

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement has been prepared pursuant to, and in order to comply with, the Listing Rules and the Repurchase Code and does not constitute an offer to buy, or the solicitation of an offer to sell or subscribe for, any securities or an invitation to enter into an agreement to do any such things, nor is it calculated to invite any offer to buy, sell or subscribe for any securities.



天安中國投資有限公司

TIAN AN CHINA INVESTMENTS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

CONDITIONAL OFFER

By



SUN HUNG KAI INTERNATIONAL LIMITED

on behalf of the Company to repurchase up to 1,100,000,000 Shares  
for HK\$0.15 per Share  
(as to HK\$0.03 in cash and HK\$0.12 in the form of loan notes)  
and  
Whitewash Waiver

The Company announces that a conditional offer will be made by SHKIL on behalf of the Company to repurchase up to 1,100,000,000 Shares, representing approximately 12.96% of the total issued share capital of the Company as at the Latest Practicable Date, subject to the Conditions.

Due to the recent public concern regarding the market liquidity of the securities of listed companies in Hong Kong, the Company has decided to seek a means whereby any Qualifying Shareholder who wishes to dispose of all or part of his or her shareholding will be given an opportunity to sell his or her Shares at a premium above the recent market price. The Board considers that the Offer is the most practicable method of achieving this aim.

Under the Offer, the Qualifying Shareholders may accept the Offer by submitting Tender Forms for the sale of their Shares to the Company at the Offer Price of HK\$0.15 per Share, representing a premium of 27.1% to the closing price of Shares of HK\$0.118 each, as quoted on the Stock Exchange on 11 April 2003, being the last trading date prior to suspension of trading of the Shares on 14 April 2003, and a premium of approximately 26.1% of HK\$0.119, being the average closing price of the Shares as quoted on the Stock Exchange for both the five consecutive trading days and ten consecutive trading days immediately prior to and including 11 April 2003. **The net tangible asset per Share is HK\$0.502 based on the audited financial statements of the Company as of 31 December 2002. The Offer Price represents a discount of 70.1% of the net tangible asset per Share as of 31 December 2002. Assuming that the Maximum Number is repurchased under the Offer, the net asset value of the Group and earnings per Share will increase by 10% and 9.65% respectively, and there will be a decrease of 1.3% of the return on Shareholders' fund.** The SHKC Group has given irrevocable undertakings to the Company that it will not tender any Share for acceptance under the Offer. The Presumed Concert Parties have not given any undertaking for not tendering Shares for acceptance under the Offer.

SHKC, China Direction, SHKIL and SHKSCM were interested in 2,981,878,974 Shares, 2,800,000 Shares, 313,980,505 Shares and 375,419,900 Shares respectively, representing approximately 35.12%, 0.03%, 3.70% and 4.42% of the issued share capital of the Company as at the Latest Practicable Date. SHKC, China Direction, SHKIL and SHKSCM are parties acting in concert for the purpose of the Takeovers Code. The Presumed Concert Parties are holding 96,495,288 Shares, representing 1.14% of the total issued share capital of the Company.

**The Shares repurchased by the Company will not exceed the Maximum Number in aggregate, and in any event, not resulting in a position that the SHKC Group will be interested in more than 49.72% of the reduced issued share capital of the Company after completion of the Offer. On the basis that the Maximum Number is repurchased by the Company, and the Presumed Concert Parties do not tender any of their Shares for acceptance under the Offer, the SHKC Group and the Presumed Concert Parties will be interested in 51.02% of the reduced issued share capital of the Company after completion of the Offer.** There is no minimum number of Shares proposed to be repurchased under the Offer. Depending on the level of Tenders from public Shareholders, so far as the total number of Shares tendered for acceptance of the Offer is less than or equal to the Maximum Number, Excess Tenders will be accepted in full up to the Maximum Number. Consequently, the Offer will result in the Company paying up to approximately HK\$165,000,000 to the Accepting Shareholders. The Offer Price of HK\$0.15 per Share will be paid as to HK\$0.03 in cash and as to HK\$0.12 in the form of Loan Notes.

The Offer is not available to holders of Warrants.

Without prejudice to the existing mandate to repurchase Shares passed by the Shareholders at the annual general meeting of the Company on 31 May 2002 (pursuant to which Shares to be repurchased under the mandate will not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of such mandate), approval of the Offer will be specifically sought from the Independent Shareholders in the EGM.

**Shareholders of the Company and investors are advised to take caution in dealing in the Shares.**

As the SHKC Group are treated as connected persons of the Company for the purposes of the Offer under the Listing Rules, they will not be regarded as Independent Shareholders. On the basis that the Maximum Number is repurchased by the Company, and the Presumed Concert Parties do not tender any of their Shares for acceptance under the Offer, the aggregate interests of the SHKC Group and the Presumed Concert Parties will increase from approximately 44.41% to approximately 51.02% upon completion of the Offer. The increase of the interests in the Company's issued share capital held by the SHKC Group and the parties acting in concert with it by 2% or more after the completion of the Offer would (but for a waiver from the Executive) give rise to an obligation under Rule 26 of the Takeovers Code on the part of the SHKC Group and parties acting in concert with it to make a mandatory general offer for all the Shares not held by them.

An application will be made to the Executive for the Whitewash Waiver.

SHKC has confirmed to the Company that since the shareholding of SHKC Group in the Company upon completion of the Offer will be less than 50%, the Company will not become its subsidiary after completion of the Offer.

