



Tiangong International Company Limited

天工國際有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 826)

Announcement

Framework Agreement in respect of the Proposed Acquisition of Vanadium Mining Rights and all related assets of Chufan Navajoite and Heiyanxi Navajoite of Anhua County, Hunan Province

The Board of Directors announced that on 22 November 2008, Tiangong Aihe, a wholly-owned subsidiary of the Company, entered into a conditional framework agreement with Hualin Vanadium in respect of a proposed acquisition by the Group of the vanadium mining rights of navajoites located at Chufan Village, Longtang Town and Heiyanxi, Dongping Town, Anhua County, Hunan Province, the PRC, respectively and all related assets.

Upon signing of the formal legally binding purchase agreement, further announcement will be made in accordance with the Listing Rules.

The Board of Directors announced that on 22 November 2008, Tiangong Aihe, a wholly-owned subsidiary of the Company, entered into a conditional framework agreement with Hualin Vanadium, a third party independent of the Company and its connected persons, in respect of a proposed acquisition of the vanadium mining rights of navajoites located at Chufan Village, Longtang Town and Heiyanxi, Dongping Town, Anhua County, Hunan Province, the PRC, respectively and all related assets .

Salient terms of the framework agreement:

- Assets proposed to be acquired:
- (a) vanadium mining rights of Chufan Navajoite and Heiyanxi Navajoite;
 - (b) related assets, including plant, equipment and machineries for the exploration of the vanadium mine, land use rights and real property of office premises and vanadium ore extracts as at the date of completion.

Exclusivity Period:	an exclusivity period from 22 November 2008 until 31 March 2009 whereby Hualin Vanadium will cease all negotiations and discussions with third parties in respect of acquisition of the vanadium mining rights of Chufan Navajoite and Heiyanxi Navajoite and all related assets.
Milestone	<p>On or before 31 March 2009: completion of due diligence to the satisfaction of Tiangong Aihe and signing of formal legally binding purchase agreement by a subsidiary of Tiangong Aihe (as buyer) and Hualin Vanadium (as seller)</p> <p>On or before 30 June 2009: Subject to fulfillment of conditions precedent as set out in the formal legally binding purchase agreement, completion of the proposed acquisition.</p>
Purchase Price:	the parties agree an indicative purchase price of not more than RMB55,000,000 (equivalent to HK\$62,365,348) but the purchase price will be determined and fixed at the signing of the formal legally binding purchase agreement after taking into account vanadium mineral reserves at the date of completion and the value of the related assets and such other factors considered by the parties as relevant.

Details of the two navajoites

Chufan Navajoite of Anhua County:

This mine is located at Chufan Village, Longtang Town, Anhua County, Hunan Province with a perimeter of 0.3635 square kilometre. According to the report entitled "Hunan Province Chufan Navajoite of Anhua County Resource Reserves Report" prepared by Brigade 414 of Hunan Bureau of Geology and Mineral Resources Exploration Development in February 2006, Chufan Navajoite had an estimated ore reserves of 949,100 tonnes (which may produce V₂O₅ mineral of 9,301 tonnes).

Heiyanxi Navajoite of Anhua County:

This mine is located at Heiyanxi, Dongping Town, Anhua County, Hunan Province with a perimeter of 0.2908 square kilometre. According to the report entitled "Hunan Province Heiyanxi Navajoite of Anhua County Resource Reserves Report" prepared by Brigade 414 of Hunan Bureau of Geology and Mineral Resources Exploration Development in

June 2005, Heiyanxi Navajoite had an estimated ore reserves of 496,027 tonnes (which may produce V₂O₅ mineral of 5,332 tonnes).

Reasons for and benefit of the proposed acquisition

Vanadium is a raw material produced from V₂O₅ for the production of high speed steel for both the Group's HSS cutting tools production and the external sale to customers. As the current production capability of the two vanadium mines are approximately 200 tonnes of V₂O₅ per year and the Company's requirement of V₂O₅ this year is approximately 850 tonnes, the completion of the proposed acquisition will benefit the Group in terms of securing a stable supply of vanadium material of its production of high speed steel.

The Company notes the fall in market selling price of V₂O₅ in the past 12 months. However, with the increase in government expenditure announced by the State to strengthen the economy, it is predicted that the demand of raw materials such as vanadium (which is used for strengthening steel) will be increased, the Company believes that there will be a climb of market demand for V₂O₅.

The proposed acquisition also provides the Group an opportunity to vertically integrate its business with upstream supplier.

General

Further announcement will be made upon the signing of the legally binding formal purchase agreement.

Shareholders and investors are advised to exercise caution when dealing in shares of the Company.

Definitions

In this announcement, unless the context otherwise requires, the following words and phrases have the following meanings:

"Company"	means	Tiangong International Company Limited(天工國際有限公司)* ;
"Group"	means	the Company and its subsidiaries;
"Hong Kong"	means	the Hong Kong Special Administrative Region of the PRC;
"Hualin Vanadium"	means	Hunan Province Anhua Hualin Vanadium Industry Company Ltd*(湖南省安化縣華林鈦業有限公司) ;
"Listing Rules"	means	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

"PRC" means People's Republic of China ; and
"Tiangong Aihe" means Tiangong Aihe Special Steel Company Limited*(天工愛和特鋼有限公司), a wholly-owned subsidiary of the Company.

For the purpose of reference in this announcement, the exchange rate of HKD to RMB is HK\$100.00 to RMB 88.19.

The English translation of Chinese names is included for information purpose only and should not be regarded as their official English translation.

By Order of the Board of
Tiangong International Company Limited
Zhu Xiaokun
Chairman

Hong Kong, 24 November 2008

As at the date of this announcement, the Directors are:

Executive Directors: ZHU Xiaokun, ZHU Zhihe, ZHU Mingyao and YAN Ronghua;

Non-executive Directors: THONG Kwee Chee;

Independent non-executive Directors: LI Zhengbang, GAO Xiang and LAU Siu Fai

** for identification purpose only*