
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 licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

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

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天安中國投資有限公司

TIAN AN CHINA INVESTMENTS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 28)

DISCLOSEABLE TRANSACTIONS AND CONNECTED TRANSACTIONS

Disposal of an Indirect Wholly-owned Subsidiary

Independent Financial Adviser to the Independent Board Committee



REXCAPITAL (Hong Kong) Limited

A letter from the Board is set out on pages 6 to 17 of this circular and a letter from the Independent Board Committee containing its recommendation in respect of the transactions is set out on pages 18 and 19 of this circular. A letter from REXCAPITAL (Hong Kong) Limited containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out in pages 20 to 30 of this circular.

A notice convening an extraordinary general meeting of the Company (“EGM”) to be held at Plaza V, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong, on Wednesday, 30th January, 2008 at 10:00 a.m. is set out on pages 46 and 47 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 registrar of the Company, Tricor 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 EGM or any adjournment thereof. Completion and return of the form of proxy will not prevent shareholders of the Company from attending and voting in person at the EGM or any adjournment thereof if they so wish.

9th January, 2008

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DEFINITIONS

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

“Additional Fee”	the sum of HK\$230,000,000 subject to adjustments as contained in the Agreement;
“Additional Fee Payment Period”	the period of two (2) months following the Effective Date;
“AGL”	Allied Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange and is a Substantial Shareholder of the Company;
“Agreement”	the sale and purchase agreement dated 3rd December, 2007 entered into between Tian An China Hotel as the vendor, the Company as the vendor’s guarantor, Lead Step as the purchaser and Fong Ting as the purchaser’s guarantor in relation to the sale and purchase of the Sale Shares and the Option Shares;
“Asia Coast”	Asia Coast Investments Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company;
“Associate(s)”	has the meaning ascribed thereto in the Listing Rules;
“Balance”	subject to adjustments contained under the Agreement, being the Option Price less the Additional Fee;
“Board”	the board of Directors;
“Call Option”	the option to require Tian An China Hotel to sell to Lead Step the Option Shares at the Option Price granted by Tian An China Hotel to Lead Step under the Agreement;
“Call Option Period”	the period commencing from the Completion Date and ending on the last day of the ninth (9th) month following the Effective Date;

DEFINITIONS

“CBI”	CBI Investment Limited, a company incorporated under the laws of Hong Kong with limited liability and an indirect subsidiary of the Company;
“CBI Lakeside”	CBI Lakeside Development Limited, a company incorporated in Hong Kong on 18th February, 1993 with limited liability;
“Company”	Tian An China Investments Company Limited, a company incorporated under the laws of Hong Kong with limited liability, the securities of which are listed on the Main Board of the Stock Exchange;
“Completion”	completion of the sale and purchase of the Sale Shares;
“Completion Date”	the date on which Completion takes place, which shall take place within 5 business days following the fulfilment of the conditions as contained in the Agreement;
“connected person”	has the meaning ascribed thereto in the Listing Rules;
“Directors”	directors of the Company;
“Effective Date”	the date of signing of the Agreement;
“EGM”	the extraordinary general meeting of the Company to be held on 30th January, 2008, for the purpose of considering and, if thought fit, approving (<i>inter alia</i>) the terms of the Agreement and the transactions contemplated thereunder by way of a poll by the Independent Shareholders, notice of which is set out on pages 46 and 47 of this circular, and any adjournment thereof;
“Extended Additional Fee Payment Period”	the period of three (3) months following the expiration of the Additional Fee Payment Period;
“Extended Call Option Period”	the period commencing from the expiry of the Call Option Period and ending on the last date of the three (3) months following the expiry of the Call Option Period;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;

DEFINITIONS

“HKGAAP”	the Hong Kong Generally Accepted Accounting Practice;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	the independent board committee comprising all the Independent Non-Executive Directors, namely Mr. Francis J. Chang Chu Fai, Mr. Ngai Wah Sang, Mr. Xu Su Jing and Ms. Lisa Yang Lai Sum appointed for the purpose of advising the Independent Shareholders in respect of the Agreement and transactions contemplated thereunder;
“Independent Financial Adviser” or “REXCAPITAL”	REXCAPITAL (Hong Kong) Limited, a licensed corporation permitted to engage in type 6 of the regulated activity as stipulated in the SFO, being appointed as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Agreement;
“Independent Shareholders”	the Shareholders who are not required to abstain from voting under the Listing Rules;
“Latest Practicable Date”	3rd January, 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular;
“Lead Step”	Lead Step Holdings Limited, a company incorporated under the laws of the British Virgin Islands with limited liability and is wholly beneficially owned by Fong Ting;
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Option Price”	the sum of HK\$560,000,000, subject to adjustments as contained in the Agreement;
“Option Shares”	11,878,788 fully paid shares of US\$1.00 each, representing approximately 84.85% of the issued share capital of Asia Coast;
“Party”	any party to the Agreement;
“PRC”	People’s Republic of China;

DEFINITIONS

“PRC Co.”	Zhao Qing Golf and Development Co., Ltd., a sino foreign co-operative enterprise duly incorporated under the laws of the PRC;
“Put Option”	the option to require Lead Step to purchase from Tian An China Hotel the Option Shares at the Option Price granted by Lead Step to Tian An China Hotel;
“Put Option Period”	the period of 7 days following the expiration of the earlier of either the expiry of (i) the Call Option Period; or (ii) the Extended Call Option Period, as the case may be Provided That if Lead Step fails to pay the Additional Fee during the Additional Fee Payment Period or the Extended Additional Fee Payment Period, the period of 7 days following the expiration of the Additional Fee Payment Period or the Extended Additional Fee Payment Period, as the case may be;
“Regal Zone”	Regal Zone Limited, a company incorporated in Hong Kong on 11th December, 2000 with limited liability and is an indirect subsidiary of the Company;
“RMB”	Renminbi, the lawful currency of the PRC;
“Sale Shares”	2,121,212 shares of US\$1.00 each, representing approximately 15.15% of the issued share capital of Asia Coast;
“Sale Shares Call Option”	the option to require Lead Step to sell back the Sale Shares to Tian An China Hotel during the Sale Shares Call Option Period after Completion at the Sale Shares Call Option Price granted by Lead Step to Tian An China Hotel;
“Sale Shares Call Option Period”	the period commencing from Completion and ending on 7 days following the expiration of the Call Option Period or the Extended Call Option Period, as the case may be;
“Sale Shares Call Option Price”	ten Hong Kong Dollars (HK\$10.00);
“Security Documents”	the share charge to be executed between Lead Step as the mortgagor and Tian An China Hotel as the mortgagee in relation to the charging of the Sale Shares;

DEFINITIONS

“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholders”	holder of Shares;
“Shares”	shares of HK\$0.20 each in the issued share capital of the Company and “Share” means any of such Shares;
“SHK”	Sun Hung Kai & Co. Limited, a company incorporated in Hong Kong with limited liability, the securities of which are listed on the Main Board of the Stock Exchange and is a Substantial Shareholder of the Company and an indirect non-wholly owned subsidiary of AGL;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Substantial Shareholder(s)”	has the meaning ascribed thereto in the Listing Rules;
“Tian An China Hotel”	Tian An China Hotel and Property Investments Company Limited, a company incorporated under the laws of Hong Kong with limited liability; and
“%”	per cent.

LETTER FROM THE BOARD



天安中國投資有限公司

TIAN AN CHINA INVESTMENTS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 28)

Executive Directors:

Patrick Lee Seng Wei (*Managing Director*)

Ng Qing Hai (*Deputy Managing Director*)

Ma Sun

Edwin Lo King Yau

Li Chi Kong

Yasushi Ichikawa

Registered Office:

22nd Floor

Allied Kajima Building

138 Gloucester Road

Wanchai

Hong Kong

Non-Executive Directors:

Lee Seng Hui (*Chairman*)

Moses Cheng Mo Chi

Yuki Oshima

Independent Non-Executive Directors:

Francis J. Chang Chu Fai

Ngai Wah Sang

Xu Su Jing

Lisa Yang Lai Sum

9th January, 2008

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

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTIONS
AND
CONNECTED TRANSACTIONS**

Disposal of an Indirect Wholly-owned Subsidiary

1. INTRODUCTION

On 10th December, 2007, the Company announced that Tian An China Hotel as the vendor had on 3rd December, 2007 entered into the Agreement with Lead Step as the purchaser with respect to:

- (a) the sale and purchase of the Sale Shares (being 2,121,212 shares of US\$1.00 each, representing approximately 15.15% of the issued share capital of Asia Coast); and

LETTER FROM THE BOARD

- (b) the sale and purchase of the Option Shares (being 11,878,788 shares of US\$1.00 each, representing approximately 84.85% of the issued share capital of Asia Coast).

Pursuant to the Agreement: (i) Tian An China Hotel has agreed to grant the Call Option to Lead Step for the sale and purchase of the Option Shares (being 11,878,788 shares of US\$1.00 each, representing approximately 84.85% of the issued share capital of Asia Coast) at the Option Price; and (ii) Lead Step has agreed that if: (a) Lead Step fails to pay the Additional Fee before the expiration of the Additional Fee Payment Period or the Extended Additional Fee Payment Period, as the case may be; or (b) Lead Step pays the Additional Fee but fails to exercise the Call Option before the expiry of the Call Option Period or the Extended Call Option Period, as the case may be; or (c) Lead Step pays the Additional Fee and exercises the Call Option but fails to pay the Balance; Tian An China Hotel may, at its sole discretion, either exercise the Put Option or to rescind the Agreement whereupon Tian An China Hotel shall refund the Additional Fee, if paid, without any interest and exercise the Sale Shares Call Option and its rights under the Security Documents requiring Lead Step unconditionally and irrevocably, to resell and transfer the Sale Shares back to Tian An China Hotel at the Sale Shares Call Option Price.

Lead Step has also agreed to grant the Sale Shares Call Option to Tian An China Hotel and has agreed to charge the Sale Shares in favour of Tian An China Hotel as security for the exercise of the Sale Shares Call Option.

The transactions contemplated in the Agreement constitute a connected transaction for the Company, on the basis that Fong Ting is a beneficial owner of the entire share capital of Lead Step and a director of CBI and the PRC Co., and both being the indirect subsidiaries of the Company. Hence Fong Ting is a connected person of the Company.

