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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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

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

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**天安中國投資有限公司**

**TIAN AN CHINA INVESTMENTS COMPANY LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 28)**

**DISCLOSEABLE TRANSACTIONS**

**DISPOSAL OF INTEREST IN  
SHANGHAI INTERUNITED CO., LTD.**

**AND**

**SHANGHAI NEW UNION BUILDING CO., LTD.**

**RELEASE OF MORTGAGE OVER  
SKY FULL ENTERPRISES LIMITED**

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## DEFINITIONS

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*In this circular, the following expressions have the meanings correspondingly ascribed below unless the context otherwise requires:*

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Tian An China Investments Company Limited (天安中國投資有限公司), a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange (Stock Code: 28)
“Compensation Agreement”	an agreement dated 7th December, 2005 entered into between Park Hotel, Jinjiang International, Shanghai Tian An Centre Company, Education Property and Tian An Shanghai whereby Tian An Shanghai agreed to settle Shanghai Tian An Centre Company’s liability to allow reoccupation of a total gross floor area of 1,635 square metres at the Shanghai Tian An Centre
“Directors”	the directors of the Company
“Disposals”	the Disposal of Shanghai Interunited and the Disposal of Shanghai New Union
“Disposal of Shanghai Interunited”	the disposal of 10% interest in Shanghai Interunited by Tian An Shanghai, details of which as disclosed in this circular
“Disposal of Shanghai New Union”	the disposal of 50% interest in Shanghai New Union and the entire interest in the Shanghai New Union Shareholder’s Loan by Sky Full, details of which as disclosed in this circular
“Education Property”	上海市黃埔區教育房產開發經營公司 (Shanghai Huangpu Area Education House Property Develop Manage Co.), a company established under the laws of the PRC
“Final Payment”	RMB84,600,000 (equivalent to approximately HK\$81,346,000), representing 30% of the aggregate consideration payable by Jinjiang International and Jinjiang Realty under the Disposal of Shanghai New Union

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## DEFINITIONS

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“Further Payment”	RMB141,000,000 (equivalent to approximately HK\$135,577,000), representing 50% of the aggregate consideration payable by Jinjiang International and Jinjiang Realty under the Disposal of Shanghai New Union
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Initial Payment”	RMB56,400,000 (equivalent to approximately HK\$54,231,000), representing 20% of the aggregate consideration payable by Jinjiang International and Jinjiang Realty under the Disposal of Shanghai New Union
“Jin Jiang Hong Kong”	錦江國際集團(香港)有限公司 (Jin Jiang International Group (HK) Co., Limited), a company incorporated in Hong Kong with limited liability
“Jinjiang International”	錦江國際(集團)有限公司 (Jinjiang International Holding Co., Ltd.), a limited liability company established under the laws of the PRC
“Jinjiang Realty”	上海錦江國際地產有限公司 (Shanghai Jinjiang International Realty Co., Ltd.), a limited liability company established under the laws of the PRC
“Join View”	Join View Development Limited, a company incorporated in Hong Kong with limited liability and is an indirect wholly owned subsidiary of the Company
“Latest Practicable Date”	13th January, 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Oxwell”	Oxwell Holdings Limited, a company incorporated in Hong Kong with limited liability and is a direct wholly owned subsidiary of Tian An China Hotel

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## DEFINITIONS

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“Park Hotel”	上海錦江國際飯店 (Park Hotel), a company established under the laws of the PRC
“PRC”	People’s Republic of China
“Ranbridge”	Ranbridge Finance Limited, a company incorporated in Hong Kong with limited liability
“Reoccupation Agreements”	various agreements dated 7th March, 1996 entered into between Education Property and Park Hotel
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shanghai Interunited”	上海國聯有限公司 (Shanghai Interunited Co., Ltd.), a sino-foreign equity joint venture established in the PRC and a non-current investment of the Group
“Shanghai New Union”	上海新聯誼大廈有限公司 (Shanghai New Union Building Co., Ltd.), a sino-foreign equity joint venture established in the PRC and a jointly-controlled entity of the Group
“Shanghai New Union Shareholder’s Loan”	an amount of RMB63,340,000 (equivalent to approximately HK\$60,904,000) owed by Shanghai New Union to Sky Full
“Shanghai Tian An Centre Company”	上海天安中心大廈有限公司 (Shanghai Tian An Centre Building Co., Ltd.), a sino-foreign equity joint venture established in the PRC and a non-wholly owned subsidiary of the Company
“Share(s)”	existing ordinary share(s) of HK\$0.20 each in the capital of the Company
“Shareholder(s)”	the registered holder(s) of the Share(s)
“Sky Full”	Sky Full Enterprises Limited, a company incorporated in Hong Kong with limited liability and is beneficially owned by Oxwell as to 80% of its total issued share capital and Tian An China Hotel as to 20% of its total issued share capital
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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## DEFINITIONS

