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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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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)**

### DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS

### SUPPLEMENTAL LOAN AGREEMENT TO SUPPLEMENT THE LOAN AGREEMENT WITH RANBRIDGE FINANCE LIMITED

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



**REXCAPITAL (Hong Kong) Limited**

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

A notice convening an extraordinary general meeting of the Company to be held at Plaza V, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Tuesday, 6th December, 2005 at 10:00 a.m. is set out on pages 32 and 33 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.

18th November, 2005

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## DEFINITIONS

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

“Board”	the board of Directors
“Business Day”	a day on which licensed banks in Hong Kong are required to be and are generally open for business (other than any Saturday, Sunday or gazetted public holiday in Hong Kong)
“Cap”	has the meaning as defined in the section headed “Principal Terms of the Supplemental Loan Agreement” of the Letter from the Board in this circular
“Company”	Tian An China Investments Company Limited 天安中國投資有限公司, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange (Stock Code: 28)
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules
“Continuing Connected Transactions”	the continuing connected transactions entered into between Join View and Ranbridge pursuant to the Supplemental Loan Agreement
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held on 6th December, 2005, for the purpose of considering and, if thought fit, approving (inter alia) the terms of the Supplemental Loan Agreement and the Share Mortgages (and the Cap) and the transactions contemplated thereunder, notice of which is set out on pages 32 and 33 of this circular, and any adjournment thereof
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

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## DEFINITIONS

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“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 each of the Supplemental Loan Agreement and the Share Mortgages (and the Cap)
“Independent Financial Adviser” or “RexCapital”	REXCAPITAL (Hong Kong) Limited, a licensed corporation permitted to engage in type 6 of the regulated activity as stipulated in the SFO, being appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Loan Agreement and the Share Mortgages (and the Cap)
“Independent Shareholders”	the Shareholders other than SHK and its associates
“Join View”	Join View Development Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly owned subsidiary of the Company
“Latest Practicable Date”	14th November, 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	the loan agreement dated 2nd March, 2005 made between Ranbridge as lender, Join View as borrower and the Company as guarantor
“Loan Facility”	the revolving credit facility up to HK\$100,000,000.00 provided by Ranbridge to Join View subject to and in accordance with the terms and conditions of the Loan Agreement
“Money Lenders Ordinance”	Money Lenders Ordinance (Chapter 163 of the Laws of Hong Kong)
“Oxwell”	Oxwell Holdings Limited, a company incorporated in Hong Kong with limited liability and is a direct wholly owned subsidiary of Tian An China Hotel

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## DEFINITIONS

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“PRC”	People’s Republic of China
“Ranbridge”	Ranbridge Finance Limited, a company incorporated in Hong Kong with limited liability and is a direct wholly owned subsidiary of SHK
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Mortgages”	the Sky Full Share Mortgage and the Tian An Share Mortgage
“Share(s)”	existing ordinary share(s) of HK\$0.20 each in the capital of the Company
“Shareholder(s)”	the registered holder(s) of the Share(s)
“SHK”	Sun Hung Kai & Co. Limited, a company incorporated in Hong Kong with limited liability whose shares are listed on the Stock Exchange (Stock Code: 86) and is a Substantial Shareholder of the Company
“Sky Full”	Sky Full Enterprises Limited, a company incorporated in Hong Kong with limited liability and is beneficially owned by Oxwell as to 80% of its total issued share capital and Tian An China Hotel as to 20% of its total issued share capital
“Sky Full Share Mortgage”	the share mortgage to be made between Tian An China Hotel and Oxwell as mortgagors, and Ranbridge as lender, pursuant to which Tian An China Hotel and Oxwell shall create a first fixed mortgage in favour of Ranbridge over Tian An China Hotel’s and Oxwell’s entire shareholding in Sky Full as a continuing security for the due and punctual payment of all moneys payable or which may at any time or from time to time become payable by Join View under the Loan Agreement (as supplemented by the Supplemental Loan Agreement)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder(s)”	has the meaning ascribed thereto in the Listing Rules

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## DEFINITIONS

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“Supplemental Loan Agreement”	the Supplemental Loan Agreement dated 7th November, 2005 made between Ranbridge as lender, Join View as borrower and the Company, Sky Full and Tian An Real Estate Agency as guarantors
“Supplemental Loan Facility”	the increased Loan Facility from HK\$100,000,000.00 to HK\$280,000,000.00 provided by Ranbridge to Join View subject to and in accordance with the terms and conditions of the Supplemental Loan Agreement
“Tian An China Hotel”	Tian An China Hotel and Property Investments Company Limited, a company incorporated in Hong Kong with limited liability and is a direct wholly owned subsidiary of the Company
“Tian An Real Estate”	Tian An Real Estate (Dalian) Company Limited, a company incorporated in the British Virgin Islands with limited liability and is a direct wholly owned subsidiary of Tian An China Hotel
“Tian An Real Estate Agency”	Tian An Real Estate Agency (China) Limited, a company incorporated in Hong Kong with limited liability and is a direct wholly owned subsidiary of Tian An Real Estate
“Tian An Share Mortgage”	the share mortgage to be made between Tian An Real Estate as mortgagor, and Ranbridge as lender, pursuant to which Tian An Real Estate shall create a first fixed mortgage in favour of Ranbridge over Tian An Real Estate’s entire shareholding in Tian An Real Estate Agency as a continuing security for the due and punctual payment of all moneys payable or which may at any time or from time to time become payable by Join View under the Loan Agreement (as supplemented by the Supplemental Loan Agreement)
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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## LETTER FROM THE BOARD