As each of the assets ratio and consideration ratio in respect of the sale and purchase of the Sale Shares and the Option Shares are more than 2.5%, and the total consideration is more than HK\$10,000,000, pursuant to Rule 14A.32 of the Listing Rules, the sale and purchase of the Sale Shares and the Option Shares under the Agreement is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

The transactions also constitute a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules, on the basis that the calculation of the consideration ratio is within the range of 5% and 25%.

The total consideration payable by Lead Step to Tian An China Hotel is HK\$100,000,000 for the Sale Shares, which has been paid on the day after the Agreement.

The Company has formed an Independent Board Committee to advise the Independent Shareholders on the terms of the Agreement. REXCAPITAL has been appointed as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Agreement.

LETTER FROM THE BOARD

The purposes of this circular are:

- (a) to provide you with further details of the Agreement;
- (b) to set out the recommendations from the Independent Board Committee and the advice of REXCAPITAL to the Independent Board Committee and the Independent Shareholders on the terms of the Agreement; and
- (c) to give the Shareholders notice of the EGM to be convened for the purpose of considering and, if thought fit, approving (*inter alia*) the terms of the Agreement.

To the best knowledge, belief and information of the Directors, and having made all reasonable enquiries, no Shareholder is required to abstain from voting on the resolutions put forward at the EGM.

2. THE AGREEMENT

Date

3rd December, 2007

Parties

- (a) the vendor : Tian An China Hotel
- (b) the vendor's guarantor : the Company
- (c) the purchaser : Lead Step
- (d) the purchaser's guarantor : Fong Ting

Interest to be Disposed of

- (a) the Sale Shares; and
- (b) the Option Shares.

On Completion and the completion of the sale and purchase of the Option Shares, the entire share capital of Asia Coast will be disposed of, and Asia Coast, CBI, the PRC Co. and their subsidiaries will cease to be the subsidiaries of the Company.

The Sale Shares

(a) Consideration

The consideration for the Sale Shares payable by Lead Step to Tian An China Hotel is HK\$100,000,000, which has been paid in full on the day after the Effective Date. The consideration was arrived at after arm's length negotiations amongst Tian An China Hotel and Lead Step and by reference to the market value of the underlying assets of the Sale Shares.

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(b) Conditions for the Sale and Purchase of the Sale Shares

The sale and purchase of the Sale Shares is conditional upon the Independent Shareholders approving the terms of the Agreement by way of poll in manner as required under and in full compliance with the Listing Rules at the EGM.

Completion of the Agreement will take place on the Completion Date.

The Call Option

(a) The Call Option

Under the Agreement, Tian An China Hotel has agreed to grant a Call Option to Lead Step. Lead Step may exercise the Call Option at the Option Price, subject to adjustments, within the Call Option Period or the Extended Call Option Period, as the case may be.

(b) The Option Price

The Option Price of HK\$560,000,000 (subject to adjustments), shall be satisfied by the payment of an Additional Fee of HK\$230,000,000 (subject to adjustments) and the Balance of HK\$330,000,000 (subject to adjustments). The Option Price was arrived at after arm's length negotiations amongst Tian An China Hotel and Lead Step and by reference to the market value of the underlying assets of the Option Shares.

(i) The Additional Fee

Lead Step may pay the Additional Fee in the Additional Fee Payment Period or the Extended Additional Fee Payment Period, as the case may be. If Lead Step pays the Additional Fee within the Additional Fee Payment Period, Lead Step shall only pay the Additional Fee less an amount equal to an interest of 8% per annum on the Additional Fee by reference to the period from the actual date of payment to the last date of the Additional Fee Payment Period.

If Lead Step extends the time for the payment of the Additional Fee from the expiry of the Additional Fee Payment Period to any time in the Extended Additional Fee Payment Period, Lead Step shall pay the Additional Fee together with an amount equal to an interest of 8% per annum on the Additional Fee from the date following the expiration of the Additional Fee Payment Period to the actual date of payment.

(ii) The Balance

If Lead Step exercises the Call Option during the Call Option Period and pays the Balance within the Call Option Period, Lead Step shall only pay the Balance less an amount equal to an interest of 8% per annum on the Balance by reference to the period from the actual date of payment to the last date of the Call Option Period.

LETTER FROM THE BOARD

If Lead Step extends the time of the Call Option Period and exercises the Call Option during the Extended Call Option Period and pays the Balance thereof, Lead Step shall pay the Balance together with an amount equal to an interest of 8% per annum on the Balance from the expiration of the Call Option Period to the actual date of payment.

The interest rate of 8% per annum was determined with reference to the existing prime rates of Hong Kong, and the rate has been agreed between the Parties as fair and reasonable.

(iii) Further Adjustment

While Asia Coast is holding 99.86% of the issued share capital of CBI, the Option Price was calculated on the assumption that Asia Coast was holding 100% of the issued share capital of CBI. The outstanding 0.14% of the issued share capital of CBI is currently held by Che Yee Fun, Helen and Chan Chin Hung, Anders. To the best knowledge, belief and information of the Directors, Che Yee Fun, Helen and Chan Chin Hung, Anders are independent third parties of the Company other than being the shareholders of CBI.

If Tian An China Hotel fails to acquire the 0.14% of the issued share capital of CBI prior to completion of the Call Option, the Option Price shall be reduced proportionally based on the total sum of the consideration of the Sale Shares and the Option Shares, which amount equals to HK\$924,000.

(c) *Conditions for the sale and purchase of the Option Shares and Completion*

Completion for the sale and purchase of the Option Shares under the Call Option is conditional upon (i) the Independent Shareholders approving the terms of the Agreement by way of poll in manner as required under and in full compliance with the Listing Rules at the EGM; and (ii) the completion of the sale and purchase of the Sale Shares.

The Company shall issue an announcement as and when appropriate pursuant to Rules 14A.69(2) and (3), 14.74(2) and 14.77 of the Listing Rules.

The Put Option

Under the Agreement, Lead Step has agreed to grant a Put Option to Tian An China Hotel for the sale of the Option Shares at the Option Price to Lead Step.

Under the Agreement, if:

- (a) Lead Step fails to pay the Additional Fee before the expiration of the Additional Fee Payment Period or the Extended Additional Fee Payment Period, as the case may be;

LETTER FROM THE BOARD

- (b) Lead Step paid the Additional Fee but fails to exercise the Call Option before the expiry of the Call Option Period or the Extended Call Option Period, as the case may be; or
- (c) Lead Step paid the Additional Fee and exercised the Call Option but fails to pay the Balance,

Tian An China Hotel may, at its sole discretion, either exercise the Put Option or to rescind the Agreement whereupon Tian An China Hotel shall refund the Additional Fee, if paid, without any interest and exercise the Sale Shares Call Option and its rights under the Security Documents requiring Lead Step unconditionally and irrevocably, to resell and transfer the Sale Shares back to Tian An China Hotel at the Sale Shares Call Option Price.

The Sale Shares Call Option

Under the Agreement, Lead Step has agreed to grant the Sale Shares Call Option to Tian An China Hotel at the Sale Shares Call Option Price, and has agreed to charge the Sale Shares in favour of Tian An China Hotel as security for the exercise of the Sale Shares Call Option.

The Security Documents comprise a share charge to be executed between Lead Step as the mortgagor and Tian An China Hotel as the mortgagee in relation to the charging of the Sale Shares in form and substance satisfactory to Tian An China Hotel. The share charge has not been prepared and will be executed on the Completion Date.

Consideration for the sale and purchase of the entire issued share capital of Asia Coast

Upon the exercise of the Call Option or the Put Option by the Parties, as the case may be, the total consideration for the sale and purchase of the entire issued share capital (being the Sale Shares and the Option Shares) of Asia Coast is HK\$660,000,000, subject to adjustments.

On the assumption that:

- (a) Lead Step pays the Additional Fee on the last date of the Extended Additional Fee Payment Period;
- (b) Lead Step pays the Balance on the last date of the Extended Call Option Period; and
- (c) Tian An China Hotel sells 100% of the issued share capital of CBI, and hence the Option Price is unadjusted,

the highest possible consideration payable by Lead Step to Tian An China Hotel is HK\$671,200,000.

LETTER FROM THE BOARD

Basis of Consideration

The only underlying assets of the Sale Shares and Option Shares are the Zhaoqing Resort & Golf Club in Gaoyao City, Zhaoqing, Guangdong Province, PRC, and its only associated property which comprises three contiguous plots of land with a total site area of approximately 3,400,000 square metres (“Land”) and is planned to be developed into golf courses, a club house, a golf lodge and ancillary club facilities together with villas and residential apartments. An 18-hole golf course in Phase 1 development is currently in operation and the remaining site of the development is vacant.

The market value of the Land is determined with reference to a valuation carried out by Norton Appraisals Limited, an independent professional valuer with 15 years of experience in the valuation of land in the PRC, on 30th November, 2007.

The valuation was based on the market value of the underlying assets. The report defined “Market Value” as the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably prudently and without compulsion. The market value of the underlying assets is valued at HK\$602,500,000. The consideration is equal to the market value of the underlying assets plus a premium.

Conditions and Completion of the Agreement

The completion of the Agreement is conditional upon the approval of the Independent Shareholders at the EGM within 3 months from the Effective Date.

On completion of the Agreement, Asia Coast, CBI, the PRC Co. and their subsidiaries will cease to be subsidiaries of the Company.

Before 3rd December, 2006, Asia Coast was the beneficial owner of 52.98% of the issued share capital of CBI. In the period between 3rd December, 2006 and the Effective Date, Asia Coast acquired, in aggregate, a total of 46.88% of the issued share capital of CBI from various minority shareholders of CBI (as they then were) at the aggregate costs of approximately HK\$15.8 million. The total original cost of acquiring 99.86% of the issued share capital of CBI was approximately HK\$147 million.

3. REASONS FOR THE BENEFITS OF THE SALE AND PURCHASE OF THE SALE SHARES AND THE OPTION SHARES

With reference to the prevailing market conditions, the Directors consider that the present is an appropriate time for the disposal of its interest in Asia Coast.

Having regard to the nature of and the benefits resulting from the disposal of the Sale Shares and the Option Shares, the Directors believe that the terms of the sale and purchase of the Sale Shares and the Option Shares are fair and reasonable and in the interests of the Shareholders taken as a whole.

