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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 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 (the “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.

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

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天安中國投資有限公司

TIAN AN CHINA INVESTMENTS COMPANY LIMITED

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 28)**

**PROPOSALS FOR RE-ELECTION OF DIRECTORS**

**AND**

**GENERAL MANDATES TO ISSUE SECURITIES  
AND REPURCHASE SHARES**

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The notice convening an annual general meeting of the Company (the “AGM”) is set out on pages 38 to 43 of the 2005 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 enclosed with this circular. 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 the same to the registrar of the Company, Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjourned meeting thereof if you so wish.

18th April, 2006

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## DEFINITIONS

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*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, 11th May, 2006 at 10:00 a.m.
“AGM Notice”	the notice convening the AGM as set out on pages 38 to 43 of the 2005 Annual Report of the Company, a copy of which is despatched together with this circular
“Articles of Association”	the articles of association of the Company
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	10th April, 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“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)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers

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## DEFINITIONS

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“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
“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 and Acting Managing Director)

Ng Qing Hai (Deputy 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 April, 2006

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

Dear Sir or Madam,

### **PROPOSALS FOR RE-ELECTION OF DIRECTORS**

**AND**

### **GENERAL MANDATES TO ISSUE SECURITIES AND REPURCHASE SHARES**

#### **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; and (ii) the granting to the Directors of general mandates for the issue of securities of the Company 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.

#### **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.

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## LETTER FROM THE BOARD

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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 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 of the Articles of Association shall not be taken into account in determining the Directors who are to retire by rotation at such meeting. 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 casual vacancy or as an addition to the Board. 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.

Pursuant to Article 105(A) of the Articles of Association, Mr. Patrick Lee Seng Wei, Mr. Ng Qing Hai, Mr. Moses Cheng Mo Chi and Miss Lisa Yang Lai Sum shall retire by rotation and, being eligible, offer themselves for re-election at the AGM.

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 3rd May, 2006.

Pursuant to Rule 13.74 of the Listing Rules, a listed issuer shall disclose the details required under Rule 13.51(2) of the Listing Rules of any directors proposed to be re-elected or proposed new director in the notice or accompanying circular to its shareholders of the relevant general meeting, if such re-election or appointment is subject to shareholders' approval at that relevant general meeting.

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.

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## LETTER FROM THE BOARD

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### GENERAL MANDATES TO ISSUE SECURITIES AND REPURCHASE SHARES

At the annual general meeting of the Company held on 12th May, 2005, ordinary resolutions were passed for the granting of general mandates to the Directors, inter alia, (i) to allot, issue or otherwise deal with additional securities of the Company not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at that date (the “Existing Issue Mandate”); and (ii) to repurchase Shares representing up to a maximum of 10% of the aggregate nominal amount of the issued share capital of the Company as at that date (the “Existing Repurchase Mandate”).

The Existing Issue Mandate and the Existing Repurchase Mandate will lapse 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 or otherwise deal with additional securities of the Company up to 20% and to repurchase Shares up to 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing the resolutions (the “Share Repurchase Mandate”) as set out in Resolution Nos. 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 No. 4(C) of the AGM Notice at the AGM.

With reference to the proposed new general mandates, the Directors, as at the date hereof, wish to state that they have no immediate plans to issue any new securities of the Company 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 No. 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.

### AGM

The AGM Notice is set out on pages 38 to 43 of the 2005 Annual Report of the Company. Ordinary resolutions in respect of the re-election of the Directors and the general mandates to issue securities of the Company and repurchase Shares as referred to above will be proposed at the AGM.

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## LETTER FROM THE BOARD

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A form of proxy for the AGM is enclosed with this circular. 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 the same to the registrar of the Company, Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjourned meeting thereof if you so wish.

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 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 of the Company and to repurchase Shares, and to add the aggregate nominal amount of Shares that may be repurchased to the aggregate nominal amount of the share capital of the Company that may be allotted pursuant to the general mandate to issue securities of the Company 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:*

**Patrick Lee Seng Wei**, aged 54, was appointed an Executive Director of the Company in June 1996 and became the Chairman of the Board and the Acting Managing Director of the Company in February 2004 and December 2005 respectively. Mr. Lee is an architect and worked for IBM Australia before becoming involved in property development in Malaysia and Hong Kong for more than twenty years. He has extensive experience in the property field. He is also the chief executive of Allied Properties (H.K.) Limited and an executive director of Sun Hung Kai & Co. Limited, both are substantial shareholders of the Company within the meaning of Part XV of the SFO, and the securities of which are listed on the Stock Exchange. Mr. Lee also holds directorships in certain private companies controlled by certain substantial shareholders of the Company. Save as disclosed above, Mr. Lee did not hold any other directorships in listed public companies during the past three years.

