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Sky Greenfield Investment Limited

(incorporated in the Cayman Islands with limited liabilities)

Tiangong International Company Limited

天工國際有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 826)

JOINT ANNOUNCEMENT

**(1) CONDITIONAL VOLUNTARY GENERAL OFFER BY
ABCI CAPITAL LIMITED ON BEHALF OF
SKY GREENFIELD INVESTMENT LIMITED
FOR ALL THE OUTSTANDING SHARES OF
TIANGONG INTERNATIONAL COMPANY LIMITED
AND FOR THE CANCELLATION OF ALL THE OUTSTANDING OPTIONS OF
TIANGONG INTERNATIONAL COMPANY LIMITED
AND
(2) RESUMPTION OF TRADING**

Financial Advisor to the Offeror



農銀國際

ABC INTERNATIONAL

* *For identification purpose only*

INTRODUCTION

The Offeror and the Company jointly announce that ABCI will, on behalf of the Offeror, make voluntary conditional cash offers (i) to acquire all of the outstanding Shares in the issued share capital of the Company; and (ii) to cancel all the outstanding Options.

THE OFFERS

The Share Offer

The Share Offer will be made by ABCI on behalf of the Offeror, on the following basis:

Consideration of the Share Offer

For each Share HK\$0.90 in cash

The Share Offer Price of HK\$0.90 per Share represents a premium of 12.50% over the closing price of HK\$0.80 per Share as quoted on the Stock Exchange on 11 September 2017, being the Last Trading Date.

The Option Offer

ABCI will make, on behalf of the Offeror, appropriate offers to the Optionholders in accordance with Rule 13 of the Takeovers Code to cancel all outstanding Options in exchange for cash on the following basis.

(a) In respect of Options with an exercise price of HK\$1.78:

For cancellation of each such Option HK\$0.01 in cash

(b) In respect of Options with an exercise price of HK\$0.60:

For cancellation of each such Option HK\$0.30 in cash

WARNING: Shareholders, Optionholders and potential investors should be aware that the Share Offer is subject to the satisfaction or waiver (where applicable) of the Conditions (as set out in “Conditions of the Offers” in this announcement), and the Option Offer is subject to and conditional upon the Share Offer becoming or being declared unconditional in all respects. Accordingly, the Offers may or may not become unconditional. Shareholders, Optionholders and potential investors should therefore exercise caution when dealing in the Shares, exercising the Options or other rights in respect of any of them. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

The Offeror confirms that the Share Offer Price and cancellation price of the Options are final and will not be increased.

VALUE OF THE OFFERS

Based on the Share Offer Price of HK\$0.90 per Share and 1,431,090,000 outstanding Shares not held or agreed to be acquired by the Offeror and its Concert Parties:

- (a) Assuming no outstanding Options are exercised and the Share Offer is accepted in full:
 - (i) the value of the Share Offer will be approximately HK\$1,287,981,000; and
 - (ii) the total amount to satisfy the cancellation of all outstanding Options will be approximately HK\$5,097,470.
- (b) Assuming all outstanding Options (other than those held by Mr. Zhu Xiaokun and Mr. Zhu Zefeng) are exercised in full and the Share Offer is accepted in full (including all Shares issued and allotted as a result of the exercise of the Options):
 - (i) the value of the Share Offer will be approximately HK\$1,322,106,300; and
 - (ii) no amount will be payable by the Offeror under the Option Offer.

FINANCIAL RESOURCES AVAILABLE TO THE OFFEROR

Assuming all outstanding Options (other than those held by Mr. Zhu Xiaokun and Mr. Zhu Zefeng) will be exercised, the financial resources required from the Offeror to satisfy the consideration for the Offers is HK\$1,322,106,300.

The Offeror intends to finance the consideration payable by the Offeror under the Offers partially by deposit available at Agricultural Bank of China Ltd, Hong Kong Branch and partially from external financing granted by ABCI Securities Company Limited to the Offeror. As security for the external financing granted by ABCI Securities Company Limited to the Offeror, each of THCL, SPHK and the Offeror has provided the Share Charges in favour of ABCI Securities Company Limited and Mr. Zhu Zefeng has provided the Share Mortgage and the Assignment of Shareholder Loan in favour of ABCI Securities Company Limited. ABCI, the financial adviser to the Offeror, is satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy full acceptance of the Offers.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the non-executive Directors who have no direct or indirect interest in the Offers, has been established by the Company in accordance with Rule 2.1 of the Takeovers Code to make recommendation to the Independent Shareholders as to whether the Share Offer is fair and reasonable and as to acceptance of the Share Offer and the Optionholders as to whether the Option Offer is fair and reasonable and as to acceptance of the Option Offer. An independent financial adviser will be appointed by the Company with approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Offers. Further announcement will be made by the Company in respect of appointment of the independent financial adviser as and when appropriate.

