



天安中國投資有限公司

TIAN AN CHINA INVESTMENTS COMPANY LIMITED

(incorporated in Hong Kong with limited liability)

PROPOSED CONSOLIDATION OF SHARES AND REDUCTION OF CAPITAL AND GENERAL MANDATES TO ISSUE AND REPURCHASE SECURITIES

Further to the announcements made on 5 December 2003 and 5 January 2004, the Board announces that the circular containing information on its proposed Capital Reorganization and general mandates to issue and repurchase securities will be dispatched to the Shareholders on 20 January 2004.

Details of the timetable and arrangements regarding the free exchange of share certificates, fractions of New Shares, odd lot trading and other trading arrangements are set out below.

Information regarding the adjustment to the subscription price of the Warrants as a result of the Capital Reorganization is also set out below.

Unless the context otherwise requires, terms used in this announcement shall have the same meanings as defined in the announcement of the Company made on 5 December 2003.

The Board is putting forward a proposal to the Shareholders for the Capital Reorganization, which involves the Share Consolidation and the Capital Reduction. The Capital Reduction is conditional on the Share Consolidation taking effect. The Share Consolidation will result in every ten issued and unissued Shares of HK\$0.20 each in the capital of the Company consolidated into one Consolidated Share of HK\$2.00. The Capital Reduction involves the reduction of the nominal value of every issued and unissued Consolidated Shares from HK\$2.00 to HK\$0.20, being the nominal value of the New Shares, and the cancellation of the paid up capital to the extent of HK\$1.80 on each of the issued Consolidated Share.

DISPATCH OF CIRCULAR

Further to the announcements of the Company made on 5 December 2003 and 5 January 2004 concerning the Capital Reorganization, the Board announces that the circular containing information on its proposed share consolidation and capital reduction and general mandates to issue and repurchase securities will be dispatched to the Shareholders on 20 January 2004.

EXPECTED TIMETABLE

Set out below is an indicative timetable for the implementation of the Capital Reorganization and the associated trading arrangements. In particular, the date of the hearing of the petition for confirmation of the Capital Reduction and the effective date of the Capital Reorganization are subject to the availability of the Court. In the event of any material change to the timetable, the Company will make a further announcement.

2004

Latest time for lodging forms of proxy for the EGM	9:00 a.m. on Saturday, 14 February
Date of the EGM	9:00 a.m. on Monday, 16 February
Hearing of the petition for confirmation of the Capital Reduction by the Court	Tuesday, 9 March
Effective Date of Capital Reorganization (<i>Note</i>)	Wednesday, 10 March
Dealings in the New Shares commence	9:30 a.m. on Wednesday, 10 March
Original counter for trading in the Shares in board lots of 1,000 Shares each closes	9:30 a.m. on Wednesday, 10 March
Temporary counter for trading in the New Shares in board lots of 100 New Shares each (in the form of existing certificates for the Shares) opens	9:30 a.m. on Wednesday, 10 March
Free exchange of existing certificates for the Shares for new certificates for the New Shares commences	9:30 a.m. on Wednesday, 10 March
Original counter for trading in the New Shares in board lots of 1,000 New Shares each (in the form of certificates for the New Shares) reopens	9:30 a.m. on Wednesday, 24 March
Parallel trading in the New Shares (in the forms of certificates for the Shares and for the New Shares) commences	9:30 a.m. on Wednesday, 24 March
Commencement of designated broker to stand in the market to provide matching services	9:30 a.m. on Wednesday, 24 March
Temporary counter for trading in the New Shares in board lots of 100 New Shares each (in the form of existing certificates for the Shares) closes	4:00 p.m. on Monday, 19 April
Parallel trading in the New Shares ends	4:00 p.m. on Monday, 19 April
Designated broker ceases to stand in the market to provide matching services	4:00 p.m. on Monday, 19 April
Free exchange of existing certificates for the Shares for new certificates for the New Shares ends	4:00 p.m. on Thursday, 22 April

Note: The Capital Reduction, and hence the Capital Reorganization, will become effective when an office copy of the order of the Court confirming the Capital Reduction and the minute containing the particulars required under the Companies Ordinance are delivered to and registered with the Registrar of Companies in Hong Kong.

