
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

CONTINUING CONNECTED TRANSACTION

**RENEWED SHARING OF ADMINISTRATIVE SERVICES AND
MANAGEMENT SERVICES AGREEMENT**

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

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

Beijing Securities
Beijing Securities Limited
北京證券有限公司

A letter from the board of directors of the Company is set out on pages 4 to 11 of this circular and a letter from the independent board committee of the Company (the “Independent Board Committee”) containing its recommendation in respect of the transaction is set out on page 12 of this circular. A letter of advice from Beijing Securities Limited containing its advice and recommendation to the Independent Board Committee and the independent shareholders of the Company is set out on pages 13 to 24 of this circular.

A notice convening the extraordinary general meeting of the Company (the “EGM”) to be held at Plaza 4, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Wednesday, 24th May, 2017 at 10:20 a.m. (or immediately after the conclusion of the annual general meeting of the Company to be held at 10:00 a.m. on the same day and at the same place) is set out on pages 30 and 31 of this circular. A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company’s share registrar, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. on or before Monday, 22nd May, 2017 at 10:20 a.m. (Hong Kong time)) or any adjournment thereof, provided that no account is to be taken of any part of a day that is a public holiday. Completion and return of the form of proxy will not preclude the shareholders of the Company from attending and voting in person at the EGM or any adjournment thereof if they so wish.

19th April, 2017

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DEFINITIONS

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

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|---------------------------------------|--|
| “Administrative Services” | the corporate secretarial services, provision of registered office address, utilities services including water, electricity, telephone (including international telephone services) and internet, photocopying, postal, courier, delivery and other services ancillary to the day-to-day administration and operation of the Group as stipulated in the Renewed Sharing of Administrative Services and Management Services Agreement |
| “AGL” | Allied Group Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board (Stock Code: 373), is a substantial shareholder of the Company through its interests in APL |
| “APL” | Allied Properties (H.K.) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board (Stock Code: 56), is a substantial shareholder of the Company and a non wholly-owned subsidiary of AGL |
| “associate(s)” | having the meaning ascribed to it under the Listing Rules |
| “Board” | the board of Directors |
| “Company” | Tian An China Investments Company Limited, a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the Main Board (Stock Code: 28) |
| “connected person(s)” | having the meaning ascribed to it under the Listing Rules |
| “connected transaction(s)” | having the meaning ascribed to it under the Listing Rules |
| “continuing connected transaction(s)” | having the meaning ascribed to it under the Listing Rules |
| “Dan Form” | Dan Form Holdings Company Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board (Stock Code: 271), is a subsidiary of the Company |
| “Director(s)” | the director(s) of the Company |

DEFINITIONS

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| “EGM” | the extraordinary general meeting to be convened at Plaza 4, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Wednesday, 24th May, 2017 at 10:20 a.m. (or immediately after the conclusion of the annual general meeting of the Company to be held at 10:00 a.m. on the same day and at the same place) or any adjournment thereof for the purpose of considering and, if thought fit, approving the Renewed Sharing of Administrative Services and Management Services Agreement and the annual cap |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | Hong Kong Special Administrative Region of the People’s Republic of China |
| “Independent Board Committee” | an independent committee of the Board comprising three independent non-executive Directors, namely Mr. Francis J. Chang Chu Fai, Mr. Jin Hui Zhi and Mr. Ngai Wah Sang |
| “Independent Financial Adviser” | Beijing Securities Limited, a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO |
| “Independent Shareholders” | the Shareholders who are not required under the Listing Rules to abstain from voting at the EGM to approve the Renewed Sharing of Administrative Services and Management Services Agreement and the transactions contemplated thereunder |
| “Latest Practicable Date” | 12th April, 2017 being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein |
| “Listing Rules” | Rules Governing the Listing of Securities on the Stock Exchange |
| “Main Board” | Main Board of the Stock Exchange (excludes the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange |

DEFINITIONS

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| “Management Services” | the management, consultancy, strategic, internal audit, management information system consultancy and business advice services provided by the Management Staff to the Group as stipulated in the Renewed Sharing of Administrative Services and Management Services Agreement |
| “Management Staff” | the senior management and the selected staff of AGL |
| “percentage ratio(s)” | percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction |
| “PRC” | the People’s Republic of China, for the purpose of this circular only, excludes Taiwan, Hong Kong and Macau Special Administrative Region of the People’s Republic of China |
| “Renewed Sharing of Administrative Services and Management Services Agreement” | the agreement dated 7th February, 2017 entered into between the Company and AGL in respect of the sharing of Administrative Services and Management Services for the period of three years ending 31st December, 2019 |
| “SFO” | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Share(s)” | ordinary share(s) of the Company |
| “Shareholder(s)” | holder(s) of the Share(s) |
| “Sharing of Administrative Services and Management Services Agreement” | the agreement dated 28th January, 2014 entered into between the Company and AGL in respect of the sharing of Administrative Services and Management Services |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “substantial shareholder(s)” | having the meaning ascribed to it under the Listing Rules |
| “Supplemental Sharing of Administrative Services and Management Services Agreement” | the agreement dated 7th February, 2017 entered into between the Company and AGL in respect of the amendments to the terms of the Sharing of Administrative Services and Management Services Agreement |
| “Transaction” | the entering into the Renewed Sharing of Administrative Services and Management Services Agreement between the Company and AGL in respect of the sharing of Management Services and the transactions contemplated thereunder |
| “%” | per cent. |

LETTER FROM THE BOARD



天安中國投資有限公司

TIAN AN CHINA INVESTMENTS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 28)

Executive Directors:

Song Zengbin (*Deputy Chairman*)
Patrick Lee Seng Wei (*Managing Director*)
Ma Sun (*Deputy Managing Director*)
Edwin Lo King Yau
Tao Tsan Sang

Registered Office:

22nd Floor
Allied Kajima Building
138 Gloucester Road
Wanchai
Hong Kong

Non-Executive Directors:

Lee Seng Hui (*Chairman*)
Moses Cheng Mo Chi
Lee Shu Yin

Independent Non-Executive Directors:

Francis J. Chang Chu Fai
Jin Hui Zhi
Ngai Wah Sang
Lisa Yang Lai Sum

19th April, 2017

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION

RENEWED SHARING OF ADMINISTRATIVE SERVICES AND MANAGEMENT SERVICES AGREEMENT

AND

NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the announcement of the Company dated 7th February, 2017 in relation to, among other things, the Renewed Sharing of Administrative Services and Management Services Agreement entered into between the Company and AGL. The transactions contemplated under the Renewed Sharing of Administrative Services and Management Services Agreement constitute a continuing connected transaction of the Company.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further information on the Renewed Sharing of Administrative Services and Management Services Agreement; (ii) a letter from the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser; and (iv) the notice of the EGM.

