
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

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天安中國投資有限公司

TIAN AN CHINA INVESTMENTS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 28)

CONNECTED TRANSACTION

**ACQUISITION OF AN ADDITIONAL 17.29% EQUITY INTEREST IN
CBI INVESTMENT LIMITED**

Independent Financial Adviser to the Independent Board Committee



Hantec Capital Limited

A letter from the Board is set out on pages 5 to 12 of this circular and a letter from the Independent Board Committee containing its recommendation in respect of the transaction is set out on pages 13 and 14 of this circular. A letter from Hantec Capital Limited containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 15 to 23 of this circular.

A notice convening an extraordinary general meeting of the Company to be held at Plaza V, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on 19th July, 2004 at 9:00 a.m. is set out on pages 34 and 35 of this circular. Whether or not you are able to attend the extraordinary general meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the registrar of the Company, Secretaries Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for the holding of the extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy will not prevent shareholders of the Company from attending and voting in person at the extraordinary general meeting or any adjourned meeting thereof if they so wish.

24th June, 2004

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DEFINITIONS

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

“Acquisition”	acquisition of the Sale Shares from the Vendor by the Purchaser pursuant to the terms of the Agreement
“Agreement”	the conditional agreement entered into between the Vendor and the Purchaser on 19th May, 2004 in relation to the sale and purchase of the Sale Shares
“Announcement”	the announcement of the Company dated 19th May, 2004 in relation to the Agreement and the Acquisition
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day”	a day on which licensed banks in Hong Kong are required to be and are generally open for business (other than any Saturday, Sunday or gazetted public holiday in Hong Kong)
“CBI”	CBI Investment Limited, a company incorporated in Hong Kong with limited liability, the entire issued share capital of which is held as to approximately 35.70% by the Purchaser, approximately 17.29% by the Vendor, approximately 5.83% by a Substantial Shareholder of a subsidiary of the Company and the rest by Other Shareholders
“Company”	Tian An China Investments Company Limited 天安中國投資有限公司, a company incorporated in Hong Kong with limited liability and whose securities are listed on the Stock Exchange (Stock Code: 28)
“Completion”	completion of the Agreement
“Consideration”	consideration of the Acquisition
“Director(s)”	director(s) of the Company

DEFINITIONS

“EGM”	the extraordinary general meeting of the Company to be held on 19th July, 2004, for the purpose of considering and, if thought fit, approving, inter alia, the terms of the Agreement and the Acquisition, notice of which is set out on pages 34 and 35 of this circular, and any adjournment thereof
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee comprising Miss Lisa Yang Lai Sum, an Independent Non-Executive Director, solely appointed for the purpose of advising the Independent Shareholders in respect of the Acquisition
“Independent Financial Adviser” or “Hantec Capital Limited”	Hantec Capital Limited, which is licensed to carry out Types 1 and 6 regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in connection with the Acquisition
“Independent Shareholders”	the Shareholders other than SHK and its associates
“Latest Practicable Date”	18th June, 2004, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“Ordinary A Shares”	the ordinary A shares of HK\$1.00 each in the share capital of CBI
“Ordinary B Shares”	the ordinary B shares of HK\$0.10 each in the share capital of CBI

DEFINITIONS

“Other Shareholders”	the shareholders which are interested in approximately 41.19% of the entire issued share capital of CBI as at the Latest Practicable Date, which to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries are independent third parties which are not connected persons of the Company (as defined under the Listing Rules)
“Parties”	the Purchaser and the Vendor
“PRC”	People’s Republic of China
“Purchaser”	Asia Coast Investments Limited, a company incorporated in the British Virgin Islands with limited liability, a wholly-owned subsidiary of the Company
“Sale Shares”	12,760,000 Ordinary A Shares and 133,479,808 Ordinary B Shares in the capital of CBI, representing a total of approximately 17.29% of the issued share capital of CBI
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	existing ordinary share(s) of HK\$0.20 each in the capital of the Company
“Shareholder(s)”	registered holder(s) of the Shares
“SHK”	Sun Hung Kai & Co. Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Stock Exchange, and the controlling shareholder (as defined under the Listing Rules) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“Vendor”	Tailwind Consultants Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of SHK

DEFINITIONS

“Warrant(s)”	the listed physically settled warrant(s) of the Company conferring rights to subscribe for the Shares in cash at a subscription price of HK\$2.00 per Share (subject to adjustments) at any time on or before 3rd December, 2004
“Zhao Qing Golf”	肇慶高爾夫發展有限公司 (Zhao Qing Golf and Development Co., Ltd.), a sino-foreign cooperative enterprise established in the PRC and an 88% direct subsidiary of CBI which is engaged in the development and operation of golf courses, resort clubs and related facilities, and the development and sale of villas, commercial and residential property
“HK\$” and “cents”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“US\$”	United States Dollars, the lawful currency of the United States
“%”	per cent.

For the purpose of this circular, translations of US\$ into HK\$ or vice versa have been calculated by using the exchange rate of US\$1.00 = HK\$7.80.

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)

Executive Directors:

Patrick Lee Seng Wei (*Chairman*)
Ng Qing Hai (*Managing Director*)
Ma Sun
Edwin Lo King Yau
Li Chi Kong

Registered Office:

27th Floor, China Online Centre
333 Lockhart Road
Wanchai
Hong Kong

Independent Non-Executive Directors:

Moses Cheng Mo Chi
Lisa Yang Lai Sum

24th June, 2004

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

Dear Sir or Madam,

CONNECTED TRANSACTION

ACQUISITION OF AN ADDITIONAL 17.29% EQUITY INTEREST IN CBI INVESTMENT LIMITED

1. INTRODUCTION

The Company announced on 19th May, 2004 that the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor pursuant to which the Purchaser agreed to purchase and the Vendor agreed to sell the Sale Shares, at the Consideration of HK\$28,000,000.00.

Completion is conditional upon, among other things, the approval being obtained from the Independent Shareholders approving the Agreement and the Acquisition.

Completion shall take place on the third Business Day after the day on which the conditions as set out under the Agreement are fulfilled or waived (as the case may be) in accordance with the terms thereof.

LETTER FROM THE BOARD

Since the Vendor is a wholly-owned subsidiary of SHK which is the controlling shareholder (as defined under the Listing Rules) of the Company, the Vendor is a connected person of the Company (as defined under the Listing Rules). Accordingly, the entering into and performance of the Agreement constitutes a connected transaction for the Company under the Listing Rules. As such, the Company shall seek Independent Shareholders' approval of the Acquisition at the EGM.

