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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)

ISSUE OF UNLISTED WARRANTS AND RESUMPTION OF TRADING

On 24 December, 2004, the Company entered into the Warrants Instrument with the Subscriber in relation to the issue of the Warrants conferring rights to subscribe for up to 78,800,000 new Shares at the Subscription Price (subject to adjustments) from the Issue Date to the Expiry Date (both dates inclusive). The Subscriber paid a sum of US\$1,000,000 (which is equivalent to approximately HK\$7.8 million) to the Company as consideration for the issue of the Warrants. Completion of the Warrants Instrument took place immediately upon execution on 24 December, 2004.

Should the subscription rights conferred on the Warrants be exercised in full, the 78,800,000 new Shares (subject to adjustments) to be allotted and issued represent approximately 9% of the existing issued share capital of the Company and approximately 8.3% of the enlarged issued share capital of the Company.

The net proceeds derived from the issue of the Warrants, which are estimated to be about HK\$6.6 million, are intended to be used by the Company as general working capital.

The Company will receive an additional sum of approximately HK\$177.3 million assuming that the subscription rights attached to the Warrants are exercised in full at the initial Subscription Price of HK\$2.25. As there is no guarantee that the Warrants will be exercised (in full or in part), the Company has not presently planned for any specific use of these proceeds save to say that it is the present intention of the Board to apply the proceeds of the issue of the Warrants for general working capital and to reduce the indebtedness of the Company in general.

No application will be made for the listing of the Warrants. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Shares to be allotted and issued upon the exercise of the subscription rights to be attached to the Warrants. Under the terms of the Warrants Instrument, should the approval for the listing of such Shares not be obtained by the Company on or before 31 March, 2005, the Warrants will lapse and will cease to be of any effect and the Company will refund the sum of US\$1,000,000 (without interest) to the Subscriber.

At the request of the Company, trading of the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 23 December, 2004 pending the release of this announcement.

Application has been made by the Company for resumption of trading of the Shares on the Stock Exchange with effect from 9:30 a.m. on 28 December, 2004.

THE WARRANTS INSTRUMENT

Date

24 December, 2004

Parties

- The Company; and
- The Subscriber

Consideration

A sum of US\$1,000,000 (which is equivalent to approximately HK\$7.8 million) which was paid to the Company by the Subscriber after execution of the Warrants Instrument.

Principal terms of the Warrants

Issuer

The Company

Number of Warrants

Five Warrants, with each Warrant entitling the holder(s) thereof at any time from the Issue Date to the Expiry Date (both dates inclusive) to subscribe for 15,760,000 Shares, for an aggregate of 78,800,000 Shares, each Share at the Subscription Price, subject to adjustments.

Status

The Warrants are constituted by way of a deed poll executed by the Company. The Warrants rank pari passu in all respects with each other.

Form

The Warrants are issued in registered form. Definitive certificates have been issued to the Subscriber (as holder of the Warrants).

Subscription Price

- at the price of HK\$2.25 (subject to adjustments) in respect of each Share if exercised during the first six-month period commencing from the Issue Date;
- at the price of HK\$2.50 (subject to adjustments) in respect of each Share if exercised during the second six-month period commencing from the Issue Date; and
- at the price of HK\$2.75 (subject to adjustments) in respect of each Share if exercised during the third six-month period commencing from the Issue Date, with such period to end on the Expiry Date.

The Subscription Price is subject to adjustment provisions which are standard terms for securities of this type. The adjustment events will arise as a result of, among other things, certain changes in the share capital of the Company including consolidation or sub-division of Shares or subsequent issue of securities in the Company.

Basis of pricing of the Warrants

The initial Subscription Price of HK\$2.25 per Share (subject to adjustments) in the first six-month period commencing from the Issue Date represents:

- a premium of approximately 14.2% above the closing price HK\$1.97 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 15.6% above the average closing price of HK\$1.946 per Share for the five consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day; and
- a premium of approximately 15.1% above the average closing price of HK\$1.955 per Share for the ten consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day.

The aggregate of the issue price of approximately HK\$0.099 for the subscription rights for each Share and the initial Subscription Price of HK\$2.25 per Share (subject to adjustments) in the first six-month period commencing from the Issue Date represents:

- a premium of approximately 19.2% above the closing price HK\$1.97 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 20.7% above the average closing price of HK\$1.946 per Share for the five consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day; and
- a premium of approximately 20.2% above the average closing price of HK\$1.955 per Share for the ten consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day.

Subscription Period

Subject to the obtaining of the listing approval on or before 31 March, 2005 (see the paragraph headed "Listing" in this announcement), the Warrants will expire on the Expiry Date. The Warrants may, subject to the terms and conditions of the Warrants Instrument, be exercised at any time between the Issue Date and the Expiry Date (both dates inclusive). Any subscription rights attaching to the Warrants which have not been exercised by the Expiry Date will lapse and the certificates in respect of the Warrants will cease to be valid for any purpose.