RENEWED SHARING OF ADMINISTRATIVE SERVICES AND MANAGEMENT SERVICES AGREEMENT

As the Sharing of Administrative Services and Management Services Agreement had expired on 31st December, 2016, on 7th February, 2017, the Company entered into the Renewed Sharing of Administrative Services and Management Services Agreement with AGL, whereby parties thereto agreed to renew and extend the term of the Sharing of Administrative Services and Management Services Agreement (as supplemented by the Supplemental Sharing of Administrative Services and Management Services Agreement) for a period of three years from 1st January, 2017 to 31st December, 2019.

The major terms of the Renewed Sharing of Administrative Services and Management Services Agreement are as follows:

| | | |
|--|---|--|
| Date | : | 7th February, 2017 |
| Parties | : | The Company and AGL |
| Effective period | : | Three years commencing from 1st January, 2017 and expiring on 31st December, 2019 |
| Nature of transaction: | : | Subject to the approval by the Independent Shareholders at the EGM, the Company agreed to reimburse AGL the costs incurred in respect of the Administrative Services and the Management Services provided by AGL to the Group. |
| Terms in respect of the sharing of Management Services | : | The Group agreed to reimburse a portion of the actual costs of the services incurred by AGL by reference to a specified percentage of the remuneration of members of the Management Staff providing the Management Services to the Group, which will be payable by the Group on a quarterly basis. Such percentage varies among each member of the Management Staff providing Management Services and would be determined by reference to the percentage of the time currently estimated to be devoted by the individual members of the Management Staff to the affairs of the Group against the amount of time they would otherwise devote to the affairs of AGL as full time employees of AGL. |
| Annual cap | : | For each of the three financial years ending 31st December, 2019, the annual cap in respect of the Management Services under the Transaction are HK\$85,000,000, HK\$94,000,000 and HK\$103,000,000 respectively. |

LETTER FROM THE BOARD

BASIS OF THE DETERMINATION OF ANNUAL CAP

As most of the Management Staff under the Renewed Sharing of Administrative Services and Management Services Agreement are the same as those under the Sharing of Administrative Services and Management Services Agreement, the relevant percentage of the time currently estimated is determined with reference to the actual amount of time they devoted for the Group's business during the term of the Sharing of Administrative Services and Management Services Agreement.

Prior to the signing of the Renewed Sharing of Administrative Services and Management Services Agreement, the amount of fees paid and payable by the Group to AGL for the Management Services provided by the Management Staff for each of the three financial years ended on 31st December, 2016 were approximately HK\$21,480,000, HK\$24,120,000 and HK\$33,927,000 respectively. The historical service fees paid by the Group reflected the actual level of requirement for the Management Services that were provided by the Management Staff.

In determining the annual cap, besides taking into account the aforementioned service fees paid and payable by the Group for each of the three financial years ended on 31st December, 2016, the Directors have also taken into consideration the existing scales of the Group's operations and, for the purpose of determining the annual cap only, the anticipated growth of the Group, and the anticipated increase in the remuneration of those Management Staff who are involved in providing the Management Services to the Group.

It is expected by the Board that the demand of Management Services will be continuously and significantly increased during the three financial years ending 31st December, 2019 as a result of the following factors:

- (i) In December 2016, the Company acquired the controlling shareholding interest in Dan Form and Dan Form became a subsidiary of the Company. The principal businesses of Dan Form and its subsidiaries are property investment, property rental and estate management in Hong Kong. Prior to Dan Form becoming a subsidiary of the Company, the Group is engaged principally in the development of apartments, villas, office buildings and commercial properties, property investment and property management in the PRC. Therefore, it is expected that the Company will require additional Management Services by increasing the number of Management Staff and/or the time devoted by the Management Staff for the operations of Dan Form's principal businesses. In addition, the need for updating the information system in Dan Form, and the integrating and aligning the business of Dan Form with the Group will increase the demand of Management Services by the Group.
- (ii) The Group owns two property development projects in Shanghai which have a total GFA of approximately 648,000 square metres for the development of residential and commercial buildings. These projects will enter major construction stage in the coming years. As a result, it is expected by the Board that the demand of experienced Management Staff will be required within the coming 5 years.

LETTER FROM THE BOARD

- (iii) The total attributable registered sales (including sales from joint ventures and pre-sale of properties under construction) of the Group amounted to 365,100 square metres in 2016 as compared with 154,200 square metres in 2015. The Board expects that, given the completion of several projects held by the Group, the area of sales will increase significantly and the Group will be required to devote further resources, including human resources, to these projects to improve the sale performance contributed to the Company.
- (iv) The Group has an associate in Australia which is engaged in real estate in Australia. As the Group has participated in operations of the business in this associate and in view of this associate's development in 2017, it is expected by the Board that this associate may need additional Management Staff for conducting the management duties. Such associate has a plan to diversifying its residential development sites along the east coast of Australia within inner metropolitan and city locations.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Directors consider that the sharing of Administrative Services and Management Services arrangement will benefit the Group in that both AGL and the Group can enjoy economies of scale brought by the sharing of the Administrative Services and Management Services which will maximise cost efficiency and management effectiveness. In addition, since members of the Management Staff will devote part of their time to the affairs of the Group in the course of performance of the Management Services to the Group, the Directors (other than the independent non-executive Directors, whereas the opinion given by three independent non-executive Directors, namely, Messrs. Francis J. Chang Chu Fai, Jin Hui Zhi and Ngai Wah Sang is set out in the "Letter from the Independent Board Committee" in this circular) consider that it is reasonable for the Group to be charged for the Management Services so as to allocate the costs borne by AGL in this respect.

The Directors (other than the independent non-executive Directors, whereas the opinion given by three independent non-executive Directors, namely, Messrs. Francis J. Chang Chu Fai, Jin Hui Zhi and Ngai Wah Sang is set out in the "Letter from the Independent Board Committee" in this circular) are of the view that the terms of the Renewed Sharing of Administrative Services and Management Services Agreement were entered into after arm's length negotiations and reflect normal commercial terms and that the terms (including the annual cap in respect of the Management Services) are fair and reasonable so far as the Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

MEASURES ADOPTED FOR FUTURE COMPLIANCE

As disclosed in the announcement of the Company dated 7th February, 2017, the Company entered into the Supplemental Sharing of Administrative Services and Management Services Agreement as the actual costs incurred by AGL by reference to the specified percentage of the remuneration of the Management Staff providing the Management Services to the Group of HK\$33,927,000 have exceeded the agreed fees payable by the Group to AGL of HK\$27,120,000 for the year ended 31st December, 2016 under the Sharing of Administrative Services and Management Services Agreement.

