance and accounting field, having worked in two major audit firms and as group financial controller for several sizeable listed companies in Hong Kong. He is also an executive director of Allied Properties (H.K.) Limited, a substantial shareholder of the Company within the meaning of Part XV of the SFO, and SAC, and the group financial controller of Allied Group Limited, another substantial shareholder of the Company within the meaning of Part XV of the SFO. Mr. Li also holds directorships in certain private companies controlled by certain substantial shareholders of the Company. Save as disclosed above, Mr. Li did not hold any other directorships in listed public companies during the past three years.

As at the Latest Practicable Date, Mr. Li had a personal interest in 600,000 underlying shares in SAC pursuant to the share option granted to him on 28th July, 2003 under the share option scheme of SAC adopted on 22nd May, 2002, which enabled the grantee to exercise the rights to subscribe for shares of SAC within the exercisable period from 28th January, 2004 to 27th July, 2013 at the exercise price of HK\$0.70 per share.

The term of Mr. Li's appointment is subject to retirement and re-election at the annual general meetings of the Company in accordance with the articles of association of the Company. There is no service agreement between the Company and Mr. Li. His emoluments as a Director are determined by the Board and such emoluments are subject to approval by the Shareholders. Save as disclosed above, Mr. Li did not have any relationship with any other Director, senior management, substantial shareholder or controlling shareholder of the Company as at the Latest Practicable Date. Mr. Li is not aware of any other matters that need to be brought to the attention of the holders of securities of the Company.

Chang Chu Fai Johnson Francis, aged 50, was appointed an Independent Non-Executive Director of the Company in September 2004. He is currently an executive director of Golden 21 Investment Holdings Limited and an independent non-executive director of Quality HealthCare Asia Limited, both companies listed on the Stock Exchange. Mr. Chang is a registered person under the SFO and since 2000 has been the managing director of Ceres Capital Limited, a licensed corporation under the SFO engaging in the provision of corporate finance advisory services. He has over twenty-seven years of experience in banking, corporate finance and investment. Mr. Chang holds a Bachelor's Degree in Commerce from Concordia University in Montreal, Canada since 1976 and a Master's Degree in Business Administration from York University in Toronto, Canada since 1977. Save as disclosed above, Mr. Chang did not hold any other directorships in listed public companies during the past three years.

As at the Latest Practicable Date, Mr. Chang did not have any interests in the securities of the Company within the meaning of Part XV of the SFO. Pursuant to the service agreement entered into between the Company and Mr. Chang, the term of Mr. Chang's appointment is subject to retirement and re-election at the annual general meetings of the Company in accordance with the articles of association of the Company and his Director's fee of HK\$40,000 per annum is determined by the Board and subject to the approval of the Shareholders. Save as disclosed above, Mr. Chang did not have any relationship with any other Director, senior management, substantial shareholder or controlling shareholder of the Company as at the Latest Practicable Date. Mr. Chang is not aware of any other matters that need to be brought to the attention of the holders of securities of the Company.

Goodwin Gaw, aged 36, was appointed an Independent Non-Executive Director of the Company in September 2004. He is currently the vice chairman of Pioneer Global Group Limited, a company listed on the Stock Exchange and also the chairman and chief executive officer of Global Gateway, L.P., a telecom infrastructure joint venture between Pioneer Group and Morgan Stanley Real Estate Funds, and the president of Downtown Properties Holdings, a private real estate investment company with commercial property interest in the United States. Mr. Gaw graduated with a Bachelor of Science Degree in Civil Engineering from the University of Pennsylvania, a Finance Degree from Wharton Business School and a Master of Science Degree in Construction Management from Stanford University. Save as disclosed above, Mr. Gaw did not hold any other directorships in listed public companies during the past three years.

As at the Latest Practicable Date, Mr. Gaw did not have any interests in the securities of the Company within the meaning of Part XV of the SFO. The term of Mr. Gaw's appointment is subject to retirement and re-election at the annual general meetings of the Company in accordance with the articles of association of the Company. There is no service agreement between the Company and Mr. Gaw. His emoluments as a Director are determined by the Board and such emoluments are subject to approval by the Shareholders. Save as disclosed above, Mr. Gaw did not have any relationship with any other Director, senior management, substantial shareholder or controlling shareholder of the Company as at the Latest Practicable Date. Mr. Gaw is not aware of any other matters that need to be brought to the attention of the holders of securities of the Company.