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天安中國投資有限公司

TIAN AN CHINA INVESTMENTS COMPANY LIMITED

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 28)**

*Executive Directors:*

Patrick Lee Seng Wei (*Chairman*)

Ng Qing Hai (*Managing Director*)

Ma Sun

Edwin Lo King Yau

Li Chi Kong

*Registered Office:*

27th Floor, China Online Centre

333 Lockhart Road

Wanchai

Hong Kong

*Non-Executive Directors:*

Moses Cheng Mo Chi

Lisa Yang Lai Sum

*Independent Non-Executive Directors:*

Francis J. Chang Chu Fai

Goodwin Gaw

Ngai Wah Sang

Xu Su Jing

18th November, 2005

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

Dear Sir or Madam,

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

#### **SUPPLEMENTAL LOAN AGREEMENT TO SUPPLEMENT THE LOAN AGREEMENT WITH RANBRIDGE FINANCE LIMITED**

#### **1. INTRODUCTION**

Reference is made to the announcement published by the Company on 3rd March, 2005 whereby Join View entered into the Loan Agreement with Ranbridge and the Company, pursuant to which Ranbridge agreed to make available to Join View the Loan Facility up to HK\$100,000,000.00 for its general working capital and the Company agreed to guarantee the repayment of the loan under the Loan Facility. The Loan Agreement and the Loan Facility were approved by the Independent Shareholders of the Company on 20th April, 2005.

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## LETTER FROM THE BOARD

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The Company announced on 8th November, 2005 that, Join View entered into a Supplemental Loan Agreement with Ranbridge, the Company, Sky Full and Tian An Real Estate Agency, pursuant to which Ranbridge agreed with Join View to increase the Loan Facility under the Loan Agreement from HK\$100,000,000.00 to HK\$280,000,000.00 for its general working capital and the Company, Sky Full and Tian An Real Estate Agency agreed to jointly and severally guarantee the repayment of the loan under the Supplemental Loan Facility. The Supplemental Loan Agreement is conditional upon, among other things, that (i) Tian An China Hotel and Oxwell enter into the Sky Full Share Mortgage; (ii) Tian An Real Estate enters into the Tian An Share Mortgage; and (iii) the obtaining of approval by Independent Shareholders at the general meeting of the Company.

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

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

The Group is principally engaged in the development of high-end apartments, villas, office buildings and commercial properties, manufacture and sale of building materials, property management and hotel operation.

The Supplemental Loan Agreement and the Share Mortgages constitute discloseable and Continuing Connected Transactions for the Company which transactions are subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

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

An Independent Board Committee has been formed to advise the Independent Shareholders on whether the terms of the Supplemental Loan Agreement and the Share Mortgages (and the Cap) 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 terms of the Supplemental Loan Agreement and the Share Mortgages (and the Cap) are fair and reasonable so far as the Independent Shareholders are concerned.



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## LETTER FROM THE BOARD

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The purposes of this circular are:

- (i) to provide you with further details of the Supplemental Loan Agreement and the Share Mortgages;
- (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 terms of the Supplemental Loan Agreement and the Share Mortgages (and the Cap); and
- (iii) to give the Shareholders notice of the EGM to be convened for the purpose of considering and, if thought fit, approving (inter alia) the terms of the Supplemental Loan Agreement and the Share Mortgages (and the Cap).

### 2. GENERAL INFORMATION OF THE SUPPLEMENTAL LOAN AGREEMENT

Date: 7th November, 2005

Parties:

- (a) the lender : Ranbridge
- (b) the borrower : Join View
- (c) the guarantors : the Company, Sky Full and Tian An Real Estate Agency

Supplemental Loan Facility: the revolving credit facility up to HK\$100,000,000.00 under the Loan Facility is now increased to HK\$280,000,000.00 subject to and in accordance with the terms and conditions of the Supplemental Loan Agreement

### 3. PRINCIPAL TERMS OF THE SUPPLEMENTAL LOAN AGREEMENT

The purpose of the Supplemental Loan Facility is the provision of additional general working capital to Join View. The Supplemental Loan Facility will be available to Join View for the term of 36 months from the date of the Supplemental Loan Agreement (i.e. 7th November, 2005). The repayment date of each advance of the Supplemental Loan Facility (the "Advance") will be specified in each of the drawdown notice given by Join View but, in any event, it shall not be later than 36 months from the date of the Supplemental Loan Agreement. Join View shall pay interest on the Advances in arrears at the rate of prime rate plus 1% per annum. The repayment of the loan under the Supplemental Loan Facility is guaranteed jointly and severally by the Company, Sky Full and Tian An Real Estate Agency. The maximum annual Advance and the accumulative Advances during the term of the Loan Agreement (as modified by the Supplemental Loan Agreement) will not exceed HK\$280,000,000.00 (the "Cap"). The Supplemental Loan Agreement is conditional upon, among other things, that (i) Tian An China Hotel and Oxwell enter into the Sky Full Share Mortgage; (ii) Tian An Real Estate enters into the Tian An Share Mortgage; and (iii) the obtaining of approval by Independent Shareholders at the general meeting of the Company.

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## LETTER FROM THE BOARD

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### 4. REASONS FOR ENTERING INTO THE SUPPLEMENTAL LOAN AGREEMENT

Since the entering of the Loan Agreement, the Loan Facility has been utilized up to the amount of approximately HK\$96,000,000.00 out of the maximum available amount of HK\$100,000,000.00 as of the Latest Practicable Date.

