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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)

## **VOLUNTARY ANNOUNCEMENT**

### **EQUITY INVESTMENT IN E-COMMERCE OF DIE STEEL**

This is a voluntary announcement made by Tiangong International Company Limited (the “Company”, together with its subsidiaries, the “Group”).

#### **INTRODUCTION**

Tiangong Aihe Company Limited (“TG Aihe”), an indirect wholly owned subsidiary of the Company, agreed with other partners which are third parties independent of the Company and its connected persons to form a corporation, which will be owned as to 10% by TG Aihe.

#### **EQUITY INVESTMENT IN E-COMMERCE OF DIE STEEL**

The board of directors (the “Board”) of the Company is pleased to announce that, on 20 December 2016, TG Aihe entered into an investment agreement (the “Investment Agreement”) with three (3) other partners for the formation of a corporation, to be named Shenzhen 51 Mocai Technology Company Limited\* (深圳市我要模材科技有限公司) (“Shenzhen 51 Mocai”) subject to the PRC government approval, with a registered capital of RMB50 million. The principal business of Shenzhen 51 Mocai would be computer technology development and technical services; the e-commerce of moulding materials; development of moulding software; development, production and sales of smart device; research and development, production, sales and import and export of moulding materials, special function materials, energy-storage materials, fine alloy,

corrosion-resistant alloys, high-temperature alloys and moulding accessories and mould peripheral equipment; supply chain management and related supporting services; warehousing services; leasing of self-owned properties, property management services and inventory loading and unloading services and transport services. Upon completion of the formation of Shenzhen 51 Mocai, the three partners would procure Shenzhen Xinyuan Steel Material Company Limited\* (深圳市新元鋼鐵材料有限公司) (“Shenzhen Xinyuan”) to transfer the die steel e-commerce platform (www.51mocai.com) to Shenzhen 51 Mocai.

## **Information on the parties to the Investment Agreement**

### **1. TG Aihe**

TG Aihe is a limited liability company which principally engages in the business of manufacturing and sales of die steel.

### **2. Shenzhen Chuanghangda Technology Company Limited\* (深圳市創航達科技有限公司) (“Shenzhen Chuanghangda”)**

Shenzhen Chuanghangda is a limited company which principally engages in the business of development and sales of computer software and hardware; networking and communication engineering; network technology development; and providing information services.

### **3. Pingxiang Yuansheng Enterprise Management Center (Limited Partnership)\* (萍鄉遠昇企業管理中心(有限合夥)) (“Pingxiang Yuansheng”)**

Pingxiang Yuansheng is a limited partnership which principally engages in the business of investment management, venture investment and providing consultation services on enterprise management and investment.

### **4. Pingxian Jinhang Management Consulting Center (Limited Partnership)\* (萍鄉金航管理諮詢中心(有限合夥)) (“Pingxiang Jinhang”)**

Pingxiang Jinhang is a limited partnership which principally engages in the business of investment management, venture investment and providing consultation services on enterprise management and investment.

To the best of the knowledge, information and belief of the directors of the Company having made all reasonable enquiry, each of Shenzhen Chuanghangda, Pingxiang Yuansheng and Pingxiang Jinhang and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

## Capital contribution by and board representation of the parties to the Investment Agreement

Pursuant to the Investment Agreement, the registered capital of Shenzhen 51 Mocaï shall be RMB50 million and the parties shall contribute and nominate representatives to the board of directors of Shenzhen 51 Mocaï as follows:

| Name of the party     | Capital contribution (RMB) | Percentage of equity interest (%) | Number of board representative to be nominated by the party |
|-----------------------|----------------------------|-----------------------------------|---|
| TG Aihe               | 5,000,000                  | 10                                | 1   |
| Shenzhen Chuanghangda | 30,000,000                 | 60                                | 2   |
| Pingxiang Yuansheng   | 10,000,000                 | 20                                | 0   |
| Pingxiang Jinhang     | 5,000,000                  | 10                                | 0   |
| <b>Total</b>          | <b>50,000,000</b>          | <b>100</b>                        | <b>3</b>  |

### Reasons and benefits for the equity investment

Shenzhen 51 Mocaï is mainly established to acquire the die steel e-commerce platform (www.51mocaï.com) from Shenzhen Xinyuan.

The e-commerce platform would allow the Group to follow the state advocated “Internet +” macro policy, focusing on transformation of the traditional distribution channel of die steel by using internet technology.

The proposed e-commerce platform is intended to provide online die steel customisation, centralised warehousing and one-stop online ordering for die steel and moulding by integrating the production information of upstream die steel manufacturers, capacity of deep processing subcontractors, demand from end consumers and regional inventory level.

The Group intended to initiate its integration of downstream operation by investing in Shenzhen 51 Mocaï. The Group is expected to benefit from the industrial Big Data acquired from the e-commerce platform to facilitate the analysis of the demand from the end consumers. The Group would then be able to refine the production and product mix according to the result from the analysis. Further, the analysis could provide a new direction to the Group on the strategy and development of its new products.

In addition, the Group considered the investment in Shenzhen 51 Mocaï to be an effective way to expand its distribution network to the South China region.

It is intended that TG Aihe would fund its capital contribution out of its internal resources. The directors of the Company believe that the terms of the Investment Agreement are fair and reasonable and in the interests of the shareholders of the Company as a whole.

## **GENERAL**

As all of the relevant percentage ratios (as defined under Rule 14.07 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”)) in respect of the total commitment to be provided by TG Aihe under the Investment Agreement are less than 5%, the Investment Agreement and the transactions contemplated thereunder are exempt from the reporting, announcement and shareholders’ approval requirements under Chapter 14 of the Listing Rules, and this announcement is made by the Company on a voluntary basis.

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

Hong Kong, 20 December 2016

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 and LEE Cheuk Yin, Dannis, WANG Xue Song

*\* For identification purpose*