Ngai Wah Sang, aged 46, was appointed an Independent Non-Executive Director of the Company in September 2004. He is currently an executive director of Earnest Investments Holdings Limited, a company listed on the Stock Exchange. Mr. Ngai was a director of Millennium Group Limited, a company listed on the Stock Exchange, for the period from 1997 to 2003. He has over twenty years of experience in auditing, accounting, financial management and dealing with business development and investments and previously worked for international accounting firms and listed companies in Hong Kong and overseas. Mr. Ngai holds a Bachelor's Degree in Science from the University of London in United Kingdom. He is a fellow of The Institute of Chartered Accountants in Australia and also a fellow of the Hong Kong Institute of Certified Public Accountants in Hong Kong. Save as disclosed above, Mr. Ngai did not hold any other directorships in listed public companies during the past three years.

As at the Latest Practicable Date, Mr. Ngai did not have any interests in the securities of the Company within the meaning of Part XV of the SFO. Pursuant to the service agreement entered into between the Company and Mr. Ngai, the term of Mr. Ngai's appointment is subject to retirement and re-election at the annual general meetings of the Company in accordance with the articles of association of the Company and his Director's fee of HK\$60,000 per annum is determined by the Board and subject to the approval of the Shareholders. Save as disclosed above, Mr. Ngai did not have any relationship with any other Director, senior management, substantial shareholder or controlling shareholder of the Company as at the Latest Practicable Date. Mr. Ngai is not aware of any other matters that need to be brought to the attention of the holders of securities of the Company.

Xu Su Jing, aged 60, was appointed an Independent Non-Executive Director of the Company in September 2004. He is currently the director of the Department of Enterprise Reform of Sinopec Group Company. He used to be the Deputy Director of System Reform Office of the General Administration Office, the Deputy Director of the Department of Enterprise Reform and Chief Economist of the Department of the Asset Management of Sinopec Group Company. Mr. Xu was an external Director of Sinopec Zhenhai Refining & Chemical Company Limited, a joint stock limited company incorporated in the People's Republic of China whose H shares are listed on the Stock Exchange, for the period from 2000 to 2003. He has extensive experience in the macro-management of petrochemical enterprises. Mr. Xu graduated from the Beijing Research Institute of Labor Safety in 1983 majoring in safety technology engineering and holds a Master of Engineering and the title of a senior economist of professor level. Save as disclosed above, Mr. Xu did not hold any other directorships in listed public companies during the past three years.

As at the Latest Practicable Date, Mr. Xu did not have any interests in the securities of the Company within the meaning of Part XV of the SFO. Pursuant to the service agreement entered into between the Company and Mr. Xu, the term of Mr. Xu's appointment is subject to retirement and re-election at the annual general meetings of the Company in accordance with the articles of association of the Company and his Director's fee of HK\$40,000 per annum is determined by the Board and subject to the approval of the Shareholders. Save as disclosed above, Mr. Xu did not have any relationship with any other Director, senior management, substantial shareholder or controlling shareholder of the Company as at the Latest Practicable Date. Mr. Xu is not aware of any other matters that need to be brought to the attention of the holders of securities of the Company.

This Appendix contains the particulars that are required by the Listing Rules to be included in an explanatory statement to enable the Shareholders to make an informed view on whether to vote for or against the resolution to be proposed at the AGM in relation to the proposed Share Repurchase Mandate.

SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company was HK\$175,093,983.60 divided into 875,469,918 fully paid Shares, with five outstanding Warrants carrying the rights to subscribe for up to 78,800,000 Shares at the initial subscription price of HK\$2.25 per Share (subject to adjustments).

Subject to the passing of the resolution granting the proposed mandate to repurchase Shares and on the basis that no further Shares are issued or repurchased before the AGM, the Company will be allowed to repurchase a maximum of 87,546,991 Shares during the period ending on the earlier of the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required to be held by the Articles of Association or any applicable laws or the date upon which such authority is revoked or varied by a resolution of the Shareholders in general meeting. The instrument of the Warrants does not contain any provisions as to redemption of the Warrants by the Company.

REASONS FOR REPURCHASES

The Board believes that it is in the best interests of the Company and the Shareholders as a whole for the Directors to have a general authority from the Shareholders to enable the Company to repurchase Shares on the Stock Exchange. Any repurchase of Shares may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value and/or earnings per Share and will only be made when the Board believes that a repurchase of Shares will benefit the Company and the Shareholders.

FUNDING OF REPURCHASES

Any repurchase of Shares would be funded entirely from the cash flow or working capital facilities available to the Company, and will, in any event be made out of funds legally available for the purpose in accordance with the memorandum and articles of association of the Company and the applicable laws of Hong Kong and the Listing Rules. Such funds include, but are not limited to, profits available for distribution.

