

*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.*



**ALLIED GROUP LIMITED**

**( 聯合集團有限公司 )**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 373)**



**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 Transaction**

- (1) Proposed Open Offer to Qualifying Tian An Shareholders  
on the basis of one Offer Share for every five  
Tian An Shares held as at the Record Date**
  - (2) Proposed Issue of one Warrant for every one Offer Share**
  - (3) Proposed Grant of Specific Mandate to Issue Tian An Shares and Warrants**
  - (4) Refreshment of General Mandate to Issue Tian An Shares and  
Repurchase securities of Tian An**
- and**
- (5) Resumption of Trading in Tian An Shares**

## **Underwriter to the Open Offer**



**3V Capital Limited**

### **Proposed Open Offer**

Tian An proposes to raise not less than approximately HK\$1,355 million, before expenses, by issuing 225,853,983 Offer Shares by way of the Open Offer to the Qualifying Tian An Shareholders, at the Subscription Price of HK\$6.00 per Offer Share, on the basis of one Offer Share for every five Tian An Shares held as at the Record Date. As at the date of this announcement, the issued share capital of Tian An is 1,129,269,918 Tian An Shares.

### **Proposed Warrant Issue**

Tian An also proposes to issue one Warrant for every one Offer Share successfully subscribed by the Qualifying Tian An Shareholders. The Warrants will entitle their holders to subscribe for new Tian An Shares at an initial subscription price of HK\$10.00 per Tian An Share (subject to adjustment) upon exercise of one Warrant.

**The Open Offer is conditional and is fully underwritten. The Warrant Issue is conditional upon completion of the Open Offer.**

## **Use of Proceeds from the Open Offer**

The estimated proceeds from the Open Offer will be approximately HK\$1,355 million (before expenses and underwriting commission).

The net proceeds of approximately HK\$1,341 million are intended to be applied by Tian An as to approximately HK\$1,100 million for expanding its landbank, as to approximately HK\$150 million to repay bank loans and the balance as to approximately HK\$91 million for general working capital for daily operation.

## **Irrevocable Undertakings**

As at the date of this announcement, Penta is directly or indirectly interested in 236,648,000 Tian An Shares, representing approximately 20.95 per cent. of the issued share capital of Tian An. Pursuant to the Penta Irrevocable Undertaking, Penta has irrevocably undertaken to take up all its entitlements under the Open Offer, being 47,329,600 Offer Shares. Penta has also undertaken to vote in favour of the resolutions to be proposed at the EGM.

As at the date of this announcement, SHK is directly or indirectly interested in 447,045,603 Tian An Shares, representing approximately 39.58 per cent. of the issued share capital of Tian An. Pursuant to the SHK Irrevocable Undertaking, SHK has irrevocably undertaken to take up all its entitlements (by itself or through its subsidiaries or nominees) under the Open Offer, being 89,409,119 Offer Shares (rounded down to the nearest integer). SHK has also undertaken to vote in favour of the resolutions to be proposed at the EGM.

## **Underwriting Agreement**

Pursuant to the Underwriting Agreement, 3V Capital has conditionally agreed to underwrite the Offer Shares (other than those Offer Shares agreed to be taken up by Penta pursuant to the Penta Irrevocable Undertaking and SHK pursuant to the SHK Irrevocable Undertaking) not subscribed by the Tian An Shareholders on a fully underwritten basis.

## **Conditions of the Open Offer**

The Open Offer is conditional upon, amongst other things, the obligations of 3V Capital under the Underwriting Agreement becoming unconditional and the Underwriting Agreement not being terminated by either 3V Capital or Tian An. **If the Underwriting Agreement does not become unconditional or is terminated, the Open Offer and the Warrant Issue will not proceed. Shareholders and prospective investors of each of AGL and Tian An are reminded to exercise extreme caution when dealing in the shares of AGL and the Tian An Shares.**

## **Closure of Register of Members**

The register of members of Tian An will be closed from 31st October, 2007 to 5th November, 2007, both days inclusive, to determine the eligibility for the Open Offer. No transfer of Tian An Shares will be registered during this period.

## **Record Date**

To qualify for the Open Offer, all the transfer forms together with the relevant share certificates must be lodged for registration with Tian An's registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong by no later than 4:00 p.m. (Hong Kong time) on 30th October, 2007 pursuant to the expected timetable of the Open Offer.

Since the Prospectus Documents will only be registered in Hong Kong, Tian An will send the Prospectus Documents to the Qualifying Tian An Shareholders, and, the Prospectus, for information only, to the Excluded Tian An Shareholders on or before 5th November, 2007. The Open Offer will only be made to the Qualifying Tian An Shareholders and will not extend to the Excluded Tian An Shareholders.

### **Proposed Grant of Specific Mandate to Issue Tian An Shares and Warrants**

Tian An will issue the Offer Shares under the Open Offer and will issue the Warrants under the Warrant Issue. The Offer Shares and the Tian An Shares which fall to be issued upon exercise of the Warrants will rank *pari passu* with all the then existing issued Tian An Shares.

Tian An will seek the grant of a specific mandate from the Tian An Shareholders to allot and issue the Offer Shares and to issue the Warrants.