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“Supplemental Loan Agreement”	a supplemental loan agreement dated 7th November, 2005 entered into between, inter alias, Join View as borrower and Ranbridge as lender for the increased revolving credit facility up to HK\$280,000,000
“Tian An China Hotel”	Tian An China Hotel and Property Investments Company Limited, a company incorporated in Hong Kong with limited liability and is a direct wholly owned subsidiary of the Company
“Tian An Shanghai”	天安(上海)投資有限公司 (Tian An (Shanghai) Investments Co., Ltd.), a foreign owned enterprise established in the PRC and a wholly owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

*For the purpose of this circular, amounts denominated in RMB have been converted to HK\$ at an exchange rate of RMB1.04:HK\$1.00.*

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## LETTER FROM THE BOARD

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天安中國投資有限公司

TIAN AN CHINA INVESTMENTS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 28)

*Executive Directors:*

Patrick Lee Seng Wei

(Chairman and Acting Managing Director)

Ng Qing Hai (Deputy Managing Director)

Ma Sun

Edwin Lo King Yau

Li Chi Kong

*Registered Office:*

27th Floor, China Online Centre

333 Lockhart Road

Wanchai

Hong Kong

*Non-Executive Directors:*

Moses Cheng Mo Chi

Lisa Yang Lai Sum

*Independent Non-Executive Directors:*

Francis J. Chang Chu Fai

Goodwin Gaw

Ngai Wah Sang

Xu Su Jing

18th January, 2006

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

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTIONS**

**DISPOSAL OF INTEREST IN  
SHANGHAI INTERUNITED CO., LTD.**

**AND**

**SHANGHAI NEW UNION BUILDING CO., LTD.**

**RELEASE OF MORTGAGE OVER  
SKY FULL ENTERPRISES LIMITED**

**1. INTRODUCTION**

On 23rd December, 2005, the Company announced that Tian An Shanghai had on 7th December, 2005 entered into two agreements with Jinjiang International and Jin Jiang Hong Kong respectively for the Disposal of Shanghai Interunited, and Sky Full had on 7th December, 2005 entered into an agreement with Jinjiang International and Jinjiang Realty for the Disposal of Shanghai New Union.

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## LETTER FROM THE BOARD

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On 13th December, 2005, Ranbridge by way of written consent agreed to release and discharge the mortgage over the entire issued share capital of Sky Full on the condition that proceeds from the Disposal of Shanghai New Union to be remitted to Hong Kong in Hong Kong dollars shall be paid to Ranbridge in reduction of principal amount of loan owing by Join View under the Supplemental Loan Agreement.

Each of the Disposals constitutes a discloseable transaction of the Company under the Listing Rules. The Company is required by the Listing Rules to issue this circular (i) to provide the Shareholders with further information on the Disposals, and (ii) to provide relevant information in relation to the Company.

### **2. DISPOSAL OF 10% INTEREST IN SHANGHAI INTERUNITED**

Tian An Shanghai had on 7th December, 2005 entered into two agreements with Jinjiang International and Jin Jiang Hong Kong respectively whereby (i) Tian An Shanghai agreed to sell and Jinjiang International agreed to purchase 5% interest in the registered capital of Shanghai Interunited at a consideration of RMB10,270,000 (equivalent to approximately HK\$9,875,000); and (ii) Tian An Shanghai agreed to sell and Jin Jiang Hong Kong agreed to purchase 5% interest in the registered capital of Shanghai Interunited at a consideration of RMB10,270,000 (equivalent to approximately HK\$9,875,000). Details of the Disposal of Shanghai Interunited are as follows:

#### **Agreement Date**

7th December, 2005

#### **Parties**

Vendor : Tian An Shanghai

Purchasers : Jinjiang International and Jin Jiang Hong Kong

#### **Interest to be disposed of**

Tian An Shanghai is, as at the date of the announcement, interested in 10% of the entire registered capital of Shanghai Interunited. Shanghai Interunited is the registered owner of two parcels of land situated in Shanghai with a total site area of approximately 82,642 square metres.

One piece of land has a site area of 10,000 square metres which comprises a cold storage, a normal storage and a food factory with a total gross floor area of 6,143.10 square metres. The other piece of land has a site area of 72,642 square metres which comprises four factory buildings with a total gross floor area of 85,377.28 square metres completed in about 1997, whilst the remaining area remains a vacant site.