LETTER FROM THE BOARD

4. FINANCIAL EFFECT OF THE AGREEMENT

Since the entire issued share capital of Asia Coast will be sold at a premium, the transactions will incur an estimated gain of approximately HK\$457 million, an estimated sum representing the consideration less the net asset value of Asia Coast less a loan of approximately HK\$16 million owed by Asia Coast to be repaid or settled by Tian An China Hotel before the Completion Date. As a direct result of the gain from the transactions, the earnings and the net assets of the Group will increase. Since part of the liability of Asia Coast has been transferred to Lead Step, the liability of the Group, as a whole, will decrease.

The sale proceeds arising from the disposal of the Sale Shares and the Option Shares will be applied for the internal working capital of the Group.

5. LISTING RULES IMPLICATIONS

The transactions contemplated in the Agreement constitute a connected transaction for the Company, on the basis that Fong Ting is a beneficial owner of the entire share capital of Lead Step and a director of CBI and the PRC Co., and both being the indirect subsidiaries of the Company. Hence Fong Ting is a connected person of the Company. Fong Ting is wholly interested in the interests disposed of by the Company as he will be the ultimate beneficial owner of the said interest on completion of the sale and purchase of the entire share capital of the Asia Coast.

As each of the assets ratio and consideration ratio in respect of the sale and purchase of the Sale Shares and the Option Shares are more than 2.5%, and the total consideration is more than HK\$10,000,000, pursuant to Rule 14A.32 of the Listing Rules, the sale and purchase of the Sale Shares and the Option Shares under the Agreement is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

The transactions also constitute a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules, on the basis that the calculation of the consideration ratio is within the range of 5% and 25%.

As at the Latest Practicable Date, and to the best knowledge, belief and information of the Directors, and having made all reasonable inquiries, no Shareholder is required under Rule 14A.18 of the Listing Rules to abstain from voting on the resolutions regarding the Agreement at the EGM.

The Company has formed an Independent Board Committee to advise the Independent Shareholders as to whether the Agreement is fair and reasonable. An Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders on the terms of the Agreement.

LETTER FROM THE BOARD

6. SUMMARY OF FINANCIAL RESULTS OF ASIA COAST

A summary of the unaudited consolidated results of Asia Coast for the ten months ended 31st October, 2007 and for the two accounting periods ended 31st December, 2005 and 31st December, 2006 are as follows:

	Year ended 31st December, 2005 <i>HK\$'000</i>	Year ended 31st December, 2006 <i>HK\$'000</i>	10 months ended 31st October, 2007 <i>HK\$'000</i>
Revenue	18,332	21,274	19,569
Loss before tax	(22,771)	(32,600)	(8,513)
Loss after tax	(22,486)	(32,308)	
Profit after tax			2,776

For the accounts in 2007, the profit after tax has arisen from a tax credit as a result of a change in tax policy in the PRC where the profit tax rate will be reduced from 33% to 25%, with effect from 1st January, 2008. The effects of the new tax policy on future tax rate has caused the prior expectation of future tax rate to decrease significantly. Asia Coast, acting on this expectation, has recalculated the deferred tax liability accounts which resulted in a reduction of deferred tax liability accordingly. The difference between loss before tax and profit after tax is HK\$11,289,000. The adjustment is in accordance with HKGAAP.

The unaudited consolidated net asset value of Asia Coast as at 31st October, 2007 was approximately HK\$187 million.

7. INFORMATION OF THE COMPANY, ASIA COAST, CBI, THE PRC CO., LEAD STEP AND FONG TING

(a) The Company

The Company is a company incorporated in Hong Kong with limited liability and the securities of which are listed on the Main Board of the Stock Exchange.

The principal business activity of the Company is investment holding. The Group is engaged principally in the development of high-end apartments, villas, office buildings and commercial properties, property investment, property management and hotel operation in China.

(b) Asia Coast

Asia Coast is a company incorporated in the British Virgin Islands with limited liability. It is an indirect wholly-owned subsidiary of the Company.

LETTER FROM THE BOARD

The principal business activity of Asia Coast is investment holding. The direct subsidiary of Asia Coast is CBI. The indirect subsidiaries of Asia Coast are the PRC Co. and Regal Zone. Regal Zone is an agent of the PRC Co. providing service (arranging the travelling and accommodation) to people who plan to visit the Zhaoqing Resort & Golf Club in Gaoyao City, Zhaoqing, Guangdong Province, PRC, and has no other business activities.

Other than its shareholding interests in CBI, the PRC Co., Regal Zone and CBI Lakeside, a company which has no business activities and does not own any assets, Asia Coast has no other assets.

(c) CBI

CBI is a company incorporated in Hong Kong with limited liability. As at the Latest Practicable Date, Asia Coast holds approximately 99.86% of the issued share capital of CBI.

The principal business activity of CBI is investment holding. The direct subsidiaries of CBI are the PRC Co. and Regal Zone.

Other than its shareholding interests in the PRC Co., Regal Zone and CBI Lakeside, CBI has no other assets.

(d) PRC Co.

The PRC Co. is a sino foreign co-operative enterprise duly incorporated and validly existing under the laws of the PRC. As at the Latest Practicable Date, CBI holds 88% interest in the PRC Co..

The principal business activity of the PRC Co. is the construction and development of the Land, the sale of properties to be developed on the Land, and the sale of related golf course membership, clubs, villas and related facilities of the Zhaoqing Resort & Golf Club.

The only underlying assets of the PRC Co. are the Zhaoqing Resort & Golf Club in Gaoyao City, Zhaoqing, Guangdong Province, PRC, and its only associated property which comprises three contiguous plots of land with a total site area of approximately 3,400,000 square metres and is planned to be developed into golf courses, a club house, a golf lodge and ancillary club facilities together with villas and residential apartments. An 18-hole golf course in Phase 1 development is currently in operation and the remaining site of the development is vacant.

LETTER FROM THE BOARD

Other than the Zhaoqing Resort & Golf Club and its associated property, the PRC Co. has no other assets. The Zhaoqing Resort & Golf Club commenced its operation in 1995. The loss of the Zhaoqing Resort & Golf Club for the year ended 31st December, 2006 was RMB2,179,000. As at the Latest Practicable Date, CBI holds 88% interest in the PRC Co. The remaining 12% interest in the PRC Co. is held by 肇慶市七星發展公司 (Zhaoqing City Seven Star Development Company¹).

(e) Lead Step

Lead Step is a company incorporated in the British Virgin Islands with limited liability. Lead Step is wholly-beneficially owned by Fong Ting.

(f) Fong Ting

Fong Ting is a director of CBI and the PRC Co.. Fong Ting and his Associates do not have any interest in the Shares pursuant to Rule 14A.59(5).

8. PROCEDURES FOR DEMANDING A POLL

Pursuant to Article 75 of the Articles of Association of the Company, 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) 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 the Shares conferring that right.

¹The English translation is for reference only

LETTER FROM THE BOARD

9. EGM

A notice convening the EGM is set out on pages 46 and 47 of this circular. An ordinary resolution will be proposed to the Independent Shareholders to consider and, if thought fit, to approve (*inter alia*) the terms of the Agreement. The vote of the Independent Shareholders at the EGM will be taken by poll pursuant to the Listing Rules. An announcement will be made in respect of the results of the poll.

As at the Latest Practicable Date, and to the best knowledge, belief and information of the Directors, and having made all reasonable inquiries, no Shareholder is required under Rule 14A.18 of the Listing Rules to abstain from voting on the resolutions regarding the Agreement at the EGM.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the registrar of the Company, Tricor 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 EGM or any adjournment thereof. Completion and return of the form of proxy will not prevent Shareholders from attending and voting in person at the EGM or any adjournment thereof if they so wish.

10. RECOMMENDATION

The Board considers the terms of the Agreement are fair and reasonable, on normal commercial terms and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the transactions contemplated under the Agreement.

11. ADDITIONAL INFORMATION

Your attention is drawn to the letters from the Independent Board Committee and REXCAPITAL in this circular. As set out in the letter from the Independent Board Committee, the Independent Board Committee considers that the entering into of the Agreement is in the interests of the Company and the Shareholders and concurs with the views of REXCAPITAL that the terms of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned and therefore, recommends the Independent Shareholders to vote in favour of the ordinary resolution to approve the transactions contemplated under the Agreement.

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



天安中國投資有限公司

TIAN AN CHINA INVESTMENTS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 28)

Registered Office:

22nd Floor

Allied Kajima Building

138 Gloucester Road

Wanchai

Hong Kong

9th January, 2008

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTIONS
AND
CONNECTED TRANSACTIONS**

Disposal of an Indirect Wholly-owned Subsidiary

We refer to the circular (the “Circular”) of Tian An China Investments Company Limited dated 9th January, 2008, of which this letter forms part. The terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

As Independent Non-Executive Directors who are independent of the parties to the Agreement, we have been appointed to form this Independent Board Committee to advise you as to whether, in our opinion, the terms of the Agreement are fair and reasonable so far as the Shareholders as a whole are concerned.

REXCAPITAL has been appointed as the Independent Financial Adviser to advise this Independent Board Committee on the fairness and reasonableness of the terms of the Agreement.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

We wish to draw your attention to the letter from the Board, as set out on pages 6 to 17 of the Circular, and the letter of advice from REXCAPITAL, as set out on pages 20 to 30 of the Circular, both of which provide details of the Agreement. Having considered the advice rendered by REXCAPITAL and the principal factors and reasons taken into consideration by it in arriving its advice, we are of the opinion that the terms of the Agreement are in the interests of the Company and the Shareholders as a whole and the terms of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution which will be proposed at the EGM to approve the terms of the Agreement.

Yours faithfully,

For and on behalf of the

Independent Board Committee of

Tian An China Investments Company Limited

Francis J. Chang Chu Fai, Ngai Wah Sang,

Xu Su Jing and Lisa Yang Lai Sum

Independent Non-Executive Directors

LETTER OF ADVICE FROM REXCAPITAL

The following is the text of a letter of advice from REXCAPITAL to the Independent Board Committee and the Independent Shareholders in respect of the Agreement, and is prepared for inclusion in this circular.



