

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Tiangong International Company Limited

天工國際有限公司*

(incorporated in the Cayman Islands with limited liability)
(Stock Code: 826)

**DISCLOSEABLE TRANSACTIONS
DEEMED DISPOSAL OF AND PUT OPTIONS GRANTED ON
EQUITY INTEREST IN TG TOOLS**

**CONNECTED TRANSACTION
DEEMED DISPOSAL OF EQUITY INTEREST IN TG TOOLS**

THE SUBSCRIPTIONS

On 28 December 2020, (i) TG Tools, TG New Materials, TG Hong Kong, Other TG Parties and the Investors entered into the Investment Agreement, pursuant to which the Investors will subscribe for an aggregate registered capital of RMB434,228,731, representing approximately 16.65% of the equity interest in TG Tools (as enlarged by the subscriptions under the Investment Agreement and the Subscription Agreement) at the consideration of RMB1,415,000,000 (equivalent to approximately HK\$1,681,740,000); (ii) TG Tools and Danyang Tianyi, being a shareholding platform of certain employees of TG Tools, entered into the Subscription Agreement, pursuant to which Danyang Tianyi will subscribe for registered capital of RMB26,084,411, representing approximately 1% of the enlarged equity interest in TG Tools (as enlarged by the subscriptions under the Investment Agreement and the Subscription Agreement) at the consideration of RMB85,000,000 (equivalent to approximately HK\$101,023,000); and (iii) TG Tools, TG New Materials, TG Hong Kong, Danyang Tianyi, the Company, TG Precision Tools and the Investors entered into the Shareholders' Agreement to govern their rights and obligations as shareholders of TG Tools.

The consideration was arrived at after arm's length negotiations between the parties to the Investment Agreement with reference to the Pre-Subscription Valuation of RMB 7,000,000,000, based on the Estimated 2019 Net Profit After Tax of RMB347,000,000. In the event the Audited 2019 Net Profit After Tax is less than 90% of RMB347,000,000, Investors may elect to receive cash or share compensation.

Pursuant to the Shareholders' Agreement, the parties agreed, amongst others, a Buy-Back Arrangement, pursuant to which, upon the occurrence of any Buy-Back Event, an Investor may require TG Hong Kong to buy-back all or part of the registered capital of TG Tools subscribed by the Investors. TG Parties (other than TG Tools and TG Hong Kong assumed joint guarantee liability for the buy-back obligations. The consideration calculated with reference to the duration of their investment at an annual interest rate of 4%.

LISTING RULES IMPLICATIONS

The dilution of equity interest in TG Tools as a result of the completion of the Subscriptions by the Investors and Danyang Tianyi is regarded as a deemed disposal pursuant to Rules 14.29 of the Listing Rules. As the highest applicable percentage ratio calculated under Rule 14.07 of the Listing Rules in respect of the Subscriptions is more than 5% but less than 25%, the Subscriptions constitute a discloseable transaction of the Company and is therefore subject to the announcement requirement under Chapter 14 of the Listing Rules.

As two directors of the Company are partners of Danyang Tianyi, the transaction contemplated under the Subscription Agreement constitutes a connected transaction of the Company. As the highest applicable percentage ratio calculated under Rule 14.07 of the Listing Rules in respect of the Subscription by Danyang Tianyi is more than 0.1% but less than 5%, the transaction contemplated under the Subscription Agreement is therefore subject to the announcement requirement under Chapter 14A of the Listing Rules but is not subject to independent shareholders' approval requirement.

The Buy-Back Arrangement is a put option granted by TG Hong Kong to each of the Investors, the exercise of which is not at the discretion of the TG Hong Kong. As such, the grant of the option is classified as a transaction of the Company. As the highest applicable percentage ratio calculated under Rule 14.07 of the Listing Rules in respect of the Buy-Back Arrangement is more than 5% but less than 25%, the Buy-Back Arrangement constitutes a discloseable transaction of the Company and is therefore subject to the announcement requirement under Chapter 14 of the Listing Rules.

Warning:

As the Subscriptions are subject to fulfilment of the conditions precedent set out in the section "The Investment Agreement and The Subscription Agreement – Conditions Precedent", the Subscriptions may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

The board of Directors is pleased to announce that on 28 December 2020, the Group has entered into the Investment Agreement, the Subscription Agreement and the Shareholders' Agreement.