LETTER FROM THE BOARD

In order to prevent the exceeding of annual caps and to control the pricing terms under the Renewed Sharing of Administrative Services and Management Services Agreement, the Company has adopted the following measures:

- (i) any one Director (not being one of the Management Staff) will be provided with the actual costs incurred by AGL on a periodical basis for his/her review. In the event that such Director finds that the actual costs incurred by AGL will likely exceed the agreed fees, he/she shall consider reducing the number of Management Staff and/or the time devoted by Management Staff providing Management Services to the Group;
- (ii) any one Director (not being one of the Management Staff) will compare, on a periodical basis, the fees paid to individual Management Staff with (a) the level of emoluments for similar roles in salary reports available in the market; (b) for Directors, the prevailing level of remuneration to other Directors who are directly employed by the Company; and/or (c) for Directors, prevailing level of remuneration to directors of other listed companies in Hong Kong which are comparable to the Company with respect to their market capitalisation and/or revenue, etc. In the event that the fees paid to certain individual Management Staff exceed the market rate, such Director shall direct the human resources department of the Group to recruit necessary and appropriate personnel from the market; and
- (iii) each of the Management Staff shall be required to provide to AGL with a declaration confirming that the actual percentage of time devoted by each of them to the affairs of the Group against the amount of time otherwise devoted to the affairs of AGL as full time employee of AGL is approximately the same as that previously estimated as at the time when the Renewed Sharing of Administrative Services and Management Services Agreement was entered into. In the event that the actual amount of time devoted by him/her to the affairs of the Group is different from the estimated one, such Management Staff shall be required to notify AGL of such discrepancy. Following the end of each quarter, AGL will issue an invoice to the Group for the Management Services provided together with (a) each of the Management Staff's declaration on the actual percentage of time devoted to the affairs of the Group; and (b) particulars relating to the discrepancy between the actual and estimated amount of time devoted to the affairs of the Group, if any. In the event that the total actual amount of time devoted by all Management Staff to the affairs of the Group exceeds the estimated amount of time devoted by all Management Staff to the affairs of the Group, any one Director (not being one of the Management Staff) shall consider reducing the number of Management Staff and/or the time devoted by the Management Staff providing Management Services to the Group in the upcoming quarter(s).

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

(i) Management Services

As at the Latest Practicable Date, the Company is held as to approximately 48.66% by APL, which is in turn held as to approximately 74.99% by AGL. Given that AGL is an associate of APL (which is a substantial shareholder of the Company), AGL is regarded as a connected person of the Company under the Listing Rules. As a result, the Transaction constitutes a continuing connected transaction of the Company under the Listing Rules.

As one or more of the relevant applicable percentage ratios (other than the profits ratio) set out in Rule 14.07 of the Listing Rules in respect of the fees regarding the Management Services payable by the Group to AGL for the Renewed Sharing of Administrative Services and Management Services Agreement are more than 5%, the transactions contemplated thereunder and the annual cap are subject to reporting, announcement, annual review and Independent Shareholders' approval requirements under the Listing Rules.

Mr. Lee Seng Hui (being the chairman and a non-executive Director of the Company is also the chief executive and an executive director of AGL, a member of the Management Staff providing Management Services to the Group and also one of the trustees of Lee and Lee Trust, being a discretionary trust which, together with his personal interest, owns approximately 74.52% interest in the total number of shares in issue of AGL which is directly and indirectly interested in an aggregate of approximately 74.99% of the total number of shares in issue of APL, which in turn indirectly holds approximately 48.66% of the total number of Shares in issue of the Company) is deemed to be interested in the Transaction and has abstained from voting on the relevant board resolutions of the Company.

Mr. Edwin Lo King Yau (being an executive Director of the Company is also an executive director of AGL and a member of the Management Staff providing Management Services to the Group) is deemed to be interested in the Transaction and has abstained from voting on the relevant board resolutions of the Company.

Ms. Lisa Yang Lai Sum (being an independent non-executive Director of the Company is also an independent non-executive director of AGL) will not participate as a member of the Independent Board Committee although she is not considered by the Board to be materially interested in the Transaction.

Apart from the above, none of the Directors has any material interest in the Transaction and is required to abstain from voting on the board resolutions approving the Transaction.

Pursuant to Rule 14A.36 of the Listing Rules, as AGL has a material interest in the Transaction, APL, being an associate of AGL, will abstain from voting on the resolution of the Transaction in the EGM. As at the Latest Practicable Date, APL held 733,269,096 Shares, representing approximately 48.66% of the entire issued Shares. Save as disclosed above, to the best knowledge, belief and information of the Directors and having made all reasonable enquiries, none of the Shareholders and any of their respective close associates has any material interest in the Transaction and is required to abstain from voting in respect of the ordinary resolution to approve the Transaction.

LETTER FROM THE BOARD

(ii) Administrative Services

Pursuant to Rule 14A.98 of the Listing Rules, as (i) the transaction regarding the sharing of the Administrative Services between the Company and AGL is on a costs basis; and (ii) the relevant costs are identifiable and are allocated to the parties involved on a fair and equitable basis, the sharing of the Administrative Services between the Company and AGL is fully exempt from connected transaction requirements under Chapter 14A of the Listing Rules.

(iii) Management Services provided for the period from 1st January, 2017 to 7th February, 2017

The actual transaction amount incurred for the Management Services paid by the Group to AGL for the period from 1st January, 2017 to 7th February, 2017 was nil. Since none of the relevant percentage ratios set out in Rule 14.07 of the Listing Rules exceeds 0.1%, the transaction for the Management Services paid by the Group to AGL during the said period is fully exempt and not subject to any disclosure obligations under Chapter 14A of the Listing Rules.

INFORMATION ON THE COMPANY AND AGL

(a) the Company

The Company is incorporated in Hong Kong with limited liability and the Shares of which are listed on the Main Board and is owned as to approximately 48.66% by APL.

The principal business activity of the Company is investment holding. The Group is engaged principally in the development of apartments, villas, office buildings and commercial properties, property investment and property management in the PRC, and property investment and property management in Hong Kong.

(b) AGL

AGL is a company incorporated in Hong Kong with limited liability, a substantial shareholder of APL and the shares of which are listed on the Main Board.

The principal business activity of AGL is investment holding. The principal business activities of its major subsidiaries are property investment and development, hospitality related activities, elderly care services, the provision of finance and investments in listed and unlisted securities.

AGL is controlled approximately 74.52% by the Lee and Lee Trust (inclusive of Mr. Lee Seng Hui's personal interest), being a discretionary trust, with Mr. Lee Seng Hui, Ms. Lee Su Hwei and Mr. Lee Seng Huang being the trustees.