DESPATCH OF THE COMPOSITE DOCUMENT

It is the intention of the Offeror and the Company to combine the offer document and the offeree board circular in the Composite Document. Pursuant to Rule 8.2 of the Takeovers Code, the Offeror and the Company are required to despatch the Composite Document containing, among other things, (i) details of the Offers and their respective terms and conditions (including the expected timetable); (ii) the letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the Offers; (iii) the letter of advice from the independent financial adviser to the Independent Board Committee in respect of the Offers; and (iv) relevant forms of acceptance and transfer, to the Shareholders and Optionholders within 21 days from the date of this announcement. It is expected that the Composite Document will be despatched on or before 6 October 2017.

Further announcement(s) regarding the despatch of the Composite Document will be made by the Offeror and the Company as and when appropriate.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 12 September 2017 pending the publication of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 15 September 2017.

Notice to US holders of Shares:

The Share Offer will be made for the securities of a Cayman Islands company and is subject to Hong Kong disclosure and other procedural requirements, which are different from those of the United States securities laws. In addition, US holders of Shares should be aware that this document has been prepared in accordance with Hong Kong format and style, which differs from United States format and style. The Share Offer will be extended into the United States pursuant to the applicable US tender offer rules or certain available exemption therefrom and otherwise in accordance with the requirements of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong). Accordingly, the Share Offer will comply with the relevant Hong Kong disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments, which differ from those applicable under US tender offer procedures and law.

The receipt of cash pursuant to the Share Offer by a US holder of Shares may be a taxable transaction for US federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each holder of Shares is urged to consult his independent professional adviser immediately regarding the tax consequences of acceptance of the Share Offer.

The financial information of the Group has been extracted from the audited financial statements of the Group for the years ended 31 December 2015 and 31 December 2016, which have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standard Board. Such financial information may not be wholly comparable to financial information of US companies or companies whose financial statements are solely prepared in accordance with Generally Accepted Accounting Principles in the United States.

It may be difficult for US holders of Shares to enforce their rights and claims arising out of the US federal securities laws, since the Offeror and the Company are located in a country other than the United States, and some or all of its officers and directors may be residents of a country other than the United States. In addition, most of the assets of the Offeror and the Group are located outside the United States. US holders of Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the securities laws of the United States. Further, it may be difficult for US holders of Shares to effect service of process within the United States upon the Offeror or the Company or their respective officers or directors or to enforce against them a judgment of a US Court predicated upon the federal or state securities laws of the United States.

In accordance with the normal Hong Kong practice and pursuant to Rule 14(e)-5(b) of the US Exchange Act, the Offeror hereby discloses that it or its affiliates or its nominees, or their respective brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, Shares outside of the United States, other than pursuant to the Share Offer, before or during the period in which the Share Offer remains open for acceptance. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices provided that (i) any such purchase or arrangement complies with applicable law and is made outside the United States, and (ii) the Offer Price is increased to match any consideration paid in any such purchase or arrangement, if such consideration is higher than the Offer Price, if any. Any information about such purchases will be reported to the SFC and will be available on the SFC website at <http://www.sfc.hk/>.

INTRODUCTION

The Offeror and the Company jointly announce that ABCI will, on behalf of the Offeror, make voluntary conditional cash offers (i) to acquire all of the outstanding Shares in the issued share capital of the Company; and (ii) to cancel all of the outstanding Options.

As at the Last Trading Date, there are 2,220,080,000 Shares in issue and outstanding Options in respect of 41,117,000 Shares. The respective exercise prices of the outstanding Options are set out below:

Exercise Price (HK\$ per Share)	Number of Outstanding Options
1.78	22,147,000
0.60	18,970,000

All Options were granted under the Old Share Option Scheme and are vested and exercisable. No options have been granted under the New Share Option Scheme.

Save as disclosed above, the Company has no other outstanding Shares, options, warrants, derivatives or other securities that are convertible or exchangeable into Shares or other types of securities in the Company.

THE OFFERS

The Offers will be made by ABCI on behalf of the Offeror on the following basis:

The Share Offer

Under the Share Offer, Shareholders accepting the Share Offer will receive the Share Offer Price of HK\$0.90 per Share in cash.

