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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 STRATEGIC COOPERATION FRAMEWORK AGREEMENT

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

STRATEGIC COOPERATION FRAMEWORK AGREEMENT

The board of directors of the Company (the “**Board**”) is pleased to announce that on 16 July 2025, the Company entered into a strategic cooperation framework agreement (the “**Framework Agreement**”) with an existing supplier, Hengerda New Materials (Fujian) Co., Ltd (Stock Code: 300946.SZ) (“**Hengerda**”). The principal terms are as follows:

JOINT DEVELOPMENT AND APPLICATION OF POWDER HIGH-SPEED STEEL MATERIALS FOR SAWING TOOLS

Through the concerted efforts of both parties, the cooperation will be further implemented with an aim to expedite the research, testing and application of the Group’s powder high-speed steel materials for sawing tools (including M42, M51, etc.) (the “**Sawing Tool Materials**”) in relevant product applications. This is expected to strengthen industry leadership, promote technological advancement, and facilitate import substitution.

Hengerda will provide the Group with verification and testing platforms and equipment support via its in-house sawing tool production lines. Leveraging its manufacturing experience of decades and end-user data, Hengerda will offer the Group with continuous technical support in areas such as alloy composition optimisation, process improvement, and product performance enhancement, thereby contributing to the refinement of the Group’s material R&D system.

To support the rapid development of this business, upon successful verification of the Group's Sawing Tool Materials, Hengerda has agreed, subject to ensuring a smooth transition of its supply chain, to gradually switch its primary raw material supplier to the Group. Both parties have agreed that, starting from 2026, Hengerda will procure not less than 100 tonnes of Sawing Tool Materials from the Group per annum over a period of five years, with a total purchase amount of no less than 600 tonnes. The Group has undertaken to offer the most favourable procurement price to Hengerda. Detailed procurement arrangements will be subject to further negotiation and the execution of a separate agreement.

SUPPLY OF SAWING EQUIPMENT AND TOOLS AND ENERGY-SAVING UPGRADES TO PRODUCTION LINES

Hengerda, as a leading domestic supplier of sawing equipment and tools, has yielded significant results in prior cooperation with the Group by helping to reduce costs and improve efficiency. The Group has agreed to designate Hengerda as its preferred supplier under equal terms and to prioritise the procurement of Hengerda's high-performance sawing equipment and ancillary tools for its daily production needs. Hengerda is required to provide customised sawing process solutions in line with the Group's production requirements, including the development of automated sawing production lines or the retrofitting of existing lines, with an aim to significantly reduce energy, labour, and tool consumption costs in the Group's sawing operations.

The Group plans to procure 40–50 units of sawing equipment from Hengerda for upgrading its domestic and overseas production lines. Hengerda is required to assign an experienced technical team to closely follow the Group's on-site renovation projects, make timely response to the Group's needs, formulate comprehensive technical and construction plans, and adopt effective project management to avoid or minimise disruptions to or reduction in production caused by the line modifications. Specific renovation plans and timelines will be subject to the execution of a separate agreement upon mutual consent of the parties.

PROCUREMENT AND JOINT DEVELOPMENT OF PRECISION CUTTING TOOLS

Subject to meeting Hengerda's production procurement standards and offering competitive pricing, Hengerda has committed to giving priority to the use of the Group's cutting tool products, thereby further strengthening the strategic cooperation between both parties through deep integration of their supply chains.

Both parties have agreed to jointly develop cutting tools tailored for high-precision rolling functional components, with the objective of enhancing synergy in precision machining and building a competitive edge in the industry. The Group will be responsible for the tool design, production, and iterative technical optimisation to meet the machining requirements for such high-precision components, while Hengerda will be responsible for full-cycle data collection, performance validation testing, and application feedback etc. Together with Hengerda's technical expertise in alloy composition design, heat treatment, metal processing and specialised equipment manufacturing, the parties aim to form a closed-loop process of "research and development-verification-optimisation" and provide the Group with continuous technical support for optimisation of alloy composition, enhancement of manufacturing processes, and improvement of product performance.

COOPERATION ON APPLICATION OF HIGH-NITROGEN STEEL IN PLANETARY ROLLER SCREW MANUFACTURING

Given the Group's established capabilities in high-nitrogen steel preparation and its successful applications across multiple sectors, both parties intend to jointly develop high-nitrogen steel materials suitable for use in planetary roller screw manufacturing. This initiative aims to reduce material costs while enhancing wear resistance, corrosion resistance, and hot processing performance.