EGM

A notice convening the EGM to be held at Plaza 4, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Wednesday 24th May, 2017 at 10:20 a.m. (or immediately after the conclusion of the annual general meeting of the Company to be held at

LETTER FROM THE BOARD

10:00 a.m. on the same day and at the same place) is set out on pages 30 and 31 of this circular. An ordinary resolution will be proposed to the Independent Shareholders to consider and, if thought fit, to approve, inter alia, the Renewed Sharing of Administrative Services and Management Services Agreement and the transactions contemplated thereunder.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolution will be put to vote by way of poll at the EGM. Any announcement on the result of the vote by poll will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrar, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM (i.e. on or before Monday, 22nd May, 2017 at 10:20 a.m. (Hong Kong time)) or any adjournment thereof, provided that no account is to be taken of any part of a day that is a public holiday. Completion and return of the form of proxy will not preclude the Shareholders from attending and voting in person at the EGM or any adjournment thereof if they so wish.

RECOMMENDATION

The Board (other than the independent non-executive Directors, whereas the opinion given by three independent non-executive Directors, namely, Messrs. Francis J. Chang Chu Fai, Jin Hui Zhi and Ngai Wah Sang is set out in the "Letter from the Independent Board Committee" in this circular) considers that the Transaction is in the best interests of the Company and its Shareholders, as such, it recommends the Shareholders to vote in favour of the ordinary resolution to approve the Transaction at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in (i) the letter from the Independent Board Committee; (ii) the letter of advice from the Independent Financial Adviser; and (iii) the appendix to this circular.

Yours faithfully,
On behalf of the Board
Tian An China Investments Company Limited
Tao Tsan Sang
Executive Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

19th April, 2017

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION

RENEWED SHARING OF ADMINISTRATIVE SERVICES AND MANAGEMENT SERVICES AGREEMENT

We refer to the circular to all Shareholders (“Circular”) dated 19th April, 2017 of the Company of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise specified.

We have been appointed by the Board as members of the Independent Board Committee to advise the Independent Shareholders on whether the terms of the Renewed Sharing of Administrative Services and Management Services Agreement and the annual cap (details set out in the Letter from the Board in the Circular) are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned and whether the Renewed Sharing of Administrative Services and Management Services Agreement is in the interests of the Company and the Shareholders as a whole. Beijing Securities Limited has been appointed as the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders on the same.

Having considered the information set out in the letter from the Board as well as the major factors, reasons and opinion stated in the letter of advice from the Independent Financial Adviser, we are of the view that the terms of the Renewed Sharing of Administrative Services and Management Services Agreement and the annual cap are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned. We also believe that the Renewed Sharing of Administrative Services and Management Services Agreement and the annual cap are in the interests of the Company and the Shareholders as a whole.

Accordingly, we advise the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Renewed Sharing of Administrative Services and Management Services Agreement and the annual cap.

Yours faithfully,

For and on behalf of the

Independent Board Committee of

Tian An China Investments Company Limited

Francis J. Chang Chu Fai, Jin Hui Zhi and Ngai Wah Sang

Independent Non-Executive Directors

LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from Beijing Securities Limited to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of incorporation in this circular.

Beijing Securities
Beijing Securities Limited
北京證券有限公司

BEIJING SECURITIES LIMITED

14th Floor, Shanghai Industrial Investment Building, 48 Hennessy Road, Wanchai, Hong Kong

19th April, 2017

*To the Independent Board Committee and the Independent Shareholders of
Tian An China Investments Company Limited*

Dear Sirs,

CONTINUING CONNECTED TRANSACTION

RENEWED SHARING OF ADMINISTRATIVE SERVICES AND MANAGEMENT SERVICES AGREEMENT

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the continuing connected transactions contemplated under the Renewed Sharing of Administrative Services and Management Services Agreement, details of which are set out in the letter from the Board (the “Letter from the Board”) contained in the circular of the Company dated 19th April, 2017 (the “Circular”), of which this letter forms a part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

On 7th February, 2017, the Company announced that as the Sharing of Administrative Services and Management Services Agreement had expired on 31st December, 2016, the Company entered into the Renewed Sharing of Administrative Services and Management Services Agreement with AGL, whereby parties thereto agreed to renew and extend the term of the Sharing of Administrative Services and Management Services Agreement (as supplemented by the Supplemental Sharing of Administrative Services and Management Services Agreement) for a period of three years from 1st January, 2017 to 31st December, 2019.

LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, the Company is held as to approximately 48.66% by APL, which is in turn held as to approximately 74.99% by AGL. Given that AGL is an associate of APL (which is a substantial shareholder of the Company), AGL is regarded as a connected person of the Company under the Listing Rules. As a result, the Transaction constitutes a continuing connected transaction of the Company under the Listing Rules. Further, as one or more of the relevant applicable percentage ratios (other than the profits ratio) set out in Rule 14.07 of the Listing Rules in respect of the fees regarding the Management Services payable by the Group to AGL for the Renewed Sharing of Administrative Services and Management Services Agreement are more than 5%, the transactions contemplated thereunder and the relevant annual caps are subject to reporting, announcement, annual review and Independent Shareholders' approval requirements under the Listing Rules.

The Board currently comprises five executive Directors, three non-executive Directors and four independent non-executive Directors. The Independent Board Committee, which currently comprises three independent non-executive Directors, Mr. Francis J. Chang Chu Fai, Mr. Jin Hui Zhi and Mr. Ngai Wah Sang, has been established to advise the Independent Shareholders regarding the transactions contemplated under the Renewed Sharing of Administrative Services and Management Services Agreement. Ms. Lisa Yang Lai Sum (being an independent non-executive Director of the Company is also an independent non-executive director of AGL) will not participate as a member of the Independent Board Committee although she is not considered by the Board to be materially interested in the Transaction. We have been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect and such appointment has been approved by the Independent Board Committee.

Beijing Securities Limited is not connected with the Directors, chief executive or substantial shareholders and/or any of their respective associates and therefore is considered suitable to give independent advice to the Independent Board Committee and the Independent Shareholders. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby Beijing Securities Limited will receive any fees or benefits from the Company or the Directors, chief executive or substantial shareholders, and/or any of their respective associates.

Our role is to provide you with our independent opinion and recommendation as to (i) whether the terms of the Renewed Sharing of Administrative Services and Management Services Agreement are in the ordinary and usual course of business and on normal commercial terms and whether the Renewed Sharing of Administrative Services and Management Services Agreement and the relevant annual caps are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole; and (ii) how the Independent Shareholders should vote in respect of the relevant resolution to approve the Renewed Sharing of Administrative Services and Management Services Agreement and the relevant annual caps at the EGM.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations provided to us by the Directors, the Company and its management.

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We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date, and should there be any material changes to our opinion after the Latest Practicable Date, Shareholders would be notified as soon as possible. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its management and/or the Directors, which have been provided to us. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the Directors and the management of the Group nor have we conducted any form of in-depth investigation into the business and affairs or the future prospects of the Group.