Shares to be issued upon exercise of the Warrants

The Shares to be allotted and issued upon the exercise of the subscription rights will rank for dividends and other distributions the record date for which is on or after the relevant subscription date and, subject as aforesaid, pari passu in all respects with the then issued Shares.

Should the subscription rights conferred on the Warrants be exercised in full, the 78,800,000 new Shares (subject to adjustments) to be allotted and issued represent approximately 9% of the existing issued share capital of the Company and approximately 8.3% of the enlarged issued share capital of the Company.

Transferability

In the event the Warrantholder(s) assigns or transfers the Warrants to any person who it is aware is a connected person (as defined in the Listing Rules) of the Company, it undertakes to notify the Company of such transfer in writing and provide any other information as may be reasonably required to facilitate the Company to make any required disclosure to the Stock Exchange. The Company shall notify the Stock Exchange upon becoming aware that any of the Warrants have been assigned or transferred to a connected person (as defined in the Listing Rules).

Redemption

The Warrants Instrument does not contain any provisions as to redemption of the Warrants.

Listing

No application will be made for the listing of the Warrants on the Stock Exchange or any other stock exchange. Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Shares to be allotted and issued upon the exercise of the subscription rights attached to the Warrants. Under the terms and conditions of the Warrants Instrument, should the approval for the listing of such Shares not be obtained by the Company on or before 31 March, 2005, the Warrants will be returned to the Company and the Company, upon receipt, shall cancel such Warrants and the same will cease to be of any effect and the Company will refund the sum of US\$1,000,000 (without interest) to the Subscriber.

Board representation

At any time from the Issue Date of the Warrants until the earlier of the exercise of all the Warrants or the Expiry Date, upon written notice from the Subscriber nominating a new director, the Company shall procure that a board meeting of the Company be held within five business days of the notice at which it shall be resolved that the Company shall appoint the nominee of the Subscriber (the "New Director") as an additional non-executive director of the Company, subject to (i) any objections from the Stock Exchange or the Securities and Futures Commission of Hong Kong and (ii) all applicable laws or regulations, for an initial term and any subsequent terms that extends to the Expiry Date (subject to re-election of the New Director in accordance with the articles of association of the Company). In any event, if any of the Warrants expire unexercised, the Subscriber shall, at the request of the Company, procure the resignation of the New Director from the position as a director of the Company.

This right is only granted to the Subscriber and only allows the Subscriber to appoint one director.

Reasons for the issue of the Warrants and Use of proceeds

The net proceeds derived from the issue of the Warrants, which are estimated to be about HK\$6.6 million, are intended to be used by the Company as general working capital.

The Company will receive an additional sum of approximately HK\$177.3 million assuming that the subscription rights attached to the Warrants are exercised in full at the initial Subscription Price of HK\$2.25. As there is no guarantee that the Warrants will be exercised (in full or in part), the Company has not presently planned for any specific use of these proceeds save to say that it is the present intention of the Board to apply the proceeds of the issue of the Warrants for general working capital and to reduce the indebtedness of the Company in general. In any event, announcement(s) will be made by the Company as and when any of the subscription rights attached to the Warrants are exercised.

The Board considers that the issue of the Warrants is an appropriate means through which the Group can raise funds for further development of the Company's projects because it does not have an immediate dilutive effect on the shareholding of the existing Shareholders. In addition, apart from the net proceeds that will be raised immediately upon the issue of the Warrants, the Company may be provided with additional capital within the next 18 months upon the exercise of the subscription rights attached to the Warrants.

The Directors (including the Independent Non-Executive Directors) consider that the terms of the Warrants are fair and reasonable given the existing market condition and the general economic environment and in the interests of the Company and its Shareholders as a whole.

Outstanding options, warrants and similar rights

Save for the Warrants, the Company has no other outstanding equity securities which remain to be issued on exercise of any other subscription rights subject to Chapter 15 of the Listing Rules.

General Mandate

The Shares to be allotted and issued upon exercise of the subscription rights attached to the Warrants will be made pursuant to the general mandate to issue securities in the capital of the Company granted to the Board by the Shareholders at the annual general meeting on 19 May, 2004 (the "General Mandate"). Pursuant to the General Mandate, the Company may issue up to 157,524,337 Shares and save for the issue of the Warrants attaching therewith rights to subscribe for up to 78,800,000 Shares, no securities has been issued or agreed to be issued by the Company pursuant to the General Mandate.

The Shares the subject of the Warrants represent approximately 9% of the existing issued share capital of the Company and if allotted and issued will represent approximately 8.3% of the enlarged allotted and issued share capital of the Company.

General

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 in the People's Republic of China.

The Subscriber is Wachovia Investment Holdings, LLC, a limited liability company incorporated in the state of Delaware, the United States and is a wholly-owned subsidiary of Wachovia Corporation. Wachovia Corporation is one of the largest providers of financial services to retail, brokerage and corporate customers, with retail operations and retail brokerage operations in the United States.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber and its ultimate beneficial owners are Independent Third Parties.

