

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following expressions shall have the following meanings. Certain other terms are explained in the section headed “Glossary of Technical Terms”.

“AIG Parties”	AIG Asian Opportunity Fund II, L.P., AIG Global Emerging Markets Fund II, L.P. and American International Assurance Company (Bermuda) Ltd., being the subscribers under the Redeemable Exchangeable Bonds
“Application Form(s)”	the WHITE and YELLOW application forms or as the context so requires, any of them which are used in relation to the Hong Kong Public Offering
“Application Lists”	the application lists for the Hong Kong Public Offering
“Articles of Association” or “Articles”	the articles of association of the Company as currently adopted
“Asia HSS”	Asia HSS Limited (亞洲高速鋼有限公司), a company incorporated under the laws of Hong Kong with limited liability on 1 June 2005, formerly a 25% shareholder of TG Aihe, is an Independent Third Party and is engaged in trading
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“BNP Paribas Capital” or “Sponsor” or “Global Coordinator”	BNP Paribas Capital (Asia Pacific) Limited acting as the global coordinator, sponsor, bookrunner and lead manager of the Global Offering, a corporation licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“Business Day”	any day (other than a Saturday or a Sunday) on which banks in Hong Kong are generally open for normal banking business
“Capitalisation Issue”	the issue of 295,000,000 Shares to be made upon the capitalisation of certain sums standing to the credit of the share premium account of the Company as referred to in the paragraph headed “Resolutions in writing of the shareholders of the Company passed on 7 July 2007” in Appendix VI to this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Broker Participant”	a person admitted to participate in CCASS as a broker participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant

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“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Participant”	a CCASS Broker Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	Tiangong International Company Limited (天工國際有限公司), a company incorporated under the laws of the Cayman Islands with limited liability on 14 August 2006
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules and, in the context of this prospectus, means the controlling shareholders of the Company, namely THCL, Mr. Zhu and Madam Yu
“CTCL”	China Tiangong Company Limited (中國天工有限公司), a company incorporated under the law of the BVI with limited liability on 14 August 2006, a wholly owned subsidiary of the Company that holds investments
Deed of Indemnity	a deed of indemnity given by the Controlling Shareholders in favour of the Company (for itself and as trustee for its subsidiaries set out therein) dated 12 July 2007
“Director(s)”	the director(s) of the Company
“Erasteel”	Erasteel S.A., a France-based company engaged in the production of HSS incorporated in France on 22 December 1989, a former 60% shareholder of TG Aihe and is engaged in the manufacturing of high speed steel
“Global Offering”	the Hong Kong Public Offering and the International Placing
“Group”	the Company and its subsidiaries or where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries, the present subsidiaries or their respective predecessors, or the businesses currently operated by such subsidiaries or predecessors, as the case may be
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited

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“HK\$” or “HK dollars” or “cents”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Branch Share Registrar”	Computershare Hong Kong Investor Services Limited
“Hong Kong Offer Shares”	the 13,000,000 new shares, subject to reallocation as described in the section headed “Structure of the Global Offering”, being offered under the Hong Kong Public Offering
“Hong Kong Public Offering”	an offer of Hong Kong Offer Shares for subscription by members of the public in Hong Kong (subject to reallocation as described in the section headed “Structure of the Global Offering”) at the Offer Price (plus brokerage of 1% of the Offer Price, Stock Exchange trading fee of 0.005% of the Offer Price and SFC transaction levy of 0.004% of the Offer Price) on the terms and subject to the conditions described set out in this prospectus and the related Application Forms
“Hong Kong Underwriters”	the underwriters listed in the paragraph headed “Hong Kong Underwriters” in the section headed “Underwriting” in this prospectus
“Hong Kong Underwriting Agreement”	the Hong Kong underwriting agreement dated 12 July 2007 relating to the Hong Kong Public Offering and entered into by, among others, the Company, the Global Coordinator and the Hong Kong Underwriters
“Independent Third Party”	persons who, as far as the Directors are aware after having made all reasonable enquiries, are not connected persons of the Company within the meanings of the Listing Rules
“International Placing”	the conditional placing of the International Placing Shares by the International Placing Underwriters with professional, institutional investors and/or other investors for cash at the Offer Price (plus brokerage of 1% of the Offer Price, Stock Exchange trading fee of 0.005% of the Offer Price and SFC transaction levy of 0.004% of the Offer Price), as further described in the section headed “Structure of the Global Offering”
“International Placing Shares”	the 87,000,000 new Shares being initially offered by the Company, and 30,000,000 Sale Shares initially being offered by the Selling Shareholders, at the Offer Price pursuant to the International Placing together, where relevant, with any additional Shares issued pursuant to the exercise of the Over-allotment Option (subject to reallocation as described in the section headed “Structure of the Global Offering”)