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION

In formulating our opinion in respect of the Renewed Sharing of Administrative Services and Management Services Agreement, we have considered the following principal factors and reasons:

1. Background to and reasons for the Transaction

The Company is incorporated in Hong Kong with limited liability and the Shares of which are listed on the Main Board and is owned as to approximately 48.66% by APL. The principal business activity of the Company is investment holding. The Group is engaged principally in the development of apartments, villas, office buildings and commercial properties, property investment and property management in the PRC, and property investment and property management in Hong Kong.

AGL is a company incorporated in Hong Kong with limited liability, a substantial shareholder of APL and the shares of which are listed on the Main Board. AGL is controlled approximately 74.52% by the Lee and Lee Trust (inclusive of Mr. Lee Seng Hui's personal interest), being a discretionary trust, with Mr. Lee Seng Hui, Ms. Lee Su Hwei and Mr. Lee Seng Huang being the trustees. The principal business activity of AGL is investment holding. The principal business activities of its major subsidiaries are property investment and development, hospitality related activities, elderly care services, the provision of finance and investments in listed and unlisted securities.

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As discussed with the Company, the Sharing of Administrative Services and Management Services Agreement had expired on 31st December, 2016. On 7th February, 2017, the Company entered into the Renewed Sharing of Administrative Services and Management Services Agreement with AGL, whereby parties thereto agreed to renew and extend the term of the Sharing of Administrative Services and Management Services Agreement (as supplemented by the Supplemental Sharing of Administrative Services and Management Services Agreement) for a period of three years from 1st January, 2017 to 31st December, 2019. Further in our discussion with the Company, we understand that the entering of the Renewed Sharing of Administrative Services and Management Services Agreement has the following benefits. AGL has been providing the Administrative Services and the Management Services to the Group for many years (i.e., since 2005). As a result of such long-term relationship, AGL is able to provide the Administrative Services and the Management Services efficiently and also in a cost effective manner. We also understand the Group has been satisfied with the Administrative Services and Management Services provided by AGL. Further, the sharing of Administrative Services and Management Services arrangement will benefit the Group in that both AGL and the Group can enjoy economies of scale brought by the sharing of the Administrative Services and Management Services which will maximise cost efficiency and management effectiveness. In addition, since members of the Management Staff will devote part of their time to the affairs of the Group in the course of performance of the Management Services to the Group, it is reasonable for the Group to be charged for the Management Services so as to allocate the costs borne by AGL in this respect.

In light of the above, we are of the view that the entering into the Renewed Sharing of Administrative Services and Management Services Agreement is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole.

2. Principal terms of the Renewed Sharing of Administrative Services and Management Services Agreement

Set out below are the major terms of the Renewed Sharing of Administrative Services and Management Services Agreement:

| | |
|------------------------|--|
| Date: | 7th February, 2017 |
| Parties: | The Company and AGL |
| Effective period: | Three years commencing from 1st January, 2017 and expiring on 31st December, 2019 |
| Nature of transaction: | Subject to the approval by the Independent Shareholders at the EGM, the Company agreed to reimburse AGL the costs incurred in respect of the Administrative Services and the Management Services provided by AGL to the Group. |

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Terms in respect of the sharing of Management Services:

The Group agreed to reimburse a portion of the actual costs of the services incurred by AGL by reference to a specified percentage of the remuneration of members of the Management Staff providing the Management Services to the Group, which will be payable by the Group on a quarterly basis. Such percentage varies among each member of the Management Staff providing Management Services and would be determined by reference to the percentage of the time currently estimated to be devoted by the individual members of the Management Staff to the affairs of the Group against the amount of time they would otherwise devote to the affairs of AGL as full time employees of AGL.

We have reviewed the Renewed Sharing of Administrative Services and Management Services Agreement and have discussed with the Company the major terms therein. We understand that the Renewed Sharing of Administrative Services and Management Services Agreement is to renew the Sharing of Administrative Services and Management Services Agreement which had expired on 31st December, 2016.

In our discussions with the management and our review of the major terms of the Renewed Sharing of Administrative Services and Management Services Agreement as well as the Sharing of Administrative Services and Management Services Agreement, we noted that the terms of the Renewed Sharing of Administrative Services and Management Services Agreement are similar to the terms of the Sharing of Administrative Services and Management Services Agreement. Further, the percentage of the remuneration of members of the Management Staff providing the Management Services to the Group was/will be based on the actual time devoted by the individual members of the Management Staff to the affairs of the Group. In addition, the Company would reimburse AGL the costs incurred in respect of the Management Services provided by AGL to the Group on a cost basis which, in our review of announcements published by other listed companies in Hong Kong, is a mechanism that has been adopted for the sharing of administrative and management services between Hong Kong listed group and its connected persons. For reference, we have reviewed announcements of continuing connected transactions in relation to administrative and management related services announced by other Hong Kong listed companies for the 3-month period prior to date of entering of the Renewed Sharing of Administrative Services and Management Services Agreement (the “Review Period”) which we are of the view similar to

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the Transaction (refer to collectively as “Comparables”). We are of the view that the Review Period is a reasonable timeframe as it provides the most recent reference of continuing connected transactions similar to the Transaction by Hong Kong listed companies. We have found 6 Comparables and we are of the view that the list of Comparables is an exhaustive list and is also a fair, sufficient and representative sample to illustrate the recent market practice in continuing connected transactions similar to the Transaction. The following are details of the Comparables.

| Date of announcement | User of the administrative and management services | Provider of the administrative and management services | Nature of transaction | Term | Cost basis (Yes/No) |
|----------------------|---|--|--|---|------------------------|
| 29-Dec-16 | CGN New Energy Holdings Co., Ltd (stock code: 1811) | CGN Energy Development Co., Ltd, a controlling shareholder of the company | Provision of operation and management services may include assets and equity interest management, developing grid connection plans and strategies, developing pricing strategies, fuel procurement, equipment procurement, maintenance and overhaul of equipment, capital and other financial management, provision of accounting and internal audit management services, provision of technical training, project planning and budgeting, budget management, costs management, performance targets management and setting of incentive schemes, etc | Determined on a cost plus a percentage basis | Yes (<i>Note</i>) |
| 30-Dec-16 | Genting Hong Kong Limited (stock code: 678) | Genting Management and Consultancy Services Sdn Bhd, is an associate to directors of the company | Provision of secretarial services and ancillary services; share registration services and ancillary services; and investor services and ancillary services | Based on the total direct and indirect costs incurred and includes an arm's length mark-up of a percentage on total costs | Yes (<i>Note</i>) |
| 30-Dec-16 | Dah Sing Banking Group Limited (stock code: 2356) | Dah Sing Financial Holdings Limited, a substantial shareholder of the company | Provision of computer and administrative services | To be charged on a cost-recovery basis | Yes |

