



天安中國投資有限公司

TIAN AN CHINA INVESTMENTS COMPANY LIMITED

(Incorporated in Hong Kong with limited liability)

PROPOSED BONUS ISSUE OF WARRANTS
AND
GENERAL MANDATE TO REPURCHASE AND ISSUE SECURITIES

<p>The Company proposes a Bonus Issue of 2004 Warrants to Qualifying Shareholders on the Record Date (other than Overseas Shareholders) on the basis of one (1) 2004 Warrant for every five (5) Shares held on the Record Date and the 2004 Warrants will be issued in registered form.</p> <p>Each 2004 Warrant will entitle the holder thereof to subscribe in cash at the Subscription Price initially for one (1) Share at any time during the Subscription Period.</p> <p>The Company will despatch a circular containing further details of the Bonus Issue, together with a notice convening an extraordinary general meeting of the Company to approve the Bonus Issue, as soon as possible.</p> <p>At the extraordinary general meeting, resolutions will also be put to Shareholders to grant a general mandate to the Directors to repurchase and issue securities of the Company.</p>

BONUS ISSUE

The Board proposes, subject to the satisfaction of the conditions below, a Bonus Issue of 2004 Warrants to be granted to Qualifying Shareholders (other than the Overseas Shareholders) on the Record Date on the basis of one (1) 2004 Warrant for every five (5) Shares in the share capital of the Company held on the Record Date.

SUBSCRIPTION PRICE

Each 2004 Warrant will entitle the holder thereof to subscribe for one (1) new Share initially at the Subscription Price in cash, subject to adjustment, at any time during the Subscription Period.

The Subscription Price represents a premium of approximately 8.10% to the closing price of HK\$0.185 per Share of the Company on the Stock Exchange on 23rd October, 2001, and represents a premium of approximately 14.94% to the average closing price of HK\$0.174 per Share of the Company on the Stock Exchange for the 5 trading days ended 23rd October, 2001.

The total number of new Shares to be issued on full exercise of the subscription rights attaching to the 2004 Warrants (at the initial Subscription Price) would not be less than 1,698,140,066, which represents 20% of the Company’s issued share capital (ignoring other Shares which may be issued due to the exercise of the subscription rights attaching to the Existing Warrants, exercise of any Share Options or any other issues of consideration) and approximately 16.67% of the Company’s issued share capital as enlarged by the new Shares to be issued upon the full exercise of the subscription rights attaching to the 2004 Warrants. If all the warrantholders under the Existing Warrants exercise their subscription rights, the total number of new Shares to be issued on full exercise of the subscription rights attaching to the 2004 Warrants (at the initial Subscription Price) would be 2,037,757,999, which represents 20% of the Company’s issued share capital as enlarged by the new Shares to be issued upon full exercise of the subscription rights attaching to the Existing Warrants and approximately 16.67% of the Company’s issued share capital as further enlarged by the new Shares to be issued upon the full exercise of the subscription rights attaching to the 2004 Warrants. Exercise in full of the 2004 Warrants would result in the receipt by the Company of not less than approximately HK\$339,628,013.00, before expenses. All holders of the Share Options have undertaken to the Company not to exercise any of the Share Options granted on or before the Record Date.

FRACTIONAL ENTITLEMENTS

Fractional entitlements to the 2004 Warrants will not be granted to the Shareholders but will be aggregated and sold for the benefit of the Company.

SHARES TO BE ISSUED UPON EXERCISE OF THE 2004 WARRANTS

Shares which may fall to be issued upon exercise of the 2004 Warrants will rank for any dividend and other distributions, the record date for which is on or after the relevant subscription date and subject thereto, pari passu in all respects with the then existing issued Shares on the relevant subscription date. Application will be made to the Stock Exchange for listings of, and permission to deal in the 2004 Warrants and any Shares which may fall to be issued upon the exercise of the subscription rights attaching to the 2004 Warrants.

OVERSEAS SHAREHOLDERS

Documents to be issued in relation to the Bonus Issue will not be registered under any securities legislation of any jurisdiction outside Hong Kong and therefore the 2004 Warrants will not be granted to Overseas Shareholders. The Board is of the view that the granting of the 2004 Warrants to the Overseas Shareholders would, or might, in the absence of compliance with registration or other formalities, be unlawful or impractical. Arrangements will be made for the 2004 Warrants which would otherwise have been issued to such Overseas Shareholders to be sold in the market as soon as practicable, if a premium, net of expenses, can be obtained. Any net proceeds of sale, after deduction of expenses, will be distributed in Hong Kong currency to Overseas Shareholders pro rata to their respective shareholdings and remittances therefore will be posted to them, at their own risk, unless the amount falling to be distributed to any such person is less than HK\$100.00, in which case it will be retained for the benefit of the Company.