As the Offer constitutes the purchase by a listed issuer of its own listed securities and is being conducted as a general offer to all Shareholders made in accordance with the Repurchase Code, pursuant to Rule 14.24(9)(b) of the Listing Rules, the Offer is not subject to any disclosure or shareholder approval requirements as a connected transaction under the Listing Rules. However, pursuant to the terms of the Offer, the Offer will be conditional upon the granting of the Whitewash Waiver by the Executive and the approval of the Offer, the issue of the Loan Notes and the Whitewash Waiver by the Independent Shareholders voting at the EGM intended to be held on or before 2 July 2003. The SHKC Group, parties acting in concert with it and any other persons who may be required to abstain from voting in accordance with the Repurchase Code will abstain from voting at the EGM on the resolutions to approve the Offer, the issue of the Loan Notes and the Whitewash Waiver.

A notice convening the EGM will be included in the Circular, which will be despatched to the Shareholders as soon as practicable.

As the Offer will constitute a securities exchange offer insofar as part of the consideration payable by the Company thereunder will be satisfied by the issue of Loan Notes, the Company intends to register the Circular as a prospectus in accordance with the requirements of the Companies Ordinance.

**If the Whitewash Waiver is not granted by the Executive, or if the resolution to approve the Offer, the issue of the Loan Notes and the Whitewash Waiver are not passed by the Independent Shareholders, the Offer will not proceed.**

**It should be noted that dealings in the Shares and Warrants will continue during the period when the Conditions remain unfulfilled. Those Shareholders selling their Shares and persons purchasing the Shares during such period will accordingly bear the risk that the Offer may not become unconditional. If any Shareholder or other person contemplating selling or purchasing any of the Shares during this period is in any doubt about his or her position, it is recommended that he or she should consult his or her professional adviser.**

The Shares and Warrants of the Company were suspended from trading on the Stock Exchange at 9:30 a.m. on 14 April 2003 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Company's securities from 9:30 a.m. on 5 May 2003.

**WARNING: As the Offer is subject to all the Conditions being fulfilled and therefore it may or may not become unconditional, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

INTRODUCTION

The Company announces that a conditional offer will be made by SHKIL on behalf of the Company to repurchase up to 1,100,000,000 Shares, representing approximately 12.96% of the total issued share capital of the Company as at the Latest Practicable Date, subject to the Conditions.

Under the Offer, Tenders will be invited at the price of HK\$0.15 per Share, representing a premium of 27.1% to the closing price of Shares of HK\$0.118 each, as quoted on the Stock Exchange on 11 April 2003, being the last trading date prior to suspension of trading of the Shares on 14 April 2003 and a premium of approximately 26.1% of HK\$0.119, being the average closing price of the Shares as quoted on the Stock Exchange for both the five consecutive trading days and the ten consecutive trading days immediately prior to and including 11 April 2003.

The SHKC Group has given irrevocable undertakings to the Company that it will not tender any Share for acceptance under the Offer. The Presumed Concert Parties have not given undertaking not to tender Share for acceptance. The Shares repurchased by the Company will not exceed the Maximum Number in aggregate, and in any event, not resulting in a position that the SHKC Group will be interested in more than 49.72% of the reduced issued share capital of the Company after completion of the Offer. On the basis that the Maximum Number is repurchased by the Company, and the Presumed Concert Parties do

not tender any of their Shares for acceptance under the Offer, the SHKC Group and the Presumed Concert Parties will be interested in 51.02% of the reduced issued share capital of the Company after completion of the Offer. Consequently, the Offer will result in the Company paying up to approximately HK\$165,000,000 to the Accepting Shareholders. The Offer Price of HK\$0.15 per Share will be paid as to HK\$0.03 in cash and as to HK\$0.12 in the form of Loan Notes.

The Company will finance the Offer from its internal financial resources and banking facilities available to the Group. The Board and SHKIL have confirmed that, even if the maximum amount of consideration as stated above is payable under the Offer, sufficient financial resources and banking facilities are available to the Company to enable it to satisfy acceptance of the Offer in full.

The Shares are listed on the Stock Exchange and the Offer will be made in compliance with the Repurchase Code.

The Offer is not available to holders of Warrants.

REASONS FOR THE OFFER

Due to the recent public concern regarding the market liquidity of the securities of listed companies in Hong Kong, the Company has decided to seek a means whereby any Qualifying Shareholder who wishes

to dispose of all or part of his or her shareholding will be given an opportunity to sell his or her Shares at a premium above the recent market price. The Board considers that the Offer is the most practicable method of achieving this aim.

Given the above factor and having considered other ways of enhancing shareholder value, the Company considers that it is in the best interest of the Shareholders as a whole to return a substantial part of the surplus funds to them pursuant to the Offer.

The Board believes that the Offer is in the Company’s best interest as it will:

- (a) create a more efficient capital structure for the Company, whilst maintaining a strong balance sheet;
- (b) provide an opportunity for the Qualifying Shareholders either to sell their Shares at a premium above the recent market price and receive cash in part and Loan Notes in part, or to increase their proportionate interests in the Company by retaining their holdings and participating in the future prospects of the Company; and
- (c) have the effect of increasing the net asset value per Share and earnings per Share.

An Independent Financial Adviser will be appointed to advise the Independent Board Committee which will in turn advise the Independent Shareholders in respect of the Offer, the issue of the Loan Notes and the Whitewash Waiver.