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| Date of announcement | User of the administrative and management services | Provider of the administrative and management services | Nature of transaction | Term | Cost basis (Yes/No) |
|----------------------|--|---|---|---|---------------------|
| 26-Jan-17 | SJM Holdings Limited (stock code: 880) | Sociedade de Turismo e Diversões de Macau, S.A., a controlling shareholder of the company | Provision of management and operation services | To be charged in accordance with the actual cost of the provision of the relevant services. The actual cost will be calculated based on the staff cost of and the relative time spent by the relevant management rendering the hotel management and operation | Yes |
| 7-Feb-17 | Sun Hung Kai & Co. Limited (stock code: 86) | Allied Group Limited, a substantial shareholder of the company | Provision of administrative services including corporate secretarial services, provision of registered office address, utilities services including water, electricity, telephone (including international telephone services) and internet, photocopying, postal, courier, delivery and other services ancillary to the day-to-day administration and management services including management, consultancy, strategic, internal audit, management information system consultancy and business advice services | Reimburse the costs incurred in respect of the administrative services and the management services | Yes |

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| Date of announcement | User of the administrative and management services | Provider of the administrative and management services | Nature of transaction | Term | Cost basis (Yes/No) |
|----------------------|--|--|---|--|---------------------|
| 7-Feb-17 | APAC Resources Limited (stock code: 1104) | Allied Group Limited, a substantial shareholder of the company | Provision of administrative services including corporate secretarial services, provision of registered office address, utilities services including water, electricity, telephone (including international telephone services) and internet, photocopying, postal, courier, delivery and other services ancillary to the day-to-day administration and management services including management, consultancy, strategic, internal audit, management information system consultancy and business advice services | Reimburse the costs incurred in respect of the administrative services and the management services | Yes |

Note: These two Comparables use the “cost-basis” plus a mark-up percentage

Furthermore, we noted from the annual reports of the Company for the years ended 31st December, 2014 and 2015 (the “Financial Reports”) that annual review of the continuing connected transactions contemplated under the Sharing of Administrative Services and Management Services Agreement have been conducted according to Chapter 14A of the Listing Rules, and that the independent non-executive Directors have reviewed and confirmed that the continuing connected transactions contemplated under the Sharing of Administrative Services and Management Services Agreement were entered into, among other things, on normal commercial terms or if there were not sufficient comparable transactions to judge whether they were on normal commercial terms, on terms no less favourable to the Group than those available from independent third parties. In addition, the Financial Reports also confirmed that the Company’s auditors have issued the relevant letters to the Company in respect of the continuing connected transactions under the Sharing of Administrative Services and Management Services Agreement pursuant to Chapter 14A of the Listing Rules. Further, the Renewed Sharing of Administrative Services and Management Services Agreement will, pursuant to the Listing Rules, continue to be subject to the annual review by the independent non-executive Directors, details of which must be included in the Company’s subsequent published annual reports and annual confirmation by the auditors of the Company that the continuing connected transactions contemplated under the Renewed Sharing of Administrative Services and Management Services Agreement will be conducted in accordance with its terms and that the annual caps are not being exceeded.

In the light of the above, we were of the view that the terms of the Renewed Sharing of Administrative Services and Management Services Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

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3. Internal control procedures

We have discussed with the Company regarding the internal control procedures when the Group is to conduct the continuing connected transactions contemplated under the Renewed Sharing of Administrative Services and Management Services Agreement and noted that the Group will adopt the following internal control procedures:

- (a) any one Director (not being one of the Management Staff) will be provided with the actual costs incurred by AGL on a periodical basis for his/her review. In the event that such Director finds that the actual costs incurred by AGL will likely exceed the agreed fees, he/she shall consider reducing the number of Management Staff and/or the time devoted by Management Staff providing Management Services to the Group;
- (b) any one Director (not being one of the Management Staff) will compare, on a periodical basis, the fees paid to individual Management Staff with (a) the level of emoluments for similar roles in salary reports available in the market; (b) for Directors, the prevailing level of remuneration to other Directors who are directly employed by the Company; and/or (c) for Directors, prevailing level of remuneration to directors of other listed companies in Hong Kong which are comparable to the Company with respect to their market capitalisation and/or revenue, etc. In the event that the fees paid to certain individual Management Staff exceed the market rate, such Director shall direct the human resources department of the Group to recruit necessary and appropriate personnel from the market; and
- (c) each of the Management Staff shall be required to provide to AGL with a declaration confirming that the actual percentage of time devoted by each of them to the affairs of the Group against the amount of time otherwise devoted to the affairs of AGL as full time employee of AGL is approximately the same as that previously estimated as at the time when the Renewed Sharing of Administrative Services and Management Services Agreement was entered into. In the event that the actual amount of time devoted by him/her to the affairs of the Group is different from the estimated one, such Management Staff shall be required to notify AGL of such discrepancy. Following the end of each quarter, AGL will issue an invoice to the Group for the Management Services provided together with (a) each of the Management Staff's declaration on the actual percentage of time devoted to the affairs of the Group; and (b) particulars relating to the discrepancy between the actual and estimated amount of time devoted to the affairs of the Group, if any. In the event that the total actual amount of time devoted by all Management Staff to the affairs of the Group exceeds the estimated amount of time devoted by all Management Staff to the affairs of the Group, any one Director (not being one of the Management Staff) shall consider reducing the number of Management Staff and/or the time devoted by the Management Staff providing Management Services to the Group in the upcoming quarter(s).

Having discussed with the Company and given that the internal control procedures as set out above allow the Directors to assess the level of emoluments or remuneration of the relevant individual Management Staff and to monitor and adjust the time devoted by Management Staff in

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the provision of Management Services to the Group and require each of the Management Staff to confirm that the actual percentage of time devoted by each of them to the affairs of the Group is approximately the same as that previously estimated and also having reviewed the quarterly statements and costs incurred by the Management Staff from 2014 to 2015 which were in line with the then estimated costs to be incurred by the Management Staff and the Group was notified when the actual costs incurred by the Management Staff have exceeded the estimation for the year 2016, we are of the view that the internal control procedures adopted by the Company are adequate and effective to ensure that the transactions contemplated under the Renewed Sharing of Administrative Services and Management Services Agreement will be conducted on normal commercial terms.

4. Historical figures and annual caps

The following table sets out AGL for the Management Services provided by the Management Staff for each of the three financial years ended on 31st December, 2016. The historical service fees paid by the Group reflected the actual level of requirement for the Management Services that were provided by the Management Staff.

| | For the year ended 31st December, | | |
|--------------------|-----------------------------------|----------|----------|
| | 2014 | 2015 | 2016 |
| | HK\$'000 | HK\$'000 | HK\$'000 |
| Historical figures | 21,480 | 24,120 | 33,927 |
| Annual caps | 21,480 | 24,120 | 33,927 |
| | | | (Note) |

Note: The annual cap for the year ended 31st December, 2016 was revised as set out in the announcement of the Company dated 7th February, 2017.