Mr. Lee has not been appointed for a specific term but shall be subject to the relevant provisions of the Articles of Association or any other applicable laws whereby he shall vacate or retire from his office. There is no service contract between the Company and Mr. Lee. His Director's fee is determined by the Board and subject to approval by the Shareholders and a sum of HK\$10,000 was received as his Director's fee for 2005.

Save as disclosed above, as at the Latest Practicable Date, Mr. Lee did not have any relationship with any other Director, senior management, substantial or controlling shareholder of the Company and he had no interests in the securities of the Company within the meaning of Part XV of the SFO. Mr. Lee was also not aware of any matters that are required to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules of any other matters that need to be brought to the attention of the holders of securities of the Company.

**Ng Qing Hai**, aged 49, was appointed an Executive Director of the Company in April 2003 and became the Managing Director of the Company in October 2003. He was re-designated as the Deputy Managing Director of the Company in December 2005. Mr. Ng graduated from the Accounting Department of Shanghai Institute of Building Materials in 1983 and became a member of the Association of Registered Accountants of the PRC in 1994. He was admitted as Management Consultant by Group ESSEC of France in 1988, and also became the vice chairman of China Building Materials Enterprises Management Association in 2004 and a fellow of Asian Knowledge Management Association in 2006. Mr. Ng has extensive experience in managing enterprises. He is also the president and chief executive officer of Shanghai Allied Cement Limited ("SAC"), a non-wholly owned subsidiary of the Company, and the shares of which are listed on the Stock Exchange. He also holds directorship in certain private companies controlled by the Company. Save as disclosed above, Mr. Ng did not hold any other directorships in listed public companies during the past three years.

As at the Latest Practicable Date, Mr. Ng had a personal interest in 4,000,000 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.

Mr. Ng has not been appointed for a specific term but shall be subject to the relevant provisions of the Articles of Association or any other applicable laws whereby he shall vacate or retire from his office. There is no service contract between the Company and Mr. Ng. His Director's fee is determined by the Board and subject to approval by the Shareholders and a sum of HK\$10,000 was received as his Director's fee for 2005.

Save as disclosed above, as at the Latest Practicable Date, Mr. Ng did not have any relationship with any other Director, senior management, substantial or controlling shareholder of the Company and he had no interests in the securities of the Company within the meaning of Part XV of the SFO. Mr. Ng was also not aware of any matters that are required to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules of any other matters that need to be brought to the attention of the holders of securities of the Company.

**Moses Cheng Mo Chi**, aged 56, was appointed an Independent Non-Executive Director of the Company in May 1997 and was re-designated as Non-Executive Director of the Company in September 2004. Mr. Cheng is the senior partner of P. C. Woo & Co., a firm of solicitors and notaries in Hong Kong and one of the legal advisors of the Company. Mr. Cheng was a member of the Legislative Council of Hong Kong between 1991 and 1995. He is the Founder Chairman of the Hong Kong Institute of Directors of which he is now the Honorary President and Chairman Emeritus. He also serves on the boards of various listed companies namely Beijing Capital International Airport Company Limited, China COSCO Holdings Company Limited, China Mobile (Hong Kong) Limited, China Resources Enterprise, Limited, City Telecom (H.K.) Limited, Guangdong Investment Limited, Kader Holdings Company Limited, Galaxy Entertainment Group Limited (formerly known as K.Wah Construction Materials Limited), Liu Chong Hing Investment Limited and Shui On Construction and Materials Limited. Mr. Cheng was previously a director of COL Capital Limited, Kingway Brewery Holdings Limited, Quality HealthCare Asia Limited, Stockmartnet Holdings Limited and Pokfulam Development Company Limited, all are companies listed on the Stock Exchange. Save as disclosed above, Mr. Cheng did not hold any other directorships in listed public companies during the past three years.

Pursuant to a letter of appointment dated 27th June, 2005 between the Company and Mr. Cheng, Mr. Cheng has been appointed for a specific term on 27th June, 2005 which shall continue until 31st December, 2006, but subject to the relevant provisions of the Articles of Association or any other applicable laws whereby he shall vacate or retire from his office. As set out in the said appointment letter, Mr. Cheng is entitled to receive a Director's fee of HK\$10,000 per annum which was agreed by the Remuneration Committee of the Company and the Board and subject to the approval of the Shareholders.