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## LETTER FROM THE BOARD

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On 7th December, 2005, Tian An Shanghai entered into two agreements with Jinjiang International and Jin Jiang Hong Kong respectively whereby (i) Tian An Shanghai agreed to sell and Jinjiang International agreed to purchase 5% interest in the registered capital of Shanghai Interunited at a consideration of RMB10,270,000 (equivalent to approximately HK\$9,875,000); and (ii) Tian An Shanghai agreed to sell and Jin Jiang Hong Kong agreed to purchase 5% interest in the registered capital of Shanghai Interunited at a consideration of RMB10,270,000 (equivalent to approximately HK\$9,875,000).

Upon completion of the Disposal of Shanghai Interunited, Tian An Shanghai will no longer have any interest in Shanghai Interunited.

### **Consideration**

The aggregate consideration payable by Jinjiang International and Jin Jiang Hong Kong shall be RMB20,540,000 (equivalent to approximately HK\$19,750,000). Jinjiang International and Jin Jiang Hong Kong shall pay their respective portion of the consideration into a bank account designated by Tian An Shanghai.

### **Basis of consideration**

The consideration was arrived at after arm's length negotiation between Tian An Shanghai and Jinjiang International and Jin Jiang Hong Kong with reference to the net asset value of Shanghai Interunited, which was recorded at approximately HK\$256,873,000 according to the latest audited accounts of Shanghai Interunited as at 31st December, 2004, as well as the before taxation losses for the two financial years ended 31st December, 2003 and 31st December, 2004 incurred by Shanghai Interunited at approximately HK\$9,058,000 and HK\$4,940,000 respectively and the audited losses after taxation at approximately HK\$9,058,000 and HK\$4,940,000 respectively, and various factors including Shanghai Interunited's book value in the Group, which will be in the amount of approximately RMB26,714,000 (equivalent to approximately HK\$25,687,000), the relevant estimated expenses on the Disposal of Shanghai Interunited and the market condition.

Reference was also made to 10% of the net asset value of and the full amount of losses suffered (both before and after taxation) by Shanghai Interunited as disclosed in its audited financial statements for the year ended 31st December, 2004 in arriving at the consideration.

No valuation has been conducted for the purpose of the Disposal of Shanghai Interunited principally because Tian An Shanghai was only interested in 10% of the equity in Shanghai Interunited and thus it was considered to be uneconomical and unnecessary for a valuation to be performed.

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## LETTER FROM THE BOARD

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Despite the absence of specific valuation of Shanghai Interunited, given the amount of losses recorded in the audited account of Shanghai Interunited as indicated above and that the Disposals were interrelated as they concern the same purchasing parties and were to be considered as a package deal, the Board is of the opinion that the consideration offered for the Disposal of Shanghai Interunited, although resulting in a slight loss, when viewed in conjunction with the amount offered by the purchasers under the Disposal of Shanghai New Union, was fair and reasonable.

### **Potential setoff under compensation arrangement**

Tian An Shanghai agreed to enter into the Compensation Agreement as a fellow subsidiary of Shanghai Tian An Centre Company, both being subsidiaries of the Company to settle such of Shanghai Tian An Centre Company's liability towards the aforesaid reoccupation under the Reoccupation Agreements by paying to Jinjiang International (indirectly through Shanghai Tian An Centre Company) a settlement sum identical to the aggregate consideration payable by Jinjiang International and Jin Jiang Hong Kong under the Disposal of Shanghai Interunited transactions. Such settlement sum shall be paid at the same time when the purchase price for the Disposal of Shanghai Interunited is to be paid and payment for one may offset against the other. Jinjiang International agreed to accept such sum as complete discharge and settlement of all its rights under the Reoccupation Agreements.

Before the development project of Shanghai Tian An Centre, the parcel of land on which Shanghai Tian An Centre is situated on was then occupied by, among others, a school owned and operated by Education Property, with the largest area of occupation, and a commercial area of Park Hotel.

The right to develop and build the Shanghai Tian An Centre and the development site thereof was first acquired by the Group, through Shanghai Tian An Centre Company, with the condition that the then existing occupants thereof be accorded compensation for their relocation. Education Property, as the occupant of the largest site area concerned, was then the designated coordinator on behalf of the other occupants to negotiate for and receive the said compensation. Park Hotel was the only occupant which had opted to receive the right to reoccupy a certain area of Shanghai Tian An Centre after its eventual completion in lieu of monetary compensation. The right of reoccupation by Park Hotel was evinced by the Reoccupation Agreements.

The Company is indirectly interested in 98% of the entire registered capital of Shanghai Tian An Centre Company, whilst Education Property is interested in the remaining 2% of the entire registered capital of Shanghai Tian An Centre Company.