The following table sets out the annual caps in respect of the Management Services under the Renewed Sharing of Administrative Services and Management Services Agreement for the three years ending 31st December, 2019:

| | For the year ending 31st December, | | |
|-------------|------------------------------------|----------|----------|
| | 2017 | 2018 | 2019 |
| | HK\$'000 | HK\$'000 | HK\$'000 |
| Annual caps | 85,000 | 94,000 | 103,000 |

When determining the annual caps in respect of the Management Services, we understand from the Company that it has taken into consideration of the historical fees paid and payable by the Group for each of the three financial years ended on 31st December, 2016 as well as the anticipated growth of the Group and the anticipated increase in the remuneration and time of those Management Staff who are involved in providing the Management Services to the Group. The Group is engaged principally in the development of apartments, villas, office buildings and commercial properties, property investment and property management in the PRC, and property investment and property management in Hong Kong. As discussed with the Company and also after our review of the announcements of the Company including the annual results announcement of the Company dated 17th March, 2017, we noted that the total attributable registered sales

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(including sales from joint ventures and pre-sales of properties under construction) of the Group amounted to 365,100 meter square in 2016 as compared with 154,200 meter square in the prior year which represented an increase of approximately 137%. Also, there are various new projects under development such as the Group's urban renewal project, Tian An Cloud Park, in Huawei New City Area in the Longgang District of Shenzhen. Sales and leasing for phase 1 of Tian An Cloud Park has already commenced and phase 2 of Tian An Cloud Park with gross floor area of approximately 582,600 meter square is under construction and is expected to be completed in 2018. Other projects include two property development projects in Shanghai which have a total GFA of approximately 648,000 meter square for the development of residential and commercial buildings and which will enter major construction stage within the coming 5 years. Further, as set out in the announcement of the Company dated 16th November, 2016, the Group has completed the acquisition of Dan Form Holdings Company Limited ("Dan Form"). As at the Latest Practicable Date, the Group held approximately 90.65% of the entire issued shares of Dan Form. Dan Form is listed on the Main Board of The Stock Exchange of Hong Kong Limited under the stock code 271 and is principally engaged in property investment, property rental and estate management with profit after tax of approximately HK\$61.8 million for the year ended 31st December, 2016 and net assets of approximately HK\$5,090.3 million as at 31st December, 2016. The acquisition of Dan Form towards the end of 2016 has expanded the operation of the Group and is also expected to increase the demand of the Management Services to be provided by AGL to the Group in 2017. We are of the view that the above factors (i.e., the increase in the total attributable registered sales amount; the new projects under development; and the acquisition of Dan Form) are expected to increase the demand of the Management Services to be provided by AGL in the next 3 years and therefore the annual caps are set higher than the historical figures given that (i) the Group will require further resources including human resources as well as additional strategic and consultancy input and organisation for its various completed or pre-sale property projects on hand in order for them to be sold successfully in the market and thus be able to contribute to the performance and growth of the Group; (ii) the various new projects under development will necessitate increase in Management Services as there will be an increase of overall management, coordination and supervision in and/or between the new projects as well as the need to provide business advice to ensure that the new projects will be able to satisfy the market direction and demand in the future; and (iii) after the completion of the acquisition of Dan Form, the Group will need additional Management Services to integrate Dan Form to the Group, for example, the need to update the information system, managing and aligning the business direction of Dan Form with the Group and the requirement of internal audit, etc. As a result of the increase in demand of the Management Services to be required by the Group, the personnel and the expected level of management time to be involved that will be provided by the individual members of the Management Staff are expected to increase in 2017 and is also expected to increase moderately in the region of approximately 10% in 2018 and 2019 respectively. In view of the above, we are of the view that the annual caps in respect of the Management Services are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole.

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RECOMMENDATION

Having considered the principal factors and reasons set out above, we consider that the terms of the Renewed Sharing of Administrative Services and Management Services Agreement are in the ordinary and usual course of business and on normal commercial terms and the Renewed Sharing of Administrative Services and Management Services Agreement and the relevant annual caps are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. We therefore advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution approving the Renewed Sharing of Administrative Services and Management Services Agreement and the relevant annual caps at the EGM. We also recommend the Independent Shareholders to vote in favour of the resolution relating to the Renewed Sharing of Administrative Services and Management Services Agreement and the relevant annual caps at the EGM.

Yours faithfully,
For and on behalf of
Beijing Securities Limited
Charles Li
Director

1. RESPONSIBILITY STATEMENT

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

2. DIRECTORS' INTERESTS

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (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 of the Listing Rules, to be notified to the Company and the Stock Exchange:

| Name of Directors | Name of Companies | Number of shares and underlying shares held | Approximate % of the total number of issued shares | Nature of interests |
|-------------------|-------------------|---|--|--|
| Lee Seng Hui | the Company | 945,210,096 (Notes 1 and 2) | 62.73% | Other interests |
| Ma Sun | the Company | 47,945 | 0.003% | Personal interests (held as beneficial owner) |

Notes:

- (1) Mr. Lee Seng Hui together with Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of Lee and Lee Trust, being a discretionary trust. The Lee and Lee Trust controls approximately 74.52% of the total number of issued shares of Allied Group Limited ("AGL") (inclusive of Mr. Lee Seng Hui's personal interests) and were therefore deemed to be interested in the Shares in which AGL was deemed to be interested through the subsidiaries of AGL, including (i) APL, its 74.99%-owned subsidiary; and (ii) Sun Hung Kai & Co. Limited ("SHK"), its 56.58%-owned subsidiary (for its interest held as a holder of securities).
- (2) The interests include 124,732,000 Shares and 87,209,000 Shares held as holders of securities by Itso Limited ("Itso") and Scier Investments Limited ("Scier Investments") respectively, both wholly-owned subsidiaries of Shipshape Investments Limited which in turn is a wholly-owned subsidiary of SHK. SHK was therefore deemed to have an interest in the Shares which Itso and Scier Investments were interested.
- (3) All interests stated above represent long positions.

As at the Latest Practicable Date, the following Directors were directors of companies which had an interest in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO:

- (a) Mr. Lee Seng Hui is an executive director of APL. APL, through its subsidiaries, is deemed to be interested in, for the purpose of the SFO, 945,210,096 Shares, representing approximately 62.73% of the total number of issued shares of the Company. In relation to such 945,210,096 Shares, 733,269,096 of which were held by an indirect subsidiary of APL as beneficial owner and 211,941,000 of which were held by indirect subsidiaries of APL as holders of securities; and
- (b) Messrs. Lee Seng Hui and Edwin Lo King Yau are executive directors and Ms. Lisa Yang Lai Sum is an independent non-executive director of AGL. AGL is interested in approximately 74.99% of the total number of issued shares of APL through itself and its direct wholly-owned subsidiaries. Accordingly, AGL is also deemed to be interested in, for the purpose of the SFO, 945,210,096 Shares, representing approximately 62.73% of the total number of issued shares of the Company. In relation to such 945,210,096 Shares, 733,269,096 of which were held by an indirect subsidiary of AGL as beneficial owner and 211,941,000 of which were held by indirect subsidiaries of AGL as holders of securities.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other Director who was a director or employee of a company which had an interest in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation (other than statutory compensation).

4. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and their respective close associates (as defined in the Listing Rules) was considered to have interests in any competing businesses of the Group pursuant to the Listing Rules:

- (a) Mr. Lee Seng Hui is a non-executive director, Messrs. Patrick Lee Seng Wei, Edwin Lo King Yau and Tao Tsan Sang are executive directors and Ms. Lisa Yang Lai Sum is an independent non-executive director of Dan Form which, through certain of its subsidiaries, is partly engaged in the businesses of property investment and property management;
- (b) Mr. Lee Seng Hui is an executive director of APL which, through certain of its subsidiaries, is partly engaged in the businesses of money lending, property development and investment and property management;

- (c) Mr. Lee Seng Hui is a non-executive director and Mr. Francis J. Chang Chu Fai is an independent non-executive director of APAC Resources Limited (“APAC Resources”) which, through its subsidiary, is partly engaged in the business of money lending;
- (d) Messrs. Lee Seng Hui and Edwin Lo King Yau are executive directors and Ms. Lisa Yang Lai Sum is an independent non-executive director of AGL which, through certain of its subsidiaries, is partly engaged in the businesses of money lending, property development and investment and property management. Mr. Edwin Lo King Yau is a director of AG Capital Limited (a subsidiary of AGL) which is partly engaged in the business of money lending; and
- (e) Mr. Lee Seng Hui is one of the trustees of Lee and Lee Trust which is a deemed substantial shareholder of each of AGL, APL, SHK, APAC Resources and Dan Form. AGL, APL and SHK through their subsidiaries, are partly engaged in the businesses of money lending, property development and investment and property management. APAC Resources, through its subsidiary, is partly engaged in the business of money lending. Dan Form, through certain of its subsidiaries, is partly engaged in the businesses of property investment and property management.

Although the above mentioned Directors have competing interests in other companies by virtue of their respective common directorship or shareholding, they will fulfil their fiduciary duties in order to ensure that they will act in the best interest of the Shareholders and the Company as a whole at all times. Hence, the Group is capable of carrying on its businesses independently of, and at arm’s length from, the businesses of such companies.

5. DIRECTORS’ INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31st December, 2015 (being the date to which the latest published audited financial statements of the Group were made up), (i) acquired or disposed of by; or (ii) leased to; or (iii) proposed to be acquired or disposed of by; or (iv) proposed to be leased to, any member of the Group.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31st December, 2015, being the date of which the latest published audited financial statements of the Group were made up.

7. EXPERT AND CONSENT

The following is the qualification of the expert who has provided opinion or advice contained in this circular:

| Name | Qualification |
|----------------------------|--|
| Beijing Securities Limited | a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO |

The letter, report and/or opinion from the above expert is given as of the date of this circular for incorporation in this circular. The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion therein of its letter, report and/or opinion, as the case may be, and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, the above expert:

- (a) did not have any direct or indirect interest in any assets which have since 31st December, 2015 (being the date to which the latest published audited financial statements of the Group were made up) been 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; and
- (b) 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. GENERAL

- (a) The registered office of the Company is 22nd Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong.
- (b) The share registrar of the Company is Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) The company secretary of the Company is Ms. Cindy Yung Yee Mei, who is an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.
- (d) The English text of this circular shall prevail over the Chinese text in the event of inconsistency.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Messrs. P. C. Woo & Co., at 12th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong during normal business hours on any business day from the date of this circular up to and including the date of the EGM:

- (a) the Renewed Sharing of Administrative Services and Management Services Agreement;
- (b) the Supplemental Sharing of Administrative Services and Management Services Agreement;
- (c) the Sharing of Administrative Services and Management Services Agreement; and
- (d) this circular.

NOTICE OF THE EGM



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 4, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Wednesday, 24th May, 2017 at 10:20 a.m. (or immediately after the conclusion of the annual general meeting of the Company to be held at 10:00 a.m. on the same day and at the same place) for the purpose of considering and, if thought fit, passing with or without modification, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the agreement (“Agreement”) dated 7th February, 2017 entered into between the Company and Allied Group Limited in relation to the sharing of administrative services and management services and the proposed annual cap for the management services for each of the three financial years ending 31st December, 2017, 31st December, 2018 and 31st December, 2019 (a copy of the Agreement marked “A” has been produced to the Meeting and signed by the Chairman of the Meeting for the purpose of identification), and the transactions contemplated thereunder and all other matters of and incidental thereto or in connection therewith be and are hereby approved, ratified and confirmed; and
- (b) any one director of the Company be and is hereby authorised to execute the Agreement and all such other documents and to do all such acts or things for and on behalf of the Company, and to make and agree such variations of a minor or non-material nature in or to the terms of the Agreement as he/she may consider appropriate or desirable relating to or in connection with the matters contemplated therein.”

By Order of the Board

Tian An China Investments Company Limited

Cindy Yung Yee Mei

Company Secretary

Hong Kong, 19th April, 2017

Registered Office:

22nd Floor

Allied Kajima Building

138 Gloucester Road

Wanchai

Hong Kong

NOTICE OF THE EGM

Notes:

1. *The resolution set out in this notice of the Meeting will be taken by poll pursuant to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the result of the poll will be published on the websites of the Stock Exchange and the Company in accordance with the Listing Rules.*
2. *A member of the Company entitled to attend and to speak and vote at the Meeting will be entitled to appoint one or more proxies to attend and to speak and, on a poll, vote in his or her stead. A proxy need not be a member of the Company.*
3. *A form of proxy in respect of 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. Completion and return of the form of proxy will not preclude 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 lodged the form of proxy, it will be deemed to have been revoked.*
4. *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 or authority, must be deposited at the Company's share registrar, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 48 hours before the time appointed for holding of the Meeting (i.e. on or before Monday, 22nd May, 2017 at 10:20 a.m. (Hong Kong time)) or any adjournment thereof, provided that no account is to be taken of any part of a day that is a public holiday.*
5. *Where there are joint registered holders of any share of the Company, any one of such joint holders may vote at the Meeting, either personally or by proxy in respect of such share as if he or she was solely entitled thereto, but if more than one of such joint registered holders be present at the Meeting personally or by proxy, that one of such joint 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 shares.*
6. *For determining the entitlement to attend and vote at the Meeting, the register of members of the Company will be closed from Friday, 19th May, 2017 to Wednesday, 24th May, 2017 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order for a member to be eligible to attend and vote at the Meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Secretaries Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 18th May, 2017.*