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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)**

### **SUPPLEMENTAL ANNOUNCEMENT PROPOSED SUBSCRIPTION OF UNLISTED 2012 WARRANTS UNDER GENERAL MANDATE**

Reference is made to the First Announcement in respect of the entering into of the Warrant Placing Agreement on 28 December 2010 between the Company and the Placing Agent in respect of the placing of up to 42,000,000 Warrants, on a best efforts basis, by the Placing Agent.

The Company entered into the Supplemental Agreement with the Placing Agent on 30 December 2010 to amend the maximum number of Warrants to be placed to 32,000,000. Other terms of the Warrant Placing Agreement remain unchanged. As at the date of this announcement, the Company has a total of 419,500,000 Shares in issue. Assuming there is no further issue or repurchase of the Shares, upon the full exercise of the subscription rights attaching to the Warrants, an aggregate of up to 32,000,000 Shares will be issued, which represent approximately 7.63% of the existing issued share capital of the Company and approximately 7.09% of the issued share capital as enlarged by the issue of the Shares to be issued upon exercise in full of the subscription rights attached to the Warrants.

The net proceeds from the Warrant Placing will be approximately HK\$300,000, which will be used as general working capital of the Group. Any additional proceeds from the issue of the Shares upon the exercise of the subscription rights attaching to the Warrants in future of up to a maximum amount of approximately HK\$128 million will be applied as general working capital and as funds for future development of the Group. Assuming the subscription rights attaching to the Warrants are exercised in full, the total net funds to be raised, including the funds raised by the subscription of the Warrant, would amount to approximately HK\$128.3 million.

The Shares to be issued upon exercise of the subscription rights attaching to the Warrants will be issued under the General Mandate.

Reference is made to the announcement of the Company dated 29 December 2010 (the “**First Announcement**”) in respect of the entering into of the Warrant Placing Agreement on 28 December 2010 between the Company and the Placing Agent in respect of the placing of up to 42,000,000 Warrants, on a best efforts basis, by the Placing Agent. Unless otherwise defined, capitalised terms in this announcement shall have the same meaning as set out in the First Announcement.

The Directors are pleased to announce that on 30 December 2010 (after trading hours), a supplemental agreement to amend the Warrant Placing Agreement (the “**Supplemental Agreement**”) was entered into between the Company and the Placing Agent whereby the maximum number of Warrants to be placed under the Warrant Placing Agreement is amended to 32,000,000 Warrants. Other terms of the Warrant Placing Agreement remain unchanged. As at the date of this announcement, the Company has a total of 419,500,000 Shares in issue. Assuming there is no further issue or repurchase of the Shares, upon the full exercise of the subscription rights attaching to the Warrants, an aggregate of up to 32,000,000 Shares will be issued, which represent approximately 7.63% of the existing issued share capital of the Company and approximately 7.09% of the issued share capital as enlarged by the issue of the Shares to be issued upon exercise in full of the subscription rights attached to the Warrants.

The net proceeds from the Warrant Placing will be approximately HK\$300,000, which will be used as general working capital of the Group. As such, the net price per Warrant is approximately HK\$0.01. Any additional proceeds from the issue of the Shares upon the exercise of the subscription rights attaching to the Warrants in future of up to a maximum amount of approximately HK\$128 million will be applied as general working capital and as funds for future development of the Group. Assuming the subscription rights attaching to the Warrants are exercised in full, the total net funds to be raised, including the funds raised by the placing of the Warrants, would amount to approximately HK\$128.3 million.

#### **GENERAL MANDATE TO ISSUE THE SHARES UNDER THE WARRANTS**

As set out in the announcement of the Company dated 26 November 2010, part of the General Mandate has been earmarked for the proposed issued of not more than 50,000,000 new Shares for the purpose of the listing of Taiwan depository receipts on the Taiwan Stock Exchange. After further discussion with the sponsor to the TDR Issue, it is considered more appropriate for the new Shares to be issued under the TDR Issue to remain to be issued under the General Mandate.

Given the reduction of the number of Warrants to be placed under the Warrant Placing, the maximum number of Shares to be issued upon exercise of the subscription rights attached to the Warrants will be 32,000,000 Shares. As such, the maximum number of Shares to be issued under the Warrants and the TDR Issue will be 82,000,000 Shares which does not exceed the maximum number of Shares which may be issued under the General Mandate.

The Directors also consider that the terms of the Supplemental Agreement were entered into on normal commercial terms after arm’s length negotiations between the Company and the Placing Agent and that the terms are fair and reasonable so far as the interests of the Company and its Shareholders as a whole are concerned.

## SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 419,500,000 Shares in issue. The shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after the full exercise of the subscription rights attaching to the Warrants (assuming that there will be no further changes in the issued share capital of the Company prior to such exercise) and (iii) immediately after the full exercise of the subscription rights attaching to the Warrants (assuming that save for up to 50,000,000 new Shares are to be issued for the purpose of listing of the Taiwan depository receipts on the Taiwan Stock Exchange, there will be no further changes in the issued share capital of the Company prior to such exercise), and are as follows:

Shareholder	As at the date of this announcement		Immediately before completion of the TDR Issue assuming full exercise of Warrants		Immediately after completion of the TDR Issue assuming full exercise of Warrants	
	<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>	<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	46.51	210,000,000	41.87
PineBridge Global Emerging Markets Partners II, L.P.	20,067,000	4.78	20,067,000	4.44	16,567,000	3.30
PineBridge Asia Partners II, L.P.	28,518,000	6.80	28,518,000	6.32	23,518,000	4.69
American International Assurance Company (Bermuda) Limited	8,547,000	2.04	8,547,000	1.89	7,047,000	1.41
Other Shareholders	152,368,000	36.32	152,368,000	33.75	152,368,000	30.38
Holders of Warrants	—	—	32,000,000	7.09	32,000,000	6.38
Holders of TDRs	—	—	—	—	60,000,000	11.96
<b>Total</b>	<b>419,500,000</b>	<b>100.00</b>	<b>451,500,000</b>	<b>100.00</b>	<b>501,500,000</b>	<b>100.00</b>

\* The figures set out in the above table have been subject to rounding adjustments. Accordingly, figures shown as the percentage equivalents may not be an arithmetic sum of such figures.

Save as set out above, as at the date of this announcement, the Company has no outstanding convertible securities or options which are convertible into Shares.

## IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Rule 15.02(1) of the Listing Rules, the Shares to be issued on exercise of the Warrants must not, when aggregated with all other equity securities remain to be issued on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20% of the issue share capital of the Company at the time the Warrants are issued.

As at the date of this announcement, there are no equity securities of the Company with subscription rights outstanding and not yet exercised.

Assuming there is no further issue or repurchase of the Shares, upon the full exercise of the subscription rights attaching to the Warrants, 32,000,000 new Shares will be issued, which represent approximately 7.63% of the existing issued share capital of the Company and approximately 7.09% of the issued share capital as enlarged by the issue of the Shares under the Warrants.

Accordingly, the issue of the Warrants is in compliance with Rule 15.02(1) of the Listing Rules.

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

Hong Kong, 30 December 2010

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

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

*Non-executive Director: THONG Kwee Chee*

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

\* *For identification purpose only*