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## LETTER FROM THE BOARD

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Since Education Property had by virtue of the Reoccupation Agreements allocated to Park Hotel the right to reoccupy 1,635 square metres of Shanghai Tian An Centre (and such right was subsequently assigned by Park Hotel to Jinjiang International), the entry by Shanghai Tian An Centre Company and Tian An Shanghai into the Compensation Agreement will allow the Group to settle its liability to allow reoccupation of such area of the Shanghai Tian An Centre by Park Hotel, Jinjiang International or their respective successors or assignees.

With Jinjiang International being interested in 20% of the registered capital of Shanghai Interunited, 10% minority interests in Shanghai Interunited being held by the Group through Tian An Shanghai which the Company is inclined to dispose of and the aforesaid right of reoccupation of Shanghai Tian An Centre, it is the commercial intent of the parties to effect the Disposals and settle their respective liabilities by way of the Compensation Agreement.

All of Park Hotel, Jinjiang International, Shanghai Tian An Centre Company, Education Property and Tian An Shanghai have executed a written agreement on 7th December, 2005 evidencing, among others, the above terms. Park Hotel, Jinjiang International and Education Property are independent third parties not connected with the directors, chief executives or substantial shareholders of the Company or its subsidiaries or any of their respective associates.

Save for being a contracting party to the Compensation Agreement and a 2% interest holder of Shanghai Tian An Centre Company, there is no other relationship between Education Property and the Group.

### **Conditions**

Completion of the Disposal of Shanghai Interunited shall take place upon satisfaction of the following conditions:

- (i) the relevant board approval by Shanghai Interunited;
- (ii) the consent by all shareholders of Shanghai Interunited, other than Tian An Shanghai, to waive their respective pre-emptive rights to purchase the interest currently disposed of by Tian An Shanghai; and
- (iii) the approval of all relevant PRC governmental and original approving authorities.

If the conditions cannot be fulfilled, the Disposal of Shanghai Interunited shall be terminable by the non defaulting party thereof.

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## LETTER FROM THE BOARD

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### 3. DISPOSAL OF 50% INTEREST IN SHANGHAI NEW UNION

Sky Full had on 7th December, 2005 entered into an agreement with Jinjiang International and Jinjiang Realty whereby (i) Sky Full agreed to sell and Jinjiang International agreed to purchase 40% interest in the registered capital of Shanghai New Union at a consideration of RMB174,928,000 (equivalent to approximately HK\$168,200,000); (ii) Sky Full agreed to sell and Jinjiang Realty agreed to purchase 10% interest in the registered capital of Shanghai New Union at a consideration of RMB43,732,000 (equivalent to approximately HK\$42,050,000); and (iii) Jinjiang International shall repay to Sky Full for and on behalf of Shanghai New Union the Shanghai New Union Shareholder's Loan. Details of the Disposal of Shanghai New Union are as follows:

#### **Agreement Date**

7th December, 2005

#### **Parties**

Vendor : Sky Full

Purchasers : Jinjiang International and Jinjiang Realty

#### **Interest to be disposed of**

Sky Full is, as at the date of the announcement, interested in 50% of the entire registered capital of Shanghai New Union. Shanghai New Union is the registered owner of a property situated in Shanghai with a site area of approximately 5,158 square metres and the land site is currently vacant.

On 7th December, 2005, Sky Full entered into an agreement with Jinjiang International and Jinjiang Realty whereby (i) Sky Full agreed to sell and Jinjiang International agreed to purchase 40% interest in the registered capital of Shanghai New Union at a consideration of RMB174,928,000 (equivalent to approximately HK\$168,200,000); (ii) Sky Full agreed to sell and Jinjiang Realty agreed to purchase 10% interest in the registered capital of Shanghai New Union at a consideration of RMB43,732,000 (equivalent to approximately HK\$42,050,000); and (iii) Jinjiang International shall repay to Sky Full for and behalf of Shanghai New Union the Shanghai New Union Shareholder's Loan.

On 7th December, 2005, Sky Full entered into an agreement with Shanghai New Union, pursuant to which Sky Full agreed to accept and Shanghai New Union agreed to effect early repayment of the Shanghai New Union Shareholder's Loan with payment by Jinjiang International of RMB63,340,000 (equivalent to approximately HK\$60,904,000) to Sky Full pursuant to the terms of the agreement relating to the Disposal of Shanghai New Union.

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## LETTER FROM THE BOARD

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Upon completion of the Disposal of Shanghai New Union, Sky Full will no longer have any interest in Shanghai New Union and the Shanghai New Union Shareholder's Loan.