The Share Offer Price of HK\$0.90 per Share represents:

- (1) a premium of approximately 12.50% over the closing price of HK\$0.800 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (2) a premium of approximately 11.66% over the average closing price of approximately HK\$0.806 per Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days up to and including the Last Trading Date;
- (3) a premium of approximately 10.29% over the average closing price of approximately HK\$0.816 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including the Last Trading Date;
- (4) a premium of approximately 8.43% over the average closing price of approximately HK\$0.830 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Date;
- (5) a premium of approximately 19.12% over the average closing price of approximately HK\$0.756 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Date;
- (6) a discount of approximately 55.51% to the audited consolidated net asset value attributable to Shareholders per Share of approximately HK\$2.023 as at 31 December 2016; and
- (7) a discount of approximately 57.08% to the unaudited consolidated net asset value attributable to Shareholders per Share of approximately HK\$2.097 as at 30 June 2017.

During the six-month period preceding and up to the Last Trading Date, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.97 on 17 March 2017, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.63 on 25 and 26 May 2017.

The Share Offer Price has been determined on a commercial basis after taking into account (i) the closing prices of the Shares traded on the Stock Exchange; and (ii) with reference to other voluntary general offers in Hong Kong in recent years.

The Option Offer

ABCI will make an offer on behalf of the Offeror to the Optionholders in accordance with Rule 13 of the Takeovers Code to cancel all outstanding Options (whether vested or not) in exchange for cash:

(A) In respect of Options with an exercise price of HK\$1.78:

For cancellation of each such Option HK\$0.01 in cash

(B) In respect of Options with an exercise price of HK\$0.60:

For cancellation of each such Option HK\$0.30 in cash

The Option Offer will be conditional upon the Share Offer becoming or being declared unconditional in all respects. Further information on the Option Offer will be set out in the formal document containing details of the Option Offer which will be sent to Optionholders on the Despatch Date.

Following acceptance of the Option Offer, the relevant Options together with all rights attaching thereto will be entirely cancelled and renounced.

Settlement of consideration

Settlement of consideration in respect of acceptances of the Offers will be made as soon as possible but in any event within seven (7) Business Days of the date of receipt of a complete and valid acceptance in respect of the Offers or of the Unconditional Date, whichever is the later.

VALUE OF THE OFFERS

Based on the Share Offer Price of HK\$0.90 per Share and 1,431,090,000 outstanding Shares not held or agreed to be acquired by the Offeror and its Concert Parties:

(a) Assuming no outstanding Options are exercised and the Share Offer and the Option Offer are accepted in full:

(i) the value of the Share Offer will be approximately HK\$1,287,981,000; and

(ii) the total amount to satisfy the cancellation of all outstanding Options will be approximately HK\$5,097,470.

(b) Assuming all outstanding Options (other than those held by Mr. Zhu Xiaokun and Mr. Zhu Zefeng) are exercised in full and the Share Offer is accepted in full (including all Shares issued and allotted as a result of the exercise of the Options):

(i) the value of the Share Offer will be approximately HK\$1,322,106,300; and

(ii) no amount will be payable by the Offeror under the Option Offer.

FINANCIAL RESOURCES AVAILABLE TO THE OFFEROR

Assuming all outstanding Options will be exercised, the financial resources required from the Offeror to satisfy the consideration for the Offers is HK\$1,322,106,300.

The Offeror intends to finance the consideration payable by the Offeror under the Offers partially by deposit available at Agricultural Bank of China Ltd, Hong Kong Branch and partially from external financing granted by ABCI Securities Company Limited to the Offeror. As security for the external financing granted by ABCI Securities Company Limited to the Offeror, each of THCL, SPHK and the Offeror has provided the Share Charges in favour of ABCI Securities Company Limited and Mr. Zhu Zefeng has provided the Share Mortgage and the Assignment of Shareholder Loan in favour of ABCI Securities Company Limited. ABCI, the financial adviser to the Offeror is satisfied that sufficient financial resources are, and will remain, available to the Offeror to satisfy full acceptance of the Offers.