Upon Completion, CBI will become a subsidiary of the Company.

An Independent Board Committee has been formed to advise the Independent Shareholders on the terms of the Agreement and the Acquisition. Hantec Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Agreement and the Acquisition are fair and reasonable so far as the Independent Shareholders are concerned.

The purposes of this circular are:

- (i) to provide you with further details of the Acquisition;
- (ii) to set out the recommendations from the Independent Board Committee and the advice of Hantec Capital Limited to the Independent Board Committee and the Independent Shareholders on the terms of the Agreement and the Acquisition; and
- (iii) to give the Shareholders notice of the EGM to be convened for the purpose of considering and, if thought fit, approve the terms of the Agreement and the Acquisition.

2. GENERAL INFORMATION OF THE AGREEMENT

Date: 19th May, 2004

- Parties:
- (a) the Vendor: Tailwind Consultants Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of SHK
 - (b) the Purchaser: Asia Coast Investments Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company

LETTER FROM THE BOARD

- Subject matter: 12,760,000 Ordinary A Shares and 133,479,808 Ordinary B Shares, representing approximately 17.29% of the entire issued share capital (representing approximately 18.69% of the total voting power exercisable at general meetings at which one share (regardless of class) entitles a shareholder of CBI to one vote) of CBI prior to Completion
- Interest to be acquired: the Purchaser presently holds 20,000,000 Ordinary A Shares and 339,136,480 Ordinary B Shares, representing approximately 35.70% of the entire issued share capital (representing approximately 45.89% of the total voting power exercisable at general meetings at which one share (regardless of class) entitles a shareholder of CBI to one vote) of CBI and at Completion, will acquire from the Vendor an additional 12,760,000 Ordinary A Shares and 133,479,808 Ordinary B Shares, representing approximately 17.29% of the entire issued share capital (representing approximately 18.69% of the total voting power exercisable at general meetings at which one share (regardless of class) entitles a shareholder of CBI to one vote) of CBI pursuant to the Agreement.

3. PRINCIPAL TERMS OF THE AGREEMENT

The principal terms and conditions of the Agreement were arrived at after arm's length negotiations between the Parties and are summarized below:

I. Consideration and Payment Terms

Pursuant to the Agreement, the Consideration is HK\$28,000,000.00 of which HK\$3,000,000.00 is payable in cash at Completion and the remaining HK\$25,000,000.00 is payable by the issuance by the Company at Completion of a promissory note in the principal amount of HK\$25,000,000.00 in favour of the Vendor or any person as it may direct in writing bearing interest at a rate of 5% per annum payable half-yearly in arrears and the principal amount of which is repayable on the first anniversary date of the date of Completion.

The Consideration payable by the Purchaser in respect of the Acquisition was arrived at after arm's length negotiations between the Parties with reference to (i) the financial performance and the total asset value of CBI in the financial years ended 31st December, 2002 and 2003 respectively; (ii) the historical investment cost of the Vendor in CBI which was approximately HK\$28,715,000.00; and (iii) the benefits that are expected to accrue to the Company in terms of the additional control over CBI.

The HK\$3,000,000.00 cash payment to the Vendor and the repayment of the promissory note will be satisfied by the internal resources of the Company.

LETTER FROM THE BOARD

II. Conditions of the Agreement

The Agreement is conditional upon, among other things, the following:

- (a) the Independent Shareholders approving the entering into and performance of the Agreement and the Acquisition in the manner as required under and in full compliance with the Listing Rules at a general meeting; and
- (b) all necessary approvals, consents or authorisations from the relevant regulatory authorities in Hong Kong and the PRC or any other jurisdiction, in connection with the entering into, and performance of the terms of the Agreement, and of the transactions contemplated thereunder if applicable, having been obtained by the Vendor.

III. Completion

Completion is conditional upon, among other things, the approval being obtained from the Independent Shareholders on the Agreement and the Acquisition at the EGM. Completion shall take place on the third Business Day after the day on which the conditions as set out under the Agreement are fulfilled or waived (as the case may be) in accordance with the terms thereof.

4. REASONS FOR THE ACQUISITION

The Group is principally engaged in property development and investment, hotel operation, the provision of hotel and property management and agency services, investment holding and the sale of construction materials.

Since the primary asset of CBI and of Zhao Qing Golf is the Zhaoqing Resort and Golf Club which is located in the PRC, the Company's decision to acquire an additional, approximately, 17.29% equity interest in CBI is in line with its intention to further develop its hospitality and property development businesses. In view of the positive outlook for the hospitality and property market in the PRC, the Company considers that Zhao Qing Golf has good financial prospects in the long term. As a result, the Company has decided to purchase the Sale Shares from the Vendor. Moreover, as a result of the Acquisition, the Company, through CBI, will have additional control over the management and development plan of Zhao Qing Golf.

The Board considers that the terms of the Agreement, including the Consideration, which have been arrived at after arm's length negotiation, are on normal commercial terms and they consider the same to be fair and reasonable and it is in the best interest of the Company and the Shareholders to proceed with the transactions as contemplated under the Agreement.

LETTER FROM THE BOARD

5. LISTING RULES REQUIREMENTS

Since the Vendor is a wholly-owned subsidiary of SHK which is the controlling shareholder (as defined under the Listing Rules) of the Company, the Vendor is a connected person of the Company (as defined under the Listing Rules). Accordingly, the Acquisition constitutes a connected transaction for the Company under the Listing Rules. As such, the Company shall seek Independent Shareholders' approval of the terms of the Agreement and the Acquisition at the EGM.

As at the Latest Practicable Date, SHK is beneficially interested in approximately 48.17% of the entire issued share capital of the Company. In view of SHK's interest in the Acquisition, SHK and its associates will abstain from voting in relation to the resolution to be proposed at the EGM.

6. INFORMATION OF THE COMPANY

The Group is principally engaged in property development and investment, hotel operation, the provision of hotel and property management and agency services, investment holding and the sale of construction materials. As set out in the annual report of the Company for the year ended 31st December, 2003, the Group recorded an annual turnover of approximately HK\$1,080 million and HK\$1,904 million for the years ended 31st December, 2002 and 2003, respectively. For the same years, the Group recorded net profits of approximately HK\$87 million and HK\$102 million, respectively.

The Purchaser, a wholly-owned subsidiary of the Company, is an investment holding company.