The Directors consider the provision of the Supplemental Loan Facility by Ranbridge to Join View and the Share Mortgages (and the Cap) to be in the interests of the Company in that such additional financial support will further facilitate Join View's business expansion and enable new projects or investments to be acquired and that internal resources within the Group could be utilized more efficiently between the Group companies. The Directors consider the Supplemental Loan Facility and the Share Mortgages (and the Cap) are on normal commercial terms, which are arrived at after arm's length negotiations between the parties and are fair and reasonable insofar as the Shareholders are concerned.

### 5. LISTING RULES REQUIREMENTS

Ranbridge is principally engaged in the money lending business. It holds a money lenders licence under the Money Lenders Ordinance. It is a direct wholly owned subsidiary of SHK, a Substantial Shareholder of the Company which holds an aggregate interest of approximately 48.6% directly and indirectly in the issued share capital of the Company and therefore, a connected person of the Company as defined in Rule 14A.11 of the Listing Rules. Tian An China Hotel is a direct wholly owned subsidiary of the Company and Tian An Real Estate and Oxwell are indirect wholly owned subsidiaries of the Company. Accordingly, the transactions under the Supplemental Loan Agreement and the Share Mortgages constitute non-exempt Continuing Connected Transactions of the Company under the Listing Rules and are subject to the disclosure requirements under Rules 14A.37 to 14A.39, 14A.45 to 14A.47 and the approval by the Independent Shareholders under Rule 14A.35 of the Listing Rules. Since the consideration ratio (as defined in the Listing Rules) for such transactions is more than 5% but less than 25%, they also constitute discloseable transactions of the Company under the Listing Rules.

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

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

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## LETTER FROM THE BOARD

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The Independent Board Committee has been formed to advise the Independent Shareholders in relation to the terms of the Supplemental Loan Agreement and the Share Mortgages (and the Cap) under the Continuing Connected Transactions. RexCapital has been appointed to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Supplemental Loan Agreement and the Share Mortgages (and the Cap) under the Continuing Connected Transactions are fair and reasonable so far as the Independent Shareholders are concerned.

### 6. INFORMATION OF THE GROUP

The Company acts as an investment holding company. The Group is principally engaged in the development of high-end apartments, villas, office buildings and commercial properties, manufacture and sale of building materials, property management and hotel operation.

### 7. INFORMATION OF JOIN VIEW

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

### 8. INFORMATION OF SHK

The principal activity of SHK is investment holding. The principal activities of SHK's major subsidiaries are securities, leveraged forex, bullion, commodities and futures broking, provision of online financial services and online financial information distribution, money lending including the provision of term loans, share margin financing, financial planning and wealth management, fund management, corporate finance, property investment and insurance broking.

### 9. INFORMATION ON THE SHARE MORTGAGES

#### **The Sky Full Share Mortgage**

Tian An China Hotel and Oxwell shall create a mortgage in favour of Ranbridge over their entire shareholding in Sky Full as security for all moneys payable by Join View under the Loan Agreement as supplemented by the Supplemental Loan Agreement. Sky Full is the legal and beneficial owner of 50% equity interest in Shanghai New Union Building Co., Ltd. (上海新聯誼大廈有限公司), a company incorporated under the laws of the PRC, which holds a property situated in Shanghai with a site area of approximately 5,158 square meters.

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## LETTER FROM THE BOARD

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### **The Tian An Share Mortgage**

Tian An Real Estate shall create a mortgage in favour of Ranbridge over its entire shareholding in Tian An Real Estate Agency as security for all moneys payable by Join View under the Loan Agreement as supplemented by the Supplemental Loan Agreement. Tian An Real Estate Agency indirectly holds 100% equity interest in Dalian Tian An Tower Co., Ltd. (大連天安國際大廈有限公司), a company incorporated under the laws of the PRC, which holds a property known as Dalian Tian An International Tower (大連天安國際大廈) in Dalian city.

### **10. EGM**

Set out on pages 32 and 33 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 6th December, 2005 at 10:00 a.m. at which an ordinary resolution will be proposed to the Independent Shareholders to consider and, if thought fit, to approve the terms of the Supplemental Loan Agreement and the Share Mortgages (and the Cap) and the 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 by the Company in respect of the results of the poll.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, save as SHK and its associates (as disclosed) which is required to abstain from voting in respect of the ordinary resolution for approving the Supplemental Loan Agreement and the Share Mortgages (and the Cap), no other Shareholder is required under the Listing Rules to abstain from voting on the resolution regarding the Supplemental Loan Agreement and the Share Mortgages (and the Cap) 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.

### **11. RECOMMENDATION**

The Board considers that the terms of the Supplemental Loan Agreement and the Share Mortgages (and the Cap) are fair and reasonable and the same are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the terms of the Supplemental Loan Agreement and the Share Mortgages (and the Cap) and the transactions contemplated thereunder.

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## LETTER FROM THE BOARD

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### 12. 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 Supplemental Loan Agreement and the Share Mortgages (and the Cap) is in the interests of the Company and the Independent Shareholders and concurs with the views of RexCapital that the terms of the Supplemental Loan Agreement and the Share Mortgages (and the Cap) 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 Supplemental Loan Agreement and the Share Mortgages (and the Cap).