CONDITIONS OF THE OFFERS

The Share Offer

The Share Offer is subject to the following Conditions:

- (a) valid acceptances of the Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the rules of the Takeovers Code, decide) in respect of such number of Shares which will result in the Offeror and persons acting in concert with it holding at least 50% of the voting rights in the Company;
- (b) the Shares remaining listed and traded on the Stock Exchange up to the Closing Date (or, if earlier, the Unconditional Date) save for any temporary suspension(s) of trading of the Shares as a result of the Offers and no indication being received on or before the Closing Date (or, if earlier, the Unconditional Date) from the SFC and/or the Stock Exchange to the effect that the listing of the Shares on the Stock Exchange is or is likely to be withdrawn, other than as a result of either of the Offers or anything done or caused by or on behalf of the Offeror or its Concert Parties;
- (c) no event having occurred which would make the Offers or the acquisition of any of the Shares under the Share Offer void, unenforceable or illegal or prohibit implementation of the Offers; and
- (d) no relevant authority(ies) in the PRC, Hong Kong, Cayman Islands and the British Virgin Islands having taken or instigated any action, proceeding, suit, investigation or enquiry, or enacted or made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order that would make the Offers or the acquisition of any of the Shares under the Offers void, unenforceable or illegal or prohibit the implementation of, or which would impose any material conditions, limitations or obligations with respect to, the Offers (other than such items or events above as would not have a material adverse effect on the legal ability of the Offeror to proceed with or consummate the Offers).

The Offeror reserves the right to waive, in whole or in part, all or any of the Conditions set out above save that Conditions (a) and (c) cannot be waived.

The Offeror understands that it does not require approval from any Relevant Authority as a condition to the making of the Offers.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror should not invoke any of the Conditions so as to cause the Offers to lapse unless the circumstances which give rise to the right to invoke any such Condition are of material significance to the Offeror in the context of the Offers.

The Option Offer

The Option Offer will be conditional upon the Share Offer becoming or being declared unconditional in all respects.

In accordance with Rule 15.3 of the Takeovers Code, the Offeror will publish an announcement when the Share Offer becomes or is declared unconditional as to acceptances and when the Share Offer becomes or is declared unconditional in all respects. The Offers must also remain open for acceptance for at least fourteen (14) days after the Offers become unconditional. Shareholders and Optionholders are reminded that the Offeror does not have any obligation to keep the Offers open for acceptance beyond this minimum 14-day period.

WARNING: Shareholders, Optionholders and potential investors should be aware that the Share Offer is subject to the satisfaction or waiver (where applicable) of the Conditions, and the Option Offer is subject to and conditional upon the Share Offer becoming or being declared unconditional in all respects. Accordingly, the Offers may or may not become unconditional. Shareholders, Optionholders and potential investors should therefore exercise caution when dealing in the Shares, exercising the Options or other rights in respect of any of them. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

THE OFFEROR AND ITS CONCERT PARTIES

The Offeror was set up by Mr. Zhu Zefeng for the sole purpose of holding Shares in the Company and will not engage in any other business. Mr. Zhu Zefeng, aged 35, joined the Group in January 2016 and was appointed the chief investment officer of the Group in January 2017. He is responsible for screening and recommending investment opportunities to the board of directors of the Company, including the expansion opportunities to the emerging New Material* industry. He is also responsible for the post-investment integration process. He has spear-headed various strategic downstream investment of the Group as well as the further expansion of distribution network to cover the rest of the market, including Southern China, South America and South East Asia. Prior to joining the Group, he worked for a Canadian cutting tool manufacturer & distributor for machining ferrous, non-ferrous, composite, fiberglass, and carbon fiber materials, as an operation manager, with over 7 years of experience in overlooking and integration of upstream and downstream operation of its special steel business. Mr. Zhu Zefeng is a holder of Options exercisable into 500,000 Shares. Mr. Zhu Xiaokun, the chairman of the Company, who is beneficially interested in 1,600,000 Shares and deemed interested in 787,390,000 Shares, representing approximately 35.467% of the total issued share capital of the Company, through his interests in THCL and SPHK and a holder of Options exercisable into 2,700,000 Shares and the controlling shareholder of the Company, is the father of Mr. Zhu Zefeng.

*New Material is defined in the “Twelfth Five-Year Plan for National Economic and Social Development of the People’s Republic of China” as the emergence of new materials with excellent performance and special features, or modified traditional materials with significantly improvement in the performance and equipped with new function. The Group’s product, titanium and titanium alloy are included in the New Material definition.

Mr. Zhu Xiaokun, the chairman of the Company, who is beneficially interested in 1,600,000 Shares and deemed interested in 787,390,000 Shares, representing approximately 35.467% of the total issued share capital of the Company, through his interests in THCL and SPHK and a holder of Options exercisable into 2,700,000 Shares and the controlling shareholder of the Company, is the father of Mr. Zhu Zefeng.

Mr. Zhu Zefeng, Mr. Zhu Xiaokun, Ms. Yu Yumei, THCL and SPHK are Concert Parties of the Offeror, together hold 788,990,000 Shares, representing approximately 35.539% of the total issued share capital of the Company.