The Directors have no present intention to repurchase any Shares and they would only exercise the power to repurchase in circumstances where they consider that the repurchase would be in the best interests of the Company and in circumstances where they consider that the Shares can be repurchased on terms favourable to the Company. The Directors anticipate that if the general mandate to repurchase Shares were to be exercised in full at the currently prevailing market value, it may have an adverse impact on the working capital and gearing level of the Company. The Directors do not propose to exercise the mandate to repurchase Shares to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which, in the opinion of the Directors, are from time to time appropriate for the Company.

EFFECT OF THE TAKEOVERS CODE

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder, or group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, Sun Hung Kai & Co. Limited ("SHK") was directly and indirectly interested in an aggregate of 425,510,603 Shares, representing approximately 48.60% of the issued share capital of the Company. Based on such interests and assuming that no further Shares are issued (whether pursuant to the exercise of the Warrants or otherwise) or repurchased prior to the AGM and in the event that the Directors exercise in full the power to repurchase Shares under the Share Repurchase Mandate, the interests of SHK will be increased to approximately 54.00% of the issued share capital of the Company. To the best of the knowledge and belief of the Directors, the increase in the interests of SHK will give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code. The Directors have no present intention to repurchase Shares to the extent that it will trigger the obligations under the Takeovers Code to make a mandatory offer.

In the event that the Share Repurchase Mandate is exercised in full, the number of Shares held by the public will not fall below 25% of the total number of Shares in issue.

PRICE OF THE SHARES AND 2004 WARRANTS

The following table shows the highest and lowest prices at which the Shares and 2004 Warrants have been traded on the Stock Exchange in each of the last twelve months:

	Shares		2004 Warrants	
	Highest (HK\$)	Lowest (HK\$)	Highest (HK\$)	Lowest (HK\$)
2004				
April	2.700	1.950	0.071	0.025
May	1.980	1.500	0.022	0.010
June	1.990	1.620	0.033	0.013
July	1.890	1.730	0.019	0.013
August	1.950	1.490	0.019	0.010
September	1.970	1.840	0.020	0.011
October	2.250	1.910	0.022	0.010
November	2.300	2.025	0.013	0.010
December	2.175	1.830	—*	—*
2005				
January	2.250	1.900	—	—
February	2.500	2.150	—	—
March	2.400	2.000	—	—

* There were no transactions during the month.

The 2004 Warrants expired on 3rd December, 2004.

REPURCHASE OF SHARES

The Company repurchased 82,000 Shares at the consideration of HK\$1.88 per Share on the Stock Exchange on 13th December, 2004. Save as disclosed above, no securities of the Company have been repurchased by the Company or any of its subsidiaries during the six months immediately preceding the Latest Practicable Date.

GENERAL

None of the Directors, to the best of their knowledge, and having made all reasonable enquiries, nor any of their associates (as defined in the Listing Rules) have any present intention to sell Shares to the Company or its subsidiaries. The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Share Repurchase Mandate to repurchase Shares in accordance with the Listing Rules and applicable laws of Hong Kong.

No connected persons (as defined in the Listing Rules) of the Company, have notified the Company that they have a present intention to sell Shares held by them to the Company, or have undertaken not to sell Shares to the Company in the event that the Company is authorised to make repurchases of the Shares.

Details of the proposed amendments to Articles of Association are set out as follows:

1. ARTICLE 96

The existing Article 96 be amended by:

- (i) deleting the following sentence at the end of Article 96:

“Any Director so appointed shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election, but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting.”; and

- (ii) replacing therewith the following sentence:

“Any Director so appointed shall hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company (in the case of an addition to the Board), and shall then be eligible for re-election.”

2. ARTICLE 105(A)

The existing Article 105(A) be amended by:

- (i) deleting the following sentence at the beginning of Article 105(A):

“At each annual general meeting one-third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest one-third, shall retire from office, provided that no Director holding office as executive chairman or as a managing director or as a chief executive shall be subject to retirement by rotation or taken into account in determining the number of Directors to retire.”; and

- (ii) replacing therewith the following sentence:

“Notwithstanding any other provisions in these Articles, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office such that each Director (including those appointed for a specific term) will be subject to retirement by rotation at least once every three years at the annual general meeting, provided always that any Director appointed pursuant to Article 96 shall not be taken into account in determining the Directors who are to retire by rotation at such meeting.”

3. ARTICLE 120

The existing Article 120 be amended by deleting the words “the proviso to Article 105(A) and” on the third line.