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## **Tiangong International Company Limited**

**天工國際有限公司\***

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 826)**

### **PROPOSED SHARE SUBDIVISION AND PROPOSED CHANGE OF BOARD LOT SIZE**

#### **PROPOSED SHARE SUBDIVISION**

The Board proposes to subdivide each one (1) existing issued and unissued Share of US\$0.01 of the Company into four (4) Subdivided Shares of US\$0.0025 each.

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subdivided Shares arising from the Share Subdivision. All Subdivided Shares will rank *pari passu* with each other in all respects with the Shares in issue prior to the Share Subdivision and the rights attached to the Subdivided Shares will not be affected by the Share Subdivision.

#### **CHANGE OF BOARD LOT SIZE**

The Shares are currently traded on the Stock Exchange in board lot size of 1,000 Shares. Upon the Share Subdivision becoming effective, the board lot size will be changed from 1,000 Shares to 2,000 Subdivided Shares.

#### **GENERAL**

The Share Subdivision is conditional upon, among other things, the Shareholders' approval at the Annual General Meeting.

The Circular containing, inter alia, further details of the Subdivision, including the trading arrangement in respect of the Subdivided Shares, together with the notice of the Annual General Meeting, will be despatched to the Shareholders on or around 18 April 2011.

## **PROPOSED SHARE SUBDIVISION**

As at the date of this announcement, the authorised share capital of the Company was US\$10,000,000 divided into 1,000,000,000 Shares of US\$0.01 each, of which 419,500,000 Shares have been issued and are fully paid or credited as fully paid.

The Board proposes to subdivide each one (1) existing issued and unissued Share of US\$0.01 of the Company into four (4) Subdivided Shares of US\$0.0025 each. Upon the Share Subdivision becoming effective, the authorised share capital of the Company will be US\$10,000,000 divided into 4,000,000,000 Subdivided Shares, of which 1,678,000,000 Subdivided Shares will be in issue and fully paid or credited as fully paid, assuming that no further Shares are issued or repurchased prior to the Share Subdivision becoming effective. All Subdivided Shares will rank *pari passu* with each other in all respects with the Shares in issue prior to the Share Subdivision and the rights attached to the Subdivided Shares will not be affected by the Share Subdivision.

The Share Subdivision is conditional upon:

- (a) the passing by the Shareholders at the Annual General Meeting of an ordinary resolution approving the Share Subdivision; and
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subdivided Shares.

An application will be made to the Stock Exchange for the listing of and permission to deal in the Subdivided Shares arising from the Share Subdivision.

## **BOARD LOT CHANGE**

The Shares are currently traded on the Stock Exchange in board lot size of 1,000 Shares. The Board proposes that subject to and upon the Share Subdivision becoming effective, the board lot size be changed from 1,000 Shares to 2,000 Subdivided Shares. Given the change in board lot will not result in odd lots, there will not be any odd lots matching arrangement.

## **REASONS FOR THE SHARE SUBDIVISION AND BOARD LOT CHANGE**

The proposed Share Subdivision will decrease the nominal value and increase the total number of shares in issue. Although the Share Subdivision will result in downward adjustment to the trading price of the Shares, the Board believes that the Share Subdivision will decrease the trading spread as well as the volatility of the trading price of the Shares and thus result in the improved liquidity in trading of the Company's Subdivided Shares. Therefore, the Board considers that the Share Subdivision will enable the Company to attract more investors and broaden its Shareholder base.

Save for the expenses to be incurred by the Company in relation to the Share Subdivision, the implementation of the Share Subdivision will not, by itself, alter the underlying assets, business operations, management or the financial position of the Company or the proportionate interest of the Shareholders. The Board considers the Share Subdivision is in the interests of the Company and the Shareholders as a whole.

The Board Lot Change ensures that the value of each board lot of the Subdivided Shares would be more than HK\$2,000. The Board considers the Board Lot Change to be in the interests of the Company and its Shareholders as a whole.

## **ADJUSTMENTS TO THE EXERCISE/SUBSCRIPTION PRICES AND NUMBER OF SHARES TO BE ISSUED UNDER OPTIONS AND WARRANTS**

Implementation of the Share Subdivision will lead to pro rata adjustments to (i) the exercise prices and number of option shares granted pursuant to the employee share option scheme of the Company and (ii) the subscription prices and number of Subdivided Shares which may be subscribed upon exercise of the subscription rights attached to the warrants of the Company.

The Company will inform each of the grantees of the share options regarding the adjustments to be made pursuant to the respective terms and conditions of the share option scheme and each of the holders of the warrants regarding the adjustments to be made pursuant to the respective terms and conditions of the warrants.

Save as disclosed above, the Company has no other outstanding share options, warrants or convertible securities to subscribe for any Share.