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“International Placing Underwriters”	initial purchasers of the International Placing Shares who are expected to enter into the International Underwriting Agreement
“International Underwriting Agreement”	the underwriting agreement relating to the International Placing which is expected to be entered into among the Company, the Selling Shareholders, the Global Coordinator and the International Placing Underwriters on or around 20 July 2007
“Issuing Mandate”	the general unconditional mandate given to the Directors by the Shareholders of the Company relating to the issue of new Shares, further details of which are set out under “Further information about the Company and its subsidiaries — Resolutions in writing of the shareholders of the Company passed on 7 July 2007” in Appendix VI to this prospectus
“Latest Practicable Date”	6 July 2007, being the latest practicable date for the inclusion of certain information in this prospectus prior to its publication
“Listing”	listing of the Shares on the Main Board
“Listing Committee”	the Listing sub-committee of the board of directors of the Stock Exchange
“Listing Date”	the listing date, expected to be on or about 26 July 2007, on which trading of the Shares on the Main Board first commences
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Lock-up Undertakings”	the undertakings in respect of disposal restriction made by the Controlling Shareholders and the AIG Parties as set out in the section headed “Substantial Shareholders” in this prospectus
“Madam Yu”	Madam Yu Yumei (于玉梅), the spouse of Mr. Zhu
“Main Board”	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“MOC”	中華人民共和國商務部 (the Ministry of Commerce of the PRC)
“Mr. Zhu”	Mr. Zhu Xiaokun (朱小坤), the Chairman of the Board of the Company
“NDRC”	中華人民共和國國家發展和改革委員會 (the National Development and Reform Commission of the PRC)
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage fee of 1%, SFC transaction levy of 0.004% and Stock Exchange trading fee of 0.005%) of not more than HK\$6.36 and expected to be not less than HK\$5.40, such price to be agreed upon by the Company, the Selling Shareholders and the Global Coordinator (on behalf of the Underwriters) on or about the Price Determination Date

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“Offer Shares”	the Hong Kong Offer Shares and the International Placing Shares, and where relevant, together with any additional Shares issued pursuant to the exercise of the Over-allotment Option
“Over-allotment Option”	the option granted by the Company to the Global Coordinator pursuant to which the Company may be required to issue up to an additional 19,500,000 new Shares (representing 15% of the number of Shares to be initially offered under the Global Offering) to cover over-allocations in the International Placing
“PRC” or “China”	The People's Republic of China, but for the purposes of this prospectus and for geographical reference only (unless otherwise indicated) excluding Taiwan, Macao Special Administrative Region of the PRC and Hong Kong
“PRC government”	the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities)
“Price Determination Date”	on or about 20 July 2007 (Hong Kong time) and, in any event, not later than 12:00 noon on 20 July 2007 (unless further extended at the sole discretion of the Global Coordinator (on behalf of the Underwriters)), at which time the final Offer Price is to be determined by the Company, the Selling Shareholders and the Global Coordinator
“QIBs”	qualified institutional buyers within the meaning of the Rule 144A
“Qualifying IPO”	pursuant to the terms and conditions of the Redeemable Exchangeable Bonds, an initial public offering and listing of and permission to deal in the shares of the Company on the Main Board of the Stock Exchange or such other internationally recognised investment exchange of the same or higher international standing as may be approved by the AIG Parties, in respect of which the market capitalisation shall not be less than (i) if the initial public offering occurs on or before 31 December 2007, US\$160 million; or (ii) if the initial public offering occurs after 31 December 2007 but on or before the maturity date of the Redeemable Exchangeable Bonds, US\$200 million
“Redeemable Exchangeable Bonds”	the 3% redeemable exchangeable bonds of a principal amount of US\$30 million issued by THCL pursuant to the redeemable exchangeable bond subscription agreement between THCL, the AIG Parties, Mr. Zhu and Madam Yu dated 28 August 2006, the exchange right attached thereto was exercised by the AIG Parties in full on 14 June 2007
“Regulation S”	Regulation S under the U.S. Securities Act
“Reorganisation”	the corporate reorganisation undergone by the Group in preparation for the Listing as described in the paragraph headed “Reorganisation” in Appendix VI to this prospectus