THE OFFER

Under the Offer, SHKIL will invite Tenders at the Offer Price for up to the Maximum Number in aggregate.

The principal features of the Offer will be as follows:

- (a) The Company will only repurchase Shares up to the Maximum Number in aggregate which is a level that the SHKC Group will not be interested in more than 49.72% of the reduced issued share capital of the Company after completion of the Offer. On the basis that the Maximum Number is repurchased by the Company, and the Presumed Concert Parties do not tender any of their Shares for acceptance under the Offer, the SHKC Group and the Presumed Concert Parties will be interested in 51.02% of the reduced issued share capital of the Company after completion of the Offer.
- (b) Each Qualifying Shareholder may tender Shares at the Offer Price. Any Qualifying Shareholder can tender any number of Shares up to his or her entire holding.
- (c) Tenders will be accepted in the following order:
  - (i) firstly, Tenders will be accepted in full to the extent of the Accepting Shareholders’ Assured Entitlement;
  - (ii) secondly, Excess Tenders will be accepted on a pro rata basis to the extent that the number of Shares repurchased by the Company pursuant to the Offer will not thereby exceed the Maximum Number.
- (d) The Offer Price will be paid in the proportion of HK\$0.03 in cash and HK\$ 0.12 in the form of Loan Note.
- (e) Tender Forms which have been duly completed and received by or on behalf of the Company will be irrevocable after the Offer has been declared unconditional.
- (f) All of the Shares repurchased by the Company will be free of commissions and dealing charges, but seller’s stamp duty due on the repurchase will be deducted by the Company from the amount of cash payable to the Accepting Shareholders and the Company will pay the same to the Stamp Duty Office in accordance with the Stamp Duty Ordinance.
- (g) All repurchased Shares will be cancelled.
- (h) The submission of a Tender Form by an Accepting Shareholder, accompanied by the relevant certificates for his or her Shares or other documents of title, will be deemed to constitute a warranty by him or her to the Company and SHKIL that his or her Shares are sold free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto on or after 2 May 2003, including the right to all dividends and distributions, if any declared, made or paid on or after 2 May 2003.
- (i) The Offer is not available to holders of Warrants.

The Offer constitutes the purchase by a listed issuer of its own listed securities and is being conducted as a general offer to all Qualifying Shareholders made in accordance with the Repurchase Code. Since the Qualifying Shareholders include SHKC, China Direction, SHKIL and SHKSCM which are connected persons to the Company under the Listing Rules, the Offer will constitute a connected transaction; pursuant to Rule 14.24(9)(b) of the Listing Rules, the Offer is not subject to any disclosure or shareholder approval requirements as a connected transaction under the Listing Rules. However, in compliance with Rule 3 of the Repurchase Code and Section 49BA of the Companies Ordinance, the Offer will be subject to the approval of the Independent Shareholders by way of a poll. The Offer will also be subject to the other terms and conditions referred to under the section headed “Major Terms and Conditions of the Offer” below.

Without prejudice to the existing mandate to repurchase Shares passed by the Shareholders at the annual general meeting of the Company on 31 May 2002 (pursuant to which Shares to be repurchased under the mandate will not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of such mandate), approval of the Offer will be specifically sought from the Independent Shareholders in the EGM.

THE OFFER PRICE

The Offer Price of HK\$0.15 per Share will be paid as to HK\$0.03 in cash and as to HK\$0.12 in the form of Loan Note. The Offer Price values the entire issued share capital of the Company as at the Latest Practicable Date at approximately HK\$1.27 billion. The Offer Price values the Maximum Number, being 1,100,000,000 Shares, at HK\$165 million.

The Company will finance the Offer from its internal financial resources and banking facilities available to the Group. The Directors confirm that the Company has sufficient internal financial resources and banking facilities to fund the Offer.

The Offer Price of HK\$0.15 per Share represents:

- (a) a premium of 27.1% to the closing price of Shares of HK\$0.118 each, as quoted on the Stock Exchange on 11 April 2003, being the last trading day prior to suspension of trading of the Shares on 14 April 2003;
- (b) a premium of approximately 26.1% over the five-day average (including 11 April 2003) closing price per Share of approximately HK\$0.119;
- (c) a premium of approximately 26.1% over the ten-day average (including 11 April 2003) closing price per Share of approximately HK\$0.119;
- (d) a premium of approximately 26.1% over the one-month average (including 11 April 2003) closing price per Share of approximately HK\$0.119; and
- (e) a premium of approximately 25.0% over the three-month average (including 11 April 2003) closing price per Share of approximately HK\$0.120.

The net tangible asset per Share is HK\$0.502 based on the audited financial statements of the Company as of 31 December 2002. **The Offer Price represents a discount of 70.1% of the net tangible asset per Share as of 31 December 2002.**

PRINCIPAL TERMS OF THE LOAN NOTES

Details of the Loan Notes will be set out in the Circular. The principal terms of the Loan Notes are:

Issue: The Loan Notes will be issued in denominations of HK\$0.12 each. On the basis that the Offer in Maximum Number is fully accepted, 1,100,000,000 Loan Notes with an aggregate value of HK\$132 million will be issued.

Term: The Loan Notes will mature and be redeemed by the Company upon the expiration of the fifth anniversary from the date of issuance of the Loan Notes. The Loan Notes may also be redeemed at the option of the Company at any time prior to maturity (in whole or in part) on the giving of one month’s written notice by the Company, in both cases at their principal amount plus accrued interest.