### **Refreshment of General Mandate to Issue Tian An Shares and Repurchase securities of Tian An**

In view of the enlarged issued share capital of Tian An as a result of the Open Offer, the Tian An Directors will seek the approval of the Tian An Shareholders at the EGM to increase the general mandate from 225,853,983 Tian An Shares to 271,024,779 Tian An Shares (i.e. approximately 20 per cent. of Tian An's issued share capital as enlarged by the Open Offer) pursuant to Rule 13.36(4)(e) of the Listing Rules. No Tian An Shareholder will be required to abstain from voting in respect of the relevant resolution.

### **Listing Rules Implications**

The Open Offer, the Warrant Issue, the proposal for grant of specific mandate to issue Tian An Shares and Warrants, and the refreshment of general mandate to issue Tian An Shares and repurchase securities of Tian An are subject to approval by the Tian An Shareholders at the EGM.

Subject to the approval of the Open Offer and the Warrant Issue by the Tian An Shareholders at the EGM, application will be made to the Stock Exchange for the listing of, and permission to deal in, the Offer Shares, the Warrants and the Tian An Shares which may fall to be issued upon the exercise of the Warrants.

A circular containing details of, amongst other things, (i) the Open Offer, (ii) the Warrant Issue, (iii) the proposal for the grant of specific mandate to issue Tian An Shares and Warrants, (iv) the refreshment of general mandate to issue Tian An Shares and repurchase securities of Tian An, and (v) a notice to convene the EGM will be despatched to the Tian An Shareholders as soon as practicable.

The Prospectus Documents, containing, amongst other things, information on the Open Offer, will be despatched to the Qualifying Tian An Shareholders as soon as practicable, and, in accordance with the requirements of the Listing Rules, is expected to be despatched on or before 5th November, 2007. Tian An will also send the Prospectus, for information only, to the Excluded Tian An Shareholders on or before 5th November, 2007.

Under Chapter 14 of the Listing Rules, the giving of the SHK Irrevocable Undertaking by SHK (an indirect non-wholly owned subsidiary of AGL) constitutes a discloseable transaction for AGL, on the basis that the calculation of the consideration ratio for AGL is within the range of 5 per cent. and 25 per cent.

AGL will despatch a circular containing, amongst other things, details of the Open Offer (including the giving of the SHK Irrevocable Undertaking by SHK) and the Warrant Issue to the AGL Shareholders as soon as practicable.

## **Resumption of Trading in Tian An Shares**

Trading in the Tian An Shares on the Stock Exchange was suspended at the request of Tian An with effect from 9:30 a.m. on 25th September, 2007 pending the release of this announcement. Tian An has applied for a resumption of trading in the Tian An Shares with effect from 9:30 a.m. on 3rd October, 2007.

## **THE OPEN OFFER**

Tian An proposes to raise not less than approximately HK\$1,355 million, before expenses, by issuing 225,853,983 Offer Shares by way of the Open Offer to the Qualifying Tian An Shareholders, at the Subscription Price of HK\$6.00 per Offer Share, on the basis of one Offer Share for every five Tian An Shares held as at the Record Date.

### **Issue statistics**

Basis of the Open Offer:	one Offer Share for every five Tian An Shares held by the Qualifying Tian An Shareholders as at the Record Date
Subscription Price:	HK\$6.00 per Offer Share
Number of Tian An Shares in issue as at the date of this announcement:	1,129,269,918 Tian An Shares
Number of Offer Shares to be issued:	225,853,983 Offer Shares

## **TERMS OF THE OPEN OFFER**

### **Subscription Price for the Offer Shares**

The Subscription Price of HK\$6.00 per Offer Share is payable in full upon application is made for the Offer Shares.

The Subscription Price represents:

- (i) a discount of approximately 36.84 per cent. below the closing price of HK\$9.50 per Tian An Share as quoted on the Stock Exchange on the last trading day, i.e. 24th September, 2007, of the Tian An Shares immediately before the date of this announcement;
- (ii) a discount of approximately 37.62 per cent. below the average closing price of HK\$9.618 per Tian An Share as quoted on the Stock Exchange for the last five trading days of the Tian An Shares immediately before the date of this announcement;
- (iii) a discount of approximately 38.28 per cent. below the average closing price of HK\$9.721 per Tian An Share as quoted on the Stock Exchange for the last ten trading days of the Tian An Shares immediately before the date of this announcement;
- (iv) premium of approximately 13.21 per cent. over the net asset value of HK\$5.30 per Tian An Share as stated in the audited consolidated accounts of Tian An for the year ended 31st December, 2006; and
- (v) a discount of approximately 32.74 per cent. to the theoretical ex-entitlement price of approximately HK\$8.92 per Tian An Share based on the closing price per Tian An Share as quoted on the Stock Exchange on the last trading day, i.e. 24th September, 2007, of the Tian An Shares immediately before the date of this announcement.

*Note: The theoretical ex-entitlement price is calculated based on the following formula:*

$$\frac{(5 \times \text{closing price on 24th September, 2007}) + 1 \times (\text{the Subscription Price})}{5 + 1}$$

The Subscription Price was determined with reference to the prevailing market prices of the Tian An Shares. The Tian An Directors consider the Subscription Price and the terms of the Open Offer to be fair and reasonable and in the interests of Tian An and the Tian An Shareholders taken as a whole.

### **Qualifying Tian An Shareholders**

To qualify for the Open Offer, a Tian An Shareholder must be registered as a member of Tian An as at the Record Date.