7. INFORMATION OF CBI

CBI is an investment holding company, which holds an 88% interest in Zhao Qing Golf, a sino-foreign cooperative enterprise established in the PRC. The remaining 12% interest in Zhao Qing Golf is held by an independent PRC party which is not a connected person of the Company (as defined under the Listing Rules). The primary asset of Zhao Qing Golf is the Zhaoqing Resort and Golf Club, which is a resort and golf club located at Huilong Town, Gaoyao City, Zhaoqing, Guangdong Province, the PRC. Zhao Qing Golf is engaged in the development and operation of golf courses, resort clubs and related facilities, and the development and sale of villas, commercial and residential property and has a registered capital of US\$12,000,000.00 (approximately HK\$93,600,000.00).

In addition, CBI has a wholly-owned subsidiary, Regal Zone Limited 凱境有限公司, a company incorporated in Hong Kong with limited liability. Regal Zone Limited is engaged in the marketing and promotion of golf courses, resort clubs and related facilities.

LETTER FROM THE BOARD

Pursuant to the three Certificates for State-owned Land Use Rights issued by Gaoyao City Land Administration Bureau, the land use rights of the property having a total site area of 2,504,019 sq.m. have been granted to Zhao Qing Golf for building (i) archway and concourse; (ii) members' residential property; and (iii) golf course and ancillary facilities for a respective term of 40 years, 70 years and 40 years expiring on 17th November, 2032, 19th December, 2062 and 27th March, 2033 respectively. The whole project at Zhaoqing Resort and Golf Club is planned to be developed into three phases and will comprise two 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 having a total gross floor area of approximately 500,000 sq.m.. The first phase of the whole development project has been substantially completed with a 18-hole golf course which is currently in operation. The residential units in the first phase have been partly sold and the remaining units are either being under construction or vacant. The second and the third phases of development project in Zhaoqing Resort and Golf Club (the "Project") are yet to be commenced. There is no detailed estimation of development costs made for the Project. However, since the Project is to be completed in stages, in the event that the Company encounters difficulties in financing the development of the Project, the Company will consider to extend the development plans until the Project is completed.

Based on the management accounts of CBI, the unaudited consolidated total asset of CBI was approximately HK\$337 million as at 31st December, 2003. The unaudited consolidated results before and after taxation of CBI for the two financial years ended 31st December, 2002 and 31st December, 2003 are set out as follows:

Unaudited consolidated results of CBI

	For the year ended	
	2002	2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss before taxation	4,051	6,117
Loss after taxation	4,051	6,117

There were no extraordinary items for such financial years.

Prior to Completion, the Company's accounting treatment of its interest in CBI is equity accounting. As from Completion, CBI will be accounted for as a subsidiary and consolidated into the next published consolidated accounts of the Company.

LETTER FROM THE BOARD

Shareholding Structure of CBI before and after Completion

Name	Before Completion				After Completion			
	Number of CBI Shares		Approximate %		Number of CBI Shares		Approximate %	
	Ordinary A Shares	Ordinary B Shares	Equity interest	Voting interest	Ordinary A Shares	Ordinary B Shares	Equity interest	Voting interest
Tailwind Consultants Limited	12,760,000	133,479,808	17.286	18.687	-	-	-	-
Asia Coast Investments Limited	20,000,000	339,136,480	35.697	45.892	32,760,000	472,616,288	52.983	64.579
A Substantial Shareholder of a subsidiary of the Company	8,000,000	8,000,000	5.827	2.044	8,000,000	8,000,000	5.827	2.044
Other Shareholders	<u>40,100,000</u>	<u>221,100,000</u>	<u>41.190</u>	<u>33.377</u>	<u>40,100,000</u>	<u>221,100,000</u>	<u>41.190</u>	<u>33.377</u>
Total	<u>80,860,000</u>	<u>701,716,288</u>	<u>100</u>	<u>100</u>	<u>80,860,000</u>	<u>701,716,288</u>	<u>100</u>	<u>100</u>

8. INFORMATION OF THE VENDOR

The Vendor is a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of SHK which is a controlling shareholder (as defined under the Listing Rules) of the Company. The Vendor is a connected person of the Company (as defined under the Listing Rules).

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

9. EGM

Set out on pages 34 and 35 of this circular is a notice convening the EGM to be held at Plaza V, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on 19th July, 2004 at 9:00 a.m. at which an ordinary resolution will be proposed to the Independent Shareholders to consider and, if thought fit, to approve the terms of the Agreement and the Acquisition. 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.

LETTER FROM THE BOARD

At the EGM, SHK and its associates, holding in aggregate 379,407,936 Shares, representing approximately 48.17% of the issued Shares as at the Latest Practicable Date, will abstain from voting in respect of the resolution to approve the terms of the Agreement and the Acquisition.

A form of proxy for use at the EGM is enclosed with this circular, whether or not you are able to attend the EGM, Shareholders are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the registrar of the Company, Secretaries Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong as soon as possible, but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not prevent Shareholders from attending and voting in person at the EGM or any adjourned meeting thereof if they so wish.

10. RECOMMENDATION

The Board considers that the terms of the Agreement and the Acquisition are fair and reasonable and the same are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the terms of the Agreement and the Acquisition.

11. ADDITIONAL INFORMATION

Your attention is drawn to the letters from the Independent Board Committee and Hantec Capital Limited in this circular. As set out in the letter from the Independent Board Committee, the Independent Board Committee considers that the Acquisition is in the interests of the Company and the Shareholders and concurs with the views of Hantec Capital Limited that the terms of the Agreement are fair and reasonable so far as the Shareholders as a whole are concerned and therefore, recommends the Independent Shareholders to vote in favour of the ordinary resolution to approve the terms of the Agreement and the Acquisition.

Among the Independent Non-Executive Directors of the Company, Mr. Moses Cheng Mo Chi is a senior partner of Messrs. P. C. Woo & Co., the legal adviser of the Company on the Acquisition which will be receiving normal professional fees for services rendered in connection therewith. Therefore, the Board has appointed Miss Lisa Yang Lai Sum as the sole member of the Independent Board Committee to advise the Independent Shareholders.