Interest: The Loan Notes will bear interest at a rate of 2.5% per annum on a 365 days basis on the principal amount and payable annually from the date of issuance in arrears in Hong Kong dollars.

Listing: In order to provide liquidity for holders of the Loan Notes, the Board will consider, at a later date following the completion of the Offer, whether to seek a listing of the Loan Notes on a recognised stock exchange. However, as the number of the Shares that will ultimately be repurchased by the Company cannot be ascertained before the completion of the Offer, the Company cannot ascertain whether or not the Loan Notes can fulfill the listing requirements of the Stock Exchange. Accordingly, the Company will explore the possibility of listing the Loan Notes on a recognised stock exchange after completion of the Offer. **Accordingly, Shareholders should be aware that the Loan Notes may remain unlisted until their maturity.** If a listing is being sought by the Board, a further announcement in this respect will be made at the relevant time.

Transferability: The Loan Notes are transferable by instrument of transfer in any usual or common form as may be approved by the Board or, where the Loan Notes are subsequently listed on the Stock Exchange (or other recognized stock exchange) and the transferor or the transferee is HKSCC Nominees Limited or other nominee company of the same nature, the transfers may be executed by machine imprinted signature or under the hand of an authorized person.

Fractions: No fraction of a Loan Note is expected to arise from the Offer.

ASSURED ENTITLEMENTS AND EXCESS TENDERS

The maximum number of Shares which will be repurchased under the Offer is 1,100,000,000 Shares, representing approximately 12.96% of the total issued share capital of the Company as at the Latest Practicable Date.

The SHKC Group has irrevocably undertaken to the Company that it will not tender any Share for acceptance under the Offer. The Presumed Concert Parties have not given undertaking for not tendering Shares for acceptance under the Offer. Assuming that all of the Shareholders other than the SHKC Group are Accepting Shareholders, the Assured Entitlement of an Accepting Shareholder represents approximately 228 Shares for every 1,000 Shares (rounded down to the nearest whole number of Shares) held by him or her.

The number of Shares which may be acquired from an Accepting Shareholder may be in excess of his or her Assured Entitlement in the event that there are Excluded Shareholders or when there are Qualifying Shareholders other than the SHKC Group who tender no Shares or tender fewer Shares than are represented by their Assured Entitlements.

If the total number of Shares tendered for acceptance of the Offer exceeds the Maximum Number, acceptances of Excess Tenders will be scaled down on a pro rata basis, based on the total number of Excess Tenders. In such circumstances, any Excess Tender will be scaled down and calculated in accordance with the following formula (save that the Company may in its absolute discretion round such figure up or down with the intention of avoiding (as far as practicable) Shares being held by Shareholders in odd lots or fractional entitlements):

(1,100,000,000-A) x C

B

A

=

Total number of Shares in respect of which the Offer validly accepted by all accepting Qualifying Shareholders and which form either all or part of their respective Assured Entitlements (as the case may be)

B

=

Total number of Shares in respect of which the Offer is validly accepted by Qualifying Shareholders in excess of their respective Assured Entitlements

C

=

Total number of Shares in respect of which the Offer is validly accepted by the relevant Qualifying Shareholder in excess of his or her Assured Entitlement

If the total number of Shares tendered for acceptance of the Offer is less than or equal to the Maximum Number, Excess Tenders will be accepted in full up to the Maximum Number. Further details will be set out in the Circular.

OVERSEAS SHAREHOLDERS

In order to address the implications of overseas securities laws on the Offer to Overseas Shareholders (which implications may include illegality, filing and registration requirements or the need for compliance with other requirements), subject to the prior consent of the Executive, the Offer will not be made to the Excluded Shareholders nor will the Offer be capable of being accepted by such Excluded Shareholders. An application will be made to the Executive under Note 3 of Rule 8 of the Takeovers Code for consent if the Company considers that there are Excluded Shareholders at the time. The Executive would not normally consent to such an application unless the Executive is satisfied that it would be unduly burdensome for the Company to do so in relation to an overseas jurisdiction.

As the Offer to Overseas Shareholders may be affected by foreign laws, Overseas Shareholders should inform themselves about and observe any applicable legal requirements.

It is the responsibility of each Overseas Shareholder who wishes to submit a Tender Form to satisfy himself or herself as to the full observance of the laws of the relevant jurisdictions in that connection, including the obtaining of any governmental or other consents which may be required or the compliance with other necessary formalities or legal requirements.

The Company reserves the right to notify any matter in relation to the Offer to Overseas Shareholders by announcement or by advertisement in a newspaper which may not be circulated in the jurisdictions in which the Overseas Shareholders are resident. The notice will be deemed to have been sufficiently given, despite any failure by an Overseas Shareholder to receive or see that notice.

A copy of the Circular will be sent to the Excluded Shareholders for the purpose of the EGM. Each of the Excluded Shareholders (if any) will be entitled to attend and vote at the EGM, whether in person or by proxy.

NOMINEE REGISTRATION OF SHARES

To ensure equality of treatment of Shareholders, those registered holders of Shares who hold Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of Shares whose investments are registered in nominee names, to accept the Offer, it is essential that they provide instructions to their nominee agents of their intentions with regard to the Offer.