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

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



天安中國投資有限公司

TIAN AN CHINA INVESTMENTS COMPANY LIMITED

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 28)**

*Registered Office:*

27th Floor, China Online Centre

333 Lockhart Road

Wanchai

Hong Kong

18th November, 2005

*To the Independent Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE AND CONTINUING CONNECTED TRANSACTIONS**

**SUPPLEMENTAL LOAN AGREEMENT TO SUPPLEMENT  
THE LOAN AGREEMENT WITH RANBRIDGE FINANCE LIMITED**

We refer to the circular (the “Circular”) dated 18th November, 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 the Supplemental Loan Agreement and the Share Mortgages, we have been appointed to form this Independent Board Committee to advise you as to whether, in our opinion, the terms of the Supplemental Loan Agreement and the Share Mortgages (and the Cap) are fair and reasonable so far as the Independent 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 terms of the Supplemental Loan Agreement and the Share Mortgages (and the Cap).

We wish to draw your attention to the letter from the Board, as set out on pages 5 to 11 of the Circular, and the letter of advice from RexCapital, as set out on pages 14 to 22 of the Circular, both of which provide details of each of the Supplemental Loan Agreement and the Share Mortgages. 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 terms of the Supplemental Loan Agreement and the Share Mortgages (and the Cap) are in the interests of the Company and the Independent Shareholders as a whole and the terms of

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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the Supplemental Loan Agreement and the Share Mortgages (and the Cap) are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution which will be proposed at the EGM to approve the terms of the Supplemental Loan Agreement and the Share Mortgages (and the Cap) and the 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*

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## LETTER OF ADVICE FROM REXCAPITAL

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*The following is the text of a letter of advice from RexCapital to the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions, 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

18 November 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,

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

#### **SUPPLEMENTAL LOAN AGREEMENT TO SUPPLEMENT THE LOAN AGREEMENT WITH RANBRIDGE FINANCE LIMITED**

#### **INTRODUCTION**

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the fairness and reasonableness of the terms of the Supplemental Loan Agreement, the Shares Mortgages and the relevant cap of HK\$280 million (the "Revised Cap") under the Continuing Connected Transactions, details of which are set out in this circular, of which this letter forms a part. We have been retained by the Company to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Supplemental Loan Agreement (including the Revised Cap) and the Share Mortgages 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.



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## LETTER OF ADVICE FROM REXCAPITAL

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Ranbridge is a direct wholly owned subsidiary of SHK, a substantial Shareholder which holds an aggregate interest of approximately 48.6% directly and indirectly in the issued share capital of the Company as at the Latest Practicable Date, and therefore, is a connected person of the Company. As a result, the Supplemental Loan Agreement and the Share Mortgages constitute non-exempt Continuing Connected Transactions for the Company under the Listing Rules and are subject to the disclosure requirements under Rules 14A.37 to 14A.39, 14A.45 to 14A.47 and the approval by the Independent Shareholders under Rule 14A.35 of the Listing Rules. The Directors confirmed that as at the Latest Practicable Date, apart from SHK and its associates, no other Shareholder is interested in the Supplemental Loan Agreement and the Share Mortgages, and is required to refrain from voting on the ordinary resolution to approve the Supplemental Loan Agreement and the Share Mortgages in the EGM.

The Independent Board Committee, comprising Mr. Francis J. Chang Chu Fai, Mr. Goodwin Gaw, Mr. Ngai Wah Sang and Mr. Xu Su Jing, all being independent non-executive Directors, has been established to consider the terms of the Supplemental Loan Agreement and the Share Mortgages, and to advise the Independent Shareholders on whether each of the Supplemental Loan Agreement (including the Revised Cap) and the Share Mortgages are 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 unaudited financial information on Join View, Sky Full and Tian An Real Estate Agency, and the valuation of the respective properties provided by BMI 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 Supplemental Loan Agreement (including the Revised Cap) and the Share Mortgages.

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## LETTER OF ADVICE FROM REXCAPITAL

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### 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 Supplemental Loan Agreement (including the Revised Cap) and the Share Mortgages, we have taken into consideration the following factors and reasons:

#### **Background of the Loan Agreement and the Supplemental Loan Agreement**

On 2 March 2005, the Company announced that Join View entered into the Loan Agreement with Ranbridge and the Company on 2 March 2005, pursuant to which Ranbridge agreed to make available to Join View the revolving loan facility up to HK\$100 million (the “Existing Cap”) for its general working capital and the Company agreed to guarantee the repayment of the Loan Facility. The Loan Agreement had been approved by Independent Shareholders at the extraordinary general meeting on 20 April 2005.

Ranbridge is principally engaged in the money lending business. It holds a money lenders licence under the Money Lenders Ordinance. It is a direct wholly owned subsidiary of SHK which is an investment holding company with its major subsidiaries engaging in securities, leveraged forex, bullion, commodities and futures broking, provision of online financial services and online financial information distribution, money lending including the provision of term loans, share margin financing, financial planning and wealth management, fund management, corporate finance, property investment and insurance broking.

Join View is an indirect wholly owned subsidiary of the Company and is principally engaged in the money lending business and holds a money lenders licence under the Money Lenders Ordinance. As described in the circular dated 16 March 2005 of the Company, the Directors has utilized the Loan Facility to facilitate Join View’s business expansion such that internal resources within the Group could be utilized more efficiently between the Group companies. In particular, the Loan Facility has provided financial support to Join View, as a licensed money lender, to facilitate lending to other third-party companies and the Group’s joint-venture companies which need some financing arrangements for meeting their respective capital commitments in their property projects and through which, Join View can then have its business expanded with its interest income enhanced.

#### **Reasons for entering into the Supplemental Loan Agreement**

Since the entering into of the Loan Agreement, the Loan Facility has been utilized up to the amount of about HK\$96 million as of the Latest Practicable Date for meeting Join View’s capital needs. During the period, Join View has applied the Loan Facility principally in facilitating lending to third-party companies and to the Group companies for financing payment of land use rights and the acquisition of new property projects in the PRC, and for the Group’s general working capital.