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



天安中國投資有限公司

TIAN AN CHINA INVESTMENTS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

Registered Office:

27th Floor, China Online Centre

333 Lockhart Road

Wanchai

Hong Kong

24th June, 2004

To the Independent Shareholders

Dear Sir or Madam,

CONNECTED TRANSACTION

ACQUISITION OF AN ADDITIONAL 17.29% EQUITY INTEREST IN CBI INVESTMENT LIMITED

I refer to the circular (the “Circular”) dated 24th June, 2004 of Tian An China Investments Company Limited, of which this letter forms part. The terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

As an Independent Non-Executive Director who is independent of the Parties, I have been appointed to form this Independent Board Committee to advise you as to whether, in my opinion, the terms of the Agreement and the Acquisition are fair and reasonable so far as the Shareholders as a whole are concerned.

Hantec Capital Limited 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 and the Acquisition.

I wish to draw your attention to the letter from the Board, as set out on pages 5 to 12 of the Circular, and the letter from Hantec Capital Limited, as set out on pages 15 to 23 of the Circular, both of which provide details of the Agreement and the Acquisition. Having considered

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

the advice rendered by Hantec Capital Limited and the principal factors and reasons taken into consideration by it in arriving its advice, I am of the opinion that the terms of the Agreement and the Acquisition are in the best interests of the Company and the Shareholders of the Company as a whole and the terms of the Agreement are fair and reasonable as far as the Shareholders as a whole are concerned. Accordingly, I 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 and the Acquisition.

Yours faithfully,
For and on behalf of the
Independent Board Committee of
Tian An China Investments Company Limited
Lisa Yang Lai Sum
Independent Non-Executive Director

LETTER FROM HANTEC CAPITAL LIMITED



Hantec Capital Limited

45th Floor, COSCO Tower
183 Queen's Road Central
Hong Kong

24th June, 2004

The Independent Board Committee and the Independent Shareholders
Tian An China Investments Company Limited
27th Floor, China Online Centre
333 Lockhart Road
Wanchai
Hong Kong

Dear Sirs,

CONNECTED TRANSACTION

**ACQUISITION OF AN ADDITIONAL 17.29% EQUITY INTEREST IN
CBI INVESTMENT LIMITED**

INTRODUCTION

We refer to the circular dated 24th June, 2004 (the "Circular") issued by the Company to its Shareholders of which this letter forms part and to our appointment as independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Agreement including, amongst others, the Acquisition, the details of which are set out in the letter from the Board (the "Board's Letter") contained in the Circular. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Circular of which this letter forms part unless the context otherwise requires.

The Agreement is conditional upon, amongst others, the approval by the Independent Shareholders at the EGM. Pursuant to Rule 14A.18 of the Listing Rules, the Acquisition constitutes a connected transaction for the Company as the Vendor is a wholly-owned subsidiary of SHK which is the controlling shareholder of the Company (as defined in the Listing Rules) and hence a connected person of the Company (as defined under the Listing Rules), which is subject to, amongst others, the approval of the Independent Shareholders in general meeting by way of poll.

LETTER FROM HANTEC CAPITAL LIMITED

The Independent Board Committee comprising Miss Lisa Yang Lai Sum solely has been formed for the purpose of advising the Independent Shareholders on the Acquisition. Miss Lisa Yang Lai Sum confirms that she does not have any interests in the Acquisition and has no other connection with the Company (except being an Independent Non-Executive Director), SHK and all related parties to the Acquisition. Accordingly, we consider her eligible for appointment as the Independent Board Committee. We have been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the terms of the Agreement and the Acquisition so far as the interests of the Independent Shareholders are concerned.

BASIS OF OUR OPINION

In arriving at our recommendation, we have relied on the information and facts including, but not limited to, the Agreement and have assumed that any representations made to us are true, accurate and complete. We have also relied on the statements, information and representations contained in the Circular and the information and representations provided to us by the Directors and management of the Company. We have assumed that all information, representations and opinions contained or referred to in the Circular and all information, representations and opinions which have been provided by the Directors and management of the Company for which they are solely responsible, are true and accurate at the time they were made and will continue to be accurate at the date of the despatch of the Circular.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular the omission of which would make any such statement contained in the Circular, including this letter, misleading. We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. We have not, however, carried out any independent verification of the information provided by the Directors and management of the Company, nor have we conducted an independent investigation into the business and affairs of the Group.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion on the Agreement, we have considered the following principal factors and reasons:

1. Background of the investment in the Property

The Group is principally engaged in property development and investment, hotel operation, the provision of hotel and property management and agency services, investment holding and the sale of construction materials. As stated in the Board's Letter, the Company, through the Purchaser, a wholly-owned subsidiary of the Company,

LETTER FROM HANTEC CAPITAL LIMITED

holds approximately 35.70% of the entire issued share capital (representing approximately 45.89% of the total voting power exercisable at general meetings at which one share (regardless of class) entitles a shareholder of CBI to one vote) of CBI which in turn holds 88% interest of Zhao Qing Golf. The remaining 12% interest in Zhao Qing Golf is held by an independent PRC party which is not a connected person (as defined in the Listing Rules) as at the Latest Practicable Date. The primary asset of Zhao Qing Golf is the Zhaoqing Resort and Golf Club, which is located at Huilong Town, Gaoyao City, Zhaoqing, Guangdong Province, the PRC. Zhao Qing Golf is principally engaged in the development and operation of golf courses, resort clubs and related facilities, and the development and sale of villas, commercial and residential property and has a registered capital of US\$12 million (approximately HK\$93.6 million). In addition, CBI has a wholly-owned subsidiary, Regal Zone Limited, a company incorporated in Hong Kong with limited liability. Regal Zone Limited is engaged in the marketing and promotion of golf courses, resort clubs and related facilities.

Pursuant to the three Certificates for State-owned Land Use Rights issued by Gaoyao City Land Administration Bureau, the land use rights of the property having a total site area of 2,504,019 sq.m. have been granted to Zhao Qing Golf for building (i) archway and concourse; (ii) members' residential property; and (iii) golf course and ancillary facilities for a respective term of 40 years, 70 years and 40 years expiring on 17th November, 2032, 19th December, 2062 and 27th March, 2033 respectively. The whole project at Zhaoqing Resort and Golf Club is planned to be developed into three phases and will comprise two 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 having a total gross floor area of approximately 500,000 sq.m.. The first phase of the whole development project has been substantially completed with a 18-hole golf course which is currently in operation. The residential units in the first phase have been partly sold and the remaining units are either being under construction or vacant. The second and the third phases of development project in Zhaoqing Resort and Golf Club (the "Project") are yet to be commenced.

