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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 FILING OF APPLICATION IN RESPECT OF THE PROPOSED LISTING OF TAIWAN DEPOSITARY RECEIPTS ON THE TAIWAN STOCK EXCHANGE

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

Reference is made to the announcement of the Company dated 12 October 2009 concerning the Board meeting held on the same date in relation to a proposed launch of the TDR Issue.

The Board is pleased to announce that a Board meeting was held on 26 November 2010 in which the TDR Issue was approved. Polaris has been appointed as financial adviser to the Company in relation to the proposed TDR Issue.

The Board is also pleased to announce that the Company will make an application to the Taiwan Stock Exchange and the Taiwan Central Bank for the proposed offering and listing of TDR, representing not more than 50 million New Shares to be issued by the Company and not more than 10 million existing Shares to be offered by the Vendors, on the Taiwan Stock Exchange. The TDR Issue is subject to the approval by the Taiwan Securities and Futures Bureau, and application for which will be made upon obtaining such approvals by the Taiwan Stock Exchange and the Taiwan Central Bank. The Company will also apply to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the New Shares on the Hong Kong Stock Exchange.

It is expected the New Shares will be issued under the General Mandate and therefore no Shareholders' approval is required.

As at the date of this announcement, the Board has not yet finalised whether and when the TDR Issue will be launched. Further announcement will be made by the Company in relation to the TDR Issue as and when appropriate.

The TDR Issue is subject to approvals by the relevant authorities in Taiwan. There is no assurance that such approvals will be granted and the TDR Issue may or may not proceed. Shareholders and potential investors are recommended to exercise caution when dealing in the Shares.

This announcement is made pursuant to Rule 13.09 of the Listing Rules.

Reference is made to the announcement of the Company 12 October 2009 concerning the Board meeting held on the same date in relation to a proposed launch of the TDR Issue.

THE TDR ISSUE

The Board is pleased to announce that a Board meeting was held on 26 November 2010 in which the TDR Issue was approved. Polaris Securities Corporation Limited (hereinafter referred to as “Polaris”) has been appointed as financial adviser to the Company in relation to the proposed TDR Issue.

The Company has engaged Polaris as a financial adviser to provide financial advisory service to the Company in relation to the proposed TDR Issue. Polaris is a Taiwan based financial services company providing a diverse range of financial services such as securities brokerage and underwriting services. Polaris is also engaged in the business of providing advisory services to corporate clients in the areas of public equity offering and initial public offering both in Taiwan and Hong Kong.

The Board is pleased to announce that the Company will make an application to the Taiwan Stock Exchange and the Taiwan Central Bank for the proposed offering and listing of TDR, representing not more than 50 million New Shares to be issued by the Company and not more than 10 million existing Shares to be offered by the Vendors, on the Taiwan Stock Exchange. The TDR Issue is also subject to the approval by the Taiwan Securities and Futures Bureau, the application for which will be made upon obtaining the relevant approvals from the Taiwan Stock Exchange and the Taiwan Central Bank.

The Company will also apply to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the New Shares on the Hong Kong Stock Exchange.

It is currently proposed that the TDR will be offered by way of offer for subscription to the public and selected institutional and individual investors in Taiwan. None of the TDR will be offered to the general public in Hong Kong nor will they be placed to any connected persons of the Group.

Details in respect of the TDR Issue, including the size and structure of the TDR Issue, the number of New Shares to be issued by the Company, the number of Shares to be offered by the Vendors pursuant to the TDR Issue and the expected timetable, have not yet been finalised as at the date of this announcement. A further announcement will be made by the Company upon finalisation of the structure of the TDR Issue.

The preliminary structure of the TDR Issue is proposed as follows:

Type of securities to be issued:	TDR, to be issued by the Depositary Bank evidencing the entitlement of the holders of TDR to the Shares that are held in custody by the Custodian Bank.
Number of TDR to be issued:	Not more than 80 million units of TDR, each unit representing 0.75 Shares. The final number of TDR to be issued and offered and the structure of the TDR Issue shall be subject to the approval by the Relevant Authorities and the adjustment (if any) by the Board and the underwriters of the TDR Issue.

Number of Shares to which the TDR Issue relates:	<p>Not more than 50 million New Shares, which are expected to be allotted and issued by the Company under the General Mandate.</p> <p>Not more than 10 million existing Shares to be offered by the Vendors.</p> <p>The aggregate of the 60 million Shares involved in the TDR Issue represent (i) approximately 14.3% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 12.8% of the enlarged issued share capital of the Company following the issue of the 50 million New Shares under the TDR Issue. The 50 million New Shares represent (i) approximately 11.9% of the issued share capital of the Company as at the date of this announcement; and (ii) approximately 10.6% of the enlarged issued share capital of the Company following the issue of the 50 million New Shares under the TDR Issue.</p> <p>The New Shares will rank pari passu in all respects with the Shares then in issue on the date of issue of the New Shares.</p>
Basis for determining the issue price of the TDR:	<p>The issue price of the TDR will be agreed in writing between the Company and Polaris, and is expected to be determined with reference to the then prevailing market conditions, the trading price of the Shares, industry conditions at the time of the TDR Issue, the performance of the Company and demand from institutional and selected investors during the book building process.</p>
Use of proceeds:	<p>The Board intends to use the net proceeds from the TDR Issue for repayment of bank loans. The issue price for the TDR Issue and the amount of funds to be raised from the TDR Issue have not been fixed as at the date of this announcement.</p>
Listing applications:	<p>Application will be made to the Taiwan Stock Exchange and the Taiwan Central Bank for the listing of the TDR on the Taiwan Stock Exchange. Application will be made to the Taiwan Securities and Futures Bureau for the TDR Issue after the granting of such approvals by the Taiwan Stock Exchange and the Taiwan Central Bank.</p> <p>An application will also be made to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the New Shares on the Hong Kong Stock Exchange.</p>