Reasons for and benefits of the Share Offer

The Share Offer allows Mr. Zhu Zefeng to increase his direct investment in the Company via the Offeror and become a substantial shareholder of the Company.

The Offeror takes the view that the trading price and trading volume of the Shares have not been satisfactory. As set out in the section headed “The Offers“ in this announcement, during the six-month period preceding and up to the Last Trading Date, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.97 on 17 March 2017, and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.63 on 25 and 26 May 2017. The average closing price for the 90 trading days up to and including the Last Trading Date was approximately HK\$0.756 per Share. The average daily trading volume of the Shares for the 6-months period, 12-month period and for the 24-month period up to and including the Last Trading Date were approximately 2.26 million Shares, 2.59 million Shares and 2.97 million Shares per day, representing only approximately 0.10%, 0.12% and 0.13% respectively of the issued Shares as at the date of this announcement. The low trading liquidity of the Shares could make it difficult for Shareholders to divest scalable on-market disposals without adversely affecting the price of the Shares.

As such, the Share Offer presents an immediate opportunity for holders of the Offer Shares to realise their investments in the Offer Shares for cash and redeploy the cash received from accepting the Offer into other investment opportunities.

Intention of the Offeror on the Group

The Offeror intends that the Group will continue to operate its business in substantially its current state. Upon close of the Offers, the Offeror will conduct a detailed review of the business operations and financial position of the Group for the purpose of formulating a sustainable business plan or strategy for the Group’s long term development. Subject to the results of the review, the Offeror may explore other business opportunities and consider whether any asset disposals, asset acquisitions, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance long-term growth potential of the Company.

Notwithstanding the above, as at the date of this announcement, no investment or business opportunity has been identified nor has the Offeror entered into any agreement, arrangements, understandings or negotiation in relation to the injection of any assets or business into the Group, and the Offeror has no intention to discontinue the employment of the employees or to dispose of or re-deploy the assets of the Group other than those in its ordinary course of business.

Maintaining the Listing Status of the Company

The Stock Exchange has stated that if, at the close of the Share Offer, less than 25% of the issued Shares are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then the Stock Exchange will consider exercising its discretion to suspend dealings in the Shares.

The Offeror has no intention to privatize the Company and intends the Company to remain listed on the Main Board of the Stock Exchange after close of the Offers. The sole director of the Offeror will undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float will exist in the Shares after the close of the Offers.

Proposed change of Board Composition

As at the date of this announcement, the Offeror has not decided on the future composition of the Board. Any changes to the Board will be made in compliance with the Takeovers Code, the Listing Rules and the articles of association of the Company and further announcement will be made by the Company as and when appropriate.

SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below are the shareholding structure of the Company (i) as at the date of this announcement, (ii) the maximum shareholding of the Offeror as at Closing Date (assuming no outstanding Option have been exercised and the Company maintains a public float of 25%) and (iii) the maximum shareholding of the Offeror as at Closing Date (assuming all Options (other than those held by Mr. Zhu Xiaokun and Mr. Zhu Zefeng) exercised and the Company maintains a public float of 25%):

	As at the date of this announcement		As at Closing Date (assuming no Options exercised and the Company maintains a public float of 25%)		As at Closing Date (assuming all Options (other than those held by Mr. Zhu Zefeng and Mr. Zhu Xiaokun) exercised and the Company maintains a public float of 25%)	
	Shares	%	Shares	%	Shares	%
Offeror	0	0.000	876,070,000	39.461	904,507,750	40.058
Concert Parties						
Mr. Zhu Zefeng ⁽¹⁾	0	0.000	0	0.000	0	0.000
THCL ⁽²⁾	743,458,000	33.488	743,458,000	33.488	743,458,000	32.918
SPHK ⁽³⁾	43,932,000	1.979	43,932,000	1.979	43,932,000	1.945
Mr. Zhu Xiaokun ⁽⁴⁾	1,600,000	0.072	1,600,000	0.072	1,600,000	0.071
Ms. Yu Yumei ⁽²⁾	0	0.000	0	0.000	0	0.000
Aggregate number of Shares held by Offeror and Concert Parties						
	788,990,000	35.539	1,665,060,000	75.000	1,693,497,750	75.000
Other Directors of the Company ⁽⁵⁾	0	0.000	0	0.000	0	0.000
Other Shareholders	<u>1,431,090,000</u>	<u>64.461</u>	<u>555,020,000</u>	<u>25.000</u>	<u>564,499,250</u>	<u>25.000</u>
Total	<u><u>2,220,080,000</u></u>	<u><u>100.000</u></u>	<u><u>2,220,080,000</u></u>	<u><u>100.000</u></u>	<u><u>2,257,997,000</u></u>	<u><u>100.000</u></u>