On 19th May, 2004, the Company announced that the Purchaser entered into the Agreement with the Vendor whereby the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to dispose of the Sale Shares representing approximately 17.29% of the entire issued share capital (representing approximately 18.69% of the total voting right exercisable at general meetings at which one share (regardless of class) entitles a shareholder of CBI to one vote) of CBI. The aggregate consideration of HK\$28 million will be satisfied as to HK\$3 million in cash upon Completion and as to the remaining HK\$25 million by way of issuance by the Company upon Completion of a promissory note in the principal amount of HK\$25 million in favour of the Vendor or any person as it may direct in writing bearing interest at a rate of 5% per annum payable half-yearly in arrears and the principal amount of which is repayable on the first anniversary date of the date of Completion.

2. Reasons and benefits of the Acquisition

Focus line of businesses

The Directors consider that the business of CBI and Zhao Qing Golf is in line with the Group's businesses. As stipulated in the Board's Letter, the Group's principal businesses are property development and investment, hotel operation, the provision of hotel and property management and agency services, investment holding and the sale of construction materials. CBI is an investment holding company holding principally (i) a 88% interest in Zhao Qing Golf, a sino-foreign cooperative enterprise established in the PRC with registered capital of US\$12 million (approximately HK\$93.6 million) and is engaged in the development and operation of golf courses, resort clubs and related facilities, and the development and sale of villas, commercial and residential property; and (ii) a 100% interest in Regal Zone Limited which is principally engaged in the marketing and promotion of golf courses, resort clubs and related facilities. The primary asset of Zhao Qing Golf is the Zhaoqing Resort and Golf Club, which is a resort and golf club in the Guangdong Province, the PRC.

In view that the primary asset of CBI and Zhao Qing Golf is the Zhaoqing Resort and Golf Club which is located in the PRC, we concur with the Directors' view that the Acquisition is in line with the Group's intention to further develop its hospitality and property development businesses.

Outlook for the hospitality and property market in the PRC

As set out in the Board's Letter, the Directors take a positive view towards the hospitality and property market in the PRC and consider that Zhao Qing Golf has good financial prospects in the long term.

According to the China Statistical Yearbook 2003, the floor space of villas and high-grade apartments actually sold in 2001 and 2002 in the PRC were approximately 878.2 million sq.m. and 1.24 billion sq.m.. Meanwhile, the average selling price of villas and high-grade apartments in 2001 and 2002 in the PRC were approximately RMB4,348 per sq.m. and RMB4,154 per sq.m.. Accordingly, the total turnover of villas and high-grade apartments in 2001 and 2002 in the PRC were approximately RMB3.8 billion and RMB5.2 billion, representing an annual growth rate of approximately 36%. Moreover, the gross national income of the PRC in 2001 and 2002 were approximately RMB95.7 billion and RMB103.6 billion, representing an annual growth rate of approximately 8.3%. However, due to the rapid economic growth in the PRC, the PRC government has recently implemented a series of macro-economic austerity measures including control in property investment and land supply with an aim to ensure stable economic growth of certain industries including, amongst others, the property sector. Upon enquiry,

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the Directors represented to us that these measures will help maintain a healthy growth in the PRC property market and given that the Zhaoqing Resort and Golf Club takes time to develop, they are of the view that long term stable growth (as opposed to short term variation) is beneficial to the future of the Zhaoqing Resort and Golf Club. Moreover, the Project is yet to be commenced and the Group will develop the Project after considering the latest implementation of macro-economic austerity measures in the PRC. In conclusion, the Directors remain positive of the long-term prospects of the Project.

In anticipation of the continuous development of the PRC economy and the expected growth potential in the PRC property market, we concur with the Directors' view that the long-term outlook of the Project remains positive and Zhao Qing Golf may have good financial prospects in the long term.

Additional control over the Project

In light of the positive outlook for the hospitality and property market in the PRC, the Directors consider it desirable to seek additional control over the management and development plan of Zhao Qing Golf which in turn will allow more control over the Project. Prior to Completion, the accounting treatment of the Company's interest in CBI is equity accounting. As from Completion, CBI will be accounted for as a subsidiary and consolidated into the next published consolidated accounts of the Company. The Directors believe that the possession of majority control of CBI would provide greater flexibility to the Group on the development of the Project and the overall strategy for allocation of resources within the Group. Through possessing the majority control, the Group would be able to expedite the development progress and improve the operating efficiency in developing the Project. In addition, the Group will be able to enjoy more benefits arising from the development of the Project.

In view that CBI will become a subsidiary and will be consolidated into the next published consolidated accounts of the Company subsequent to the Completion, we concur with the Directors' view that the Acquisition would allow the Company to gain additional control of the Project which would improve the overall operating efficiency in the property development progress and would provide greater flexibility in the future development of the Project.

3. Basis of the Consideration

Pursuant to the Agreement, the consideration for the Acquisition is HK\$28 million of which HK\$3 million is payable in cash at Completion and the remaining HK\$25 million is payable by way of issuance by the Company at Completion of a promissory note in the principal amount of HK\$25 million in favour of the Vendor or any person as it may direct in writing bearing interest at a rate of 5% per annum payable half-yearly in arrears and the principal amount of which is repayable on the first anniversary date of the date of Completion.

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The primary asset of CBI and Zhao Qing Golf is the Zhaoqing Resort and Golf Club which is a golf resort and property development project located in the PRC. Pursuant to the three Certificates for State-owned Land Use Rights issued by Gaoyao City Land Administration Bureau, the land use rights of the property having a total site area of 2,504,019 sq.m. have been granted to Zhao Qing Golf for building (i) archway and concourse; (ii) members' residential property; and (iii) golf course and ancillary facilities for a respective term of 40 years, 70 years and 40 years expiring on 17th November, 2032, 19th December, 2062 and 27th March, 2033 respectively. The whole project at Zhaoqing Resort and Golf Club is planned to be developed into three phases and will comprise two 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 having a total gross floor area of approximately 500,000 sq.m.. The first phase of the whole development project has been substantially completed with a 18-hole golf course which is currently in operation. The residential units in the first phase have been partly sold and the remaining units are either being under construction or vacant and the Project is yet to be commenced.