In order to be registered as a Tian An Shareholder as at the Record Date, all the transfer forms together with the relevant share certificates, must be lodged for registration with Tian An's registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong by no later than 4:00 p.m. (Hong Kong time) on 30th October, 2007 pursuant to the expected timetable of the Open Offer.

Since the Prospectus Documents will only be registered in Hong Kong, Tian An will send the Prospectus Documents to the Qualifying Tian An Shareholders provided that this will not violate any of the relevant local laws, regulations and other requirements. The Tian An Directors will make enquiries of its lawyers as to whether the issue of the Offer Shares to the Tian An Shareholders whose addresses are not in Hong Kong on the Record Date may contravene the applicable securities legislation of the relevant overseas jurisdictions or the requirements of the relevant regulatory body or stock exchange pursuant to Rule 13.36(2) of the Listing Rules. If, after making such enquiries, the Tian An Directors are of the opinion that it would be necessary or expedient, either because of the legal restrictions under the laws of the relevant place or of any requirements of the relevant regulatory body or stock exchange in that jurisdiction, not to offer the Offer Shares to such Tian An Shareholders whose addresses are not in Hong Kong on the Record Date, no offer of the Offer Shares will be made to such Tian An Shareholders. Accordingly, in that event, the Open Offer will not be extended to such Tian An Shareholders. It is the present intention of the Tian An Directors to make the Open Offer to all Tian An Shareholders (including overseas Tian An Shareholders) registered as at the Record Date unless the aforementioned contraventions apply. Further details in relation to the Excluded Tian An Shareholders will be included in the circular containing, amongst other things, details of the Open Offer to be despatched by Tian An to its shareholders.

It is expected that Tian An will send the Prospectus Documents to the Qualifying Tian An Shareholders, and, the Prospectus, for information only, to the Excluded Tian An Shareholders on or before 5th November, 2007. The Open Offer will only be made to the Qualifying Tian An Shareholders and will not extend to the Excluded Tian An Shareholders.

Any such Excluded Tian An Shareholders will be entitled to vote at the EGM, to consider and, if thought fit, pass the resolutions approving, amongst other things, the Open Offer.

### **Closure of register of members**

The register of members of Tian An will be closed from 31st October, 2007 to 5th November, 2007, both days inclusive, to determine the eligibility for the Open Offer. No transfer of Tian An Shares will be registered during this period.

### **No Application for excess Offer Shares**

No Qualifying Tian An Shareholders will be entitled to apply for any of the Offer Shares which are in excess of their entitlements.

## **Certificates for Offer Shares**

Subject to the fulfilment (or waiver) of the conditions of the Open Offer set out in the section headed “Conditions of the Open Offer” below, certificates for all Offer Shares are expected to be posted on or before 3rd December, 2007 to those who have applied and paid for the Offer Shares, at their own risk.

## **Fractions of Offer Shares**

Tian An will not issue fractions of Offer Shares. All fractions of Offer Shares will be aggregated and sold for the benefit of Tian An.

## **UNDERWRITING ARRANGEMENTS**

### **Underwriting Agreement**

Date:	25th September, 2007
Underwriter:	3V Capital
Number of Offer Shares underwritten:	89,115,264 Offer Shares out of a total of 225,853,983 Offer Shares, being Offer Shares other than the 47,329,600 Offer Shares to be subscribed by Penta pursuant to the Penta Irrevocable Undertaking and the 89,409,119 Offer Shares (rounded down to the nearest integer) to be subscribed by SHK pursuant to the SHK Irrevocable Undertaking
Commission:	an underwriting commission of two per cent. of the aggregate Subscription Price of the Offer Shares underwritten by 3V Capital

### **Irrevocable Undertakings**

As at the date of this announcement, Penta is directly or indirectly interested in 236,648,000 Tian An Shares, representing approximately 20.95 per cent. of the issued share capital of Tian An. Pursuant to the Penta Irrevocable Undertaking, Penta has irrevocably undertaken to take up all its entitlements under the Open Offer, being 47,329,600 Offer Shares. Penta has also undertaken to vote in favour of the resolutions to be proposed at the EGM.

As at the date of this announcement, SHK is directly or indirectly interested in 447,045,603 Tian An Shares, representing approximately 39.58 per cent. of the issued share capital of Tian An. Pursuant to the SHK Irrevocable Undertaking, SHK has irrevocably undertaken to take up of all its entitlements (by itself or through its subsidiaries or nominees) under the Open Offer, being 89,409,119 Offer Shares (rounded down to the nearest integer). SHK has also undertaken to vote in favour of the resolutions to be proposed at the EGM.

### **Underwriting Agreement**

Pursuant to the Underwriting Agreement, 3V Capital has conditionally agreed to underwrite the balance of the Offer Shares (other than those Offer Shares agreed to be taken up by Penta and SHK pursuant to the Penta Irrevocable Undertaking and SHK Irrevocable Undertaking respectively) not subscribed by the Tian An Shareholders on a fully underwritten basis, upon the terms and subject to the conditions of the Underwriting Agreement.