Notes:

- (1) Mr. Zhu Zefeng, the sole shareholder of the Offeror, holds Options granted under the Old Share Option Scheme exercisable into 500,000 Shares.
- (2) THCL is beneficially owned as to 89.02% and 10.98% by Mr. Zhu Xiaokun and Ms. Yu Yumei, respectively. Mr. Zhu Xiaokun and Ms. Yu Yumei are parents of Mr. Zhu Zefeng. THCL's shareholding set out in this table does not include the 50,000,000 Shares which THCL lent to an independent third party in December 2013, which were due but have not been returned.
- (3) SPHK is wholly and beneficially owned by Mr. Zhu Xiaokun.
- (4) Mr. Zhu Xiaokun holds Options granted under the Old Share Option Scheme exercisable into 2,700,000 Shares.
- (5) Other Directors of the Company hold Options granted under the Old Share Option Scheme exercisable into a total of 3,067,000 Shares.

GENERAL MATTERS RELATING TO THE OFFERS

Availability of the Offers

The Offeror intends to make the Share Offer and Option Offer available to all Shareholders and Optionholders, respectively, including those who are not resident in Hong Kong. The availability of the Share Offer and Option Offer to persons who are not resident in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. Persons who are not resident in Hong Kong should inform themselves about and observe any applicable requirements and restrictions in their own jurisdictions, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with the other necessary formalities and the payment of any issue, transfer or other fares due in such jurisdiction.

In the event that the receipt of the Composite Document by overseas Shareholders or Optionholders is prohibited by any applicable laws and regulations or may only be effected upon compliance with conditions or requirements in such overseas jurisdictions that would be unduly burdensome, the Composite Document, subject to the Executive's consent, will not be despatched to such overseas Shareholders or Optionholders. The Offeror will apply for any waivers as may be required by the Executive pursuant to Note 3 to Rule 8 of the Takeovers Code at such time.

Any arrangements for overseas Shareholders and Optionholders to collect the Composite Document or the formal document containing details of the Option Offer, respectively, will be set out in a further announcement.

Warranty by Shareholders

In addition to the Conditions set out in this announcement, the Share Offer is made on the basis that acceptance of the Share Offer by any person will constitute a warranty by such person or persons to the Offeror that the Shares acquired under the Share Offer are sold by such person or persons free from all third party rights, liens, charges, equities, adverse interests and encumbrances whatsoever and together with all rights attaching thereto as at the Closing Date or subsequently becoming attached to them, including the right to receive all dividends (whether final or interim) and other distributions, if any, declared, made or paid on or after the Closing Date.

The Offers will be made in compliance with the Takeovers Code which is administered by the Executive. Acceptance of the Offers shall be irrevocable and shall not be capable of being withdrawn, except as permitted under the Takeovers Code.

The Shareholders are reminded to read the letter from the Independent Board Committee containing its recommendations to the Independent Shareholders in respect of the Offers and the letter from the independent financial adviser containing its advice to the Independent Board Committee in respect of the Offers which will be included in the Composite Document.

Stamp Duty

Sellers' ad valorem stamp duty arising in connection with acceptance of the Share Offer will be payable by each Shareholder at the rate of HK\$1.00 for every HK\$1,000 or part thereof of the consideration payable by the Offeror for such person's Shares and will be deducted from the cash amount due to such Shareholder.

The Offeror will pay the buyer's ad valorem stamp duty in relation to the Share Offer on its own behalf.

No stamp duty is payable in connection with the Option Offer.

Taxation advice

Shareholders and Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. None of the Offeror, the Company, and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

Further agreements or arrangement

As at the date of this announcement:

- (i) the Offeror and its Concert Parties have not received any irrevocable commitment to accept or reject the Offers;
- (ii) save as disclosed in the section headed "Shareholding Structure of the Company" in this announcement, the Offeror and its Concert Parties do not own or has control or direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;
- (iii) there is no outstanding derivative in respect of the securities in the Company which has been entered into by the Offeror or any of its Concert Parties;
- (iv) there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the Company and which might be material to the Offers;
- (v) there is no agreement or arrangement to which the Offeror or its Concert Parties is a party which relates to circumstances in which the Offeror may or may not invoke or seek to invoke a condition to the Offers;

- (vi) save for the lending of an aggregate of 50,000,000 Shares, representing approximately 2.252% of the total issued share capital of the Company, by THCL to an independent third party on 9 December 2013 which return was due, there are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or its Concert Parties have borrowed or lent; and
- (vii) none of the Offeror, Mr. Zhu Zefeng, Mr. Zhu Xiaokun, Ms. Yu Yumei and their respective Concert Parties has dealt in the Shares, options, derivatives, warrants or other securities convertible into Shares during the six-month period prior to the date of this announcement.