### **Consideration**

The aggregate consideration payable by Jinjiang International and Jinjiang Realty shall be RMB282,000,000 (equivalent to approximately HK\$271,154,000) of which (i) an amount of RMB218,660,000 (equivalent to approximately HK\$210,250,000) shall be paid by Jinjiang International and Jinjiang Realty to Sky Full as consideration for the 50% interest in Shanghai New Union; and (ii) an amount of RMB63,340,000 (equivalent to approximately HK\$60,904,000) shall be paid to Sky Full by Jinjiang International as repayment of the Shanghai New Union Shareholder's Loan.

Such aggregate consideration shall be paid in cash by Jinjiang International and Jinjiang Realty in separate installments the last of which shall be paid on or before 31st December, 2005.

The installment schedule is as follows:

- (i) the Initial Payment to be paid by Jinjiang International and Jinjiang Realty into an account jointly opened, in the name of Shanghai New Union, by Sky Full, Jinjiang International and Jinjiang Realty on or before 15th November, 2005 (the Initial Payment has been paid as deposit prior to the signing of the agreements);
- (ii) the Further Payment shall be paid by Jinjiang International and Jinjiang Realty into a PRC account designated by Sky Full on or before 2 p.m. on 30th December, 2005 and subsequently within 90 days from obtaining approval to remit foreign currencies to be remitted to an overseas account designated by Sky Full; and
- (iii) the Final Payment shall be paid by Jinjiang International and Jinjiang Realty into the joint account referred to in (i) above on or before 31st December, 2005.

Within 10 business days from obtaining approval from the State-owned Assets Supervision and Administration Commission of the State Council and Foreign Investment Working Committee, having paid all foreign enterprise profits tax and having transferred the consideration referred to in (ii) above to Shanghai New Union, Jinjiang International, Jinjiang Realty and Shanghai New Union shall remit all of the consideration together with accrued interest (if any) to an overseas account designated by Sky Full.

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## LETTER FROM THE BOARD

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### **Basis of consideration**

The consideration was arrived at after arm's length negotiation between Sky Full and Jinjiang International and Jinjiang Realty with reference to the net asset value of Shanghai New Union, which was recorded at approximately HK\$167,531,000 according to the latest audited accounts of Shanghai New Union as at 31st December, 2004, as well as the profit before and after taxation for the year ended 31st December, 2003 at approximately HK\$296,000 and the audited before and after taxation loss for the year ended 31st December, 2004 at approximately HK\$82,000, and various factors including Shanghai New Union's book value in the Group and the Shanghai New Union Shareholder's Loan, which will be in the amount of approximately RMB150,456,000 (equivalent to approximately HK\$144,669,000), the relevant estimated expenses on the Disposal of Shanghai New Union and the market condition.

Reference was also made to 50% of the net asset value of and the full amount of losses suffered (both before and after taxation) by Shanghai New Union, which indicated a downward trend in financial performance from that of the financial year 2003, as disclosed in its audited financial statements for the year ended 31st December, 2004 in arriving at the consideration.

According to the circular of the Company dated 18th November, 2005, the Shanghai New Union Building and the landsite thereof, being the sole asset of Shanghai New Union, was valued at approximately HK\$590 million, which taking into account the liability of the Shanghai New Union Shareholder's Loan and the management account of Shanghai New Union indicated by derivation that the 50% interest in Shanghai New Union amounted to approximately HK\$240.3 million as at 31st October, 2005.

### **Conditions**

Completion of the Disposal of Shanghai New Union shall take place upon satisfaction of the following conditions:

- (i) the State-owned Assets Supervision and Administration Commission of the State Council having issued the approval certificate in respect of the Disposal of Shanghai New Union;
- (ii) Foreign Investment Working Committee having issued the approval certificate in respect of the change of Status of Shanghai New Union from sino-foreign equity joint venture to domestic corporation; and
- (iii) the relevant PRC government and original approval authorities having issued the relevant approval certificates in respect of the Disposal of Shanghai New Union.

If the conditions cannot be fulfilled, the Disposal of Shanghai New Union shall be terminable by the non-defaulting party.

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## LETTER FROM THE BOARD

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### 4. RELEASE OF SECURITY UNDER THE HK\$280,000,000 LOAN FACILITY

Reference is made to the announcement of the Company dated 8th November, 2005 regarding a Supplemental Loan Agreement entered into between, inter alia, Join View as borrower and Ranbridge as lender pursuant to which Ranbridge agreed with Join View to increase the revolving credit facility from HK\$100,000,000 to HK\$280,000,000 which was secured, inter alia, by the execution of a share mortgage charging over the entire issued share capital of Sky Full in favour of Ranbridge.