## Termination of the Underwriting Agreement

3V Capital shall have the absolute right, after reasonable consultation with Tian An as the underwriter of the Open Offer in its sole and absolute discretion sees fit, by giving notice to Tian An, if there develops, occurs or comes into force at any time at or before the Latest Time for Termination:

- (i) any breach, considered by 3V Capital in its absolute discretion to be material in the overall context of the Open Offer, of any of the warranties or any of other provisions of the Underwriting Agreement; or
- (ii) any matter which, had it arisen immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted an omission considered by 3V Capital in its absolute discretion to be material in the overall context of the Open Offer; or
- (iii) any statement contained in the Prospectus, considered by 3V Capital in its absolute discretion to be material, is discovered to be or becomes untrue, incorrect or misleading in any respect; or
- (iv) any event, act or omission which gives or is likely to give rise to any material liability of Tian An pursuant to the Underwriting Agreement; or
- (v) any adverse change in the business or the financial or trading position of any member of the Tian An Group considered by 3V Capital in its absolute discretion to be material; or
- (vi) any event or series of events, matter or circumstance concerning, relating to or resulting in:
  - (a) any change in local, national, international, financial, political, economic, military, industrial, fiscal, regulatory or stock market conditions or sentiments in Hong Kong or any other relevant jurisdiction; or
  - (b) the introduction of any new law or any material change in existing laws, rules or regulations, or any material change in the interpretation or application of such laws, rules or regulations by any court or other competent authority in Hong Kong or any other relevant jurisdiction; or
  - (c) any event of force majeure affecting Hong Kong or any other relevant jurisdiction (including, without limitation, any act of God, fire, flood, explosion, war, strike, lock-out, civil commotion, interruption, riot, public disorder, act of government, economic sanction, epidemic, terrorism or escalation of hostilities involving Hong Kong or any other relevant jurisdiction); or
  - (d) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
  - (e) any prospective change in taxation or exchange control (or the implementation of any exchange control) in Hong Kong or any other relevant jurisdiction or affecting an investment in the Tian An Shares or the transfer or dividend payment in respect of the Tian An Shares; or
  - (f) the imposition of any economic sanction, in whatever form, directly or indirectly, by or for the United States of America or by the European Union (or any of its members) on the People's Republic of China; or
  - (g) any change in the system under which the value of Hong Kong dollars is pegged to that of the currency of the United States of America, considered by 3V Capital in its absolute discretion to be material; or

- (h) any change in the exchange rate between the United States dollars and Renminbi (the lawful currency of the People's Republic of China), or between Hong Kong dollars and Renminbi, considered by 3V Capital in its absolute discretion to be material; or
- (i) any litigation or claim of material importance being threatened or instigated against any member of the Tian An Group; or
- (j) any change in market conditions in Hong Kong (including without limitation suspension or material restriction or trading in securities);

which, in the sole and absolute opinion of 3V Capital:

- (1) is or will be, or is likely to be, materially adverse to the business, financial or other condition or prospects of the Tian An Group taken as a whole; or
- (2) has, or will have, or could be expected to have, a material adverse effect on the success of the Open Offer; or
- (3) makes it inadvisable, inexpedient or impractical to proceed with the Open Offer.

then and in any such case, 3V Capital in its reasonable discretion may (but will not be bound to), upon giving notice to Tian An, terminate the Underwriting Agreement with immediate effect.

Except for all reasonable costs, fees, charges and expenses which may be incurred in connection with the Open Offer, upon the giving of notice of termination, all obligations of 3V Capital under the Underwriting Agreement will cease and no party will have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Underwriting Agreement. If 3V Capital exercises such right, the Open Offer will not proceed.

### **Conditions of the Underwriting Agreement**

The Underwriting Agreement is subject to a number of conditions being fulfilled, including:

- (i) the SHK Irrevocable Undertaking, duly executed by SHK, being delivered to 3V Capital within two Business Days after the signing of the Underwriting Agreement, and compliance by SHK with all of its obligations set out in the SHK Irrevocable Undertaking before the Latest Acceptance Time;
- (ii) the Penta Irrevocable Undertaking, duly executed by Penta, being delivered to 3V Capital within two Business Days after the signing of the Underwriting Agreement, and compliance by Penta with all of its obligations set out in the Penta Irrevocable Undertaking before the Latest Acceptance Time;
- (iii) Tian An Shareholders passing a resolution at the EGM to approve the Open Offer (and the Warrant Issue) on or before the Prospectus Posting Date;
- (iv) one copy of each of the Prospectus Documents and other documents relating to the Open Offer being delivered to the Stock Exchange on or prior to the Prospectus Posting Date;
- (v) four printed copies of each of the Prospectus Documents being delivered to 3V Capital on or before the Prospectus Posting Date, each duly certified by two Tian An Directors (or by their attorneys duly authorised in writing) as having been approved by resolution of the board of Tian An Directors;
- (vi) the Registrar of Companies in Hong Kong registering the Prospectus Documents, together with all other consents and documents required to be endorsed on or attached to the Prospectus Documents, on or before the Prospectus Posting Date;

- (vii) printed copies of each of the Prospectus Documents being posted to the Qualifying Tian An Shareholders and printed copies of the Prospectus stamped “For information only” being posted to the Excluded Tian An Shareholders, in each case, on the Prospectus Posting Date; and
- (viii) compliance by Tian An with its obligation under the Underwriting Agreement at or before the Latest Acceptance Time.