Funds Raised by the Company during the 12 Months immediately before the Date of this Announcement

The Company has not engaged in any fund-raising activities through the issue of equity securities in the 12 months immediately preceding the date of this announcement save for the allotment and issue of a total of 126,554,303 Shares (*Note 1*). These Shares were allotted and issued by the Company pursuant to the exercise of the subscription rights attached to the warrants issued by the Company on 30 November, 2001. The proceeds from such issue of Shares amount to HK\$183,635,446 have been used as general working capital of the Company and to reduce the indebtedness of the Company in general.

Note 1: 38,596,200 of these Shares were allotted and issued prior to the capital reorganisation of the Company (which involved a share consolidation and a capital reduction) which became effective on 10 March, 2004.

Effect on Shareholding Structure

The existing shareholding structure of the Company and the expected shareholding structure of the Company upon full exercise of the subscription rights attaching to the Warrants are set out below:

	Existing shareholding structure		Expected shareholding structure	
	No. of shares held	%	No. of shares held	%
Sun Hung Kai & Co. Limited ("SHK")	425,510,603 (<i>Note 1</i>)	48.60	425,510,603 (<i>Note 1</i>)	44.59
Allied Properties (H.K.) Limited ("APL")	425,510,603 (<i>Note 2</i>)	48.60	425,510,603 (<i>Note 2</i>)	44.59
Allied Group Limited ("AGL")	425,510,603 (<i>Note 3</i>)	48.60	425,510,603 (<i>Note 3</i>)	44.59
Lee and Lee Trust ("LL Trust")	425,510,603 (<i>Note 4</i>)	48.60	425,510,603 (<i>Note 4</i>)	44.59
Mr. Ma Sun (<i>Note 5</i>)	52,125	0.00	52,125	0.00
The Subscriber	—	—	78,800,000	8.26
Public	449,907,190	51.40	449,907,190	47.15
	<u>875,469,918</u>	<u>100.00</u>	<u>954,269,918</u>	<u>100.00</u>

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; and (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.
- AGL owned approximately 74.79% 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, who together owned approximately 39.09% interest in the issued share capital of AGL. They were therefore deemed to have an interest in the shares in which AGL was interested.
- Mr. Ma Sun is an Executive Director of the Company.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading of the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 23 December, 2004 pending the release of this announcement.

Application has been made by the Company for resumption of trading of the Shares on the Stock Exchange with effect from 9:30 a.m. on 28 December, 2004.

DEFINITIONS USED IN THIS ANNOUNCEMENT

"Board"	board of Directors
"Company"	Tian An China Investments Company Limited, a company incorporated in Hong Kong with limited liability under the Companies Ordinance, Chapter 32 of the laws of Hong Kong, the shares of which are listed on the Stock Exchange
"Directors"	directors of the Company
"Expiry Date"	23 June, 2006, being the date falling 18 months from the Issue Date (subject to adjustments in the Warrants Instrument)
"Group"	the Company and its subsidiaries
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Third Party(ies)"	party(ies) independent of and not connected with the Directors, chief executives or substantial shareholders of the Company or its subsidiaries, or their respective associates or not otherwise a connected person of the Company within the meaning of the Listing Rules
"Issue Date"	24 December, 2004, being the date of the issue of the Warrants
"Last Trading Day"	22 December, 2004, being the last trading day of the Shares on the Stock Exchange prior to the date of this announcement
"Listing Rules"	Rules Governing the Listing of Securities on the Stock Exchange
"Share(s)"	share(s) of HK\$0.20 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscriber"	Wachovia Investment Holdings, LLC, a limited liability company incorporated in the state of Delaware, the United States
"Subscription Price"	the price(s) for each Share at which the subscription rights attached to the Warrants may, subject to the terms and conditions of the Warrants Instrument, be exercised by the holder(s) of the Warrants in the period between the Issue Date and the Expiry Date (both dates inclusive), the details of which are set out in the paragraph headed "Subscription Price" in this announcement
"US\$"	United States Dollars
"Warrant(s)"	warrant(s) issued by the Company on 24 December, 2004, the principal terms of which are set out in the section headed "Principal terms of the Warrants"
"Warrants Instrument"	the Instrument executed between the Company and Subscriber in respect of the issue of the Warrants
"%"	per cent.

By Order of the Board
Tian An China Investments Company Limited
Patrick Lee Seng Wei
Chairman

Hong Kong, 24 December, 2004

As at the date of this announcement, the Board comprises of Mr. Patrick Lee Seng Wei (Chairman), Mr. Ng Qing Hai (Managing Director), Mr. Ma Sun, Mr. Edwin Lo King Yau and Mr. Li Chi Kong being the Executive Directors, Mr. Moses Cheng Mo Chi and Miss Lisa Yang Lai Sum being the Non-Executive Directors, and Mr. Francis J. Chang Chu Fai, Mr. Goodwin Gaw, Mr. Ngai Wah Sang and Mr. Xu Su Jing being the Independent Non-Executive Directors.