THE INVESTMENT AGREEMENT AND THE SUBSCRIPTION AGREEMENT

On 28 December 2020,

- (1) TG Tools, TG New Materials, TG Hong Kong, Other TG Parties and the Investors entered into the Investment Agreement pursuant to which the Investors will subscribe for an aggregate of registered capital of RMB434,228,731, representing approximately 16.65% of the equity interest in TG Tools (as enlarged by the Subscriptions under the Investment Agreement and Subscription Agreement) at the consideration of RMB1,415,000,000 (equivalent to approximately HK\$1,681,740,000) in cash by payment to designated bank account of TG Tools on or before the Completion; and
- (2) TG Tools, TG New Materials, TG Hong Kong, Other TG Parties and Danyang Tianyi entered into the Subscription Agreement, pursuant to which Danyang Tianyi will subscribe for registered capital of RMB26,084,411, representing approximately 1% of the enlarged equity interest in TG Tools (as enlarged by the subscription under the Investment Agreement and the Subscription Agreement) at the consideration of RMB85,000,000 (equivalent to approximately HK\$101,023,000) in cash, for the purpose of implementing TG Tools' employee share incentive scheme.

The material terms of the Investment Agreement and the Subscription Agreement are set out as follows:

	Investment Agreement	Subscription Agreement
Date	28 December 2020	
Parties	<p>(1) TG Tools; (2) TG New Materials; (3) TG Hong Kong; (4) Other TG Parties; and (5) The Investors.</p> <p>TG Tools, TG New Materials, TG Hong Kong and other TG Parties (except the Company, i.e. TG Precision Tools, TG Aihe, Weijian Tools, Jurong New Materials and TG Development) are indirect wholly-owned subsidiaries of the Company as of the date of this announcement.</p> <p>To the best of the Directors'</p>	<p>(1) TG Tools; and (2) TG New Materials; (3) TG Hong Kong; (4) Other TG Parties; and (5) Danyang Tianyi.</p> <p>Danyang Tianyi is a shareholding platform of certain employees of TG Tools (for further details of such employees, please refer to the section "Information on the Company and the parties to the Investment Agreement, Subscription Agreement and Shareholders' Agreement"</p>

	<p>knowledge, information and belief having made all reasonable enquiries, the Investors and their respective ultimate beneficial owner(s) are third parties independent of the Company and the connected persons of the Company.</p>	<p>below). Two directors of the Company are partners of Danyang Tianyi.</p>
Subscription	<p>The Investors will subscribe for an aggregate of registered capital of RMB434,228,731, representing approximately 16.65% of the equity interest in TG Tools (as enlarged by the Subscriptions under the Investment Agreement and Subscription Agreement) at the consideration of RMB1,415,000,000 (equivalent to approximately HK\$1,681,740,000) in cash by payment to designated bank account of TG Tools on the Completion.</p> <p>The consideration was arrived at after arm's length negotiations between the parties to the Investment Agreement, with reference to the Pre-Subscription Valuation of RMB7,000,000,000, based on the Estimated 2019 Net Profit After Tax of RMB347,000,000.</p>	<p>Danyang Tiangyi will subscribe for registered capital of RMB26,084,411, representing approximately 1% of the enlarged equity interest in TG Tools (as enlarged by the subscription under the Investment Agreement and the Subscription Agreement) at the consideration of RMB85,000,000 (equivalent to approximately HK\$101,023,000) in cash.</p> <p>The subscription price per RMB1 of registered capital is the same as that of the Investment Agreement.</p>
Re-organisation of TG Tools	<p>TG Tools currently is engaged in the manufacture and sale of high speed steel, die steel and cutting tools. To streamline the shareholding and operation structure of TG Tools and its subsidiaries, the TG Tools Group after Reorganisation will engage solely in the manufacture and sale of high speed steel and die steel. The non-high speed steel and die steel interests and businesses such as cutting tools and drills trading businesses will be transferred by TG Tools to other wholly-owned subsidiaries of the Company in accordance to the terms of the Investment Agreement and the Subscription Agreement.</p>	
Conditions Precedent	<p>The relevant subscriber's obligation to pay the consideration under the Investment Agreement/ Subscription Agreement (as applicable) shall be subject to the satisfaction or waiver in writing by the relevant subscriber under the Investment Agreement/ Subscription Agreement (as applicable) of the following conditions precedent:</p>	