WHITEWASH WAIVER

SHKC, China Direction, SHKIL and SHKSCM were interested in 2,981,878,974 Shares, 2,800,000 Shares, 313,980,505 Shares and 375,419,900 Shares, representing approximately 35.12%, 0.03%, 3.70% and 4.42% of the issued share capital of the Company as at the Latest Practicable Date. SHKC, China Direction, SHKIL and SHKSCM are parties acting in concert for the purpose of the Takeovers Code. The Presumed Concert Parties are holding 96,495,288 Shares, representing 1.14% of the total issued share capital of the Company. In such regard, the SHKC Group and the Presumed Concert Parties are interested in an aggregate of 3,770,574,667 Shares, representing approximately 44.41% of the issued share capital of the Company. On the basis that the Maximum Number is repurchased by the Company, and the Presumed Concert Parties do not tender any of their Shares for acceptance under the Offer, the aggregate interests of the SHKC Group and the Presumed Concert Parties will increase from approximately 44.41% to approximately 51.02% upon completion of the Offer.



Rule 32 of the Takeovers Code and Rule 6 of the Repurchase Code provide that where, as a result of share repurchases, a shareholder’s proportionate interest in the voting rights of the repurchasing company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. The increase of the interests in the Company’s issued share capital held by the SHKC Group and the parties acting in concert with it by 2% or more after the completion of the Offer would (but for a waiver from the Executive) give rise to an obligation under Rule 26 of the Takeovers Code on the part of the SHKC Group and parties acting in concert with it to make a mandatory general offer for all the Shares not held by them.

So far as the Company is aware, the SHKC Group has not dealt for value in any Shares during the six months prior to the date hereof. Save and except that one of the Presumed Concert Parties had disposed of 350,000 Shares, none of the Presumed Concert Parties have dealt in the Shares during the six months prior to the date hereof.

Accordingly, an application will be made by the SHKC Group and the parties acting in concert with it under the Takeovers Code to the Executive for the Whitewash Waiver.

The Offer and the Whitewash Waiver will be subject to the approval of the Independent Shareholders to be obtained by way of poll. If the Whitewash Waiver is not granted, the Offer will not proceed.

SHKC has confirmed to the Company that since the shareholding of SHKC Group in the Company upon completion of the Offer will be less than 50%, the Company will not become its subsidiary after completion of the Offer.

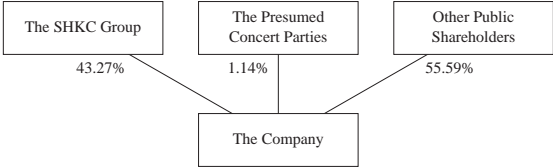
SHAREHOLDING STRUCTURES

Set out below are a table and charts showing the Company’s existing shareholding structure and shareholding structure after completion of the Offer, assuming the number of Shares in issue as at the Latest Practicable Date remains unchanged prior to completion of the Offer and there are no exercises of the outstanding Warrants of the Company and also assuming all Qualifying Shareholders (other than the SHKC Group) tender all their Shares under the Offer and the Company accepts the Maximum Number, on the condition that the SHKC Group will not be interested in more than 49.72% of the reduced issued share capital of the Company after completion of the Offer. On the basis that the Maximum Number is repurchased by the Company, and the Presumed Concert Parties do not tender any of their Shares for acceptance under the Offer, the SHKC Group and the Presumed Concert Parties will be interested in 51.02% of the reduced issued share capital of the Company after completion of the Offer.

Shareholders	Existing Shareholding structure		Shareholding structure immediately after completion of the Offer	
	No. of Shares	%	No. of Shares	%
SHKC	2,981,878,974	35.12	2,981,878,974	40.35
China Direction	2,800,000	0.03	2,800,000	0.04
SHKIL	313,980,505	3.70	313,980,505	4.25
SHKSCM	375,419,900	4.42	375,419,900	5.08
Presumed Concert Parties (Note)	96,495,288	1.14	96,495,288	1.30
Public Shareholders	4,720,129,915	55.59	3,620,129,915	48.98
Total:	8,490,704,582	100	7,390,704,582	100

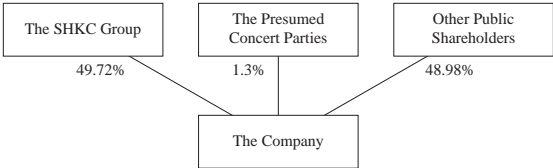
Note: Assuming that the Presumed Concert Parties do not tender any Shares for acceptance under the Offer.

Immediately before the Offer



Note: total issued share capital: 8,490,704,582 Shares as of 2 May 2003

Immediately after completion of the Offer



Note: total issued share capital: 7,390,704,582 Shares as of completion of the Offer (assuming that the Maximum Number is repurchased by the Company, and the Presumed Concert Parties do not tender any of their Shares for acceptance under the Offer, and the Offer is approved by the Independent Shareholders and becomes unconditional on 2 July 2003)

FINANCIAL EFFECTS OF THE OFFER

The tables below summarise the financial effects of the Offer based on the audited results of the Group for the year ended 31 December 2002, prior to and upon successful completion of the Offer (assuming the repurchase of 1,100,000,000 Shares).