Based on the unaudited consolidated management accounts of CBI, the total asset and the net asset value of CBI as at 31st December, 2003 were approximately HK\$337 million and HK\$77.9 million. The Company represented to us that the net book value of Zhaoqing Resort and Golf Club as at 31st December, 2003 was approximately HK\$163.3 million. The Company also presented to us a valuation report of Zhaoqing Resort and Golf Club conducted by an independent valuer. We noted from the said valuation report that Zhaoqing Resort and Golf Club, as at 31st December, 2003, was valued at approximately HK\$344 million which represents a valuation premium of approximately HK\$180.7 million to the net book value of Zhaoqing Resort and Golf Club of approximately HK\$163.3 million as at 31st December, 2003. Taking into account the deferred tax effect of the valuation premium, the portion of valuation premium attributable to CBI is approximately HK\$106.6 million. Accordingly, the net asset value of CBI as at 31st December, 2003 after taking into account the valuation premium was approximately HK\$184.5 million. In apportioning the distributions of (i) assets and liabilities; and (ii) profit and loss, we were given to understand that CBI would adopt the ratios in accordance with the percentage of voting power possessed by each of the CBI's shareholders. Based on the said apportioning basis, the net asset value of CBI shared by the Vendor was approximately HK\$34.5 million. Accordingly, the consideration of HK\$28 million represented an approximately 18.84% discount to the net asset value of CBI attributable to the Vendor of approximately HK\$34.5 million.

The unaudited consolidated losses after taxation of CBI for each of the two years ended 31st December, 2003 were approximately HK\$4,051,000.00 and HK\$6,117,000.00 respectively. We understand that the losses were mainly attributable to the limited economy of scale attainable resulting from the fact that only a comparatively small portion of land in the Zhaoqing Resort and Golf Club has been developed. It is expected that Zhao Qing Golf has good financial prospects in the long term in view of the positive outlook for the hospitality and property market in the PRC. We also understand that the PRC government has recently implemented a series of macro-economic austerity

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measures to ensure the stable economic growth. Given that the Zhaoqing Resort and Golf Club takes time to develop, we are of the view that long term stable growth (as opposed to short term variation) is beneficial to the future of the Zhaoqing Resort and Golf Club.

As stipulated in the Board's Letter, the consideration of HK\$28 million will be satisfied as to (i) HK\$3 million payable in cash and (ii) HK\$25 million payable by the issuance by the Company of a promissory note in the principal amount of HK\$25 million in favour of the Vendor or any person as it may direct in writing bearing interest at a rate of 5% per annum payable half-yearly in arrears and the principal amount of which is repayable on the first anniversary date of the date of Completion. Accordingly, we have enquired the Directors and were given to understand that the average effective interest rate of the Group's borrowings was approximately 5.9% which is higher than the annual interest rate of the promissory note to be issued to the Vendor of 5%. The Directors are of the view that the Group possesses sufficient internal financial resources to settle the consideration of HK\$28 million.

As stipulated in the Board's Letter, the consideration payable by the Purchaser in respect of the Acquisition was arrived at after arm's length negotiations between the parties with reference to (i) the financial performance and the total asset value of CBI in the financial years ended 31st December, 2002 and 2003 respectively; (ii) the historical investment cost of the Vendor in CBI which was approximately HK\$28.7 million; and (iii) the benefits that are expected to accrue to the Company in terms of the additional control over CBI and the Project.

In light of the above, we are of the view that the Acquisition is fair and reasonable so far as the Independent Shareholders are concerned given that (i) the Project is yet to be commenced and it is expected that Zhao Qing Golf has good financial prospects in the long term in view of the positive outlook for the hospitality and property market in the PRC; (ii) the consideration of HK\$28 million represents a discount of approximately 18.84% to the revised net asset value of CBI shared by the Vendor of approximately HK\$34.5 million after taking into account the revaluation premium of HK\$180.7 million to Zhaoqing Resort and Golf Club; (iii) the annual interest rate payable by the Purchaser to the Vendor under the promissory note of 5% is lower than the average effective interest rate of the Group's borrowings of approximately 5.9%; and (iv) the Group possesses sufficient internal financial resources to settle the consideration of HK\$28 million.

4. Risks associated with the Property

Notwithstanding the potential significant benefits brought along from the Acquisition, we consider that there are uncertainties associated with the Acquisition and these uncertainties and risks include (i) uncertainty as to the time required to complete the Project; (ii) the Group's ability to fund the future development costs of the Project; (iii) the commercial marketability of the constructed property under the Project; (iv) the time as to when the Company can and will launch the constructed properties to the market; and (v) the possible impact of investment loss to the Group in the event of failure to complete the Project or an ill-investment decision leading to financial loss to the Group.

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Accordingly, we would like to point out that there are potential risks and benefits associated with the Acquisition. The Project may or may not perform as projected, which will affect the Group's financial performance. The Acquisition will, therefore, result in a change in the risk profile of the Group's businesses, which may or may not accord with the risk/return preferences of individual Shareholders.

5. Financial effects of the Acquisition on the Group

The following sets out the impact of the Acquisition on the financial position of the Group:

(i) *Net asset value*

As confirmed by the Directors, the consideration of the Acquisition is determined by fair value of CBI's net assets which is in accordance with paragraph 31 of SSAP30. Accordingly, no positive or negative goodwill will arise and there will be no effect on the Group's net asset value.

(ii) *Earnings*

As a result of the Acquisition, CBI becomes an approximately 53% owned subsidiary of the Company. During the development stage of the Project, the Group will have to finance part of the development cost of the Project and it is expected that the Acquisition would not provide financial return to the Group in the short run. However, the Directors consider that the Acquisition could strengthen the Group's management position in the development of the Project. Leveraged on the continuous development of the PRC economy and the growth potential in the PRC property market, the Directors expect that the Acquisition would strengthen the future earnings growth potential of the Group.

As mentioned above, we understand from the Directors that the historical losses of CBI were mainly attributable from the limited economy of scale attainable resulting from the fact that only a comparatively small portion of land in the Zhaoqing Resort and Golf Club has been developed. The Directors believe that most of the financial benefits of the Project would be generated from the development and sale of villas, commercial and residential property subsequent to the completion of the development of the Project.

In view of (i) the Acquisition would strengthen the Group's management position in the development of the Project; (ii) the continuous development of the PRC economy and the growth potential in the PRC property market would improve the future earning growth potential of the Group and after taking into account the historical losses record of CBI, we consider it a fair expectation that the Acquisition would have positive impact to the earning base of the Group.

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(iii) Gearing

As stated in the Company's annual report for the year ended 31st December, 2003, the Group had audited net borrowings (total borrowings less deposits and bank balance) of approximately HK\$2,091 million and audited shareholders' fund of approximately HK\$3,948 million. Therefore, the Group's gearing ratio as at 31st December, 2003 was approximately 53% (expressed as a percentage of net borrowings over shareholders' fund).

