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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)

**ANNOUNCEMENT  
IN RELATION TO THE PROPOSED SPIN-OFF  
AND LISTING OF A CONTROLLED SUBSIDIARY**

This announcement is made by Tiangong International Company Limited (the “**Company**”) pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited.

On 28 December 2020, the Company made an announcement regarding the discloseable transaction of the Company concerning the deemed disposal of equity interest in Jiangsu Tiangong Tools Company Limited (“**TG Tools**”) arising out of the issue of new shares to certain independent third parties. As of the date of this announcement, the Company indirectly holds 82.35% shares of the entire equity interest of TG Tools and is the controlling shareholder of TG Tools. In order to better integrate resources to expand and strengthen the high speed steel and die steel (together known as “**Tool Steel**”) business, the board (the “**Board**”) of directors (the “**Directors**”) of the Company has considered and approved TG Tools to prepare for the proposed spin-off and independent listing on a stock exchange in China (the “**Proposed Spin-off**”), and authorised the management of the Company and TG Tools to initiate the preliminary preparations for the Proposed Spin-off, including but not limited to the study of feasibility plans, the organization of the preparation of the listing plan, the signing of relevant agreements involved in the preparation process and other listing-related matters, and after formulating the spin-off and listing plan, the relevant listing plan and other matters related to the listing will be submitted to the Board and the general meeting of the Company for approval.

The Proposed Spin-off will not result in the Company losing control over TG Tools, which will remain a subsidiary of the Company and its financial information will continue to be consolidated into the Company’s consolidated financial statements. The Proposed Spin-off will not have a substantial impact on continuous operations of the Company’s other business segments, and will not affect the independent

listing status and sustainable profitability of the Company.

## I. GENERAL INFORMATION ON THE ENTITY TO SPUN-OFF AND SEPARATELY LISTED

### (1) General Information

1. Company name: Jiangsu Tiangong Tools Company Limited
2. Legal representative: Wu Suojun (吳鎖軍)
3. Registered capital: RMB2,148,128,000
4. Unified social credit code: 91321181134795523R
5. Registered address: Qianxiang Village, Houxiang, Danbei Town. Danyang City
6. Date of establishment: 7 July 1997
7. Shareholding of the shareholders:

No.	Name of shareholder	Registered Capital Subscribed (RMB)	Shareholding percentage
1.	Jiangsu Tiangong New Materials Co. Ltd. * (江蘇天工新材料有限公司) (Note)	1,611,096,000	61.76%
2.	China Tiangong (Hong Kong) Company Limited (中國天工(香港)有限公司)	537,032,000	20.59%
3.	Danyang Tianyi Corporate Management Partnership (Limited Partnership)* (丹陽天一企業管理合夥企業(有限合夥))	26,084,411	1.00%
4.	CICC Jiatai Phase II (Tianjin) Equity Investment Fund Partnership (Limited Partnership)* (中金佳泰貳期(天津)股權投資基金合夥企業(有限合夥))	46,031,314	1.77%
5.	Qilu (Xiamen) Equity Investment Partnership (Limited Partnership)* (啟鷺(廈門)股權投資合夥企業(有限合夥))	50,634,446	1.94%
6.	CICC Qichen (Suzhou) Emerging Industry Equity Investment Fund Partnership (Limited Partnership)* (中金啟辰(蘇州)新興產業股權投資基金合夥企業(有限合夥))	30,687,543	1.17%
7.	Goldstone Manufacturing Transformation and Upgrading Advance Materials Fund (Limited Partnership)* (金石製造業轉型升級新材料基金(有限合夥))	92,062,629	3.53%
8.	Sinopec Group Capital Co., Ltd. (中國石化集團資本有限公司)	61,375,086	2.35%
9.	Zhenjiang Qianyuan Equity Investment Partnership (Limited Partnership)* (鎮江乾元股權投資合夥企業(有限合夥))	46,031,314	1.77%
10.	Danyang Tianxin Investment Management Co., Ltd.* (丹陽市天鑫投資管理有限公司)	46,031,314	1.77%
11.	Yuhua Rongtou Linkage (Xiamen) Investment Partnership (Limited Partnership)* (譽華融投聯動(廈門)投資合夥企業(有限合夥))	15,343,771	0.59%
12.	Nanchang Honggutan New Area Aviation Investment Yuhua	15,343,771	0.59%

	Equity Investment Center (Limited Partnership)* (南昌市紅谷灘新區航投譽華股權投資中心 (有限合夥))		
13.	Qingdao Huazi Shengtong Equity Investment Fund Partnership (Limited Partnership)* (青島華資盛通股權投資基金合夥企業 (有限合夥))	9,206,263	0.35%
14.	Qingdao Huazi Huizhi Equity Investment Fund Partnership (Limited Partnership)* (青島華資匯志股權投資基金合夥企業 (有限合夥))	9,206,263	0.35%
15.	Qingdao Letong Chinese Capital Smart Industry Fund (Limited Partnership)* (青島樂通華資智慧產業基金 (有限合夥))	9,206,263	0.35%
16.	Yantai Yuanhezhenxin Investment Center (Limited Partnership)* (煙台源禾正鑫投資中心 (有限合夥))	<u>3,068,754</u>	<u>0.12%</u>
<b>Total</b>		<b><u>2,608,441,142</u></b>	<b><u>100.00%</u></b>