A. Net asset value

	Prior to the Offer HK\$'000	Completion of the Offer HK\$'000
Audited net asset value as at 31 December 2002	4,219,098	4,219,098
Cost of the Offer	–	(165,000)
Adjusted net asset value of the Group	4,219,098	4,054,098
Number of Shares in issue	8,490,704,582	7,390,704,582
Adjusted net asset value per Share	HK\$0.50	HK\$0.55
An increase of:		10%

B. Earnings per Share

	Prior to the Offer HK\$'000	Completion of the Offer HK\$'000
Audited consolidated net profit for the year ended 31 December 2002	97,198	97,198
Adjusted for:		
Annual interest expense incurred	–	(5,115)
Adjusted consolidated net profit for the Group	97,198	92,083
Number of Shares in issue	8,490,704,582	7,390,704,582
Adjusted earnings per Share	1.14 cents	1.25 cents
An increase of:		9.65%

C. Return on shareholders’ funds

	Prior to the Offer HK\$'000	Completion of the Offer HK\$'000
Adjusted consolidated net profit (as calculated above)	97,198	92,083
Adjusted net asset value (shareholders’ funds) (as calculated above)	4,219,098	4,054,098
Return on shareholders’ funds	2.30%	2.27%
A decrease of:		1.30%

Further details of the financial impact of the Offer will be set out in the Circular.

ODD LOTS ARRANGEMENTS

Currently the Shares are traded in board lots of 1,000 Shares each. Such lot size will not change as a result of the Offer. This may result in some of the Accepting Shareholders holding odd lots of Shares. The Company will make arrangements and appoint SHKIS to match sales and purchases of odd lot of Shares for a reasonable period after the completion of the Offer in order to enable such Accepting Shareholders to dispose of their odd lots or to top up their odd lots to whole board lots. **Further details of this arrangement will be described in the Circular and by subsequent announcement in due course.**

THE LISTING OF THE COMPANY

It is the intention of the Board to maintain the listing of the Shares on the Stock Exchange following the closing of the Offer.

**The Board expects that even if the Maximum Number of Shares is repurchased by the Company, the Company’s public float will not fall below 25% immediately after the completion of the Offer. However, in the unlikely event that the Company’s public float does fall below 25%, the Board will address this issue at the time, and appropriate plans will be disclosed in a circular or by further announcement.**

TIMETABLE

The expected timetable for the Offer set out below is indicative only and is subject to change. Any change to the expected timetable will be announced separately by the Company.

Offer period begins	Friday, 2 May 2003
Despatch of the Circular	Friday, 6 June 2003
Latest time to lodge form of proxy for the EGM	9:00 a.m. on Monday, 30 June 2003
EGM	9:00 a.m. on Wednesday, 2 July 2003
Announcement of the results of the EGM and whether the Offer has become unconditional	Thursday, 3 July 2003
Latest time for submission of Tenders (i.e. close of Offer)#	4:00 p.m. on Thursday, 17 July 2003
Announcement of results of the Offer through the Stock Exchange#	7:00 p.m. on Thursday, 17 July 2003
Announcement of results of the Offer in newspaper#	Friday, 18 July 2003
Latest date for despatch of cheques and Loan Notes to Accepting Shareholders and return of share certificates to partly unsuccessful Tenders#	Friday, 25 July 2003

# Assuming that the Offer is approved by the independent Shareholders and becomes unconditional on 2 July 2003.

The full timetable of the Offer will be set out in the Circular.

**It should be noted that after the resumption of trading of the Company’s securities on the Stock Exchange on 5 May 2003, dealings in Shares and Warrants will continue during the period when the Conditions remain unfulfilled. Shareholders selling Shares, and persons purchasing Shares, during such period will accordingly bear the risk that the Offer may not become unconditional. Any Shareholder or other person contemplating selling or purchasing Shares during such period who is in any doubt about his position is recommended to consult his professional adviser.**

MAJOR TERMS AND CONDITIONS OF THE OFFER

The Offer will be conditional upon the following conditions being fulfilled which is expected to be on or before 2 July 2003 (or such later date as the Company may determine) (not subject to waiver by the Company):

- (a) the passing of an ordinary resolution by the Independent Shareholders voting in person or by proxy at the EGM to approve:
  - (i) the Offer (by way of a poll);
  - (ii) the issue of the Loan Notes; and
  - (iii) the Whitewash Waiver (by way of a poll);
- (b) the granting of the Whitewash Waiver by the Executive and all conditions attaching thereto being fulfilled.

As the SHKC Group is treated as connected persons of the Company for the purposes of the Offer under the Listing Rules, they will not be regarded as Independent Shareholders. The SHKC Group and parties acting in concert with it and any other persons who may be required to abstain from voting in accordance with the Repurchase Code will abstain from voting at the EGM in relation to the resolutions to approve the Offer, the issue of the Loan Notes and the Whitewash Waiver.

**If the Offer, the issue of the Loan Notes or the Whitewash Waiver is not approved by the Independent Shareholders or if the Whitewash Waiver is not granted by the Executive, the Offer will not proceed.**

If the Offer becomes unconditional at the EGM, Qualifying Shareholders will be able to tender their Shares for acceptance under the Offer for a period of at least 14 days after the date of the EGM. However, the Company reserves the right to extend the time for acceptance of tenders under the Offer.

If Accepting Shareholders in aggregate tender Shares for acceptance under the Offer in respect of more than the Maximum Number, the number of Shares tendered by each Accepting Shareholder for more than his Assured Entitlement will be scaled down on a pro rata basis.

Tenders by Qualifying Shareholders under the Offer will be irrevocable and cannot be withdrawn after the Offer has been declared unconditional.