Since part of the consideration will be settled by way of issuance of a promissory note in the principal amount of HK\$25 million, the Group's gearing ratio upon Completion will increase.

In view that the Acquisition would improve the earnings potential of the Group, we consider the increase in the Group's gearing ratio as a result of the Acquisition is acceptable.

(iv) Working Capital

As stated in the Company's annual report for the year ended 31st December, 2003, the Group recorded audited current assets of approximately HK\$3,366 million and audited current liabilities of approximately HK\$2,749 million, representing audited net current assets of approximately HK\$617 million. The Directors are of the view that the Group possesses sufficient internal financial resources to settle the consideration of HK\$28 million and to finance its general operations.

Despite the working capital level of the Group would decrease as a result of the Acquisition, given that the Group possessed audited net current assets of approximately HK\$617 million as at 31st December, 2003, we concur with the Directors' view that the Group's internal financial resources are sufficient for financing the general operations of the Group.

RECOMMENDATION

Having considered various factors in the above sections, we consider that the terms of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Shareholders, as well as the Independent Board Committee to recommend to the Independent Shareholders, to vote for the resolution to be proposed at the EGM to approve the Agreement and the Acquisition.

Yours faithfully,
For and on behalf of
Hantec Capital Limited
Thomas Lai
Director

1. RESPONSIBILITY STATEMENT

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

2. DIRECTORS' INTERESTS IN SECURITIES

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executive of the Company has any interests and short position in the Shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of SFO); or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules:

(a) The Company

Name of Director	Nature of interests	Number of Shares and underlying shares held	% to the relevant issued share capital
Ma Sun	Personal	62,550 <i>(Note)</i>	0.00

Note: The interests held by Mr. Ma Sun as beneficial owner include the holding of 52,125 Shares (representing 0.00% of the relevant issued share capital) and 10,425 Warrants of the Company giving rise to an interest in 10,425 underlying shares (representing 0.00% of the relevant issued share capital) of the Company.

(b) Associated Corporation – Shanghai Allied Cement Limited

Name of Director	Nature of interests	Number of Shares and underlying shares held	% to the relevant issued share capital
Ng Qing Hai	Personal	4,000,000 (Notes 1 & 4)	0.54
Ma Sun	Personal	100,000 (Note 2)	0.01
Li Chi Kong	Personal	600,000 (Notes 3 & 4)	0.08

Notes:

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

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

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS

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 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 the Company

Name of Shareholders	Number of Shares and underlying shares held			% of total interests to the relevant issued share capital
	Personal interests (held as beneficial owner)	Corporate interests (interest of controlled corporation)	Total interests	
SHK	369,825,474	77,839,048 <i>(Note 1)</i>	447,664,522 <i>(Note 2)</i>	56.83
Allied Properties (H.K.) Limited ("APL")	–	447,664,522 <i>(Note 3)</i>	447,664,522 <i>(Note 4)</i>	56.83
Allied Group Limited ("AGL")	–	447,664,522 <i>(Note 5)</i>	447,664,522 <i>(Note 4)</i>	56.83
Lee and Lee Trust ("LL Trust")	–	447,664,522 <i>(Note 6)</i>	447,664,522 <i>(Note 4)</i>	56.83
China Online (Bermuda) Limited ("COBL")	–	39,863,700 <i>(Note 7)</i>	39,863,700 <i>(Note 8)</i>	5.06

Notes:

- The interests include the holding of (i) 32,452,660 Shares or underlying shares held by Sun Hung Kai International Limited, an indirect wholly-owned subsidiary of SHK; (ii) 45,050,388 Shares or underlying shares held by Sun Hung Kai Securities Capital Markets Limited, also an indirect wholly-owned subsidiary of SHK; and (iii) 336,000 Shares or underlying shares held by China Direction Investments Limited, an indirect 66.67% owned subsidiary of SHK.
- The interests include the holding of 379,407,936 Shares (representing approximately 48.17% of the relevant issued share capital) and 68,256,586 Warrants giving rise to an interest in 68,256,586 underlying shares (representing approximately 8.66% of the relevant issued share capital) of the Company.

3. Through AP Jade Limited and AP Emerald Limited, direct and indirect wholly-owned subsidiaries of APL respectively, APL owned approximately 74.95% 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.
4. The figure refers to the same interest of SHK in 447,664,522 Shares and underlying shares.
5. AGL owned approximately 74.61% 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.
6. Mr. Lee Seng Hui, Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of the LL Trust, being a discretionary trust, who together owned approximately 38.35% 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.
7. The 39,863,700 Shares or underlying shares were held by Honest Opportunity Limited (“HOL”), a wholly-owned subsidiary of Classic Fortune Limited which in turn was a wholly-owned subsidiary of COBL. COBL was therefore deemed to have an interest in the 39,863,700 Shares or underlying shares in which HOL was interested.
8. The interests include the holding of 27,698,700 Shares (representing approximately 3.52% of the relevant issued share capital) and 12,165,000 Warrants giving rise to an interest in 12,165,000 underlying shares (representing approximately 1.54% of the relevant issued share capital) of the Company.

(b) Interests in other members of the Group

Companies incorporated in Hong Kong

Name of non-wholly owned subsidiaries of the Company	Name of substantial shareholder	No. of shares	%
Tian An (Guangzhou) Investment Company Limited	China Century Oriental Hotel & Tourism Holdings (BVI) Co. Ltd.	3,500	35
World Market Limited	E-Uphold Management Limited	10	10

Companies incorporated in the British Virgin Islands

Name of non-wholly owned subsidiaries of the Company	Name of substantial shareholder	No. of shares	%
AII - Shanghai Inc.	Aso Cement Co., Ltd.	2,562,750	16.7
Palance Limited	Jennex Investment Limited	32	25
	Fulun Limited	16	12.5
Strait Investments (Shanghai) Limited	Fabulous Assets Limited	1,985	19.85

Company incorporated in Bermuda

Name of non-wholly owned subsidiaries of the Company	Name of substantial shareholder	No. of shares	%
Shanghai Allied Cement Limited	Ng Siu Chun	144,000,000	19.74