The Group will be responsible for foundational research on alloy composition, control of critical performance parameters, and large-scale material production for high-nitrogen steel materials. Hengerda will be responsible for validating material application during the manufacturing process of the planetary roller screw and tracking, recording and analysing performance data from production and end-product testing. Based on Hengerda's accumulated experience in alloy composition design, metal heat treatment, processing and equipment, it will provide timely feedback and improvement suggestions to the Group, contributing to the co-development of optimal material application solutions for planetary roller screw production. The goal is to achieve industrial application, reduce the material and production cost, enhance processing efficiency and yield rate, and improve product consistency and reliability of planetary roller screw, thereby jointly contributing to the advancement of China's high-end manufacturing sector.

COOPERATION ON HIGH-PRECISION THREAD GRINDING MACHINES

The Group has purchased and is currently using high-precision thread grinding machines manufactured by a renowned German manufacturer. In light of Hengerda's full acquisition of the German manufacturer and its ongoing efforts to localise production of that German brand high-precision thread grinding machines in China, the Group has agreed to fully support Hengerda's localisation verification and testing work on the German brand high-precision thread grinding machines. Drawing on its accumulated experience in cutting tool grinding, the Group will provide feedback and suggestions for improvement on the application of domestically-produced German brand high-precision thread grinding machines in the tool industry.

To support Hengerda's localisation efforts on that German brand high-precision thread grinding machines, the Group has agreed to engage Hengerda to construct two fully automated tap production lines, which will exclusively adopt Hengerda's domestically-produced German brand high-precision thread grinding machines. The Group intends to procure an initial batch of 30 to 50 units. Hengerda shall offer the most favourable project pricing and establish a dedicated team to ensure the construction and commissioning of the aforementioned production lines. The construction details and timeline will be subject to the execution of a separate agreement upon mutual consent of the parties.

DEVELOPMENT OF CONTINUOUS HEAT TREATMENT TECHNOLOGY FOR METAL CUTTING TOOLS

Given Hengerda's long-standing technical experience in heat treatment and its professional expertise in constructing continuous heat treatment production lines for metal cutting tools, the Group plans to commission Hengerda to develop and construct such continuous heat treatment technology for metal cutting tools production lines. The objective is to improve production efficiency and reduce costs. Detailed technical arrangements will be subject to the execution of a separate agreement upon mutual consent of the parties.

COOPERATION ON INDUSTRIAL CHAIN JOINT INVESTMENT

To integrate their respective core strengths in the R&D of metal material, manufacturing processes, metal cutting tool production and advanced specialised equipment manufacturing, the parties intend to establish a dedicated joint investment task force. This initiative will focus on collaborative investments across the upstream and downstream industrial chain, with a particular emphasis on advanced manufacturing sectors supported by national policies, including new energy vehicles, robots, semiconductors, and electronic information, with a view to jointly strengthening the market competitiveness and industry discourse power of the products in these sectors. The cooperation will encompass frontier technology research, project incubation and industrialisation, M&A of premium assets of local and overseas industry, and vertical integration investments, with a view to achieving collaborative innovation and maximising value through resource sharing and complementary advantages. Further announcement(s) on the investment(s) will be made, as appropriate.

GENERAL INFORMATION OF HENGERDA

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Hengerda and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

The Board believes that the Framework Agreement marks a step forward in strengthening cooperation with one of the Group's key industrial partners, in line with the Group's development policy of continuous product upgrading and marketing strategy of expanding downstream applications. The formation of a "research and development-verification-optimisation" closed-loop model through upstream and downstream collaboration will facilitate more effective product optimisation. Furthermore, joint investments across the industry chain will enable early positioning in advanced sectors, thereby enhancing the Group's competitiveness and leading position. Accordingly, the Board considers the terms of the Framework Agreement to be in the interests of the Company and its shareholders as a whole.

GENERAL

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

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

Hong Kong, 16 July 2025

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

Executive Directors: ZHU Xiaokun, Zhu Zefeng, WU Suojun and JIANG Guangqing

Independent non-executive Directors: LEE Cheuk Yin, Dannis, WANG Xuesong and QIN Ke

* *For identification purpose*