## **FREE EXCHANGE OF SHARE CERTIFICATES**

Upon the Share Subdivision becoming effective, the Shareholders can submit their existing share certificates for the Shares to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, in exchange for new share certificates for the Subdivided Shares free of charge during the business hours from 24 May 2011 to 4 July 2011 (both days inclusive). After the expiry of such period, existing 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 specified by the Stock Exchange) for each existing share certificate cancelled or new share certificate issued (whichever number of share certificates involved is higher). It is expected that the new share certificates will be available for collection within a period of 10 business days after the submission of the existing share certificates.

## **EXPECTED TIMETABLE**

The expected timetable for the implementation of the Share Subdivision is set out below:

*2011*

Despatch of the Circular (including the notice of the Annual General Meeting) and the related form of proxy to the Shareholders . . . . . On or around Monday, 18 April

Latest date and time to return form of proxy for the Annual General Meeting . . . . . 2:00 p.m. on Saturday, 21 May

Date and time of the Annual General Meeting. . . . . 2:00 p.m. on Monday, 23 May

**The following events are conditional on the fulfilment of the conditions for the implementation of the Share Subdivision as set out in the section headed "Proposed Share Subdivision" above.**

Effective date of the Share Subdivision . . . . . Tuesday, 24 May

Dealings in Subdivided Shares commence . . . . . 9:00 a.m. on Tuesday, 24 May

- Temporary counter for trading in Subdivided Shares in board lots of 4,000 Subdivided Shares (in the form of existing certificates) opens . . . . .9:00 a.m. on Tuesday, 24 May
- Original counter for trading in Shares in board lots of 1,000 Shares temporarily closes . . . . .9:00 a.m. on Tuesday, 24 May
- Free exchange of existing certificates for the new certificates for the Subdivided Shares commences . . . . . Tuesday, 24 May
- Original counter for trading in Subdivided Shares in board lots of 2,000 Subdivided Shares (only new share certificates for the Subdivided Shares can be traded at this counter) reopens . . . . . 9:00 a.m. on Wednesday, 8 June
- Parallel trading in the Shares and Subdivided Shares (in the form of existing share certificates and new share certificates) commences . . . . . 9:00 a.m. on Wednesday, 8 June
- Temporary counter for trading in board lots of 4,000 Subdivided Shares (in the form of existing share certificates) closes . . . . .4:00 p.m. on Tuesday, 28 June
- Parallel trading in Subdivided Shares (in the form of existing share certificates and new share certificates) ends . . . . .4:00 p.m. on Tuesday, 28 June
- Free exchange of existing certificates for the Shares for new certificates for the Subdivided Shares ends . . . . .4:00 p.m. on Tuesday, 4 July

*Note:* All times refer to Hong Kong local times and dates in this announcement.

Dates or deadlines specified in this announcement are indicative only and may be varied by the Company. Any consequential changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

## General

The Circular containing, inter alia, further details of the Subdivision, including the trading arrangement in respect of the Subdivided Shares together with the notice of the Annual General Meeting, will be despatched to the Shareholders on or around 18 April 2011.

## DEFINITIONS

“Annual General Meeting”	the annual general meeting of the Company to be held on 23 May 2011
“Board”	the board of Directors
“Board Lot Change”	the change of the board lot size from 1,000 existing shares to 2,000 Subdivided Shares upon the Share Subdivision becoming effective
“Circular”	circular containing, inter alia, further details of the proposals, including the trading arrangement in respect of the Subdivided Shares, together with the notice of the Annual General Meeting, to be despatched to the Shareholders on or around 18 April 2011
“Company”	Tiangong International Company Limited (stock code: 826), a company incorporated in the Cayman Islands with limited liability and whose Shares are listed on the main board of the Stock Exchange
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock of Hong Kong Limited
“Share(s)”	existing ordinary share(s) of US\$0.01 each in the share capital of the Company
“Share Option(s)”	share option(s) granted by the Company to the directors and/or employees of the Group under the share option scheme of the Company adopted by the Shareholders at the special general meeting held on 7 July 2007
“Share Subdivision”	the proposed subdivision of each one (1) issued and unissued Share into four (4) Subdivided Shares
“Shareholder(s)”	holder(s) of the Share(s) or Subdivided Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subdivided Share(s)”	ordinary share(s) of US\$0.0025 each in the share capital of the Company upon the Share Subdivision becomes effective

“HK\$” Hong Kong dollar(s), the lawful currency of Hong Kong

“US\$” United States dollar(s), the lawful currency of the United States of America

On behalf of the Board  
**Tiangong International Company Limited**  
**Zhu Xiaokun**  
*Chairman*

Hong Kong, 8 April 2011

*As at the date of this announcement, the directors of the Company are:*

*Executive Directors:* ZHU Xiaokun, ZHU Zhihe, YAN Ronghua and WU Suojun

*Independent non-executive Directors:* LI Zhengbang, GAO Xiang and LEE Cheuk Yin, Dannis

\* *For identification purpose*