**The Offer will not be conditional as to any minimum number of Tenders nor acceptances. The Company will only repurchase Shares up to the Maximum Number which is a level that the SHKC Group will not be interested in more than 49.72% of the reduced issued share capital of the Company after completion of the Offer. On the basis that the Maximum Number is repurchased by the Company, and the Presumed Concert Parties do not tender any of their Shares for acceptance under the Offer, the SHKC Group and the Presumed Concert Parties will be interested in 51.02% of the reduced issued share capital of the Company after completion of the Offer.**

The Shares will be repurchased free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature. Accordingly, the submission of a Tender Form will be deemed to constitute a warranty by the relevant Accepting Shareholder to the Company and SHKIL that his or her Shares are sold free from all liens, charges, encumbrances, equitable interests, rights of pre-emption or other third party rights of any nature and together with all rights attaching thereto on or after 2 May, 2003 (including the right to all dividends and distributions (if any) declared, made or paid on or after 2 May, 2003).

The consideration under the Offer will not be dispatched until after the Tender Form is completed in all respects and the share certificate(s), and/or transfer receipt(s) and/or other documents(s) of title satisfactory to the Company have been received.

The full terms and conditions of the Offer will be set out in the Offer Documents.

As the Offer will constitute a securities exchange offer insofar as part of the consideration payable by the Company thereunder will be satisfied by the issue of Loan Notes, the Company intends to register the Circular as a prospectus in accordance with the requirements of the Companies Ordinance.

INFORMATION ON THE GROUP

The principal activity of the Company is investment holding. The principal activities of the subsidiaries of the Group include property development and investment, provision of hotel and property management and property agency services, as well as trading of building materials in the PRC.

The following table sets out a summary of the audited consolidated results of the Group for each of the two years ended 31 December 2002:

	(Audited) For the year ended 31 December	
	2001 HK\$'000	2002 HK\$'000
Turnover	299,273	1,080,332
Profit before taxation	119,711	199,740
Profit attributable to shareholders	102,782	97,198
Earnings per share		
– Basic	1.2 cents	1.1 cents
– Diluted	1.2 cents	1.1 cents
The Company’s consolidated shareholders’ funds	4,076,222	4,219,098

As at 31 December 2002, the Group had approximately HK\$500 million cash and bank balances.

FUTURE PROSPECTS OF THE GROUP

The Group has the benefit of a strong balance sheet and sound management. Despite the global economic downturn, there is a continuing strong economic growth in the PRC. The good market atmosphere there as well as the PRC government policy aiming at long-term real estate development provide excellent opportunities for the Group which is an experienced property developer with adequate quality landbank in various cities of the PRC. The Directors are full of confidence that the Group’s strengths will enable it to maintain its sound record and to further develop its operations in the PRC.

EXTRAORDINARY GENERAL MEETING

The Offer will be conditional upon, among other things (as set out under the paragraph headed “Major Terms and Conditions of the Offer”), the approval of the Independent Shareholders voting at the EGM.

A notice convening the EGM will be included in the Circular, which will be despatched to the Shareholders as soon as practicable. The SHKC Group and parties acting in concert with it and any other persons who may be required to abstain from voting in accordance with the Repurchase Code will abstain from voting at the EGM on the resolutions to approve the Offer, the issue of the Loan Notes and the Whitewash Waiver.

An Independent Board Committee will be appointed to advise the Independent Shareholders in respect of the approval of the Offer, the issue of the Loan Notes and the Whitewash Waiver. An Independent Financial Adviser will be appointed to advise the Independent Board Committee and the Company will make an announcement upon the appointment of the Independent Financial Adviser.

GENERAL

SHKIL has been appointed to advise the Company in regard to the Offer. SHKIL is satisfied that sufficient financial resources are available to the Company from internal resources and bank facilities to enable it to satisfy acceptance of the Offer in full.

The Offer Documents setting out details of the Offer will be despatched to the Qualifying Shareholders as soon as practicable.

There has been no repurchase of Shares by the Company during the 12-month period immediately before the Latest Practicable Date and the Company will not conduct any on-market share repurchase from the date of this announcement up to and including the date the Offer closes, lapses or is withdrawn, as the case may be.

As at the Latest Practicable Date, the Company had 1,698,140,616 outstanding Warrants which are convertible into Shares at a subscription price of HK\$0.20 (subject to adjustment) per Share during the period up to and including 3 December 2004. As of the Latest Practicable Date, SHKC and its subsidiaries held approximately 43.27% of the total outstanding Warrants. The Offer is not available to holders of the Warrants. Save as disclosed, there are no outstanding options, warrants or conversion rights affecting Shares in the Company.

**Shareholders and potential investors should be aware that the Offer is subject to all the Conditions being fulfilled and therefore it may or may not become unconditional. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

SUSPENSION OF TRADING

At the request of the Company, the securities of the Company were suspended from trading on the Stock Exchange at 9:30 a.m. on 14 April 2003 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Company’s securities from 9:30 a.m. on 5 May 2003.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