REXCAPITAL (Hong Kong) Limited

34th Floor, COSCO Tower

Grand Millennium Plaza

183 Queen's Road Central

Hong Kong

9th January, 2008

*The Independent Board Committee and
the Independent Shareholders*

Tian An China Investments Company Limited

22nd Floor, Allied Kajima Building

138 Gloucester Road

Wanchai

Hog Kong

Dear Sirs,

**DISCLOSEABLE TRANSACTIONS
AND
CONNECTED TRANSACTIONS**

Disposal of an Indirect Wholly-owned Subsidiary

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the fairness and the reasonableness of the terms of the Agreement, details of which are set out in the circular to the Shareholders dated 9th January, 2008 (the "Circular"), of which this letter forms a part. Terms used in this letter have the same meanings as defined in the Circular unless the context requires otherwise.

On 3rd December, 2007, Tian An China Hotel as the vendor (a direct wholly-owned subsidiary of the Company) entered into a conditional Agreement with Lead Step as the purchaser, the Company as the vendor's guarantor, and Fong Ting as the purchaser's guarantor, pursuant to which, Tian An China Hotel agreed to sell and Lead Step agreed to purchase the Sale Shares (being 2,121,212 shares of US\$1.00 each, representing approximately 15.15% of the issued share capital of Asia Coast).

LETTER OF ADVICE FROM REXCAPITAL

Pursuant to the Agreement: (i) Tian An China Hotel has agreed to grant the Call Option to Lead Step for the sale and purchase of the Option Shares (being 11,878,788 shares of US\$1.00 each, representing approximately 84.85% of the issued share capital of Asia Coast) at the Option Price; and (ii) Lead Step has agreed that if: (a) Lead Step fails to pay the Additional Fee before the expiration of the Additional Fee Payment Period or the Extended Additional Fee Payment Period, as the case may be; or (b) Lead Step pays the Additional Fee but fails to exercise the Call Option before the expiry of the Call Option Period or the Extended Call Option Period, as the case may be; or (c) Lead Step pays the Additional Fee and exercises the Call Option but fails to pay the Balance; Tian An China Hotel may, at its sole discretion, either exercise the Put Option or to rescind the Agreement whereupon Tian An China Hotel shall refund the Additional Fee, if paid, without any interest and exercise the Sale Shares Call Option and its rights under the Security Documents requiring Lead Step unconditionally and irrevocably, to resell and transfer the Sale Shares back to Tian An China Hotel at the Sale Shares Call Option Price.

Since Fong Ting is the beneficial owner of the entire share capital of Lead Step and the director of CBI and the PRC Co., both being the indirect subsidiaries of the Company, Fong Ting is a connected person of the Company and accordingly, the transactions contemplated under the Agreement constitute a connected transaction for the Company.

As each of the assets ratio and consideration ratio in respect of the sale and purchase of the Sale Shares and the Option Shares are more than 2.5%, and the total consideration is more than HK\$10,000,000, pursuant to Rule 14A.32 of the Listing Rules, the sale and purchase of the Sale Shares and the Option Shares under the Agreement is subject to the reporting, announcement and independent shareholders' approval requirements under the Listing Rules. The transactions also constitute a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules, on the basis that the calculation of the consideration ratio is within the range of 5% and 25%.

The Independent Board Committee, comprising Mr. Francis J. Chang Chu Fai, Mr. Ngai Wah Sang, Mr. Xu Su Jing and Ms. Lisa Yang Lai Sum, has been established to advise the Independent Shareholders as to whether the terms of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned and whether the terms of the Agreement are in the interest of the Company and the Shareholders as a whole.

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 in the Circular and the information and representations provided to us by the Company and the Directors. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company and the Directors and for which they are solely and wholly responsible, were true and accurate at the time they were made and continue to be true at the date hereof.

LETTER OF ADVICE FROM REXCAPITAL

The Directors collectively and severally accept full responsibility for the accuracy of the information contained in the Circular. The Directors have confirmed, 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 or representations the omission of which would make any statement in the Circular, including this letter, misleading. We consider that we have reviewed sufficient information to reach an informed view, to justify our reliance on the accuracy of the information contained in the Circular and to form a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information provided, nor have we carried out any in-depth investigation into the business, affairs and prospects of the Group and Lead Step and their respective associates or the markets in which they respectively operate.

We have not studied, investigated nor verified the validity of all legal aspects of, and procedural aspects for, the Agreement. We have further assumed that all material governmental, regulatory or other consents, rights, waivers, authorisations, licenses, clearances and approvals necessary for the effectiveness and implementation of the Agreement have been or will be obtained and will not be withdrawn without any adverse effect on the Group, the assets and liabilities of the Group or the contemplated benefits to the Group as derived from the Agreement.

Our opinion is necessarily based upon the financial, economic (including exchange rates and interest rates), market, regulatory and other conditions as they exist on, and the facts, information, representations and opinions made available to us as of the Latest Practicable Date. Our opinion does not in any manner address the Company's own decision to proceed with the Agreement. We disclaim any undertaking or obligation to advise any person of any change in any fact or matter affecting the opinion expressed herein, which may come or be brought to our attention after the Latest Practicable Date.

BACKGROUND INFORMATION

Asia Coast

As set out in Letter from the Board (the "Letter"), Asia Coast is a company incorporated in the British Virgin Islands with limited liability. It is an indirect wholly-owned subsidiary of the Company. The principal business activity of Asia Coast is investment holding. The direct subsidiary of Asia Coast is CBI. The indirect subsidiaries of Asia Coast are the PRC Co. and Regal Zone. Other than its shareholding interests in CBI, the PRC Co., Regal Zone and CBI Lakeside, Asia Coast has no other assets.

CBI

CBI is a company incorporated in Hong Kong with limited liability. As at the Latest Practicable Date, Asia Coast holds approximately 99.86% of the issued share capital of CBI. The principal business activity of CBI is investment holding. The direct subsidiaries of CBI are the PRC Co. and Regal Zone.

LETTER OF ADVICE FROM REXCAPITAL

Other than its shareholding interests in the PRC Co., Regal Zone and CBI Lakeside, CBI has no other assets.

PRC Co.

The PRC Co. is a sino foreign co-operative enterprise duly incorporated and validly existing under the laws of the PRC. As at the Latest Practicable Date, CBI holds 88% interest in the PRC Co. The principal business activity of the PRC Co. is the construction and development of the Land, the sale of properties to be developed on the Land, golf course operation and the sale of related golf course membership, clubs, villas and related facilities of the Zhaoqing Resort & Golf Club.

As advised by the Directors, the only underlying assets of the Sale Shares and Option Shares are the Zhaoqing Resort & Golf Club in Gaoyao City, Zhaoqing, Guangdong Province, PRC, and its only associated property is the Land which comprises three contiguous plots of land with a total site area of approximately 3,400,000 square metres and is planned to be developed into golf courses, a club house, a golf lodge and ancillary club facilities together with villas and residential apartments. An 18-hole golf course in Phase 1 development of approximately 1,500,000 square metres is currently in operation and the remaining site of the development of approximately 1,900,000 square metres is vacant.

Other than the Zhaoqing Resort & Golf Club and its associated property, the PRC Co. has no other assets. The Zhaoqing Resort & Golf Club commenced its operation in 1995. The loss of the Zhaoqing Resort & Golf Club for the year ended 31st December, 2006 was RMB2,179,000. As at the Latest Practicable Date, CBI holds 88% interest in the PRC Co. The remaining 12% interest in the PRC Co. is held by 肇慶市七星發展公司 (Zhaoqing City Seven Star Development Company¹).

Regal Zone and CBI Lakeside

Regal Zone is an agent of the PRC Co. providing service (arranging the travelling and accommodation) to people who plan to visit the Zhaoqing Resort & Golf Club in Gaoyao City, Zhaoqing, Guangdong Province, PRC, and has no other business activities.

As advised by the Directors, CBI Lakeside has no business activities as at the Latest Practicable Date.

¹ *The English translation is for reference only.*

LETTER OF ADVICE FROM REXCAPITAL

As extracted from the Letter, set out below is a summary of the unaudited consolidated results of Asia Coast for the ten months ended 31st October, 2007 and for the two financial years ended 31st December, 2005 and 31st December, 2006 prepared in accordance with the HKGAAP.

	Year ended 31st December, 2005	Year ended 31st December, 2006	10 months ended 31st December, 2007
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	18,332	21,274	19,569
Loss before tax	(22,771)	(32,600)	(8,513)
Loss after tax	(22,486)	(32,308)	–
Profit after tax	–	–	2,776

The unaudited consolidated net asset value of Asia Coast as at 31st October, 2007 was approximately HK\$187 million. As stated in the Letter, before 3rd December, 2006, Asia Coast was the beneficial owner of 52.98% of the issued share capital of CBI. In the period between 3rd December, 2006 and the Effective Date, Asia Coast acquired, in aggregate, a total of 46.88% of the issued share capital of CBI from various minority shareholders of CBI (as they then were) at the aggregate costs of approximately HK\$15.8 million. The total original cost of acquiring 99.86% of the issued share capital of CBI was approximately HK\$147 million.

As advised by the Directors, for the accounts in 2007, the profit after tax has arisen from a tax credit as a result of a change in tax policy in the PRC where the profits tax rate will be reduced from 33% to 25%, with effect from 1st January, 2008. The effects of the new tax policy on future tax rate have caused the prior expectation of future tax rate to decrease significantly. Asia Coast, acting on this expectation, has recalculated the deferred tax liability accounts which resulted in a reduction of deferred tax liability accordingly. The difference between loss before tax and profit after tax is approximately HK\$11.29 million. The adjustment is in accordance with HKGAAP.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In giving our recommendation to the Independent Board Committee and the Independent Shareholders in relation to the Agreement, we have taken into consideration the following factors and reasons:

Reasons for the Agreement

The principal business activity of the Company is investment holding. The Group is principally engaged in the development of high-end apartments, villas, office buildings and commercial properties, property investment, property management and hotel operation in PRC.

LETTER OF ADVICE FROM REXCAPITAL

As mentioned in the Letter, with reference to the prevailing market conditions, the Directors consider that the present is an appropriate time for the disposal of its interest in Asia Coast. Since the entire issued share capital of Asia Coast will be sold at a premium, the transactions will incur an estimated gain of approximately HK\$457 million, an estimated sum representing the consideration less the net asset value of approximately HK\$187 million of Asia Coast less a loan of approximately HK\$16 million owed by Asia Coast to be repaid or settled by Tian An China Hotel before the Completion Date. The sale proceeds will be applied for the internal working capital of the Group.

Having regard to the nature of and the benefits resulting from the disposal of the Sale Shares and the Option Shares, the Directors believe that the terms of the sale and purchase of the Sale Shares and the Option Shares are fair and reasonable and in the interests of the Shareholders taken as a whole.