**In the event that any of the conditions (i) to (viii) (inclusive) has not been fulfilled (or waived by 3V Capital) on the respective dates mentioned in the Underwriting Agreement (or such other date as 3V Capital may agree with Tian An), the Open Offer will lapse and will not proceed.**

## **CONDITIONS OF THE OPEN OFFER**

The Open Offer is conditional upon, amongst other things, the obligations of 3V Capital under the Underwriting Agreement becoming unconditional and the Underwriting Agreement not being terminated by either 3V Capital or Tian An in accordance with the terms and conditions as referred to under the sub-section headed “Termination of the Underwriting Agreement” of the section headed “Underwriting Arrangements” above.

**If the Underwriting Agreement does not become unconditional or is terminated, the Open Offer will not proceed. Shareholders and prospective investors of each of AGL and Tian An are reminded to exercise extreme caution when dealing in the shares of AGL and the Tian An Shares.**

## **THE WARRANT ISSUE**

Tian An also proposes to issue one Warrant for every one Offer Share successfully subscribed by the Qualifying Tian An Shareholders. The Warrants will entitle their holders to subscribe for new Tian An Shares at an initial subscription price of HK\$10.00 per Tian An Share (subject to adjustment) upon exercise of one Warrant.

### **Terms of the Warrants**

Term:	two years from the date of issue
Denomination:	in the denomination of HK\$10.00 each
Conversion right:	right for holders of Warrants to convert all or any of their Warrants at any time during the conversion period into board lots of Tian An Shares (odd lots will not be issued but will be aggregated and sold for the benefit of Tian An)
Conversion period:	commencing on 5th December, 2007 and ending on 4th December, 2009
Initial conversion price:	HK\$10.00 per Tian An Share
Transferability:	freely transferable

Application for listing of, and permission to deal in, the Warrants and the Tian An Shares which fall to be issued upon exercise of the Warrants will be made to the Stock Exchange.

Based on 225,853,983 Offer Shares to be issued pursuant to the Open Offer, the total number of Warrants to be issued will be 225,853,983 warrants, entitling the holders to subscribe for the same number of Tian An Shares, representing approximately 20 per cent. of the issued share capital of Tian An as at the date of this announcement.

The Tian An Directors confirm that Tian An will ensure that there will be a minimum of 300 holders of the Warrants at the time the dealings of the Warrants commence on the Stock Exchange (i.e. 5th December, 2007) in accordance with the Listing Rules.

### **Subscription Price of Warrants**

The Warrants will entitle their holders to subscribe for new Tian An Shares at an initial subscription price of HK\$10.00 per Share (subject to adjustment) upon exercise of one Warrant.

The subscription price of HK\$10.00 represents:

- (i) a premium of approximately 5.26 per cent. over the closing price of HK\$9.50 per Tian An Share as quoted on the Stock Exchange on the last trading day, i.e. 24th September, 2007, of the Tian An Shares immediately before the date of this announcement;
- (ii) a premium of approximately 3.97 per cent. over the average closing price of HK\$9.618 per Tian An Share as quoted on the Stock Exchange for the last five trading days of the Tian An Shares immediately before the date of this announcement;
- (iii) a premium of approximately 2.87 per cent. over the average closing price of HK\$9.721 per Tian An Share as quoted on the Stock Exchange for the last ten trading days of the Tian An Shares immediately before the date of this announcement; and
- (iv) a premium of approximately 88.68 per cent. over the net asset value of HK\$5.30 per Tian An Share as stated in the audited consolidated accounts of Tian An for the year ended 31st December, 2006.

The subscription price was determined with reference to the prevailing market prices of the Tian An Shares. The Tian An Directors consider the subscription price and the terms of the Warrants to be fair and reasonable and in the interests of Tian An and the Tian An Shareholders taken as a whole.

### **Certificates for Warrants**

Subject to the fulfilment (or waiver) of the conditions of the Open Offer set out in the section headed "Conditions of the Open Offer" above, certificates for the Warrants are expected to be posted on or before 3rd December, 2007 to those who have applied and paid for the Offer Shares, at their own risk.

**The Warrant Issue is conditional upon completion of the Open Offer.**

## **INFORMATION ABOUT 3V CAPITAL, AGL AND TIAN AN**

### **3V Capital**

3V Capital is a company incorporated in Hong Kong with limited liability and a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to engage in Type 1 (dealing in securities) and Type 4 (advising on securities) activities.

3V Capital and its ultimate owners are all independent third parties who are not connected with Tian An or any of its subsidiaries, or any of its associates, or any of the connected persons of Tian An or any of their respective subsidiaries, or any of their respective associates.

## **AGL**

AGL is a company incorporated in Hong Kong with limited liability. Its shares are listed on the Main Board of the Stock Exchange.

The principal business activity of AGL is investment holding. The principal business activities of its major subsidiaries are property investment and development, hospitality related activities, the provision of financial services and the provision of healthcare services.

As at the date of this announcement, Allied Properties (H.K.) Limited is beneficially owned as to approximately 74.85 per cent. by AGL and SHK is beneficially owned as to approximately 64.76 per cent. by Allied Properties (H.K.) Limited.

## **Tian An**

Tian An is a company incorporated in Hong Kong with limited liability. Its shares are listed on the Main Board of the Stock Exchange.

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

## **REASONS OF THE OPEN OFFER AND THE USE OF PROCEEDS**

The Tian An Directors consider that the Open Offer provides a good opportunity for the Tian An Group to raise funds to strengthen its capital base and improve its financial position.