On 8th December, 2005, Ranbridge has indicated that it shall provide its consent for Sky Full to dispose of its entire interest in Shanghai New Union and to execute all agreements related to such disposal as well as the performance and completion thereof on the condition that proceeds to be remitted to Hong Kong in form of Hong Kong dollars resulting from such disposal shall be paid to Ranbridge or to its order upon receiving of the same after completion thereof in reduction of the amount of principal amount of loan owing by Join View under the Supplemental Loan Agreement, whereupon the mortgage over the entire issued shares of Sky Full shall be contemporaneously released and discharged. Such written consent was received from Ranbridge on 13th December, 2005.

Notwithstanding the release of the Sky Full Share Mortgage, the Supplemental Loan Agreement shall continue to be secured by the remaining guarantee and security as disclosed in the circular of the Company dated 18th November, 2005 and no additional securities will be provided in substitution.

Given the assets being disposed of under the Disposal of Shanghai New Union constitute the whole of Sky Full's assets, the mortgage over the entire issued shares of Sky Full under the Sky Full Share Mortgage will be substantially devalued and is therefore proposed to be released. In addition, the facility under the Supplemental Loan Agreement is a revolving credit facility, the said repayment will increase the amount of withdrawals available as and when it may be necessary or beneficial to the Group's cashflow position to effect such withdrawals.

Given that Ranbridge has by written consent agreed to discharge the Sky Full Share Mortgage and that the other security collaterals provided under the Supplemental Loan Agreement will continue to provide adequate security for the Loan, no negative impact to the Group is anticipated.

As at the date of the announcement, an amount of HK\$245 million of principal was due by Join View to Ranbridge under the facility. The net proceeds received from the Disposal of Shanghai New Union (not including the repayment of the Shanghai New Union Shareholder's Loan, but after the estimated amount of foreign enterprise profit tax of approximately RMB14 million (equivalent to approximately HK\$13.5 million)) of approximately RMB204.7 million (equivalent to approximately HK\$196.8 million) will be remitted to Hong Kong in Hong Kong dollars and will be utilized to partly repay the amount of Loan due to Ranbridge, pursuant to the said written consent by Ranbridge.

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## LETTER FROM THE BOARD

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### 5. REASONS FOR THE DISPOSALS

The book values attributable to the Group's investments in the 10% interest in Shanghai Interunited and 50% interest in Shanghai New Union at 31st December, 2004 were approximately HK\$25,687,000 and HK\$83,766,000 respectively.

Given the respective amounts of consideration for the Disposals are both valued at a surplus to the book values of the Group's interest in Shanghai Interunited and Shanghai New Union, the Disposals are expected to generate a net gain after taxation of approximately HK\$107 million.

As Tian An Shanghai is only interested in 10% of the entire registered capital of Shanghai Interunited, it cannot exercise control over Shanghai Interunited. In other words, the interest in Shanghai Interunited is held as an investment interest by Tian An Shanghai, through which a gain may only be derived from dividend and other forms of distribution, and such forms of gain were made impossible given the losses suffered by Shanghai Interunited for the last two financial years. As such, the Board believes the Disposal of Shanghai Interunited, being an opportunity for the Group to realise its investment, to be beneficial to the Group. The amount payable by Jinjiang International to Tian An Shanghai for the disposal of the 10% interest in Shanghai Interunited will be offset against the compensation payable to Jinjiang International in respect of the right to reoccupy Shanghai Tian An Centre. And for this reason, although Shanghai Tian An and the Group will not record any influx of money in its accounts, the Group as a whole has settled its liability to allow reoccupation of such area of the Shanghai Tian An Centre by Education Property, Park Hotel, Jinjiang International or their respective assignees. Further, as the Disposals were negotiated as a whole with the same purchaser, despite a slight loss was made in the Disposal of Shanghai Interunited, the Board is of the opinion that the Disposals as a whole resulted in an overall gain. The Disposals will result in earnings per share as reflected in the Company's interim financial statement being increased by HK cents 13.4. The assets of the Group will decrease as a result of the Disposals and the liabilities of the Group will reduce as a result of the partial repayment of the loan due under the Supplemental Loan Agreement.

After due and careful consideration, the Board believes that the Disposals represents a good opportunity for the Company to realise its investment in Shanghai Interunited and Shanghai New Union. The Board believes that the Disposals will further strengthen the Group's financial position and enhance its cashflow and gearing positions. Based on the above, the Board considers that the terms of the Disposals are fair and reasonable and are in the best interests of the Company and its Shareholders as a whole.

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## LETTER FROM THE BOARD

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### 6. APPLICATION OF SALE PROCEEDS FROM THE DISPOSALS

Nil net proceeds are expected to be generated from the Disposal of Shanghai Interunited as such proceeds are expected to be paid to Jinjiang International under the compensation arrangement in the manner as described above.