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“Repurchase Mandate”	the general unconditional mandate to repurchase Shares given to the Directors, further details of which are set out under “Further information about the Company and its subsidiaries — Written resolutions of the shareholders passed on 7 July 2007” and “Further information about the Company and its subsidiaries — Repurchase by the Company of its own securities” in Appendix VI to this prospectus
“RMB” and “Renminbi”	the lawful currency of the PRC
“Rule 144A”	Rule 144A under the U.S. Securities Act
“Sale Shares”	the 30,000,000 Offer Shares initially being offered for sale by the Selling Shareholders at the Offer Price under the International Placing
“SARS”	Severe Acute Respiratory Syndrome
“Selling Shareholders”	the AIG Parties
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Option Scheme”	the share option scheme conditionally approved and adopted by the Company on 7 July 2007, the principal terms of which are summarised under “Share Option Scheme” in Appendix VI to this prospectus
“Share(s)”	share(s) in the share capital of the Company, with a nominal value of US\$0.01 each
“Shareholder(s)”	holder(s) of Shares
“State Council”	the State Council of the People’s Republic of China, the chief administrative authority of the People’s Republic of China
“Stock Borrowing Agreement”	a stock borrowing agreement expected to be entered into on or about 20 July 2007 between BNP Paribas Capital and THCL pursuant to which THCL will agree to lend up to 19,500,000 Shares to BNP Paribas Capital on terms set out therein
“Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“subsidiary”	has the meaning ascribed thereto in section 2 of the Companies Ordinance
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules

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“TG Aihe”	天工愛和特鋼有限公司 (Tiangong Aihe Special Steel Company Limited*), being a company established under the laws of the PRC with limited liability on 5 December 2003 and an indirect wholly-owned subsidiary of the Company which is engaged in the manufacturing and sale of die steel products
“TG Group”	江蘇天工集團有限公司 (Jiangsu Tiangong Group Company Limited*), being a collective enterprise established under the laws of the PRC on 13 October 1984 was subsequently converted into a limited liability company in January 2003, the entire equity interest of which is held by Mr Zhu and Madam Yu
“TG Tools”	江蘇天工工具有限公司 (Jiangsu Tiangong Tools Company Limited*), being a wholly foreign-owned enterprise, established under the laws of the PRC with limited liability on 7 July 1997, is also an indirect wholly-owned subsidiary of the Company and is engaged in the manufacturing and sale of HSS and HSS cutting and drilling tools
“THCL”	Tiangong Holdings Company Limited (天工控股有限公司), an investment holding company incorporated under the law of the BVI with limited liability on 14 August 2006 and is one of the Controlling Shareholders
“Tianfa Forging”	丹陽天發精鍛有限公司 (Danyang Tianfa Forging Company Limited*), a company established under the laws of the PRC with limited liability on 11 October 2000, being an indirect 75% owned subsidiary of the Company and is engaged in forging and sales of high speed steel
“Tianji Packaging”	丹陽市天吉工具包裝有限公司 (Danyang Tianji Tools Packaging Company Limited*), a company established under the laws of the PRC with limited liability on 13 May 2002, being an indirect wholly-owned subsidiary of the Company and is engaged in the manufacturing and sale of packaging materials
“Track Record Period”	the three years ended 31 December 2006 and the three months ended 31 March 2007
“Underwriters”	the International Placing Underwriters and the Hong Kong Underwriters
“Underwriting Agreements”	the International Underwriting Agreement and the Hong Kong Underwriting Agreement
“U.S.” or “United States”	The United States of America
“U.S. Securities Act”	United States Securities Act of 1933, as amended and supplemented or otherwise modified from time to time
“US\$” or “USD”	United States dollars, the lawful currency of the United States
“WTO”	World Trade Organisation

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“%” per cent

* For identification purpose only

If there is any inconsistency between the Chinese names of the PRC entities mentioned in this prospectus and their English translation, the Chinese version shall prevail. In this prospectus, the names of enterprises or entities established in the PRC have been included in both Chinese and English languages and the English names of these enterprises and entities are only English translations of their respective official Chinese names.

Unless otherwise specified, translations of HK\$ into RMB, US\$ into HK\$ and US\$ into RMB in this prospectus are based on the rates set out below (for the purpose of illustration only):

HK\$1.00 = RMB0.9744

US\$1.00 = HK\$7.8184

US\$1.00 = RMB7.6155

No representation is made that any amounts in RMB, HK\$ and US\$ can be or could have been converted at the relevant dates at the above rates or any other rates at all.

Certain amounts and percentage figures included in this document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.