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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
UPDATE ON
POWDER METALLURGY SOLE DISTRIBUTION AGREEMENT**

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

POWDER METALLURGY SOLE DISTRIBUTION AGREEMENT

The board of directors (the **“Board”**) of the Company is pleased to announce that Tiangong Development Hong Kong Company Limited (**“TG Development”**), an indirect wholly-owned subsidiary of the Company, entered into a powder metallurgy sole distribution agreement (the **“Agreement”**) with a leading supplier of the special steel products in Europe (the **“Business Partner”**).

Pursuant to the Agreement, TG Development shall exclusively supply powder metallurgy steel (**“PM Steel”**) products in various dimensions to the Business Partner in the European market (save for certain existing customers and joint ventures of the Group) and the Business Partner shall have a right of sale of such PM Steel products in the European Market. The total volume of supply under the Agreement which is agreed in accordance with TG Development’s production capabilities and the Business Partners’ knowledge of the European market is as follows:

Period	Tons
1 July 2021 to 30 June 2022	30 to 50
1 July 2022 to 30 June 2023	50 to 100
1 July 2023 to 30 June 2024	200 to 300
1 July 2024 to 30 June 2025	300 to 600

The above schedule is agreed on the basis that the supply of 20 tons consignment stock by TG Development will be completed on or before 1 July 2021 as a buildup of initial stock for the Business Partner during the preparation phase. In the event of any delay of the supply, the supply timetable will be adjusted accordingly.

The Agreement will be valid till 30 June 2025. In the event the agreed supply volume is not achieved in any period above, the exclusive distribution right shall expire in the following period.

Reasons and benefit of entering into the Agreement

The signing of the Agreement is a recognition of the Group's powder metallurgy products' quality and competitiveness in the European market. The Board believes that by entering into the Agreement, the Group will be able to leverage on the Business Partners' special market knowledge and excellent market access in the European Market which will enable the Group to gain significant market share in the European Market for its PM Steel products.

The Board further considers that the Agreement will help ensuring a stable demand for the Group's new metallurgy products and can therefore improve the profitability and return of the Group's investment in powder metallurgy production line. In view of the above, the Board is of the view that the terms of the Agreement are in the interest of the Company and its shareholders as a whole.

GENERAL

To the best of the knowledge, information and belief of the Board having made all reasonable enquiries, the Business Partner and the ultimate beneficial owners of the Business Partner are third parties independent of the Company and the connected persons of the Company.

This announcement is a voluntary announcement made by the Company to keep the shareholders and potential investors informed of the latest business development of the Group.

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

Hong Kong, 1 February 2021

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 WANG Xuesong

* *For identification purpose*