Net proceeds of approximately RMB204.7 million (equivalent to approximately HK\$196.8 million) are expected to be generated from the Disposal of Shanghai New Union (not including the repayment of the Shanghai New Union Shareholder's Loan, but after the estimated amount of foreign enterprise profit tax of approximately RMB14 million (equivalent to approximately HK\$13.5 million)) and such proceeds will be paid to Ranbridge in repayment of the outstanding amount of loan.

### 7. INFORMATION ON THE GROUP, JINJIANG INTERNATIONAL, JIN JIANG HONG KONG AND JINJIANG REALTY

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

The principal businesses of Jinjiang International are the operation and management of state assets, corporate investment and management, hotel management, entertainment related services, domestic trading, property management, leasing of offices and apartments and property agency and related consultancy services. The principal businesses of Jin Jiang Hong Kong are investment, trading and tourism. The principal businesses of Jinjiang Realty are real property investment, property development and management, leasing of property, interior furnishing, sales of building materials, timber, steels and general related products.

### 8. INFORMATION ON SHANGHAI INTERUNITED

Shanghai Interunited is a sino-foreign equity joint venture owned as to 10% by Tian An Shanghai, 20% by Jinjiang International and the remaining shareholders are independent third parties not connected with the directors, chief executives or substantial shareholders of the Company or its subsidiaries or any of their respective associates. Shanghai Interunited is an investment holding company and a non-current investment of the Group.

For the two financial years ended 31st December, 2003 and 31st December, 2004, Shanghai Interunited's audited losses before taxation were approximately HK\$9,058,000 and HK\$4,940,000 respectively and the audited losses after taxation were approximately HK\$9,058,000 and HK\$4,940,000 respectively. Save as stated above, there were no extraordinary items for such financial years.

For the financial year ended 31st December, 2004 as shown in the Shanghai Interunited's audited accounts, the net asset value of Shanghai Interunited was approximately HK\$256,873,000. As at 30th September, 2005, pursuant to the latest management account of Shanghai Interunited, the unaudited net assets of Shanghai Interunited was HK\$251,518,000.

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## LETTER FROM THE BOARD

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### 9. INFORMATION ON SHANGHAI NEW UNION

Shanghai New Union is a sino-foreign equity joint venture owned as to 50% by Sky Full and 50% by Jinjiang International. Shanghai New Union is an investment holding company and a jointly-controlled entity of the Group.

For the two financial years ended 31st December, 2003 and 31st December, 2004, Shanghai New Union's audited profits before taxation were approximately HK\$296,000 and losses before taxation of HK\$82,000 respectively and the audited profits after taxation were approximately HK\$296,000 and losses after taxation of HK\$82,000 respectively. Save as stated above, there were no extraordinary items for such financial years.

For the financial year ended 31st December, 2004 as shown in the Shanghai New Union's audited accounts, the net asset value of Shanghai New Union was approximately HK\$167,531,000. As at 30th November, 2005, pursuant to the latest management account of Shanghai New Union, the unaudited net assets of Shanghai New Union was HK\$167,531,000.

### 10. GENERAL

The Disposals constitute discloseable transactions for the Company under Chapter 14 of the Listing Rules as the consideration test ratio exceeds 5% but is less than 25%.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Jinjiang International, Jin Jiang Hong Kong and Jinjiang Realty are all independent third parties not connected with the directors, chief executives or substantial shareholders of the Company or its subsidiaries or any of their respective associates.

### 11. ADDITIONAL INFORMATION

Your attention is drawn to the general information of the Company set out in the appendix to this circular.

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

## 1. RESPONSIBILITY STATEMENT

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

## 2. DIRECTORS' INTERESTS

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

### (a) The Company

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

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

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

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

*Notes:*

1. The interests held by Mr. Ng Qing Hai as beneficial owner are all interests in underlying shares relating to share options.
2. The interests held by Mr. Ma Sun as beneficial owner are all interests in shares.
3. The interests held by Mr. Li Chi Kong as beneficial owner are all interests in underlying shares relating to share options.
4. The share options are granted on 28th July, 2003 and are exercisable during the period from 28th January, 2004 to 27th July, 2013 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. INTERESTS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

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

#### (a) Interests in Shares of the Company

Name of Shareholders	Number of Shares and underlying shares held			Total interests	% of total interests to the issued share capital
	Personal interests (held as beneficial owner)	Corporate interests (interest of controlled corporation)	Other interests (held as investment manager)		
Sun Hung Kai & Co. Limited ("SHK")	356,570,563	68,940,040 (Note 1)	–	425,510,603	48.60%
Allied Properties (H.K.) Limited ("APL")	–	425,510,603 (Note 2)	–	425,510,603 (Note 3)	48.60%
Allied Group Limited ("AGL")	–	425,510,603 (Note 4)	–	425,510,603 (Note 3)	48.60%