Companies incorporated in the PRC

Name of non-wholly owned subsidiaries of the Company	Name of substantial shareholder	No. of shares	%
常州天安城市發展有限公司 Changzhou Tian An City Development Co., Ltd.	常州長江經濟技術開發總公司	N/A	10
常州天安元城房地產發展有限公司 ChangZhou Tian An Yuan Cheng Real Estate Development Company Limited	常州長江經濟技術開發總公司	N/A	10
大連聯合房地產開發有限公司 Dalian Allied Real Estate Development Co., Ltd.	大連開建集團有限公司	N/A	40
廣州市天穗房地產開發建設有限公司 Guangzhou Tian Sui Realty Development Co., Ltd.	廣州市建築置業公司	N/A	10
江門市天安房地產開發建設有限公司 Jianmen City Tian An Property Development Co., Ltd.	江門市蓬江區水南房地產經營部	N/A	40

Name of non-wholly owned subsidiaries of the Company	Name of substantial shareholder	No. of shares	%
江門市新會區錦富房地產開發有限公司 Jianmen City Xinhui District Jin Fu Property Development Co., Ltd.	江門市新會區新源房地產開發有限公司	N/A	40
南京天都實業有限公司 Nanjing Tiandu Industry Co., Ltd.	南京市建邺區城鎮建設綜合開發總公司 南京長江發展股份有限公司	N/A N/A	20 20
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
上海天榮置業有限公司	上海市普陀區城市建設投資有限公司	N/A	10
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
上海聯合水泥有限公司 Shanghai Allied Cement Co., Ltd.	上海水泥廠	N/A	40
北京上聯首豐建材有限公司	北京禾辰建材有限公司	N/A	20

4. SERVICE CONTRACT

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

5. COMPETING INTERESTS

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and his/her associates was considered to have interests in the businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules as set out below:

1. Mr. Patrick Lee Seng Wei is a director of SHK which, through certain subsidiaries, is partly engaged in the business of money lending.
2. Mr. Patrick Lee Seng Wei and Mr. Li Chi Kong are directors of Allied Properties (H.K.) Limited which, through a subsidiary, is partly engaged in the business of money lending.
3. Mr. Edwin Lo King Yau is a director of Allied Group Limited which, through certain subsidiaries, is partly engaged in the business of money lending. Mr. Li Chi Kong is a director of AG Capital Limited, a subsidiary of Allied Group Limited, which is partly engaged in the business of money lending.

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

6. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31st December, 2003, being the date to which the latest financial statements of the Company were made up.

7. QUALIFICATION OF EXPERT

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

Name	Qualification
Hantec Capital Limited	a corporation licensed in respect of Types 1 and 6 regulated activities under the SFO

As at the Latest Practicable Date, Hantec Capital Limited did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

8. CONSENT OF EXPERT

Hantec Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report and/or letter dated 24th June, 2004 for incorporation in this circular, and/or reference to its name in the form and context in which it is included.

9. MISCELLANEOUS

- (a) As at the Latest Practicable Date, save for the Acquisition, none of the Directors and the expert whose name is referred to in paragraph 8 in this Appendix I has or had any interest, direct or indirect, in any assets which have been, since 31st December, 2003, being the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by, or leased to any member of the Group, or are proposed to be acquired or disposed of by, or leased to any member of the Group.
- (b) Mr. Moses Cheng Mo Chi, an Independent Non-Executive Director of the Company, is the senior partner of Messrs. P. C. Woo & Co., the legal firm which has been advising the Company in respect of the Acquisition for normal professional fees. Accordingly, Mr. Moses Cheng Mo Chi has abstained from voting at the board resolution approving the Acquisition. Other than disclosed above, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which is subsisting as at the Latest Practicable Date and which is significant in relation to the business of the Group.
- (c) The registered office of the Company is 27th Floor, China Online Centre, 333 Lockhart Road, Wanchai, 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 Company 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 member of The Hong Kong Society of Accountants and The Chartered Institute of Management Accountants.
- (f) The English text of this circular shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours on any weekday (except public holidays) at the offices of Messrs. P. C. Woo & Co. at Room 1225, 12th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong, from the date of this circular up to and including 19th July, 2004 :

- (i) the memorandum and articles of association of the Company;
- (ii) the annual reports of the Company for each of the financial years ended 31st December, 2002 and 31st December, 2003;
- (iii) the Agreement;
- (iv) the letter from Hantec Capital Limited as set out on pages 15 to 23 of this circular;
- (v) the written consent from Hantec Capital Limited referred to in paragraph 8 of this Appendix;
- (vi) the letter from the Independent Board Committee as set out on pages 13 and 14 of this circular; and
- (vii) this circular.

APPENDIX II PROCEDURES FOR DEMANDING A POLL AT EGM

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

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

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 Monday, 19th July, 2004 at 9:00 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 19th May, 2004 (the “Agreement”) entered into between Asia Coast Investments Limited (“Asia Coast”) and Tailwind Consultants Limited (“Tailwind”) pursuant to which Asia Coast has conditionally agreed to acquire from Tailwind approximately 17.29% equity interest in CBI Investment Limited (the “Acquisition”) for the aggregate consideration of HK\$28,000,000.00 (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 is hereby approved, ratified and confirmed;
- (b) the Acquisition and the transactions contemplated under the Agreement be and are hereby approved; and
- (c) the directors of the Company be and are 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 they may in their discretion consider necessary, expedient or desirable to give effect to and implement the Agreement and the Acquisition.”

By Order of the Board

Tian An China Investments Company Limited

Cindy Yung Yee Mei

Company Secretary

Hong Kong, 24th June, 2004

NOTICE OF EXTRAORDINARY GENERAL MEETING

Registered office:

27th Floor, China Online Centre
333 Lockhart Road
Wanchai
Hong Kong

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint more than one proxy to attend and, on poll, vote on his behalf. A proxy need not be a member of the Company.
2. A form of proxy for use at the Meeting is enclosed. Whether or not you intend to attend the Meeting in person, you are urged to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible. Completion and return of the form of proxy will not preclude you from attending and voting in person at the Meeting or any adjourned meeting thereof if you so wish. In the event that you attend the Meeting after having returned the completed form of proxy, your form of proxy will be deemed to have been revoked.
3. To be valid, the form of proxy, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney, must be deposited at the Company's registrar, Secretaries Limited, at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time fixed for the Meeting or any adjournment thereof.
4. Where there are joint holders of a share of the Company, any one of such holders may vote at the Meeting, either personally or by proxy, in respect of such share as if he was solely entitled thereto, and if more than one of such joint holders be present at the Meeting personally or by proxy, that one of such holders so present whose name stands first on the register of members of the Company shall alone be entitled to vote in respect of such share.