



NEW ISSUE OF TIAN MA SHARES

A special resolution approving the new issue of not more than 20,000,000 new Tian Ma A shares to public was duly passed at the extraordinary general meeting of the Company held on 6th February, 2001. The new Tian Ma shares represents 14.19 per cent of its share capital immediately before the new issue and 12.43 per cent of its enlarged share capital.

On 16th February, 2001, Tian Ma issued additional 16,500,000 new A shares to its public shareholders at RMB22.00 per share, representing a discount of 13.15 per cent to its closing price of RMB25.33 of its last trading day prior to the new issue, and a discount of 12.46 per cent to its average closing price of RMB25.13 of its last 20 trading days. The net proceeds were approximately RMB353,000,000, of which approximately RMB198,000,000 was used to install an advanced STN-LCD production line, approximately RMB80,000,000 was used to expand the LCM production line and approximately RMB75,000,000 was used as its general working capital.

After the new issue, the Company holds approximately 79,460,000 Tian Ma shares. Its shareholding in Tian Ma was reduced to 59.85 per cent from 68.34 per cent before the new issue.