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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)

CLARIFICATION ANNOUNCEMENT

This is a voluntary announcement made by Tiangong International Company Limited (the “**Company**”).

Reference is made to the clarification announcements dated 16 and 25 February 2022 of the Company (the “**Announcements**”) in respect of certain allegations in a report (the “**Report**”) issued by a financial research company, namely Emerson Analytics Co., Ltd, on 15 February 2022. The Company notes that a further report with similar allegations was released on 28 February 2022 (the “**Further Report**”), which the Company disclaims. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as set out in the Announcements.

It is noted that the Further Report continued to make the allegations as set out in the Report (which the Company disclaimed) notwithstanding clarification made by the Company in the Announcements.

A. CONTINUED ALLEGATIONS

1. Overstatements of DS Production

(a) The Further Report alleges:

“according to Tiangong’s logic, TG Tools accounted for a substantial portion of Tiangong’s total DS output during 2017–19, and in 2019 it even produced more DS than TG Aihe to become the biggest producer in China.”

“Where does 181.7k tons of DS sales volume in 2020 come from?”

The Company would clarify that:

- (i) The Company has never made any claims on the DS production of TG Aihe or TG Tools New Materials against the DS production of the nation. It is not the logic of the Company but that of the Report and Further Report.
- (ii) According to the production records of the Group, the production of DS finished goods in 2019 was 145k tonnes. Such production volume was contributed by:

Entity	Volume (tonne'000)
TG Aihe	96 [#]
TG Tools New Materials	32
Jurong TG New Materials	17
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Total	145
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Note: During peak season, the Group outsourced 11,000 tonnes of certain DS products with lower alloy composition, which is less cost effective to manufacture during the relevant time, to satisfy delivery requirements. Such 11,000 tonnes of DS products were not included in the above production volume.

[#] Among the 96k tonnes of DS produced by TG Aihe, 84k tonnes was high alloyed-DS reported to SSEA and 12k tonnes was low alloyed-DS which was not required to report.

- (iii) In addition, the Report and Further Report ignored the inventory movement of DS products.

- (b) The Further Report queries:

“We are convinced that the relevant DS output data published by SSEA pertain to Tiangong and not just to TG Aihe.”

The Company has sought confirmation from SSEA before the publication of the 25 February 2022 Announcement. SSEA confirmed that the 84k tonnes of high alloy-DS products were those of TG Aihe in 2019 and did not include any DS production of TG Tools New Materials or Jurong TG New Materials.

2. Overstatement of DS Exports

Dispute the clarifications made in the Announcements, the Further Report continues to allege “*Tiangong’s 2019 DS export volume was even bigger than this national total!*”

Given that the Company has reaffirmed its export figures for 2019 with the relevant authority, it is not necessary for the Company to comment on such national total on which the allegation of the Report and the Further Report rely.

The Company confirms that it is not aware of any inside information relating to the negative statements/comments made in the Report that need to be disclosed under Part XIVA of the Securities and Future Ordinance (Chapter 571 of the laws of Hong Kong).

The Company reiterates that while shareholders, investors and regulators to monitor the Group’s business operations and financial performance are welcome, the Company will not tolerate malicious defamation against the Company.

Investors and shareholders are reminded to exercise caution when reviewing and applying the information of the Report and the Further Report and when dealings in the shares of the Company.

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

Hong Kong, 2 March 2022

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*