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In particular, given the core businesses of the Group's joint-venture companies are, amongst others, property development and investment, they require from time to time substantial capital for, including but not limited to, financing the acquisition of land use rights or development costs for their development projects in the PRC. In the circumstances and in view of the continuous rapid expansion of the money lending business of Join View resulted from the growing lending demand from the Group's joint-venture companies as well as from third-party companies, the Directors consider that the Loan Facility, which has already been utilized by Join View up to about 96% of the Existing Cap as of the Latest Practicable Date, will not be sufficient for meeting its future capital needs for further expansion of Join View's money lending business. The Directors, therefore, intend to increase the Loan Facility under the Loan Agreement from HK\$100 million to HK\$280 million so as to avoid jeopardizing future growth of the lending business of Join View and, in turn, the property development and investment business of the Group as a whole.

### **Terms of the Supplemental Loan Agreement**

As provided by the Directors, terms of the Loan Agreement as supplemented by the Supplemental Loan Agreement remain substantially the same, save for, amongst others, the total amount of the Supplemental Loan Facility, the provision of additional guarantees by Sky Full and Tian An Real Estate Agency, and the Share Mortgages.

*(i) Interest rate*

Under the Supplemental Loan Agreement, Join View shall pay interest on the Advances (as defined in the Loan Agreement) in arrears on each Interest Payment Date (as defined in the Loan Agreement) at the rate of prime plus 1% per annum which stays the same as that under the Loan Agreement. The Directors advised us that the interest rate for the Supplemental Loan Facility is determined after arm's length negotiation between the parties on normal commercial terms.

We have discussed with and are confirmed by the Directors that as at the Latest Practicable Date, the weighted average of the lending rates offered by Join View to its clients remains substantially higher than the interest rate of prime plus 1% under the Supplemental Loan Agreement (as at the Latest Practicable Date, the prime rate is approximately 7.75%), which means that Join View would continue to enjoy a profitable spread and in turn, positive effect on its profitability pursuant to the Supplemental Loan Agreement.

We have also discussed with the Directors and are advised that the existing Hongkong-dollar bank borrowings of the Group which bear floating rates are currently charged with interest rates ranging from HIBOR plus a certain premium to prime. According to the Directors, these loan facilities were offered and arranged during the earlier economic downturn between 2001 to 2003, during which lenders were more willing to offer attractive rates to encourage borrowings. However, in

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view of the recent recovery of the economy in town and in the global market, it is reasonable to believe that lenders no longer have to offer low interest rates but will, on the contrary, intend to charge a higher rate on new borrowings. Furthermore, though the interest rate of prime plus 1% under the Loan Agreement as supplemented by the Supplemental Loan Agreement is relatively higher when compared with the floating rates charged under the existing Hongkong-dollar borrowings of the Group, we consider the Supplemental Loan Facility would still be an acceptable alternative financing channel for Join View as well as the Group since there is no obligation, but flexibility for Join View to utilize the Supplemental Loan Facility. Join View can draw the specific amount as and when needed from time to time and can always choose to switch to other loan arrangements should they can offer better terms, including but not limited to, a lower interest rate.

On the above basis, we consider that the interest rate charged by Ranbridge on Join View under the Supplemental Loan Agreement represents commercially acceptable borrowing cost to the Company and the Shareholders.

(ii) *The Cap*

The Supplemental Loan Facility under the Loan Agreement as supplemented by the Supplemental Loan Agreement is a revolving credit facility up to HK\$280 million.

The Directors advised us that prior to the entering into of the Loan Agreement, Join View was funded by the Company. Pursuant to the Loan Agreement, the financial performance of Join View has been substantially improved and, in particular, Join View has been able to self-finance with its interest income received from its lending to third-party clients and other Group companies. According to the unaudited management accounts of Join View as at 31 October 2005, the total loan receivables have amounted to over HK\$100 million. In particular, the total interest income of Join View for the ten-month period ended 31 October 2005 has substantially increased to more than double of the total interest income for the financial year 2004. The Directors further advised us that, while Join View has reported a net loss for the financial year 2004, it has managed to record net profit for the ten-month period ended 31 October 2005.

As mentioned under the subtitle headed “*Reasons for entering into the Supplemental Loan Agreement*” above, such financial support to Join View obtained by way of the Supplemental Loan Facility will serve not only the business expansion purposes of Join View, it will also serve as an additional and immediately available funding source for meeting any future possible capital needs of the Group’s core property investment business through lending by Join View (being a licensed money lender) to other Group companies. Though, as discussed with the Directors and with reference to the figures provided in the Company’s 2004 annual report, the total long term capital commitment of the Group for its property development business has

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already amounted to over HK\$1.58 billion as at 31 December 2004 and the Revised Cap under the Supplemental Loan Agreement represents only a small portion of such capital commitment amount, the Directors considered the Revised Cap amount (on a revolving basis) of reasonable level for smoothing out the expected cashflow requirements of the projects without materially pressurizing the Group with substantial extra gearing exposure.

In addition, the revolving nature of the Loan Facility will also allow Join View to draw in tranches from time to time (provided that outstanding loan amount under the Supplemental Loan Facility in aggregate not exceeding HK\$280 million) to meet its capital needs instead of a one-off drawdown so as to save unnecessary interest expenses.