REASONS FOR AND BENEFITS OF THE TDR ISSUE

The Board believes that the TDR Issue is an attractive alternative for international investors, particularly potential investors in Taiwan, to invest and deal in the Shares of the Company. This will further increase the liquidity for the Company's Shares and broaden and diversify the shareholder base of the Company. The Board considers that the TDR Issue will increase public awareness of the Group and will promote the Group's corporate image in Taiwan. This

will enhance the Group's competitiveness and benefit the Group's business development initiatives in Taiwan in the future. The TDR Issue is therefore in the best interests of the Group and the Shareholders as a whole.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company as at the date of this announcement and immediately upon completion of the TDR Issue based on the assumption that an aggregate of 50 million New Shares will be issued and 10 million existing Shares will be transferred by the Vendors pursuant to the TDR Issue and there shall be no change in the Company's issued share capital prior to the completion of the TDR Issue:

Shareholder	As at the date of this announcement		Immediately after completion of the TDR Issue	
	<i>No. of Shares</i>	<i>Approximate % of issued share capital of the Company</i>	<i>No. of Shares</i>	<i>Approximate % of issued share capital of the Company</i>
Tiangong Holdings Company Limited	210,000,000	50.06	210,000,000	44.7
PineBridge Global Emerging Markets Partners II, L.P.	20,067,000	4.78	16,567,000	3.53
PineBridge Asia Partners II, L.P.	28,518,000	6.80	23,518,000	5.01
American International Assurance Company (Bermuda) Limited	8,547,000	2.04	7,047,000	1.50
Other Shareholders	152,368,000	36.32	152,368,000	32.45
Holder of TDRs	—	—	60,000,000	12.78
Total	<u>419,500,000</u>	<u>100%</u>	<u>469,500,000</u>	<u>100%</u>

As at the date of this announcement, the Company has no outstanding convertible securities or options which are convertible into Shares.

MANDATE TO ISSUE NEW SHARES

By a resolution of the Shareholders passed at the AGM, the Company granted the General Mandate to the Directors to allot and issue up to 83,900,000 Shares, being 20% of the aggregate nominal value of the share capital of the Company in issue as at the date of the AGM. The Directors have not exercised the power to allot and issue any new Shares pursuant to the General Mandate granted.

It is expected that the New Shares will be issued under the General Mandate and thus no Shareholders' approval is required. The New Shares will represent approximately 59.59% of the General Mandate.

FUND RAISING IN THE PAST 12 MONTHS

The Company has not carried out any capital fund raising activities during the 12 months immediately preceding the date of this announcement.

GENERAL

As at the date of this announcement, the Board has not yet finalised whether and when the TDR Issue will be launched. There is also no assurance that the approval for the TDR Issue and the listing of the TDR on the Taiwan Stock Exchange by the Relevant Authorities and/or the listing of the New Shares on the Hong Kong Stock Exchange will be granted. Further announcement will be made by the Company in relation to the TDR Issue as and when appropriate.

The TDR Issue is subject to approvals by the Relevant Authorities in Taiwan. There is no assurance that such approvals may be granted and the TDR Issue may or may not proceed. Shareholders and potential investors are recommended to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms will have the following meaning:

“AGM”	the annual general meeting of the Company held on 29 June 2010
“Board”	board of Directors
“Company”	Tiangong International Company Limited, an exempted company incorporated in the Cayman Islands with limited liabilities whose shares are listed on the Hong Kong Stock Exchange
“connected persons”	shall have the meaning as ascribed to it under the Listing Rules
“Custodian Bank”	Citibank (Hong Kong) Limited
“Depository Bank”	Far Eastern International Bank
“Directors”	directors of the Company
“General Mandate”	the general mandate granted to the Directors to allot and issue Shares pursuant to a resolution of the Shareholders passed at the AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“New Shares”	the new Shares proposed to be issued by the Company as underlying securities for the purpose of the TDR Issue
“NT\$”	New Taiwan Dollars, the lawful currency of Taiwan

“Relevant Authorities”	the Taiwan Central Bank, the Taiwan Stock Exchange and the Taiwan Securities and Futures Bureau
“Shareholders”	holders of Shares
“Shares”	ordinary shares of US\$0.01 each in the share capital of the Company
“Taiwan Central Bank”	The Central Bank of the Republic of China
“Taiwan Securities and Futures Bureau”	The Taiwan Financial Supervisory Commission, Securities and Futures Bureau
“Taiwan Stock Exchange”	Taiwan Stock Exchange Corporation
“TDR”	the Taiwan depositary receipts proposed to be issued by the Depositary Bank in Taiwan pursuant to the TDR Issue
“TDR Issue”	the proposed issue of not more than 80 million units of TDR (comprising not more than 50 million New Shares to be allotted and issued by the Company and not more than 10 million existing Shares to be transferred by the Vendors as underlying securities), subject to the approval by the Relevant Authorities and the adjustment (if any) by the Board and the underwriters of the TDR Issue
“US\$”	United States dollars, the lawful currency of the United States of America
“Vendors”	PineBridge Global Emerging Markets Partners II, L.P., PineBridge Asia Partners II, L.P., American International Assurance Company (Bermuda) Limited, Shareholders independent of the connected persons of the Company
“%”	per cent

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

Hong Kong, 26 November 2010

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

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

Non-executive Director: THONG Kwee Chee

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

* *For identification purpose*