Close of the Offers

The latest time on which the Offeror can declare the Share Offer unconditional as to acceptances is 7:00 p.m. on the 60th day after the posting of the Composite Document (or such later date to which the Executive may consent).

If all the Conditions are satisfied (or, if permissible, waived), Shareholders and Optionholders will be notified by way of an announcement in accordance with the Takeovers Code and the Listing Rules as soon as practicable thereafter.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the non-executive Directors who have no direct or indirect interest in the Offers, has been established by the Company in accordance with Rule 2.1 of the Takeovers Code to make recommendation to the Independent Shareholders as to whether the Offers is fair and reasonable and as to acceptance of the Offers. An independent financial adviser will be appointed by the Company with approval of the Independent Board Committee to advise the Independent Board Committee in respect of the Offers. Further announcement will be made by the Company in respect of appointment of the independent financial adviser as and when appropriate.

DESPATCH OF THE COMPOSITE DOCUMENT

It is the intention of the Offeror and the Company to combine the offer document and the offeree board circular in the Composite Document. Pursuant to Rule 8.2 of the Takeovers Code, the Offeror and the Company are required to despatch the Composite Document containing, among other things, (i) details of the Offers and their respective terms and conditions (including the expected timetable); (ii) the letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the Offers; (iii) the letter of advice from the independent financial adviser to the Independent Board Committee in respect of the Offers; and (iv) relevant forms of acceptance and transfer, to the Shareholders and Optionholders within 21 days from the date of this announcement. It is expected that the Composite Document will be despatched on or before 6 October 2017.

The formal document containing details of the Option Offer will also be sent to Optionholders on the Despatch Date.

Further announcement(s) regarding the despatch of the Composite Document will be made by the Offeror and the Company as and when appropriate.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended with effect from 9:00 a.m. on 12 September 2017 pending the publication of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on 15 September 2017.

DEALINGS DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, associates (as defined under the Takeovers Code and including a person who owns or controls 5% or more of any class of relevant securities) of the Company and the Offeror are hereby reminded to disclose their dealings in any securities of the Company and/or the Offeror pursuant to the Takeovers Code.

For this purpose, the full text of Note 11 to Rule 22 of the Takeovers Code is reproduced below:

“Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7-day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

The Offeror, its respective nominees or brokers or associates may from time to time make certain purchases of, or arrangements to purchase Shares other than pursuant to the Share Offer, before or during the period in which the Share Offer remains open for acceptance in compliance with the Takeovers Code. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be reported to the SFC and will be available on the SFC website at <http://www.sfc.hk/>.

WARNING

The Directors strongly recommend the Independent Shareholders not to form a view on the Offers unless and until they have received and read the Composite Document, including the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Offers and the letter of advice from the independent financial adviser to the Independent Board Committee.

Shareholders, Optionholders and potential investors should therefore exercise caution when dealing in the Shares, exercising the Options or other rights in respect of any of them. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“ABCI”	ABCI Capital Limited, a corporation licensed by the SFC to carry out business in Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the agent making the Offers on behalf of the Offeror and the financial adviser to the Offeror in respect of the Offers;
“associates”	has the meaning ascribed to it in the Takeovers Code;
“Assignment of Shareholder Loan”	means the assignment in respect of all the rights in the shareholder loans in an aggregate amount of not less than HK\$420,000,000 made by Mr. Zhu Zefeng to the Offeror from time to time in favour of ABCI Securities Company Limited as security for the banking facility provided to Offeror for the purpose of financing part of the Share Offer;
“Board”	means the board of directors of the Company;
“Business Day”	means a full day on which the Stock Exchange is open for business of dealing in securities;
“Closing Date”	means the date to be stated in the Composite Document as the first closing date of the Share Offer or any subsequent closing date as may be announced by the Offeror and approved by the Executive;
“Company”	means Tiangong International Company Limited, a company incorporated in the Cayman Islands with limited liability with its shares listed on the Main Board of the Stock Exchange (stock code: 826);
“Composite Document”	means the composite document to be issued jointly by the Offeror and the Company to all Shareholders and Optionholders in connection with the Share Offer and the Option Offer and in accordance with the Takeovers Code which will contain, <i>inter alia</i> , details of the Share Offer, the terms and conditions of the Share Offer, a letter from the Independent Board Committee and a letter from the independent financial adviser in respect of the Share Offer and the Option Offer;
“Concert Parties”	means parties acting in concert with the person or party as specified as determined in accordance with the Takeovers Code;
“Conditions”	means the conditions of the Share Offer, as set out under the section headed “Conditions of the Offers — The Share Offer” of this announcement;
“Despatch Date”	means the date of despatch of the Composite Document and the formal document containing details of the Option Offer;