Save as disclosed above, as at the Latest Practicable Date, Mr. Cheng did not have any relationship with any other Director, senior management, substantial or controlling shareholder of the Company and he had no interests in the securities of the Company within the meaning of Part XV of the SFO. Mr. Cheng was also not aware of any matters that are required to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules of any other matters that need to be brought to the attention of the holders of securities of the Company.

**Lisa Yang Lai Sum**, aged 39, was appointed an Independent Non-Executive Director of the Company in November 1999 and was re-designated as Non-Executive Director of the Company in September 2004. She is a practising solicitor in Hong Kong and is a consultant of Maurice Lee, Tsang, Ng-Quinn & Tang. Miss Yang graduated from the University of Sydney with a Bachelor's Degree in Law and Economics and is also qualified as a solicitor in Australia and England. Save as disclosed above, Miss Yang did not hold any other directorships in listed public companies during the past three years.

Pursuant to a letter of appointment dated 27th June, 2005 between the Company and Miss Yang, Miss Yang has been appointed for a specific term on 27th June, 2005 which shall continue until 31st December, 2006, but subject to the relevant provisions of the Articles of Association or any other applicable laws whereby she shall vacate or retire from her office. As set out in the said appointment letter, Miss Yang is entitled to receive a Director's fee of HK\$10,000 per annum which was agreed by the Remuneration Committee of the Company and the Board and subject to the approval of the Shareholders.

Save as disclosed above, as at the Latest Practicable Date, Miss Yang did not have any relationship with any other Director, senior management, substantial or controlling shareholder of the Company and she had no interests in the securities of the Company within the meaning of Part XV of the SFO. Miss Yang was also not aware of any matters that are required to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules 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 Directors believe that it is in the best interests of the Company and the Shareholders as a whole to seek a general authority from the Shareholders to enable the Company to repurchase Shares on the Stock Exchange. Such repurchase may, depending on market conditions, and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or earnings per Share and will only be made when the Directors believe that such a repurchase 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. On the basis of the consolidated financial position of the Company as at 31st December, 2005, being the date to which the latest published audited financial statements of the Company were made up, the Directors consider 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 as compared with the position disclosed in the latest published audited financial statements or the gearing level 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 Rule 32 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 may become obliged to make a mandatory general offer in accordance with Rule 26 of the Takeovers Code.

On 6th April, 2006, Sun Hung Kai & Co. Limited ("SHK") placed 175,000,000 Shares, through a placing agent, to independent investors at a price of HK\$5.10 per Share (the "Placing"), as part of a "placing and top-up" transaction of the Company. At the same time, SHK has conditionally agreed to subscribe for 175,000,000 new Shares at a price of HK\$5.10 per Share (the "Subscription"). The new Shares issued under the Subscription will be issued pursuant to the Existing Issue Mandate. As at the Latest Practicable Date, SHK was interested in an aggregate of 250,510,603 Shares, representing approximately 28.61% of the issued share capital of the Company. If the Subscription becomes unconditional (which is expected to be within 14 days after 6th April, 2006, i.e. on or before 20th April, 2006), the aggregate beneficial interest of SHK will increase to 425,510,603 Shares, representing approximately 40.51% of the issued share capital of the Company as enlarged by the Subscription.

Assuming the Subscription becomes unconditional and 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 interest of SHK will be increased to approximately 45.01% of the issued share capital of the Company as enlarged by the Subscription.

Assuming the Subscription is unsuccessful and 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 interest of SHK will be increased to approximately 31.79% 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 under each of the situations set out in the above paragraphs, will give rise to an obligation to make a mandatory general 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 for SHK to make a mandatory general 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.

**SHARE PRICE**

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

	<b>Shares</b>	
	<b>Highest</b> <i>(HK\$)</i>	<b>Lowest</b> <i>(HK\$)</i>
<b>2005</b>		
April	2.250	1.950
May	2.050	1.840
June	2.050	1.890
July	2.000	1.750
August	1.910	1.790
September	1.870	1.780
October	1.870	1.650
November	2.150	1.670
December	2.600	2.075
<b>2006</b>		
January	2.775	2.375
February	3.325	2.550
March	5.550	3.000
April (up to the Latest Practicable Date)	6.000	5.000

**REPURCHASE OF SHARES**

In the six months immediately preceding the Latest Practicable Date, the Company has not repurchased any Shares on the Stock Exchange or otherwise.

**GENERAL**

To the best of their knowledge and having made all reasonable enquiries, none of the Directors nor any of their associates (as defined in the Listing Rules) have any present intention to sell Shares to the Company or its subsidiaries.

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 do so in the event that the Company is authorised to make repurchases of the Shares.

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.