Definition	Meaning
“Accepting Shareholders”	Qualifying Shareholders who accept the Offer by making Tenders at the Offer Price
“Assured Entitlement”	represents entitlements to be repurchased of approximately 228 Shares for every 1,000 Shares (rounded down to the nearest whole number of Shares) held by the relevant Qualifying Shareholder for acceptance of the Offer at the Offer Price
“Board”	the board of Directors of the Company
“China Direction”	China Direction Investments Limited, a company incorporated in Hong Kong and a 66.67% non-wholly owned subsidiary of SHKC and the remaining 33.33% is held by Comercial Baudelaire S.A., which is ultimately owned by Ms. Yao Lan Lee, not being a connected person (as defined under the Listing Rules) to SHKC, the Company, or their respective subsidiaries
“Circular”	the circular to Shareholders (including the notice of the EGM and the proxy form for the EGM) to be issued in connection with the Offer
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Tian An China Investments Company Limited, a company incorporated in Hong Kong with limited liability under the Companies Ordinance, the securities of which are listed on the Stock Exchange
“Conditions”	the conditions set out under the heading “Major Terms and Conditions of the Offer” in this announcement to which the Offer is subject
“Director(s)”	the director(s) of the Company

“EGM”	the extraordinary general meeting of the Company to be convened in connection with the Offer
“Excess Tenders”	Shares tendered for acceptance of the Offer by the relevant Qualifying Shareholder in excess of his Assured Entitlement
“Excluded Shareholders”	any Overseas Shareholders whose address, as shown on the register of members of the Company at the time of submission of his or her acceptance in respect of the Offer or at the latest time for submission of acceptance in respect of the Offer, is located in a jurisdiction the laws of which prohibit the making of the Offer to such Overseas Shareholders or otherwise require the Company to comply with additional requirements which are (in the opinion of the Board, but subject to the prior consent of the Executive) unduly onerous or burdensome, having regard to the number of the Overseas Shareholders involved in that jurisdiction and their shareholdings in the Company
“Executive”	the Executive Director of the Corporate Finance Division of SFC or any delegate of the Executive Director
“Group”	the Company and its subsidiaries
“HK\$” and “cents”	Hong Kong dollar(s) and Hong Kong cent(s) respectively, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board, comprising the independent non-executive Directors
“Independent Financial Adviser”	an independent financial adviser to be appointed to advise the Independent Board Committee in relation to the Offer
“Independent Shareholders”	Shareholders other than the SHKC Group and parties acting in concert with it (and any other persons who may be required to abstain from voting in accordance with the Repurchase Code)
“Latest Practicable Date”	2 May 2003, being the latest practicable date prior to the release of this announcement for inclusion of certain information in this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Note(s)”	the loan note(s) with a face value of HK\$0.12 each to be issued to Accepting Shareholders as part of the Offer Price and under which the Company unconditionally engages to pay such sum to the holder thereof on the date of its maturity
“Maximum Number”	the maximum number of Shares to be repurchased pursuant to the Offer, being 1,100,000,000 Shares in aggregate (representing approximately 12.96% of the issued Shares as at the Latest Practicable Date)
“Offer Documents”	the Circular and the Tender Form
“Offer Price”	HK\$0.15 per Share, being the repurchase price at which Tenders are invited
“Offer”	the offer by the Company to repurchase Shares at the Offer Price from all Qualifying Shareholders by way of Tenders, up to the Maximum Number
“Overseas Shareholders”	Shareholders whose addresses, as shown in the register of members of the Company, are outside Hong Kong
“PRC”	the People’s Republic of China
“Presumed Concert Parties”	parties presumed to be acting in concert with the SHKC Group under the Takeover Codes, subject to contrary evidence in rebuttal of such presumption
“Qualifying Shareholders”	Shareholders, other than Excluded Shareholders, whose names appear on the register of members of the Company at the close of the Offer, which is currently expected to be 4:00 p.m. on 17 July 2003
“Repurchase Code”	the Hong Kong Code on Share Repurchases
“Securities and Futures Ordinance”	The Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“SFC”	The Securities and Futures Commission
“Shareholders”	holders of Shares
“Shares”	share(s) of HK\$0.20 each in the share capital of the Company
“SHKC”	Sun Hung Kai & Co. Limited, a company incorporated in Hong Kong and the controlling shareholder of the Company, the shares of which being listed on the Stock Exchange
“SHK Group”	SHKC, China Direction, SHKIL and SHKSCM
“SHKIL”	Sun Hung Kai International Limited, an indirect wholly-owned subsidiary of SHKC which is a licensed corporation under the Securities and Futures Ordinance, being the financial adviser to the Company in respect of the Offer
“SHKIS”	Sun Hung Kai Investment Services Limited, an indirect wholly-owned subsidiary of SHKC which is a licensed corporation under the Securities and Futures Ordinance
“SHKSCM”	Sun Hung Kai Securities Capital Markets Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of SHKC
“Stamp Duty Ordinance”	the Stamp Duty Ordinance (Cap. 117 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Tender Form”	the tender form to be issued with the Circular to Qualifying Shareholders for use by such persons in connection with the Offer
“Tenders”	tenders of Shares at the Offer Price by Qualifying Shareholders for repurchase by the Company under the Offer
“Whitewash Waiver”	whitewash waiver which will waive the mandatory offer obligations of SHKC, China Direction, SHKIL and SHKSCM arising from the deemed acquisitions of Shares as a result of the Share purchase under the Offer under the Code on Takeovers and Mergers;
“Warrants”	the warrants issued by the Company in respect of bonus issue, conferring rights to subscribe up to 1,698,140,616 Shares at an initial subscription price of HK\$0.20 per Share (subject to adjustment) at any time from 5 December 2001 up to and including 3 December 2004, subject to and with the benefit of a warrant instrument dated 30 November 2001

By Order of the Board  
**David Hui Yip Wing**  
Managing Director

Hong Kong, 2 May 2003

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