In conclusion, having considered that:

1. the aggregate loan amount of HK\$280 million under the Supplemental Loan Agreement represents a flexibility, but not an obligation, for Join View to utilize from time to time specific amount it needs accumulatively up to the Revised Cap for meeting its capital requirement;
2. the Supplemental Loan Facility allow Join View to draw the loan in tranches from time to time to meet its capital needs instead of a one-shot drawdown so as to save unnecessary interest expenses;
3. as discussed above, the interest rate charged under the Supplemental Loan Facility (being prime plus 1%) can provide Join View with acceptable spread and thus, reasonable interest income;
4. the Supplemental Loan Facility will serve as an additional and immediately available funding source for Join View to facilitate lending to the Group companies and other third-party companies so as to further expand its lending business and enhance its interest income; and
5. in respect of the Group's capital commitment level, the Revised Cap amount (on a revolving basis) is of the reasonable level which can smooth out the expected cashflow requirements of the projects while will not pressurize the Group with unacceptable extra gearing exposure;

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

### *(iii) Repayment*

The term of the Loan Agreement as supplemented by the Supplemental Loan Agreement is 36 months commencing from the date of the Supplemental Loan Agreement. The repayment date of each of the Advances and the respective interest, which is 1, 2, 3 or 6 months from the drawdown date of the respective Advance (but

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in any event should not fall beyond 36 months from the date of the Supplemental Loan Agreement), is to be chosen by Join View and specified in each of the respective drawdown notice. Such discretion of Join View on deciding the repayment date of the relative Advance(s) and the respective interest during the term of the Supplemental Loan Agreement is beneficial to itself since Join View can then try to match the repayment schedule of the Supplemental Loan Facility against its own lending schedule so as to ensure sufficient fund for its money lending business with minimal cashflow pressure.

(iv) *The Guarantee*

According to the Directors, as at the Latest Practicable Date, the Loan Facility has been utilized up to the amount of about HK\$96 million. As stated in the Supplemental Loan Agreement, the repayment of the Supplemental Loan Facility is guaranteed jointly and severally by the Company, Sky Full and Tian An Real Estate Agency. We consider that it is a common practice for lenders in granting financing to require guarantees from the company(ies) that provide(s) security for the loan, as well as from the borrower's holding company with good reputation and solid financial background. It is expected that there would be no immediate effect on the net gearing level of the Group (defined as total borrowings of the Group net of cash then divided by consolidated net assets of the Group) immediately upon the drawdown by Join View of the additional loan amount of HK\$180 million. For illustrative purposes, assuming the drawdown and utilization of the total additional sum of HK\$180 million by Join View, the net gearing ratio of the Group would increase from approximately 41.8% as at 30 June 2005 to approximately 45.4%.

Under the Loan Agreement as supplemented by the Supplemental Loan Agreement, the exposure to the Group arising from the guarantees would be estimated at a total of HK\$360.1 million, being the principal of HK\$280 million plus the respective outstanding compound interest calculated at approximately HK\$80.1 million for the three-year period (which is estimated as an aggregate maximum amount of approximately HK\$24.5 million per year at interest rate of prime plus 1% under the Supplemental Loan Agreement). Such exposure represents only about 7.3% of the Group's unaudited consolidated net assets as at 30 June 2005 of approximately HK\$4,954.1 million as reported in the Company's 2005 interim report.

On such basis, the entering into of the Supplemental Loan Agreement shall have no substantial adverse impact on the net gearing level and general financial position of the Group. Furthermore, in view of the current strong cash position of the Group as reflected in 2005 interim report of the Company which reported the total bank balances and cash reserves of the Group as approximately HK\$438 million as at 30 June 2005, we consider that there is sufficient amount of cash to repay the loan and the respective interest payment under the guarantees as and when required. As such, we consider that the provision of the guarantees by the Group for Join View under the Supplemental Loan Agreement is acceptable and is fair and reasonable so far as the Shareholders are concerned.

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(v) *The Share Mortgages*

The Supplemental Loan Agreement is conditional upon, amongst other things, that (a) Tian An China Hotel and Oxwell enter into the Sky Full Share Mortgage, and (b) Tian An Real Estate enters into the Tian An Share Mortgage.

### **The Sky Full Share Mortgage**

As stated in the letter from the Board in this circular, Tian An China Hotel and Oxwell agreed to create a mortgage in favour of Ranbridge over their entire shareholding in Sky Full as security for all money payable by Join View under the Loan Agreement as supplemented by the Supplemental Loan Agreement.

We have reviewed the unaudited management account of Sky Full as at 31 October 2005. The aggregate value of the unaudited consolidated net asset value with the unsecured shareholders' loan ranked inferior to the Supplemental Loan Facility of Sky Full was reported as approximately HK\$240.3 million as at 31 October 2005, taken into account of the market value of its 50% interest in the development site of approximately 5,158 square meters for New Union Building in Shanghai (the "Land"), which is the principle asset of Sky Full of approximately HK\$295.0 million as at 31 October 2005 as stated in the valuation report dated 7 November 2005 prepared by the independent property valuer, BMI Appraisals Limited.

### **The Tian An Share Mortgage**

As stated in the letter from the Board in this circular, Tian An Real Estate agreed to create a mortgage in favour of Ranbridge over its entire shareholding in Tian An Real Estate Agency as security for all money payable by Join View under the Loan Agreement as supplemented by the Supplemental Loan Agreement.