CONDITIONS OF THE BONUS ISSUE

The Bonus Issue is conditional upon:

- (a) the passing of an ordinary resolution by the Shareholders approving the Bonus Issue at the extraordinary general meeting of the Company; and
- (b) the Listing Committee of the Stock Exchange granting listings of, and permission to deal in the 2004 Warrants and any Shares which may fall to be issued upon the exercise of the subscription rights attaching to the 2004 Warrants.

CERTIFICATES FOR WARRANTS

Subject to the satisfaction of the conditions mentioned above, it is expected that warrant certificates issued pursuant to the Bonus Issue will be posted at the risks of the Shareholders entitled thereto. In the case of jointholders, warrant certificates will be posted to the address of the first person named on the Company’s register of members in respect of such joint holding.

BOARD LOT

The 2004 Warrants will be traded in board lots of 50,000 units entitling holders thereof to subscribe an amount of HK\$10,000.00 initially for Shares, on the basis of the Subscription Price.

REASONS FOR THE BONUS ISSUE

The Board believes that the Bonus Issue will assist the Company by providing an opportunity for it to raise capital for repayment of its debts, increasing its land bank and general working capital in the future and will provide all Shareholders with the opportunity to share in the growth of the Company on an equitable basis.

The Directors are of the opinion that the terms of the Bonus Issue are favourable to the Shareholders.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed in order to establish entitlements of Qualifying Shareholders (other than Overseas Shareholders) to the Bonus Issue, during which period no transfer of Shares will be registered. In order to qualify for the 2004 Warrants under the Bonus Issue, Shareholders are reminded to ensure that all Share transfers, accompanied by the relevant certificates, must be lodged with the Company’s Registrar in Hong Kong, Secretaries Limited at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong, for registration.

GENERAL MANDATE TO REPURCHASE AND ISSUE SECURITIES

Resolutions will also be put to the Shareholders at the extraordinary general meeting to approve the Bonus Issue, to grant a general mandate to the Directors to repurchase and issue the securities of the Company.

GENERAL

A circular containing further details of the Bonus Issue, together with a notice convening an extraordinary general meeting of the Company to approve the Bonus Issue, will be despatched to the Shareholders as soon as possible.

A separate announcement will be made by the Company in respect of the timetable of the Bonus Issue.

DEFINITIONS

“Board”	board of Directors
“Bonus Issue”	the conditional bonus issue of 2004 Warrants to Qualifying Shareholders as described herein
“Company”	Tian An China Investments Company Limited, a company incorporated with limited liability in Hong Kong, the securities of which are listed on the Stock Exchange
“Director(s)”	the director(s) of the Company
“Existing Warrants”	outstanding existing warrants of the Company which commenced listing on 7th November, 2000, each convertible into a Share at an initial subscription price of HK\$0.20 (subject to adjustments) at any time up to and including 7th November, 2001
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Overseas Shareholders”	Shareholders of the Company whose registered addresses as shown on the register of members of the Company at the close of business on the Record Date are in any jurisdiction outside Hong Kong
“Qualifying Shareholders”	Shareholders whose names appear on the register of members of the Company at the close of business on the Record Date, other than the Overseas Shareholders
“Record Date”	being the date for determination of entitlements to the Bonus Issue
“Share(s)”	share(s) of HK\$0.20 each in the share capital of the Company
“Share Options”	options to subscribe for Shares granted by the Company under the Company’s share option scheme adopted on 27th January, 1999
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Period”	the period between the date when dealings in the 2004 Warrants on the Stock Exchange commence and the 3rd anniversary of such commencement of dealings (both days inclusive)
“Subscription Price”	the initial subscription price of HK\$0.20 per Share
“2004 Warrants”	warrants to be issued by the Company in respect of the Bonus Issue

By Order of the Board
Tian An China Investments Company Limited
David Hui Yip Wing
Managing Director

Hong Kong, 23rd October, 2001