Assuming that all the Tian An Shareholders take up their entitlements, the estimated proceeds from the Open Offer will be approximately HK\$1,355 million (before expenses and underwriting commission). The net proceeds of approximately HK\$1,341 million are intended to be applied by Tian An as to approximately HK\$1,100 million for expanding its landbank, as to approximately HK\$150 million to repay bank loans and the balance as to approximately HK\$91 million for general working capital for daily operation.

The estimated expenses of the Open Offer of about HK\$3 million (excluding underwriting commission) will be borne by Tian An.

The AGL Directors consider that the taking up of the Offer Shares by SHK and the giving of the SHK Irrevocable Undertaking of SHK would signify its continuing support to its associate, Tian An and its subsidiary, SHK, and in turn, benefit the AGL Group as a whole. The AGL Directors also consider the terms in the SHK Irrevocable Undertaking to be fair and reasonable and in the interests of AGL and the AGL Shareholders taken as a whole.

No funds were raised by Tian An on any issue of equity securities in the 12 months immediately preceding the date of this announcement.

Audited consolidated net profits before tax and after tax of the Tian An Group for the two financial years ended 31st December, 2005 and 31st December, 2006 were:

- (i) approximately HK\$319,932,000 (before taxation and extraordinary items) or approximately HK\$202,533,000 (after taxation and extraordinary items) for the financial year ended 31st December, 2005; and
- (ii) approximately HK\$374,380,000 (before taxation and extraordinary items) or approximately HK\$26,270,000 (after taxation and extraordinary items) for the financial year ended 31st December, 2006.

The audited consolidated net asset value of Tian An at 31st December, 2005 and 31st December, 2006 were approximately HK\$4,656,102,000 and HK\$5,944,004,000 respectively.

The value of the Offer Shares to be taken up by SHK pursuant to the SHK Irrevocable Undertaking, based on the Subscription Price, is HK\$536,455,000.

## WARNING OF THE RISKS OF DEALINGS IN THE TIAN AN SHARES AND OFFER SHARES

Pursuant to the expected timetable, the Tian An Shares will be dealt with on an ex-entitlement basis from 29th October, 2007. If 3V Capital terminates the Underwriting Agreement, or any of the conditions of the Underwriting Agreement is not fulfilled (or waived by 3V Capital), the Open Offer will not proceed. Any person dealing in the Tian An Shares on an ex-entitlement basis will accordingly bear the risk that the Underwriting Agreement may not become unconditional and the Open Offer may not proceed.

Any Tian An Shareholder or other person contemplating selling or purchasing the Tian An Shares from now up to the day on which the Underwriting Agreement becomes unconditional, who is in any doubt about his or her position, is recommended to consult his or her own professional advisers.

Shareholders and prospective investors are reminded to exercise extreme caution when dealing in the Tian An Shares.

## CHANGES IN THE SHAREHOLDING STRUCTURE OF TIAN AN

The following table sets out the changes in the shareholding structure of Tian An arising from the Open Offer and the Warrant Issue:

	As at the date of this announcement		Immediately following completion of the Open Offer assuming all the Tian An Shareholders take up all their entitlements		Immediately following completion of the Open Offer assuming all the Tian An Shareholders take up all their entitlements and the Warrants exercised in full		Immediately following completion of the Open Offer assuming none of the Qualifying Tian An Shareholders (except SHK and Penta) take up their entitlements		Immediately following completion of the Open Offer assuming none of the Qualifying Tian An Shareholders (except SHK and Penta) take up their entitlements and the Warrants exercised in full	
	Number of Tian An Shares	Share-holding (%)	Number of Tian An Shares	Share-holding (%)	Number of Tian An Shares	Share-holding (%)	Number of Tian An Shares	Share-holding (%)	Number of Tian An Shares	Share-holding (%)
3V Capital	-	-	0	0	0	0	89,115,264	6.57	178,230,528	11.27
Penta	236,648,000	20.95	283,977,600	20.95	331,307,200	20.95	283,977,600	20.95	331,307,200	20.95
SHK	447,045,603	39.58	536,454,722	39.58	625,863,841	39.58	536,454,722	39.58	625,863,841	39.58
Other Tian An Shareholders	445,576,315	39.47	534,691,579	39.47	623,806,843	39.47	445,576,315	32.90	445,576,315	28.20
<b>Total</b>	<b>1,129,269,918</b>	<b>100.00</b>	<b>1,355,123,901</b>	<b>100.00</b>	<b>1,580,977,884</b>	<b>100.00</b>	<b>1,355,123,901</b>	<b>100.00</b>	<b>1,580,977,884</b>	<b>100.00</b>

Following completion of the Open Offer and assuming the Warrant Issue are exercised in full, 3V Capital will become a substantial shareholder of Tian An if none of the Qualifying Tian An Shareholders (except SHK and Penta) is willing to take up his or her or its entitlements of such number of Offer Shares. 3V Capital will own as to approximately 6.57 per cent. of the issued share capital of Tian An as enlarged by the completion of the Open Offer and approximately 11.27 per cent. of the issued share capital of Tian An as enlarged by the completion of the Open Offer Issue and full exercise of the Warrants.

It is the intention of Tian An to maintain the listing of the Tian An Shares on the Stock Exchange after the completion of the Open Offer and the Warrant Issue. Accordingly, Tian An undertakes that it will take appropriate steps as may be necessary or required to maintain or restore the minimum public float for Tian An Shares at all times upon completion of the Open Offer and the Warrant Issue.