We have also reviewed the unaudited management account of Tian An Real Estate Agency as at 31 October 2005. The aggregate value of the unaudited consolidated net asset value with the unsecured shareholders' loan ranked inferior to the Supplemental Loan Facility of Tian An Real Estate Agency was reported as approximately HK\$479.6 million as at 31 October 2005, taken into account of the market value of its 100% interest in a property namely Dalian Tian An International Tower (大連天安國際大廈) in Dalian city (the "Property"), which is the principle asset of Tian An Real Estate Agency and is currently under construction and scheduled to be completed in December 2005 of approximately HK\$780.0 million as at 31 October 2005 as stated in the valuation report dated 7 November 2005 prepared by the independent property valuer, BMI Appraisals Limited. However, as advised by the Directors, that currently certain portion of the Property have been pledged against a bank loan of RMB70 million (equivalent to approximately HK\$67.3 million) to another Group company. In the circumstances, the asset value of Tian An Real Estate Agency pledged against the Supplemental Loan Facility is about HK\$412.3 million, being the consolidated net asset value of Tian An Real Estate Agency of approximately HK\$479.6 million as at 31 October 2005 net of the abovementioned loan of the other Group company of approximately HK\$67.3 million.

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Summarizing the above, we note that the Supplemental Loan Facility of HK\$280 million is therefore secured by assets with carrying value of approximately HK\$652.6 million, being the aggregate amount of the consolidated net asset values of Sky Full and Tian An Real Estate Agency. The Supplemental Loan Facility, therefore, equivalent to approximately 42.9% of the total value of the securities pledged to Ranbridge under the Supplemental Loan Agreement.

In a view that terms of corporate lending are principally determined by banks on a case-by-case basis with reference to the specific applicant's particulars, including but not limited to, its industry, financial conditions, existing leverage level, location of operation and business prospects, etc., we are of the opinion that loan to security ratios of other companies, even if publicly available, would not be considered comparable nor appropriate for comparison purposes. As such, in order to assess the reasonableness of the loan to security ratio under the Supplemental Loan Facility, it would be more meaningful and appropriate to compare the loan to security ratio under the Supplemental Loan Facility with the existing loan to security ratio of the Group. As set out in the 2004 annual report of the Company, the total secured borrowing of the Group due to independent third parties as at 31 December 2004 was approximately HK\$1,318.2 million while the corresponding total value of the pledged assets for borrowings was approximately HK\$2,834.2 million. The loan to security ratio is, therefore, approximately 46.5%, which is roughly similar to the loan to security ratio under the Supplemental Loan Facility. As such, we are of the opinion that the entering into of the Share Mortgages and the terms in which are fair and reasonable so far as the Company and the Shareholders are concerned.

### RECOMMENDATION

Having considered the abovementioned principal factors and reasons, we consider that the entering into and the terms of the Supplemental Loan Agreement (including the Revised Cap) and the Share Mortgages 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 Continuing Connected Transactions.

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



**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**

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 Issuers in the Listing Rules to be notified to the Company and the Stock Exchange:

**(a) The Company**

<b>Name of Director</b>	<b>Nature of interests</b>	<b>Number of Shares and underlying shares held</b>	<b>% to the issued share capital</b>
Ma Sun	Personal	52,125 <i>(Note)</i>	0.006%

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

**(b) Associated Corporation – Shanghai Allied Cement Limited**

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

*Notes:*

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

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

**3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS**

Save as disclosed below, as at the Latest Practicable Date and so far as was known to the Directors and chief executive of the Company, there were no other persons other than the Directors or chief executive of the Company, who has an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

## (a) Interests in Shares of the Company

Name of Shareholders	Number of Shares and underlying shares held			% of total interests to the issued share capital
	Personal interests (held as beneficial owner)	Corporate interests (interest of controlled corporation)	Total interests	
SHK	356,570,563	68,940,040 <i>(Note 1)</i>	425,510,603	48.60%
Allied Properties (H.K.) Limited (“APL”)	–	425,510,603 <i>(Note 2)</i>	425,510,603 <i>(Note 3)</i>	48.60%
Allied Group Limited (“AGL”)	–	425,510,603 <i>(Note 4)</i>	425,510,603 <i>(Note 3)</i>	48.60%
Lee and Lee Trust (“LL Trust”)	–	425,510,603 <i>(Note 5)</i>	425,510,603 <i>(Note 3)</i>	48.60%
COL Capital Limited (“COL”)	–	52,705,700 <i>(Note 6)</i>	52,705,700	6.02%
Wachovia Corporation	–	78,800,000 <i>(Note 7)</i>	78,800,000	9.00%

*Notes:*

- The interests include the holding of (i) 31,398,050 Shares held by Sun Hung Kai International Limited, an indirect wholly owned subsidiary of SHK; and (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 74.82% 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 39.62% interest in the issued share capital of AGL and were therefore deemed to have an interest in the Shares in which AGL was interested.
- The 52,705,700 Shares were held by Honest Opportunity Limited (“HOL”), a wholly owned subsidiary of Classic Fortune Limited which in turn was a wholly owned subsidiary of COL. COL was therefore deemed to have an interest in the 52,705,700 Shares in which HOL was interested.
- The interest was 78,800,000 unlisted physically settled warrants of the Company giving rise to an interest in 78,800,000 underlying shares of the Company.

All the interests stated above represent long positions. As at the Latest Practicable Date, no short positions were recorded in the register required to be kept under section 336 of the SFO.