Having considered (i) the net operating loss of Asia Coast for the ten months ended 31st October, 2007 and for the past two financial years ended 31st December, 2005 and 31st December, 2006 as shown above; (ii) part of the liabilities of Asia Coast will be transferred to Lead Step upon Completion and therefore reduce the liabilities of the Group; and (iii) substantial capital investment maybe required for development of the vacant area of the Land of approximately 1,900,000 square metres in the future for continual operation of Asia Coast, we are of the view that the disposal of the Sale Shares and the Option Shares benefits the Company by providing a good opportunity for the Group to streamline its business, particularly (a) realise cash by disposing the non-core project and to attain a gain on such disposal upon Completion; and (b) allocate resources and focus on its core projects/businesses. As such, we consider the entering into the Agreement is commercially justifiable and concur with the Director that the Agreement is in the interests of the Company and the Shareholders as a whole.

Key terms of the Agreement

The Sale Shares

(a) The Sale Shares

The Sale Shares (being 2,121,212 shares) of US\$1.00 each, representing approximately 15.15% of the issued share capital of Asia Coast.

(b) Consideration

The total consideration payable by Lead Step to Tian An China Hotel is HK\$100,000,000 which has been paid on the day after the date of the Agreement. The consideration was arrived at after arm's length negotiations amongst Tian An China Hotel and Lead Step and by reference to the market value of the underlying assets of the Sale Shares.

(c) Condition

The sale and purchase of the Sale Shares is conditional upon the approval of the Independent Shareholders at the EGM within three months from the Effective Date.

LETTER OF ADVICE FROM REXCAPITAL

The Call Option

(a) The Call Option

Under the Agreement, Tian An China Hotel has agreed to grant a Call Option to Lead Step. Lead Step may exercise the Call Option within the Call Option Period or the Extended Call Option Period, as the case may be. The Option Shares (being 11,878,788 shares) of US\$1.00 each, representing approximately 84.85% of the issued share capital of Asia Coast.

(b) The Option Price

The Option Price of HK\$560,000,000 (subject to adjustments), shall be satisfied by the payment of an Additional Fee of HK\$230,000,000 (subject to adjustments) and the Balance of HK\$330,000,000 (subject to adjustments). The Option Price was arrived at after arm's length negotiations amongst Tian An China Hotel and Lead Step and by reference to the market value of the underlying assets of the Option Shares.

(i) The Additional Fee

Lead Step may pay the Additional Fee in the Additional Fee Payment Period or the Extended Additional Fee Payment Period, as the case may be. If Lead Step pays the Additional Fee within the Additional Fee Payment Period, Lead Step shall only pay the Additional Fee less an amount equal to an interest of 8% per annum on the Additional Fee by reference to the period from the actual date of payment to the last date of the Additional Fee Payment Period (the "Additional Fee Discount").

If Lead Step extends the time for the payment of the Additional Fee from the expiry of the Additional Fee Payment Period to any time in the Extended Additional Fee Payment Period, Lead Step shall pay the Additional Fee together with an amount equal to an interest of 8% per annum on the Additional Fee from the date following the expiration of the Additional Fee Payment Period to the actual date of payment.

(ii) The Balance

If Lead Step exercises the Call Option during the Call Option Period and pays the Balance within the Call Option Period, Lead Step shall pay only the Balance less an amount equal to an interest of 8% per annum on the Balance by reference to the period from the actual date of payment to the last date of the Call Option Period (the "Balance Discount").

If Lead Step extends the time of the Call Option Period and exercises the Call Option during the Extended Call Option Period and pays the Balance thereof, Lead Step shall pay the Balance together with an amount equal to an interest of 8% per annum on the Balance from the expiration of the Call Option Period to the actual date of payment.

LETTER OF ADVICE FROM REXCAPITAL

(iii) Further Adjustment

While Asia Coast is holding 99.86% of the issued share capital of CBI, the Option Price was calculated on the assumption that Asia Coast was holding 100% of the issued share capital of CBI. The outstanding 0.14% of the issued share capital of CBI is currently held by Che Yee Fun, Helen and Chan Chin Hung, Anders. To the best knowledge, belief and information of the Directors, Che Yee Fun, Helen and Chan Chin Hung, Anders are independent third parties of the Company other than being the shareholders of CBI.

If Tian An China Hotel fails to acquire the 0.14% of the issued share capital of CBI prior to completion of the Call Option, the Option Price shall be reduced proportionally based on the total sum of the consideration of the Sale Shares and the Option Shares, which amount equals to HK\$924,000.

(c) *Conditions*

Completion for the sale and purchase of the Option Shares under the Call Option is conditional upon (i) the approval of the Independent Shareholders at the EGM; and (ii) the completion of the sale and purchase of the Sale Shares.

The Put Option

Under the Agreement, Lead Step has agreed to grant a Put Option to Tian An China Hotel for the sale of the Option Shares at the Option Price to Lead Step, if:

- (a) Lead Step fails to pay the Additional Fee before the expiration of the Additional Fee Payment Period or the Extended Additional Fee Payment Period, as the case may be;
- (b) Lead Step paid the Additional Fee but fails to exercise the Call Option before the expiry of the Call Option Period or the Extended Call Option Period, as the case may be; or
- (c) Lead Step paid the Additional Fee and exercised the Call Option but fails to pay the Balance;

Tian An China Hotel may, at its sole discretion, either exercise the Put Option or to rescind the Agreement whereupon Tian An China Hotel shall refund the Additional Fee, if paid, without any interest and exercise the Sale Shares Call Option and its rights under the Security Documents requiring Lead Step unconditionally and irrevocably, to resell and transfer the Sale Shares back to Tian An China Hotel at the Sale Shares Call Option Price.

The Sale Shares Call Option

Under the Agreement, Lead Step has agreed to grant the Sale Shares Call Option to Tian An China Hotel at the Sale Shares Call Option Price, and has agreed to charge the Sale Shares in favour of Tian An China Hotel as security for the exercise of the Sale Shares Call Option.

LETTER OF ADVICE FROM REXCAPITAL

The Security Documents comprise a share charge to be executed between Lead Step as the mortgagor and Tian An China Hotel as the mortgagee in relation to the charging of the Sale Shares in form and substance satisfactory to Tian An China Hotel.

Our Opinion

The Sale Shares and the Call Option

As stated in the Letter, the only underlying assets of the Sale Shares and the Option Shares are the Zhaoqing Resort & Golf Club in Gaoyao City, Zhaoqing, Guangdong Province, PRC, and its only associated property is the Land.

According to the valuation (the “Valuation”) carried out by Norton Appraisals Limited (the “Valuer”), an independent professional valuer with 15 years of experience the valuation of land in the PRC, as set out in Appendix I of this circular, the market value of the Land is valued at HK\$602.50 million on 30th November, 2007 (the “Market Value”) under Direct Comparison Approach. As stated in such valuation report, the valuation is the valuer’s opinion of value of the property on the basis of “Market Value” which was defined as intended to mean “the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties has each acted knowledgeably prudently and without compulsion”. After having discussed with the Valuer and as advised that (i) the above definition of Market Value was extracted from The HKIS Valuation Standards on Properties (1st Edition 2005) published by The Hong Kong Institute of Surveyors; (ii) the valuation has been prepared in accordance with The HKIS Valuation Standards on Properties (1st Edition 2005) published by The Hong Kong Institute of Surveyors and the requirement as stated in Chapter 5 of and the Practice Note 12 to the Listing Rules; and (iii) Direct Comparison Approach is a common market approach for property valuation, we are satisfied with the basis of the valuation.

Based on the Valuation, the Market Value of the Sale Shares of 15.15% of the issued share capital of Asia Coast is approximately 91.28 million. In view that the consideration of the Sale Shares represent a premium of approximately 9.65% over the Market Value, we consider the consideration of the Sale Shares is fair and reasonable and in the interest of the Company and its Shareholders as whole.

As stated in the Letter, upon exercise of the Call Option or the Put Option by the Parties, as the case may be, the total consideration for the sale and purchase of the entire issued share capital of Asia Coast is HK\$660 million, subject to adjustments.

On the assumption that:

- (a) Lead Step pays the Additional Fee on the last date of the Extended Additional Fee Payment Period;
- (b) Lead Step pays the Balance on the last date of the Extended Call Option Period; and

LETTER OF ADVICE FROM REXCAPITAL

- (c) Tian An China Hotel sells 100% of the issued share capital of CBI, and hence the Option Price is unadjusted;

the highest possible consideration payable by Lead Step to Tian An China Hotel is approximately HK\$671.20 million (the “Maximum Consideration”).

On the assumption that:

- (a) Lead Step pays the Additional Fee on the first date of the Additional Fee Payment Period;
- (b) Lead Step pays the Balance on the first date of the Call Option Period; and
- (c) Tian An China Hotel fails to acquire the remaining 0.14% of the issued share capital of CBI prior to completion of the Call Option and therefore the Option Price will be reduced by HK\$0.924 million as mentioned above;

the minimum possible consideration payable by Lead Step to Tian An China Hotel is approximately HK\$636.21 million (the “Minimum Consideration”).

As advised by the Directors, the interest rate of 8% per annum on the Additional Fee Discount and the Balance Discount was determined with reference to the prime rates of Hong Kong as at the date of the Agreement, and the rate has been agreed between the Parties as fair and reasonable. We note that the prime rate as quoted from The Hongkong and Shanghai Banking Corporation Limited as at 3rd December, 2007 is 7%. However, in view that the Maximum Consideration and the Minimum Consideration both represent premium to the Market Value and the Additional Fee Discount and the Balance Discount may encourage Lead Step to complete its payment at a earlier time and therefore complete the transaction more efficiently, we consider the Additional Fee Discount and the Balance Discount are fair and reasonable and in the interest of the Company and the Shareholders as a whole. In addition, for the viewpoint of regarding the disposal of the Sale Shares and the Option Shares as a single transaction to dispose the entire equity interest in Asia Coast, we consider it is normal and commercial (i) to have consideration payable by three installments in the ways that the consideration for the Sale Shares as deposit and followed by two installments; and (ii) in the event that Tian An China Hotel fails to acquired 0.14% of the remaining issued share capital of CBI prior to completion of the Call Option, the Option Price will be reduced proportionally by 0.14% of the total consideration of the Sale Shares and the Option Shares. As such, we consider the terms of the Sale Shares and the Call Option is fair and reasonable.