LISTING, DEALINGS AND TRADING ARRANGEMENT FOR THE NEW SHARES

Application has been made to the Listing Committee of the Stock Exchange for the grant of approval of the listing of, and permission to deal in, the New Shares in issue on the Capital Reorganization becoming effective. Subject to this being granted, the New Shares will be accepted as eligible securities by Hong Kong Securities Clearing Company Limited ("HKSCC") for deposit, clearance and settlement in the Central Clearing and Settlement System established and operated by HKSCC ("CCASS") with effect from the commencement date of dealings in the New Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Upon the Capital Reorganization becoming effective, which is expected to take place on Wednesday, 10 March 2004, the arrangement for dealings in the New Shares will be as follows:

- with effect from 9:30 a.m. on 10 March 2004, a temporary counter for trading in the New Shares, represented by existing yellow coloured certificates in board lots of 100 New Shares each, will be established. All existing certificates for the Shares will be valid for settlement and delivery for trading transacted at this counter on the basis of every ten Shares represent one New Share. The original counter for trading in the Shares in board lots of 1,000 each will be temporarily closed with effect from 9:30 a.m. on the same day;
- with effect from 9:30 a.m. on 24 March 2004, the original counter will be re-opened and will become a counter for trading in the New Shares solely in board lots of 1,000 New Shares each. Only pink coloured certificates for the New Shares can be traded at this counter;
- from 24 March 2004 to 19 April 2004, both dates inclusive, there will be parallel trading at the above two counters; and
- the temporary counter for trading in the New Shares in board lots of 100 New Shares each as represented by existing certificates for the Shares will be removed after 4:00 p.m. on 19 April 2004. Thereafter, trading will be in the form of pink coloured certificates for the New Shares in board lots of 1,000 each. The existing yellow coloured certificates for the Shares will then cease to be marketable and will not be acceptable for delivery and settlement purposes. However, such certificates will remain effective as documents of title on the basis of every ten Shares for one New Share.

FREE EXCHANGE OF CERTIFICATES FOR THE NEW SHARES

On the assumption that the effective date of the Capital Reorganization falls on 10 March 2004, the Shareholders may from that date to 22 April 2004, both days inclusive, send their existing certificates for the Shares to the registrar of the Company, Secretaries Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, in exchange, at the expense of the Company, for new certificates for the New Shares. During this period, it is expected that the new certificates for the New Shares will be available for collection within ten business days (other than Saturdays) after the submission of the existing certificates for the Shares to the registrar. Thereafter, certificates for the Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange) for each certificate for the Shares cancelled or for each certificate issued for the New Shares, whichever number of certificates cancelled or issued is higher. Nevertheless, existing certificates for the Shares will continue to be good evidence of legal title and may be exchanged for certificates for the New Shares at any time.

ODD LOTS ARRANGEMENT, MATCHING SERVICES AND FRACTIONAL ENTITLEMENTS OF A NEW SHARE

In order to facilitate the trading of odd lots of the New Shares as a result of the Capital Reorganization, the Company has appointed Sun Hung Kai Investment Services Limited of Level 12, One Pacific Place, 88 Queensway, Hong Kong as the agent to match, on a "best effort" basis, the sale and purchase of odd lots of the New Shares arising from the Share Consolidation during the period from 24 March 2004 up to and including 19 April 2004. Such arrangement is made in order to facilitate those Shareholders who wish to dispose of or top up their odd lots of the New Shares. Those Shareholders who wish to take advantage of this facility should contact Miss Connie Cheung of Sun Hung Kai Investment Services Limited (Tel. (852) 2822 5075) during the period. The Shareholders should note that the matching of the sale and purchase of odd lots of the New Shares is not guaranteed.

If the Capital Reorganization results in any Shareholders becoming entitled to fractions of a New Share, subject to the passing of the relevant special resolution at the EGM, all such fractional entitlements to the New Shares will be aggregated and sold and the proceeds will be retained for the benefit of the Company.

ADJUSTMENT TO SUBSCRIPTION PRICE OF WARRANTS

Subject to the Capital Reorganization being effective, the subscription price of the Warrants will be adjusted in accordance with the terms and conditions under the instrument creating the Warrants whereby the subscription price of the Warrants will be increased by ten times from HK\$0.20 to HK\$2.00 per New Share. The Capital Reorganization will not have any effect on the terms governing the Warrants and the adjustment to the subscription price of the Warrants has been certified by the Company's auditors in accordance with the instrument creating the Warrants.

GENERAL

The Capital Reorganization is expected to take effect on 10 March 2003 and dealing in the New Shares on the Stock Exchange is expected to commence on 9:30 a.m. on the same day.

By Order of the Board
Tian An China Investments Company Limited
Ng Qing Hai
Managing Director

Hong Kong, 19 January 2004