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

*Companies incorporated in Hong Kong*

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

*Companies incorporated in the British Virgin Islands*

<b>Name of non-wholly owned subsidiaries of the Company</b>	<b>Name of Substantial Shareholder</b>	<b>No. of shares</b>	<b>%</b>
All – Shanghai Inc.	Aso Corporation	2,562,750	16.7
Strait Investments (Shanghai) Limited	Fabulous Assets Limited	1,985	19.85

*Company incorporated in Bermuda*

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

*Companies incorporated in the PRC*

<b>Name of non-wholly owned subsidiaries of the Company</b>	<b>Name of Substantial Shareholder</b>	<b>No. of shares</b>	<b>%</b>
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
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
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有限公司	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 有限公司	北京禾辰建材有限公司	N/A	20

**4. SERVICE CONTRACTS OF THE DIRECTORS**

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

**5. DIRECTORS' INTERESTS IN COMPETING BUSINESSES**

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

1. Mr. Patrick Lee Seng Wei is a director of SHK which, through certain of its subsidiaries, is partly engaged in the business of money lending;
2. Messrs. Patrick Lee Seng Wei and Li Chi Kong are directors of Allied Properties (H.K.) Limited which, through a subsidiary, is partly engaged in the business of money lending; and
3. Mr. Edwin Lo King Yau is a director of Allied Group Limited which, through certain of its subsidiaries, is partly engaged in the business of money lending. 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, 2004, being the date to which the latest financial statements of the Company were made up.

**7. QUALIFICATION OF EXPERT**

The following is the qualification of the expert whose advice or opinion is contained or referred to in this circular:

<b>Name</b>	<b>Qualification</b>
BMI Appraisals Limited	Qualified Property Valuer
RexCapital	Licensed corporation for type 6 regulated activity under the SFO

As at the Latest Practicable Date, RexCapital 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 EXPERT**

RexCapital has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter dated 18th November, 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 Supplemental Loan Agreement and the Share Mortgages, none of the Directors and the expert whose name is referred to in the paragraph headed "Consent of Expert" in this Appendix I has or had any interest, direct or indirect, in any assets which have been, since 31st December, 2004, being the date to which the latest published audited accounts of the Company 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 Supplemental Loan Agreement and the Share Mortgages for normal professional fees. Mr. Moses Cheng Mo Chi has abstained from voting at the board resolutions approving the entering into of the Supplemental Loan Agreement and the Share Mortgages. Other than disclosed hereinabove and (c) below, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which is subsisting as at the Latest Practicable Date and which is significant in relation to the business of the Group.
- (c) Mr. Patrick Lee Seng Wei, the Chairman of the Company, is a director of SHK, a Substantial Shareholder of the Company, which is the parent company of Ranbridge. Mr. Patrick Lee Seng Wei has abstained from voting at the board resolutions

approving the entering into of the Supplemental Loan Agreement and the Share Mortgages. Other than disclosed hereinabove and (b) above, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which is subsisting as at the Latest Practicable Date and which is significant in relation to the business of the Group.

- (d) The registered office of the Company is 27th Floor, China Online Centre, 333 Lockhart Road, Wanchai, Hong Kong.
- (e) The company secretary of the Company is Miss Cindy Yung Yee Mei, who is an associate of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.
- (f) The qualified accountant of the Company appointed pursuant to Rule 3.24 of the Listing Rules is Mr. Sunny Tao Tsan Sang, who is an associate of the Hong Kong Institute of Certified Public Accountants and The Chartered Institute of Management Accountants.
- (g) The English text of this circular shall prevail over the Chinese text.

#### **10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours on any weekday (except public holidays) at the offices of Messrs. P. C. Woo & Co. at Room 1225, 12th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong, from the date of the circular up to and including 6th December, 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, 2003 and 31st December, 2004;
- (iii) the Loan Agreement and Supplemental Loan Agreement (the forms of the Sky Full Share Mortgage and Tian An Share Mortgage are included in the latter as appendices);
- (iv) the letter from RexCapital as set out on pages 14 to 22 of this circular;
- (v) the written consent referred to in the paragraph headed "Consent of Expert" of this Appendix;
- (vi) the letter from the Independent Board Committee as set out on pages 12 and 13 of this circular; and
- (vii) this circular.



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

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

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

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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天安中國投資有限公司

TIAN AN CHINA INVESTMENTS COMPANY LIMITED

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 28)**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “Meeting”) of Tian An China Investments Company Limited (the “Company”) will be held at Plaza V, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Tuesday, 6th December, 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 supplemental loan agreement dated 7th November, 2005 (the “Supplemental Loan Agreement”) entered into between Ranbridge Finance Limited (“Ranbridge”) as lender, Join View Development Limited (“Join View”) as borrower, and the Company, Sky Full Enterprises Limited (“Sky Full”) and Tian An Real Estate Agency (China) Limited (“Tian An Real Estate Agency”) as the guarantors, pursuant to which, Ranbridge agreed to make available to Join View a revolving loan facility up to HK\$280,000,000.00 (the “Cap”) for its general working capital (the “Supplemental Loan Facility”) and the Company, Sky Full and Tian An Real Estate Agency agreed to jointly and severally guarantee the repayment of the loan under the Supplemental Loan Facility, together with the draft share mortgages (the “Sky Full Share Mortgage” and the “Tian An Share Mortgage”) to be executed in respect of the entire issued share capital in Sky Full and Tian An Real Estate Agency (copies of which have been produced to the Meeting marked “A”, “B” and “C” and signed by the Chairman of the Meeting for the purpose of identification), be and are hereby approved, ratified and confirmed;
- (b) the transactions contemplated under the Supplemental Loan Agreement, the Sky Full Share Mortgage and the Tian An Share Mortgage and the Cap be and are hereby approved; and

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (c) any director of the Company be and is 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 he may in his discretion consider necessary, expedient or desirable to give effect to and implement the Supplemental Loan Agreement, the Sky Full Share Mortgage and the Tian An Share Mortgage.”

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

Hong Kong, 18th November, 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.