The Put Option and the Sale Shares Call Option

In view that (i) the Company is allowed to exercise the Put Option at its sole discretion in the event that any failures as set out under the subsection headed “The Put Option” has occurred under the Put Option and to procure back the Sale Shares from Lead Step by exercising the Sales Shares Call Option at a minimal price of HK\$10.00; and (ii) there is no

LETTER OF ADVICE FROM REXCAPITAL

interest incurred for the Additional Fee, we consider the Put Option and the Sale Shares Call Option will not impose a negative impact to the Company and are fair and reasonable so far as the Independent Shareholders are concerned.

To Conclude

In view that (i) the aggregate of the consideration of the Sale Shares and the Option Shares represent a premium of the Market Value; (ii) the Maximum Consideration and the Minimum Consideration both represent premium to the Market Value; (iii) the Company is allowed to exercise the Put Option at its sole discretion in the event that any failures as set out under the subsection headed “The Put Option” has occurred under the Put Option and to procure back the Sale Shares from Lead Step by exercising the Sales Shares Call Option at a minimal price; (iv) the sale of the Sale Shares and the Call Option would enable the Group to improve its liquidity with estimated gain of approximately HK\$457 million, we consider the Agreement is in normal commercial terms and is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

RECOMMENDATION

Having considered the background information and the principal factors and reasons mentioned above, we consider that the terms of the Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders and advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM in respect of the Agreement and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of

REXCAPITAL (Hong Kong) Limited

Sam Lum

Director

The following is the text of a valuation report prepared for inclusion in this circular received from Norton Appraisals Limited, being an independent valuer, in connection with its valuation of the property interest located in the PRC as at 30 November 2007.



Norton Appraisals
Registered Professional Surveyors, Valuers & Property Advisers

Room 3830-32, Sun Kung Kai Centre
30 Harbour Road
Wanchai, Hong Kong
Tel: (852) 2810 7337 Fax: (852) 2810 6337

9 January 2008

The Directors

Tian An China Investments Company Limited
22/F, Allied Kajima Building
138 Gloucester Road
Wanchai
Hong Kong

Dear Sirs,

Re: Zhaoqing Resort and Golf Club, Huilong Town, Gaoyao City, Zhaoqing, Guangdong Province, the People's Republic of China (the "PRC")

In accordance with the instructions from Tian An China Investments Company Limited (hereinafter referred to as the "Company") and its subsidiaries (hereinafter together referred to as the "Group") for us to value the captioned property interest, we confirm that we have carried out inspections, made relevant enquires and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the value of the property interest as at 30 November 2007 (hereinafter referred to as the "date of valuation") for public documentation purpose.

BASIS OF VALUATION

Our valuation is our opinion of value of the property on the basis of "**Market Value**" which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably prudently and without compulsion".

In valuing the property interest, we have assumed that the owner has valid and enforceable title to the property interest which is freely transferable, and has free and uninterrupted right to use the same, for the whole of the land use terms granted subject to payment of land use fees and all requisite land premium/purchase consideration payable have been fully settled.

VALUATION METHODOLOGY

In valuing the property interest, we have adopted Direct Comparison Approach assuming such property interest is capable of being sold in its existing state on a strata-titled basis with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant market.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the property on the open market without the benefit of deferred terms contracts, leasebacks, joint ventures, management agreements or any similar arrangements which could serve to affect the value of the property interest.

In addition, no account has been taken of any option or right of pre-emption concerning or affecting sales of the property and no forced sale situation in any manner is assumed in our valuation.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

TITLE INVESTIGATION

We have not investigated the title to or any liabilities against the property. We have, however assumed that transferable land use rights of the property for the specific term at nominal annual land use fee have been granted and that any premium payable has already been fully paid. We have relied on the advice given by the Group and its PRC legal adviser, 廣東國政律師事務所 (Guang Dong Guo Zheng Law Firm) (the “PRC legal adviser”), regarding the title to the property as at the date of valuation.

LIMITING CONDITIONS

We have inspected the exterior, and whenever possible, the interior of the property. In the course of our inspections, we did not note any serious defects. However, no structural survey has been made. We are not able to report whether the property is free from rot, infestation or any other structural defects. No tests were carried out on any of the services.

We have not carried out on-site measurements to verify the correctness of the site and floor areas in respect of the property but have assumed that the site and floor areas shown on the documents and floor plans available to us are correct. Dimensions, measurements and areas included in the attached valuation certificate is based on information contained in the documents provided to us and are, therefore, only approximations.

Furthermore, we have not carried out any site investigation to determine or otherwise the suitability of the ground conditions, the presence or otherwise of contamination and the provision of or otherwise suitability for services, etc. for future development.

We have relied to a considerable extent on the information provided by the Group and have accepted advice on such matters as planning approvals, statutory notices, easements, tenure, particulars of occupancy, lettings, site and floor areas and all other relevant matters in the identification of the property.

We have no reason to doubt the truth and accuracy of the information provided to us by the Group. We have been also advised by the Group that no material facts have been omitted from the information provided.

Our valuation has been prepared in accordance with The HKIS Valuation Standards on Properties (1st Edition 2005) published by The Hong Kong Institute of Surveyors and the requirement as stated in the Practice Note 12 and the Chapter 5 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

REMARKS

Unless otherwise stated, all monetary amounts stated in our valuation certificate is in Hong Kong dollars. The exchange rate adopted in our valuation is HK\$1 = RMB0.95 which was the approximate exchange rate prevailing as at the date of valuation.

Our Valuation Certificate is enclosed herewith.

Yours faithfully,
For and on behalf of
Norton Appraisals Limited
Paul M. K. Wong
MRICS, MHKIS, RPS (G.P.)
Director

Note: Mr. M. K. Wong is a Registered Professional Surveyor who has more than 15 years' experience in valuation of properties in Hong Kong and the PRC.

Valuation Certificate

Property interest held for sale by the Group in the PRC

Property	Description and Tenure	Particulars of Occupancy	Capital value in its existing state as at 30 November 2007
Zhaoqing Resort and Golf Club, Huilong Town, Gaoyao City, Zhaoqing, Guangdong Province, the PRC	<p>Zhaoqing Resort and Golf Club (the "Development") is planned to be developed by three phases and will comprise one 9-hole and one 18-hole golf courses, a club house, a golf lodge and ancillary club facilities together with a total of 1,900 units of villas and condominiums. The Phase I and Phase IIA developments were completed in about 1995.</p> <p>The property comprises three contiguous plots of land which form an irregular-shaped site with a total site area of approximately 3,416,771.6 sq.m..</p> <p>The total developable gross floor area of the villas and apartments of the Development is approximately 500,000 sq.m..</p> <p>The land use rights of the property have been granted under twenty separate Certificates for State-owned Land Use Rights for residential and commercial service uses.</p>	<p>An 18-hole golf course in Phase I development is currently in operation.</p> <p>Part of residential units in Phase IIA, having a total gross floor area of 9,940 sq.m., of the Development have been sold whereas the remaining units with a total gross floor area of 1,098 sq.m. are vacant.</p> <p>The remaining site of the Development is vacant and no development is being carried out as at the date of our inspections.</p>	<p>HK\$602,500,000</p> <p>(see note no. 11 below)</p> <p>(87.88% interest attributable to the Group: HK\$529,477,000)</p>

Notes:

- Pursuant to the 20 Certificates of State-owned Land Use Rights, the land use rights of portion of the property, having a total site area of 2,833,191.4 sq.m., have been granted to Zhaoqing Golf and Development Company Limited (the "JV Company"). The salient conditions stipulated in the Certificates are summarized as follows:

Certificate No.	Date of Issuance	User	Site Area (sq.m.)	Expiry
(2004)060052	22 September 2004	Residential	31,843.4	19 December 2062
(2004)060054	22 September 2004	Residential	176,853.3	19 December 2062
(2004)060055	22 September 2004	Residential	268,653.7	19 December 2062
(2004)060056	22 September 2004	Residential	108,674.6	19 December 2062
(2004)060057	15 December 2004	Residential	66,666.7	19 December 2062
(2004)060058	22 September 2004	Residential	7,267.8	19 December 2062
(2004)060059	15 December 2004	Residential	32,318.1	19 December 2062
(2004)060060	15 December 2004	Residential	105,400.4	19 December 2062
(2004)060061	22 September 2004	Residential	14,985.9	19 December 2062
(2004)060062	22 September 2004	Residential	61,104.7	19 December 2062
(2004)060064	22 September 2004	Residential	133,333.3	19 December 2062
(2004)060065	15 December 2004	Residential	13,333.4	19 December 2062
(2004)060066	15 December 2004	Residential	69,808.7	19 December 2062
(2004)060067	15 December 2004	Commercial service	32,073.6	30 August 2035
(2004)060068	15 December 2004	Commercial service	56,762.3	30 August 2035
(2004)060069	15 December 2004	Commercial service	473,862.2	27 March 2033
(2004)060071	15 December 2004	Commercial service	413,671.5	27 March 2033
(2004)060072	15 December 2004	Commercial service	352,847.4	30 August 2035
(2006)060020	16 May 2006	Commercial service	375,519.7	27 March 2033
(2004)060081	15 December 2004	Residential	38,210.7	20 November 2065

2. Pursuant to 5 Certificates for Real Estate Title dated 28 October 1999, the land use rights of portion of the property are vested in the JV Company for a term of 70 years from 20 December 1992 to 19 December 2062 for residential use. The salient details are listed as follows:

Unit	Certificate for Real Estate Title No.	Gross Floor Area (sq.m.)
Blk 61 House A2	粵房地証字第1923467號	97.43
Blk 61 House B1	粵房地証字第1923462號	89.63
Blk 62 House A2	粵房地証字第1923465號	97.43
Blk 62 House A3	粵房地証字第1923464號	90.06
Blk 62 House B2	粵房地証字第1923463號	90.06
Total:		464.61