*Note: The registered capital is held by China Tiangong (Hong Kong) Company Limited and will be transferred to Jiangsu Tiangong New Materials Co. Ltd.*

8. Scope of business: Manufacturing of tools, cutting tools, knives, indoor and outdoor TV antennas (except for terrestrial satellite reception facilities), development, production, and sales of construction hardware and hardware, smelting and sales of tool steel, import and export business (except for business or the prohibited commodities and technologies restricted by the state)

## (2) Business Development of TG Tools in the Latest Three Years

The principle business of TG Tools includes the development, production and sale of Tool Steel. TG Tools owns a full-process production line including smelting, forging and rolling and has nearly 30 years of industry experience in the field of Tool Steel and a sales network covering high-growth regions around the world. TG Tools has a strong focus on the high-end areas of the Tool Steel industry. In 2018, TG Tools officially commenced the construction of the first domestic powder metallurgy production line, with three directions of development, namely, powdered steel ingots, near-net shape forming, and additive manufacturing (including low-carbon molds and 3D printing), which will fill the gap in production of domestic powder metallurgy. The first-phase production line was completed and put into production in November 2019, achieving an annual output of 2,000 tons of powder metallurgy products, lowering the dependence on imports of powder metallurgy products. In the future, TG Tools will continue to focus on the Tool Steel industry, through continuous exploration of high-end new materials and downstream expansion measures, and aim at the application of international powder metallurgical materials for becoming a provider of the world's new material manufacturing and technical service.

## II. THE PURPOSE AND SIGNIFICANCE OF THE PROPOSED SPIN-OFF

The Tool Steel industry has the characteristics of large initial investment of equipment, complex production process and long production cycle, and it also has higher requirements on the refined management and technological innovation capabilities, which makes a high entry barrier. In recent years, as one of the important basic materials of manufacturing industry, the Tool Steel industry has become a strategic emerging industry. Meanwhile, the state has intensively introduced a number of relevant policies to encourage and support the Tool Steel industry. At present, the domestic market demand for high-performance Tool Steel continues to increase, and domestic substitution trend is becoming more obvious.

As a leading company in the Tool Steel industry, TG Tools has certain advantages in terms of technical accumulation, strong sales network and refined management. Relying on its advantages, TG Tools is committed to solving the "stuck neck" problem of national key special steel materials, and successfully overcomes the powder metallurgy technology, breaking the domestic dependence on imports with equal quality products. In 2021, TG tools will start the second phase of powder metallurgy project, with additional 3,000 tons of powder metallurgy products. In the future, TG Tools will continue to incubate the domestic powder metallurgy of Tools Steel industry, proceed import substitution, and narrow the gap in manufacturing capacity between the state and advanced industrial countries.

As of the date of this announcement, TG Tools has completed equity incentive plan, introduction of strategic investors and other related work, corporate governance structure and incentive system have been continuously improved, and industrial resources and reserve projects have been continuously enriched, with a good foundation for independent operation. The Proposed Spin-off will be conducive for TG Tools to further improving multi-channel financing ability and brand effect, forming a sustainable competitive advantage by strengthening the resources conformity ability and product research and development capability, making full use of the domestic capital market, seizing market development opportunities, and laying a solid foundation for becoming a leading supplier of new materials of Tool Steel.

### **III. OPINIONS OF DIRECTORS**

The Proposed Spin-off is conducive to TG Tools for broadening its financing channels, supporting its continuous research and development and operating investment, and enhancing the core competitiveness and sustainable development ability of the business of the Company and TG tools. The Directors (including the independent non-executive Directors) believe that the Proposed Spin-off is in line with the Company's strategic planning and long-term development needs, which is not detrimental to the interests of the Company and all shareholders, especially the minority shareholders, and approve to initiate the preliminary preparations for the Proposed Spin-off, and authorise the management of the Company and TG tools to initiate related preparations for the spin-off. Upon the initial listing plan is determined, the Company will carry out the corresponding decision-making procedure, consider the relevant proposal of the spin-off in accordance with relevant laws and regulations and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

### **IV. RISK WARNING**

The Proposed Spin-off is in its early planning stage. After the completion by the Company's management on the preliminary preparations, the Board will consider whether the Proposed Spin-off is in compliance with the requirements of the relevant laws, regulations and regulatory documents, including any shareholders approval requirement as may be necessary. Further, the Proposed Spin-off is subject to the approval by the China Securities Regulatory Commission, and the stock exchange where TG Tools is proposed to be listed and the approval of the stock exchange where the Company is listed (as appropriate). The process and the success of the Proposed Spin-Off will also be affected by the macro-economic environment and the securities market sentiment. As such, any of the above-mentioned factors may affect the planning and implementation of the Proposed Spin-off. The Company will make appropriate disclosure in a timely manner on the progress of the Proposed Spin-off.

**In view of the above risk factors, shareholders and investors are advised to pay attention to investment risks and exercise caution when dealings in the securities of the Company.**

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

Hong Kong, 29 March 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*