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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)

OVERSEAS REGULATORY ANNOUNCEMENT ISSUE OF SECURITIES AND RELATED MATTERS

This voluntary announcement is issued by Tiangong International Company Limited (the “Company”) pursuant to Rules 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Inside Information Provisions (as defined in the Listing Rules) of Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

Reference is made to the announcement of the Company dated 7 March 2016 in relation to the Issue of Securities (“**Proposed Placing**”) in the Overseas Regulatory Announcement, where Jiangsu Tiangong Technology Company Limited (“**TG Tech**”) (“**TG Tech Placing Shares**”) (a wholly-owned subsidiary of the Company) proposed an issuance of new shares to Nanjing Iron & Steel Co., Ltd. (“**NISCO**”), an independent third party, after arm’s length negotiation.

A. BACKGROUND

On 7 March 2016, TG Tech entered into a subscription agreement with NISCO for a subscription of, subject to certain conditions and adjustment (if applicable), 40 million TG Tech Placing Shares at the Placing Price of RMB1.24 per share for a cash consideration of up to approximately RMB49.6 million (equivalent to approximately HK\$59.1 million).

B. PRINCIPAL TERMS OF THE PROPOSED PLACING

Total number of TG Tech Placing Shares	40 million new shares
Placing targets	Nanjing Iron & Steel Co., Ltd. (“ NISCO ”)
Use of proceeds	The net proceeds (after deducting the related expenses in

connection with the Proposed Placing) shall be used as working capital to increase the production capacity and the enhancement of research and development level.

Conditions

The Proposed Placing is subject to (i) the shareholders' approval at general meeting of TG Tech and (ii) filling a record to the National Equities Exchange and Quotations System

C. REASON FOR THE PROPOSED PLACING

TG Tech intends to use the proceeds from the Proposed Placing for the replenishment of its working capital, which enables TG Tech to (i) increase its production capacity; (ii) strengthen its current research and development level; and (iii) increase its financial strength.

D. HONG KONG LISTING RULES IMPLICATIONS

Assuming no new shares of TG Tech will be issued between the date of this announcement and the date of the Completion, the equity interests held by the Company in TG Tech upon the Completion will be diluted by approximately 11.76% from 100% to approximately 88.24% of the enlarged share capital of TG Tech.

TG Tech will remain as a subsidiary of the Company after the Completion. Such dilution will constitute a deemed disposal by the Company of 11.76% equity interest in TG Tech. As the applicable size test percentage ratios in respect of such deemed disposal are lower than 5%, the proposed deemed disposal is exempt from announcement and shareholders' approval requirements under Chapter 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Proposed Placing is subject to, among other things, the shareholders' approval at general meeting of TG Tech and filling a record to the National Equities Exchange and Quotations System, and may or may not proceed.

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

By order of the Board
ZHU Xiaokun
Chairman

Hong Kong, 7 March 2016

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

Executive Directors: ZHU Xiaokun, YAN Ronghua, WU Suojun and JIANG Guangqing

Independent non-executive Directors: GAO Xiang, LEE Cheuk Yin, Dannis and YIN Shuming

** for identification purpose only*