3. As advised by the Group, application of 2 Certificates of State-owned Land Use Rights of portion of the property, having a total site area of 583,580.2 sq.m., is under processing of which 510,246.9 sq.m. for commercial service use (“Land Parcel I”) and 73,333.3 sq.m. for residential use (“Land Parcel II”). In the course of our valuation, we have taken into account the value of the said portion.
4. Pursuant to the Co-operative Joint Venture Agreement (the “JV Agreement”) entered into between 肇慶市北嶺建設發展公司 (Zhaoqing City Beiling Construction Development Company) (currently known as 肇慶市七星發展公司 (Zhaoqing City Seven Star Development Company)) (“Party A”) and CBI Investment Limited (“Party B”) on 26 May 1992, the JV Company has been established to develop the property. The salient conditions stipulated in the JV Agreement are summarized as follows:
- (i) Party A shall contribute the land use rights of the property while all land and development costs will be borne by Party B;
 - (ii) Party A shall have a 12% interest in the JV Company whilst Party B shall have 88%;
 - (iii) Party A agreed that Party B may, within 5 years, acquire an additional 5,000 mu (3,333,350 sq.m.) of land adjacent to the property at a consideration to be calculated based on the land premium stated in the JV Agreement with an annual increment of 5%. Party A’s interest in the JV Company shall be increased to not less than 20%; and
5. As advised by the Group, the Group owned 99.86% equity interest in Party B.
6. Pursuant to the Business Licence【企作粵肇總字第000564號】dated 26 June 2001, the JV Company has been established and the operation period is 70 years from 9 September 1992 to 8 September 2062. The scope of business is to construct and sell golf course, club house and ancillary facilities, villas and residential/commercial buildings.
7. Pursuant to the Certificate for Foreign-sale【商房外証字第038號】dated 18 July 1993, commodity houses with a total gross floor area of 500,000 sq.m. in Zhaoqing Resort and Golf Club have been permitted to be sold in Hong Kong and overseas.
8. Pursuant to the Certificate for Pre-sale【高預售字第004號】dated 8 December 1993, a total gross floor area of 11,000 sq.m. and 14,000 sq.m. in Zhaoqing Resort and Golf Club have been permitted to be pre-sold in domestic and overseas respectively.
9. Pursuant to six Certificates for Construction Works Planning Nos. 00T345 to 00T350 (both inclusive) all dated 1 September 1997, construction works for 10 blocks of single-storey house, 1 block of 2-storey house and 2 blocks of 3-storey apartment building in Zhaoqing Resort and Golf Club, having a total gross floor area of 5,854 sq.m., have been permitted to be commenced.
10. Pursuant to a total of 13 Completion Certificates, a total gross floor area of 8,243.60 sq.m. in Fairway Lodge and 1,083 sq.m. in Golf Repair workshop of Zhaoqing Resort and Golf Club have been completed.
11. As advised by the Group, a total gross floor area of 9,940 sq.m. have been sold. In the course of our valuation, we have excluded the said portion.

12. The opinion of the Group's legal adviser on PRC law states that:
- (i) After the repayment of the mortgage loan of RMB3,590,000 for the Land Parcel I and the completion of the verification procedure for the sold residential units erected on the Land Parcel II, the JV Company is entitled to obtain the land use rights of the Land Parcel I and Land Parcel II for commercial service and residential uses respectively from the issuance of the Certificates for State-Owned Land Use Rights and there is no foreseeable legal impediment for the aforesaid applications;
 - (ii) Pursuant to the Real Estate Title Certificates and the Certificates for State-owned Land Use Rights, the JV Company is in possession of a proper legal title to the property and is entitled to transfer the residual term of its land use rights at no extra land premium or other onerous payment payable to the government;
 - (iii) The land use rights of the property are freely transferable by way of transfer, mortgage or letting; and
 - (iv) The JV Company has been duly incorporated and has full corporate power and legal capacity to carry out on the business specified in the Business Licence of the JV Company.
13. We have prepared our valuation on the following assumptions:
- (i) The JV Company is in possession of a proper legal title to the property and is entitled to transfer the property with the residual term of the land use rights of the property at no extra land premium or other onerous payment to the government;
 - (ii) All land premium and other costs of ancillary utility services have been settled in full;
 - (iii) The design and construction of the Development are in compliance with the local planning regulations and have been approved by the relevant government authorities; and
 - (iv) The property, whether as a whole or on a strata-titled basis, may be disposed of freely to both local and overseas purchasers.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in this circular have been arrived at after due and careful consideration and there are no other facts the omission of which would make any statement in this circular misleading.

2. DIRECTORS' INTEREST

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 corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of SFO); or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules, to be notified to the Company and the Stock Exchange:

Name of Directors	Nature of interests	Number of Shares and underlying shares held	Percentage to the issued share capital
Lee Seng Hui	Other interests	625,863,841 (Notes 1&3)	41.41%
Ma Sun	Personal interests (held as beneficial owner)	72,975 (Notes 2&3)	0.005%

Notes:

- Mr. Lee Seng Hui together with Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of the Lee and Lee Trust ("LL Trust"), being a discretionary trust. They together, through the LL Trust, own approximately 42.60% interest in the issued share capital of AGL and were therefore deemed to have an interest in the Shares and underlying shares in which AGL was interested. The interest includes the holding of (i) 536,454,722 Shares; and (ii) 89,409,119 units of warrants of the Company (the "Warrants") giving rise to an interest in 89,409,119 underlying shares of the Company.
- The interest includes the holding of (i) 62,550 Shares; and (ii) 10,425 units of Warrants giving rise to an interest in 10,425 underlying shares of the Company.
- The Warrants entitle the holders thereof to subscribe at any time during the period from 2nd January, 2008 to 2nd January, 2010 (both days inclusive) for fully paid Shares at an initial subscription price of HK\$10 per Share (subject to adjustments).

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

Save as disclosed above, none of the Directors or proposed directors of the Company (if any) had any interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

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

(a) Interests in Shares and underlying shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO

Name of Shareholders	Number of Shares and underlying shares held				Percentage of total interests to the relevant issued share capital
	Personal interests (held as beneficial owner)	Corporate interests (interest of controlled corporation)	Other interests	Total interests	
SHK	625,863,841 <i>(Note 1)</i>	–	–	625,863,841	41.41%
Allied Properties (H.K.) Limited (“APL”)	–	625,863,841 <i>(Note 2)</i>	–	625,863,841 <i>(Note 3)</i>	41.41%
AGL	–	625,863,841 <i>(Note 4)</i>	–	625,863,841 <i>(Note 3)</i>	41.41%
LL Trust	–	625,863,841 <i>(Note 5)</i>	–	625,863,841 <i>(Note 3)</i>	41.41%
Penta Investment Advisers Limited (“Penta”)	–	–	349,396,800 (held as investment manager)	349,396,800	23.12%
John Zwaanstra	–	349,396,800 <i>(Note 6)</i>	–	349,396,800 <i>(Note 7)</i>	23.12%
Penta Asia Fund, Ltd. (“Penta Asia”)	–	125,306,400 <i>(Note 8)</i>	–	125,306,400 <i>(Note 9)</i>	8.29%

Name of Shareholders	Number of Shares and underlying shares held				Percentage of total interests to the relevant issued share capital
	Personal interests (held as beneficial owner)	Corporate interests (interest of controlled corporation)	Other interests	Total interests	
Todd Zwaanstra	–	125,306,400 <i>(Note 8)</i>	–	125,306,400 <i>(Note 9)</i>	8.29%
Mercurius GP LLC ("Mercurius")	–	–	–	125,306,400 <i>(Note 10)</i>	8.29%
The Goldman Sachs Group Inc. ("Goldman Sachs")	–	157,959,800	–	157,959,800 <i>(Note 11)</i>	10.45%
ORIX Corporation	122,500,000	–	–	122,500,000 <i>(Note 12)</i>	8.11%

Notes:

- The interest includes the holding of (i) 536,454,722 Shares; and (ii) 89,409,119 units of Warrants giving rise to an interest in 89,409,119 underlying shares of the Company.
- Through AP Jade Limited and AP Emerald Limited, direct and indirect wholly owned subsidiaries of APL respectively, APL owned approximately 58.29% interest in the issued share capital of SHK and was therefore deemed to have an interest in the Shares and underlying shares in which SHK was interested.
- The figure refers to the same interest of SHK in 536,454,722 Shares and 89,409,119 units of Warrants giving rise to an interest in 89,409,119 underlying shares of the Company.
- AGL owned approximately 73.85% interest in the issued share capital of APL and was therefore deemed to have an interest in the Shares and underlying shares in which APL was interested.
- Mr. Lee Seng Hui, a Director, together with Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of the LL Trust, being a discretionary trust. They together owned approximately 42.60% interest in the issued share capital of AGL and were therefore deemed to have an interest in the Shares and underlying shares in which AGL was interested.
- The figure refers to the same interest in 300,869,400 Shares and 48,527,400 units of Warrants giving rise to an interest in 48,527,400 underlying shares held by Penta.
- Mr. John Zwaanstra was deemed to have interests in the Shares and underlying shares through his 100% interest in Penta. Mr. John Zwaanstra was also deemed to have interests in the Shares and underlying Shares in which Penta Asia and Mercurius were interested through his control of more than one-third of the voting power of Penta Asia and Mercurius.
- These duplicated parts of the interests of Penta and Mr. John Zwaanstra and include (i) an interest in 107,794,200 Shares; and (ii) an interest in 17,512,200 units of Warrants giving rise to an interest in 17,512,200 underlying shares of the Company.

9. The interests were held by Penta Master Fund, Ltd. (“Penta Master”), a wholly-owned subsidiary of Penta Asia. Mr. Todd Zwaanstra was deemed to have interests in the Shares and underlying shares in which Penta Master was interested pursuant to his control of more than one-third of the voting power of Penta Asia as trustee of the Mercurius Partners Trust (“Mercurius Trust”), being a discretionary trust.
10. Mercurius was the founder of the Mercurius Trust and was therefore deemed to have interests in the Shares and underlying shares in which Mr. Todd Zwaanstra and Mercurius Trust were interested.
11. Goldman Sachs (through various of its affiliates including Sky (Delaware) LLC, Sky (Cayman) Ltd. and Elevatech Limited) was deemed to be economically interested in (i) 104,208,400 Shares; (ii) unlisted cash settled derivatives of the Company equivalent to 36,400,000 Shares; and (iii) 17,351,400 units of Warrants giving rise to an interest in 17,351,400 underlying shares as at the Latest Practicable Date.
12. The interest includes the holding of (i) 105,000,000 Shares; and (ii) 17,500,000 units of Warrants giving rise to an interest in 17,500,000 underlying shares of the Company.