## **EXPECTED TIMETABLE**

The expected timetable for the Open Offer is set out below:

Last day of dealings in Tian An Shares on a cum-entitlement basis .....	26th October, 2007
First day of dealings in Tian An Shares on an ex-entitlement basis .....	29th October, 2007
Latest time for lodging transfers of Tian An Shares to qualify for the Open Offer .....	4:00 p.m. on 30th October, 2007
Register of members closes (both days inclusive) .....	31st October, 2007 to 5th November, 2007
Record Date .....	5th November, 2007
Date of the EGM .....	5th November, 2007
Despatch of the Prospectus Documents .....	5th November, 2007
Register of members re-opens .....	6th November, 2007
Latest time for acceptance of, and payment for, the Offer Shares .....	4:00 p.m. on 20th November, 2007
Open Offer expected to become unconditional on or before .....	5:00 p.m. on 23rd November, 2007
Announcement of results of the Open Offer to be posted on the website of the Stock Exchange on or before .....	30th November, 2007
Certificates for fully-paid Offer Shares and Warrants expected to be despatched on or before .....	3rd December, 2007
Dealings in fully-paid Offer Shares and the Warrants commence on or before .....	5th December, 2007

The above timetable is indicative only and may be executed or varied as may be agreed by Tian An and 3V Capital pursuant to the Underwriting Agreement. Any changes to the expected timetable will be published in further announcements or notified to the Tian An Shareholders.

## **PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE TIAN AN SHARES AND WARRANTS**

Tian An will issue the Offer Shares under the Open Offer and will issue the Warrants under the Warrant Issue. The Offer Shares and the Tian An Shares which fall to be issued upon exercise of the Warrants will rank *pari passu* with all the then existing issued Tian An Shares.

Tian An will seek the grant of a specific mandate from the Tian An Shareholders to allot and issue the Offer Shares and to issue the Warrants.

## **REFRESHMENT OF GENERAL MANDATE TO ISSUE TIAN AN SHARES AND REPURCHASE SECURITIES OF TIAN AN**

In view of the enlarged issued share capital of Tian An as a result of the Open Offer, the Tian An Directors will seek the approval of the Tian An Shareholders at the EGM to increase the general mandate from 225,853,983 Tian An Shares to 271,024,779 Tian An Shares (i.e. approximately 20 per cent. of Tian An's issued share capital as enlarged by the Open Offer) pursuant to Rule 13.36(4)(e) of the Listing Rules. No Tian An Shareholder will be required to abstain from voting in respect of the relevant resolution.

## **LISTING RULES IMPLICATIONS**

The Open Offer, the Warrant Issue, the proposal for grant of specific mandate to issue Tian An Shares and Warrants, and the refreshment of general mandate to issue Tian An Shares and repurchase securities of Tian An are subject to approval by the Tian An Shareholders at the EGM.

Subject to the approval of the Open Offer and the Warrant Issue by the Tian An Shareholders at the EGM, application will be made to the Stock Exchange for the listing of, and permission to deal in, the Offer Shares, the Warrants and the Tian An Shares which may fall to be issued upon the exercise of the Warrants.

A circular containing details of, amongst other things, (i) the Open Offer, (ii) the Warrant Issue, (iii) the proposal for the grant of specific mandate to issue Tian An Shares and Warrants, (iv) the refreshment of general mandate to issue Tian An Shares and repurchase securities of Tian An, and (v) a notice to convene the EGM will be despatched to the Tian An Shareholders as soon as practicable.

The Prospectus Documents, containing, amongst other things, information on the Open Offer, will be despatched to the Qualifying Tian An Shareholders as soon as practicable, and, in accordance with the requirements of the Listing Rules, is expected to be despatched on or before 5th November, 2007. Tian An will also send the Prospectus, for information only, to the Excluded Tian An Shareholders on or before 5th November, 2007.

Under Chapter 14 of the Listing Rules, the giving of the SHK Irrevocable Undertaking by SHK (an indirect non-wholly owned subsidiary of AGL) constitutes a discloseable transaction for AGL, on the basis that the calculation of the consideration ratio for AGL is within the range of 5 per cent. and 25 per cent.

AGL will despatch a circular containing, amongst other things, details of the Open Offer (including the giving of the SHK Irrevocable Undertaking by SHK) and the Warrant Issue to the AGL Shareholders as soon as practicable.

## **RESUMPTION OF TRADING IN TIAN AN SHARES**

Trading in the Tian An Shares on the Stock Exchange was suspended at the request of Tian An with effect from 9:30 a.m. on 25th September, 2007 pending the release of this announcement. Tian An has applied for a resumption of trading in the Tian An Shares with effect from 9:30 a.m. on 3rd October, 2007.

