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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)

Update on Potential Quotation of TG Tech on the National Equities Exchange and Quotations System (The New Third Board*)

Reference is made to the announcement (the “Announcement”) of the Company dated 28 August 2015 in relation to the application for listing of TG Tech on the NEEQ System (the “Quotation”). Unless otherwise defined, capitalized terms used herein shall have the same meanings as defined in the Announcement.

Listing Rules implications of the potential Quotation

The Company has applied to the Stock Exchange (for, and the Stock Exchange has given the Company, its agreement to proceed with the potential Quotation.

Waiver from strict compliance with paragraph 3(f) of Practice Note 15 of the Listing Rules

Paragraph 3(f) of Practice Note 15 of the Listing Rules requires listed issuers carrying out spin-offs to provide existing shareholders with an assured entitlement to shares in the spun-off entity, either by way of a distribution in specie of existing shares or by way of preferred application in any offering of existing or new shares in the spun off entity.

TG Tech is a company incorporated in the PRC, and pursuant to the advice of the PRC counsel of TG Tech, only qualified investors, being persons qualified under 《全國中小企業股份轉讓系統投資者適當性管理細則（試行）》 (Detailed Rules of the National Equities Exchange and Quotations System on Management of Investor Fitness (for Trial Implementation)*) (the “NEEQ Rules”), 《合格境外機構投資者境內證券投資管理辦法》 (Measures for the Administration of Securities Investments in China by Qualified Foreign Institutional Investors*) and 《人民幣合格境外機構投資者境內證券投資試點辦法》 (Measures for the Pilot Program of Domestic Securities Investment by RMB Qualified Foreign Institutional Investors*) may hold and/or transfer the shares of a company quoted on the NEEQ System, and such persons include the following:

- (a) in respect of corporations, they include, among others, persons approved by the China Securities Regulatory Commission, persons holding quotas from the State Administration of Foreign Exchange, foreign strategic investors who meets the minimum investment amount requirement as required by the NEEQ Rules, and persons satisfying a minimum registered capital requirement as required by the NEEQ Rules; and
- (b) in respect of individuals, they include among others, foreigners who have obtained a permanent right of abode in the PRC, citizens of Hong Kong, Macau or Taiwan with valid working or residential proof of their residence in the PRC, investors with at least two years’ experience in investment (or acceptable qualification in accounting, finance, investment or economic) and hold securities with an aggregate value of over RMB5 million, and existing shareholders of the company.

Accordingly, not all, if any, of the existing shareholders of the Company will be entitled to hold shares in TG Tech following the potential Quotation, and thus compliance with paragraph 3(f) of Practice Note 15 in relation to the potential Quotation will not be feasible.

The Company has therefore applied to the Stock Exchange for, and the Listing Committee of the Stock Exchange has granted the Company, a waiver from strict compliance with paragraph 3(f) of Practice Note 15 of the Listing Rules.

Having considered that TG Tech and the Company are required to comply with the requirements under the PRC law as mentioned above as well as the reasons for and benefits of the potential Quotation as stated in the Announcement, and the fact that TG Tech will remain as a subsidiary of the Company and the results of which will continue to be consolidated into the accounts of the Company upon completion of the potential Quotation, the Board is of the view that the potential Quotation and the non-provision of assured entitlements in connection with the potential Quotation are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The potential Quotation is subject to the approval of National Equities Exchange and Quotations Co., Ltd.* and there is no assurance that the potential Quotation will take place or if it does, the timing thereof. Accordingly, shareholders and potential investors of the Company are advised to exercise caution when dealing or intending to deal in the shares of the Company.

By order of the Board
Tiangong International Company Limited
ZHU Xiaokun
Chairman

Hong Kong, 16 October 2015

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

Executive Directors: ZHU Xiaokun, WU Suojun, YAN Ronghua and JIANG Guangqing
Independent non-executive Directors: GAO Xiang, LEE Cheuk Yin, Dannis and YIN Shuming.

** For identification only*