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

(b) Interests in other members of the Group

Company incorporated in Hong Kong

Name of non-wholly owned subsidiary of the Company	Name of Substantial Shareholder	Number of Shares	Percentage
Tian An (Guangzhou) Investment Company Limited	China Century Oriental Hotel & Tourism Holdings (BVI) Co. Ltd.	3,500	35%

Company incorporated in the British Virgin Islands

Name of non-wholly owned subsidiary of the Company	Name of Substantial Shareholder	Number of Shares	Percentage
Strait Investments (Shanghai) Limited	Fabulous Assets Limited	1,985	19.85%

Companies incorporated in the PRC

Name of non-wholly owned subsidiaries of the Company	Name of Substantial Shareholders	Number of shares	Percentage
大連天安房地產開發有限公司 Dalian Tian An Property Development Co., Ltd.	大連德泰控股有限公司	N/A	40%
廣州市天穗房地產開發建設有限公司 Guangzhou Tian Sui Realty Development Co., Ltd.	廣州市建築置業公司	N/A	10%
江門市天安房地產開發建設有限公司 Jianmen City Tian An Property Development Co., Ltd.	深圳市旭濤貿易有限公司	N/A	40%
上海天洋房地產有限公司 Shanghai Tianyang Real Estate Co., Ltd.	上海聯洋集團有限公司	N/A	20%
武漢長福房地產開發有限公司 Wuhan Changfu Property Development Co., Ltd.	武漢長福新型建築材料房屋聯合開發公司	N/A	10%
the PRC Co.	肇慶市七星發展公司	N/A	12%

4. 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).

5. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

- (a) Mr. Patrick Lee Seng Wei is a director of SHK which, through certain of its subsidiaries, is partly engaged in the business of money lending;

- (b) Messrs. Patrick Lee Seng Wei and Li Chi Kong are directors of APL which, through a subsidiary, is partly engaged in the business of money lending;
- (c) Messrs. Lee Seng Hui and Edwin Lo King Yau are directors of AGL which, through certain of its subsidiaries, is partly engaged in the business of money lending. Both Messrs. Edwin Lo King Yau and Li Chi Kong are directors of AG Capital Limited, a subsidiary of AGL, which is partly engaged in the business of money lending; and
- (d) Mr. Lee Seng Hui is one of the trustees of the LL Trust which is a deemed substantial shareholder of each of AGL, APL and SHK which, through their subsidiaries, are partly engaged in the business of money lending and property development in Hong Kong.

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

Save as disclosed above, there were no commissions, discounts, brokerages or other special terms granted since the date to which the latest published audited accounts of the Company were made up in connection with the issue or sale of any capital of any member of the Group, and there were no directors or proposed directors, promoters or experts (as named in this circular) who received any such payment or benefit as at the Latest Practicable Date.

6. LITIGATION

Save as disclosed below, as at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance nor was any litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group:

- (a) China Travel Properties Hong Kong Limited (“China Travel”) who previously purchased a property in Shenzhen initiated legal proceedings against Tian An (Shenzhen) Enterprise Development Co. Ltd, a wholly owned subsidiary of the Company, to rescind the sale contract and claim for sales proceeds paid of approximately HK\$53,398,000 together with compensation. Inventories of completed properties with carrying value of HK\$38,264,000 are held in custody of the court. The Group had appealed and the Supreme Court had ordered rehearing to the case. China Travel initiated another legal proceeding claiming for sales proceeds of another storey of the same shopping arcade and the underground car parks with compensation amounting to approximately HK\$63,978,000. As at the Latest Practicable Date, both cases are still pending trial. Recently, a conditional settlement agreement has been reached between the parties. In the event that the conditional settlement agreement shall fail to complete, the management of the Company, having obtained the legal advice from the practicing lawyers in the PRC, considers that it has a very strong defence against both claims and thus no provision is required to be made.

- (b) A bank has taken legal action against a wholly owned subsidiary of the Company, which has acted as a guarantor for mortgage loans granted to certain property purchasers, claiming for the defaulted repayment amounting to approximately HK\$5,021,000. Based on legal opinion, the Group has assessed the claims and considers that no provision is required to be made. Negotiation for settlement between both parties of the case is in progress.
- (c) China Construction Fifth Engineering Bureau and 北京市華人時代貿易有限公司 (Beijing City Chinese Times Trading Co. Ltd.¹) have sued Jiangmen City Tian An Property Development Co. Ltd. and Beijing Nanhu Huayuan Apartment Co. Ltd., both being subsidiaries of the Company for outstanding construction costs and compensations of totally approximately HK\$3,439,000 which are in dispute. Properties for development with carrying value of HK\$97,469,000 are held in the custody of the court. The cases are under trial by the courts in the PRC. The Group has assessed the claims and obtained legal advices, and considers that the final outcome of the claims will not have material effect on the financial position of the Group.
- (d) A sub-contractor has applied for arbitration against a subsidiary claiming for outstanding construction costs of approximately HK\$25,847,000 which are being disputed. The arbitration is still in progress, but based on legal opinion, the Group has assessed the claim and considers that the final outcome of the claim will not have material effect on the financial position of the Group.

7. 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, 2006, being the date to which the latest published audited financial statements of the Group were made up.

8. 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, 2006 (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.

¹ *The English translation is for reference only.*

9. EXPERTS AND CONSENTS

The following is the qualifications of the expert who have given opinion or advice which are contained in this circular:

Name	Qualification
Norton Appraisals Limited	Independent Professional Valuer
REXCAPITAL	Licensed corporation for type 6 (advising in corporate finance) regulated activity under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders

As at the Latest Practicable Date, Norton Appraisals Limited and REXCAPITAL:

- (a) did not have any direct or indirect interest in any assets which have since 31st December, 2006 (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.

Norton Appraisals Limited and REXCAPITAL have given and have not withdrawn their written consents to the issue of this circular with the inclusion herein of their reports or letters, as the case may be, and reference to their names in the form and context in which they respectively appear.

10. GENERAL

- (a) Mr. Moses Cheng Mo Chi, a Non-Executive Director of the Company, is a senior partner of Messrs. P. C. Woo & Co., the legal firm which has been advising the Company in respect of the Agreement for normal professional fees. Accordingly, Mr. Moses Cheng Mo Chi has abstained from voting at the board resolutions approving the entering into of the Agreement. Other than disclosed hereinabove, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which is subsisting as at the Latest Practicable Date and which is significant in relation to the business of the Group.
- (b) The registered office of the Company is 22nd Floor, Allied Kajima Building, 138 Gloucester Road, Wanchai, Hong Kong.

- (c) The registrar of the Company is Tricor Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (d) The company secretary of the Company is Miss Cindy Yung Yee Mei, who is an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.
- (e) The qualified accountant of the Company appointed pursuant to Rule 3.24 of the Listing Rules is Mr. Sunny Tao Tsan Sang, who is an associate of the Hong Kong Institute of Certified Public Accountants and The Chartered Institute of Management Accountants.
- (f) The English text of this circular shall prevail over the Chinese text in the event of inconsistency.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of 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 memorandum and articles of association of the Company;
- (b) the Agreement;
- (c) the property valuation report by Norton Appraisals Limited on the Zhaoqing Resort & Golf Club, the text of which is set out in Appendix I to this circular;
- (d) the consent letters from Norton Appraisals Limited and REXCAPITAL referred to in the paragraph headed "Experts and Consents" in this appendix;
- (e) the letter dated 9th January, 2008 from the Independent Board Committee, the text of which is set out in pages 18 and 19 of this circular; and
- (f) this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING



天安中國投資有限公司

TIAN AN CHINA INVESTMENTS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 28)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “Meeting”) of Tian An China Investments Company Limited (the “Company”) will be held at Plaza V, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Wednesday, 30th January, 2008 at 10:00 a.m. for the purpose of considering and, if thought fit, passing with or without modification, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“THAT:

- (a) the conditional sale and purchase agreement dated 3rd December, 2007 (the “Agreement”) entered into between Tian An China Hotel and Property Investments Company Limited as the vendor, Lead Step Holdings Limited as the purchaser, Tian An China Investments Company Limited (the “Company”) as the vendor’s guarantor and Mr. Fong Ting as the purchaser’s guarantor, for (i) the sale and purchase of 2,121,212 shares of US\$1.00 each (the “Sale Shares”), representing approximately 15.15% of the issued share capital of Asia Coast Investments Limited (“Asia Coast”); (ii) the sale and purchase of 11,878,788 shares of US\$1.00 each (the “Option Shares”), representing approximately 84.85% of the issued share capital of Asia Coast at an aggregate consideration for the sale and purchase of both the Sale Shares and the Option Shares at HK\$660,000,000.00 (subject to adjustments); and (iii) all other transactions contemplated in the Agreement (a copy of which has been produced to the Meeting marked “A” and signed by the Chairman of the Meeting for the purpose of identification), be and are hereby approved, ratified and confirmed; and
- (b) any director of the Company be and is hereby authorised for and on behalf of the Company, amongst other matters, to sign, execute, perfect, deliver or to authorise signing, executing, perfecting and delivering all such documents and deeds, and to do or authorise doing all such acts, matters and things as he may in his discretion consider necessary, expedient or desirable to give effect to and implement the terms of the Agreement.”

By Order of the Board

Tian An China Investments Company Limited

Cindy Yung Yee Mei

Company Secretary

Hong Kong, 9th January, 2008

NOTICE OF EXTRAORDINARY GENERAL MEETING

Registered Office:

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

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint more than one proxy to attend and, on poll, vote on his behalf. A proxy need not be a member of the Company.
2. A form of proxy for use at the Meeting is enclosed. Whether or not you intend to attend the Meeting in person, you are urged to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible. Completion and return of the form of proxy will not prevent you from attending and voting in person at the Meeting or any adjournment thereof if you so wish. In the event that you attend the Meeting after having returned the completed form of proxy, your form of proxy will be deemed to have been revoked.
3. To be valid, the form of proxy, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney, must be deposited at the Company's registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong not less than 48 hours before the time fixed for the Meeting or any adjournment thereof.
4. Where there are joint holders of a share of the Company, any one of such holders may vote at the Meeting, either personally or by proxy, in respect of such share as if he/she was solely entitled thereto, but if more than one of such holders are present at the Meeting personally or by proxy, that one of such holders so present whose name stands first on the register of members of the Company shall alone be entitled to vote in respect of such share.