“Executive”	means the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;
“Group”	means the Company and its subsidiaries;
“HK\$”	means Hong Kong dollar(s), the lawful currency of Hong Kong;
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	means an independent committee of the Board comprising all the independent non-executive directors of the Company, namely, Mr. Gao Xiang, Mr. Lee Cheuk Yin, Dannis and Mr. Wang Xuesong;
“Independent Shareholders”	Shareholders other than the Offeror’s Concert Parties;
“Last Trading Date”	means 11 September 2017, being the last full trading date prior to the suspension of trading in the Shares on the Stock Exchange pending the publication of this announcement;
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Old Share Option Scheme”	means the share option scheme adopted by the Company on 7 July 2007;
“Offeror”	means Sky Greenfield Investment Limited, which is wholly and beneficially owned by Mr. Zhu Zefeng;
“Offers”	means the Share Offer and the Option Offer;
“Option Offer”	means the proposal to be made by the Offeror in compliance with Rule 13 of the Takeovers Code to cancel all the outstanding Options in accordance with the terms and conditions set out in this announcement;
“Optionholders”	means the holders of the Options;
“Options”	means share options granted by the Company pursuant to the Old Share Option Scheme of the Company, whether vested or not;
“New Share Option Scheme”	means the share option scheme adopted by the Company on 26 May 2017;
“PRC”	means the People’s Republic of China (excluding Hong Kong, Macao and Taiwan);
“SFC”	means the Securities and Futures Commission of Hong Kong;
“Share Charges”	means the share charges in respect of all their interests in the shares of the Company provided by THCL, SPHK and the Offeror in favour of ABCI Securities Company Limited as security for the banking facility provided to Offeror for the purpose of financing part of the Share Offer;

“Share Mortgage”	means the share mortgage in respect of all his interests in the shares of the Offeror provided by Mr. Zhu Zefeng in favour of ABCI Securities Company Limited as security for the banking facility provided to Offeror for the purpose of financing part of the Share Offer;
“Share Offer”	means the voluntary conditional cash offer by the Offeror to acquire all of the outstanding Shares in accordance with the terms and conditions set out in this announcement;
“Share Offer Price”	being HK\$0.90 per Share;
“Shareholder”	means a registered holder for the time being of Share(s);
“Shares”	means ordinary shares of US\$0.0025 each in the issued share capital of the Company;
“SPHK”	means Silver Power (HK) Limited, wholly and beneficially owned by Mr. Zhu Xiaokun, which holds 43,932,000 Shares, representing approximately 1.979% of the total issued share capital of the Company, as at the date of this announcement;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	means The Codes on Takeovers and Mergers and Share Repurchases published by the SFC;
“THCL”	means Tiangong Holdings Company Limited, beneficially owned as to 89.02% and 10.98% by Mr. Zhu Xiaokun and Ms. Yu Yumei, the spouse of Mr. Zhu Xiaokun, respectively, which holds 743,458,000 Shares, representing approximately 33.488% of the total issued share capital of the Company, as at the date of this announcement;
“Unconditional Date”	means the date on which the Offers become or are declared unconditional in all respects;
“US\$”	means US dollar(s), the legal currency of the United States of America; and
“%”	means per cent.

By order of the board of directors of
Sky Greenfield Investment Limited
Zhu Zefeng
Sole Director

By order of the board of directors of
Tiangong International Company Limited
Zhu Xiaokun
Chairman

Hong Kong, 14 September 2017

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this announcement (other than the Group) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this announcement (other than that expressed by the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.

The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Offeror and its Concert Parties) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than that expressed by the Offeror and its Concert Parties) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.

As at the date of this announcement, the sole director of the Offeror is Mr. Zhu Zefeng.

As at the date of this announcement, the executive directors of the Company are Mr. Zhu Xiaokun, Mr. YAN Ronghua, Mr. WU Suojun and Mr. JIANG Guangqing and the independent non-executive directors of the Company are Mr. GAO Xiang, Mr. LEE Cheuk Yin, Dannis and Mr. WANG Xuesong.