Name of Shareholders	Number of Shares and underlying shares held			Total interests	% of total interests to the issued share capital
	Personal interests (held as beneficial owner)	Corporate interests (interest of controlled corporation)	Other interests (held as investment manager)		
Lee and Lee Trust ("LL Trust")	-	425,510,603 (Note 5)	-	425,510,603 (Note 3)	48.60%
COL Capital Limited ("COL")	-	70,120,700 (Note 6)	-	70,120,700	8.01%
Dalton Investments LLC	-	-	47,872,000	47,872,000	5.47%
Wachovia Corporation	-	78,800,000 (Note 7)	-	78,800,000	9.00%

*Notes:*

- The interests include the holding of (i) 31,398,050 Shares held by Sun Hung Kai International Limited, an indirect wholly owned subsidiary of SHK; (ii) 37,541,990 Shares held by Sun Hung Kai Securities Capital Markets Limited, also an indirect wholly owned subsidiary of SHK.
- Through AP Jade Limited and AP Emerald Limited, direct and indirect wholly owned subsidiaries of APL respectively, APL owned approximately 74.99% interest in the issued share capital of SHK and was therefore deemed to have an interest in the Shares in which SHK was interested.
- The figure refers to the same interest of SHK in 425,510,603 Shares.
- AGL owned approximately 74.93% interest in the issued share capital of APL and was therefore deemed to have an interest in the Shares in which APL was interested.
- Mr. Lee Seng Hui, Ms. Lee Su Hwei and Mr. Lee Seng Huang are the trustees of the LL Trust, being a discretionary trust. They together owned approximately 40.15% interest in the issued share capital of AGL and were therefore deemed to have an interest in the Shares in which AGL was interested.
- The 70,120,700 Shares were held by Honest Opportunity Limited ("HOL"), a wholly owned subsidiary of Classic Fortune Limited which in turn was a wholly owned subsidiary of COL. COL was therefore deemed to have an interest in 70,120,700 Shares in which HOL was interested.
- The interest was 78,800,000 unlisted physically settled warrants of the Company giving rise to an interest in 78,800,000 underlying shares of the Company.

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

**(b) Interests in other members of the Group***Companies incorporated in Hong Kong*

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

*Companies incorporated in the British Virgin Islands*

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

*Company incorporated in Bermuda*

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

*Companies incorporated in the PRC*

<b>Name of non-wholly owned subsidiaries of the Company</b>	<b>Name of Substantial Shareholders</b>	<b>No. of shares</b>	<b>%</b>
大連天安房地產開發有限公司 Dalian Tian An Property Development Co., Ltd.	大連德泰控股有限公司	N/A	40
廣州市天穗房地產開發建設有限公司 Guangzhou Tian Sui Realty Development Co., Ltd.	廣州市建築置業公司	N/A	10
江門市天安房地產開發建設有限公司 Jianmen City Tian An Property Development Co., Ltd.	江門市蓬江區水南房地產營業部	N/A	40
上海天洋房地產有限公司 Shanghai Tianyang Real Estate Co., Ltd.	上海聯洋集團有限公司	N/A	20
武漢長福房地產開發有限公司 Wuhan Changfu Property Development Co., Ltd.	武漢長福新型建築材料房屋聯合開發公司	N/A	10
肇慶高爾夫發展有限公司 Zhao Qing Golf and Development Co., Ltd	肇慶市七星發展有限公司	N/A	12
上海聯合水泥有限公司 Shanghai Allied Cement Co., Ltd.	上海水泥廠	N/A	40
北京上聯首豐建材有限公司	北京禾辰建材有限公司	N/A	20

#### **4. SERVICE CONTRACTS OF THE DIRECTORS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not determinable 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; and
- (c) Mr. Edwin Lo King Yau is a director of AGL which, through certain of its subsidiaries, is partly engaged in the business of money lending. Both Messrs. Edwin Lo King Yau and Mr. Li Chi Kong are directors of AG Capital Limited, a subsidiary of AGL, 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. LITIGATION**

So far as the Directors are aware, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or arbitration of material importance was pending or threatened against the Company or any of its subsidiaries as at the Latest Practicable Date.

**7. MISCELLANEOUS**

- (a) The registered office of the Company is 27th Floor, China Online Centre, 333 Lockhart Road, Wanchai, Hong Kong.
- (b) The registrar of the Company is Secretaries Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (c) 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.
- (d) 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.
- (e) The English text of this circular shall prevail over the Chinese text in the event of inconsistency.