## **DIRECTORS**

### **AGL Directors**

As at the date of this announcement, the AGL Directors are:

*Executive Directors:*

Mr. Lee Seng Hui (Chief Executive), Mr. Edwin Lo King Yau and Mr. Mak Pak Hung

*Non-Executive Directors:*

Mr. Arthur George Dew (Chairman) and Ms. Lee Su Hwei

*Independent Non-Executive Directors:*

Mr. Wong Po Yan, Mr. David Craig Bartlett, Mr. John Douglas Mackie and Mr. Alan Stephen Jones

### **Tian An Directors**

As at the date of this announcement, the Tian An Directors are:

*Executive Directors:*

Mr. Patrick Lee Seng Wei (Managing Director), Mr. Ng Qing Hai (Deputy Managing Director), Mr. Ma Sun, Mr. Edwin Lo King Yau, Mr. Li Chi Kong and Mr. Yasushi Ichikawa

*Non-Executive Directors:*

Mr. Lee Seng Hui (Chairman), Mr. Moses Cheng Mo Chi and Mr. Yuki Oshima

*Independent Non-Executive Directors:*

Mr. Francis J. Chang Chu Fai, Mr. Ngai Wah Sang, Mr. Xu Su Jing and Ms. Lisa Yang Lai Sum

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“AGL”	Allied Group Limited, a company incorporated in Hong Kong with limited liability, with its shares listed on the Main Board of the Stock Exchange
“AGL Directors”	directors of AGL
“AGL Group”	AGL and its subsidiaries
“AGL Shareholders”	holders of the shares of AGL
“associate”	having the meaning ascribed to it under the Listing Rules
“Business Day”	a day (other than a Saturday and Sunday and days on which a tropical cyclone warning signal no.8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours

“EGM”	the extraordinary general meeting of the Tian An Shareholders of Tian An to be convened on or about 5th November, 2007 for the purposes of considering and, if thought fit, approving, amongst other things, the Open Offer, the Warrant Issue and the grant of the specific mandate and the refreshment of the grant of general mandate
“Excluded Tian An Shareholders”	the Tian An Shareholders whose names appear on the register of members of Tian An at the close of business on the Record Date and whose addresses as shown on such register are outside Hong Kong, where the Tian An Directors, after making enquiries, consider it necessary or expedient on account either of legal restrictions under the laws of the relevant jurisdiction or the requirements of the relevant regulatory body or stock exchange in that jurisdiction not to offer the Offer Shares to such Tian An Shareholders
“HK\$”	Hong Kong dollars
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Acceptance Time”	4:00 p.m. on 20th November, 2007, being the latest time for acceptance of the Offer Shares
“Latest Time for Termination”	4:00 p.m. (Hong Kong time) on the second Business Day after the Latest Acceptance Time
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Offer Shares”	225,853,983 Tian An Shares to be allotted and issued at the Subscription Price under the Open Offer
“Open Offer”	the proposed offer of the Offer Shares, by way of an open offer, on the basis of one Offer Share for every five Tian An Shares held by the Qualifying Tian An Shareholders as at the Record Date
“Penta”	Penta Investment Advisers Limited, a company incorporated in the British Virgin Islands with limited liability
“Penta Irrevocable Undertaking”	the irrevocable undertaking dated 25th September, 2007, pursuant to which Penta has irrevocably undertaken to subscribe for its full entitlements pursuant to the Open Offer
“Prospectus”	a prospectus to be issued by Tian An to the Qualifying Tian An Shareholders, containing details of, amongst other things, the Open Offer
“Prospectus Documents”	the Prospectus and the application form in relation to the Open Offer

“Prospectus Posting Date”	5th November, 2007
“Qualifying Tian An Shareholders”	the Tian An Shareholders whose names appear on the register of members of Tian An at the close of business on the Record Date, other than the Excluded Tian An Shareholders
“Record Date”	5th November, 2007, being the date for the determination of entitlements of the Tian An Shareholders under the Open Offer
“SHK”	Sun Hung Kai & Co. Limited, a company incorporated in Hong Kong with limited liability, with its securities listed on the Main Board of the Stock Exchange, a controlling shareholder of Tian An and an indirect non-wholly owned subsidiary of AGL
“SHK Irrevocable Undertaking”	the irrevocable undertaking dated 25th September, 2007, pursuant to which SHK has irrevocably undertaken to subscribe for its full entitlements pursuant to the Open Offer
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	subscription price for the Offer Shares, being HK\$6.00 per Offer Share
“Tian An”	Tian An China Investments Company Limited, a company incorporated in Hong Kong with limited liability, with its shares listed on the Main Board of the Stock Exchange
“Tian An Directors”	directors of Tian An
“Tian An Group”	Tian An and its subsidiaries
“Tian An Shares”	ordinary shares of nominal value of HK\$0.20 each in the issued share capital of Tian An
“Tian An Shareholders”	holders of the Tian An Shares
“Warrants”	225,853,983 warrants to be issued by Tian An in respect of the Offer Shares under the Warrant Issue
“Warrant Issue”	the issue of one Warrant for every one Offer Share successfully subscribed by the Qualifying Tian An Shareholders which will entitle the Warrant holder to subscribe for new Tian An Shares at an initial subscription price of HK\$10.00 per Warrant
“Underwriting Agreement”	the underwriting agreement dated 25th September, 2007 entered into between Tian An and 3V Capital in relation to the underwriting of the Open Offer

“3V Capital”

3V Capital Limited, a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to engage in Type 1 (dealing in securities) and Type 4 (advising on securities) activities

On behalf of the Board  
**Allied Group Limited**  
**Edwin Lo King Yau**  
*Executive Director*

On behalf of the Board  
**Tian An China Investments Company Limited**  
**Li Chi Kong**  
*Executive Director*

Hong Kong, 2nd October, 2007

“Please also refer to the published version of this announcement in The Standard”