	<p>(a) the representations and warranties provided under the Investment Agreement/ Subscription Agreement (as applicable) remain true, accurate and complete at the Completion;</p> <p>(b) each and every Warrantors having duly performed its respective obligations and comply with all the terms under the Transaction Documents;</p> <p>(c) each and every Warrantors having obtained all the necessary approvals in respect of the Subscription (including all the necessary approval from its board of directors and shareholders, the waiver from the Existing Shareholders in relation to any pre-emption rights (if applicable)) and such approvals remain legal and effective at the Completion;</p> <p>(d) all necessary procedures and documents in relation to the Subscriptions as required under all applicable laws and the articles of associations of TG Tools having been completed (including but not limited to (a) TG Tool's board of directors' approval and the unanimous approval by TG Tools' shareholders on the Subscriptions, the entry into the Transaction Documents and the performance of the obligations thereunder by TG Tools concerning the Subscriptions; and (b) the Company having obtained the necessary approvals from its board of Directors and its shareholders (if applicable) and having complied with the necessary disclosure requirements pursuant to the Listing Rules and/or other securities laws and regulations);</p> <p>(e) the delivery of all duly executed Transaction Documents (except for those by the relevant subscriber(s) under the Investment Agreement/ the Subscription Agreement (as applicable)) to the relevant subscriber(s) under the Investment Agreement/ the Subscription Agreement (as applicable);</p> <p>(f) the agreed amendments of the articles of association of TG Tools pursuant to the Investment Agreement and the Subscription Agreement having been approved by the board of directors and the shareholders of TG Tools and the delivery of the amended articles of associations by TG Tools to the Investors and Danyang Tianyi and no amendments have been made on such articles of association of TG Tools after the date of approval and until the Completion and such approvals remain effective at the Completion;</p> <p>(g) the resolution on the appointment of such person as nominated by Jiatai as a director to the board of directors of TG Tools having been approved in accordance with the applicable laws and its</p>
--	---

articles of association and a copy of such resolution having been provided to the Investors (*only applicable to Investment Agreement*);

Note: Jiatai may nominate a person as director of TG Tools provided that (a) there is no transfer of any equity interest in TG Tools by Jiatai; and (b) there are no transfer of any equity interest in TG Tools by Qichen and Qilu to any third party other than the current partners of Qichen and Qilu.

- (h) the delivery of the duly signed employment (service) contract (with an effective period of no less than three years), intellectual properties assignment contract and confidentiality and non-compete agreement with each of the Core Employees to the satisfaction of the relevant subscriber(s) (*only applicable to Investment Agreement*);
- (i) the delivery of the duly signed non-compete undertaking letter by the TG Tools De facto Controllers to the relevant subscriber(s) under the Investment Agreement/ the Subscription Agreement (as applicable) on or before the Completion;
- (j) no material adverse event having occurred to the TG Tools Group or the Warrantors or TG Tools Group's business;
- (k) the Reorganisation of TG Tools Group in accordance with the terms of the Investment Agreement and the Subscription Agreement having been completed to the satisfaction of the relevant subscriber(s) under the Investment Agreement/ the Subscription Agreement (as applicable);
- (l) no government authorities having formulated, issued, promulgated, implemented or passed any laws or orders that would deem the proposed transactions under any Transaction Document illegal, or would restrict or prohibit the proposed transactions contemplated under the Transaction Documents;
- (m) there are no claims nor pending claims against TG Tools Group or the Warrantors or their respective business; there are no claims seeking to restrict or prohibit the transactions contemplated under the Transaction Documents or causing a material change to the terms of such Transaction Documents, or any claims, according to the reasonable determination of the relevant subscriber(s) under the Investment Agreement/ the Subscription Agreement (as applicable) in good-faith that may render the completion of such transactions impossible or illegal, or is inappropriate to proceed with such transactions or may have material adverse effect on the TG Tools Group or the Warrantors or their respective business;

	<p>(n) the Investors having completed the due diligence exercise on the business, legal, financial, technical, and taxation aspects of the TG Tools Group or its related parties to its satisfaction or TG Tools has proposed a solution to the satisfaction of the Investors (<i>only applicable to Investment Agreement</i>);</p> <p>(o) the Investor having obtained the approval of its investment committee and/or other investment decision-making committee and such approval remains valid as of the Completion (<i>only applicable to Investment Agreement</i>); and</p> <p>(p) each of the Warrantors having provided a duly signed confirmation letter to the relevant subscriber(s) confirming the applicable conditions precedent contained in the Investment Agreement and the Subscription Agreement are fulfilled at Completion.</p>
Completion	<p>Completion of the Subscription shall take place within 7 business days upon the fulfillment of all the conditions precedent under the Investment Agreement/ the Subscription Agreement (as applicable) or waived by the relevant subscriber(s) under the Investment Agreement/ the Subscription Agreement (as applicable). The date of full payment of subscription monies by an Investor is the “Date of Completion” of such Investor.</p>
Use of proceeds	<p>Proceeds from the Subscriptions will be applied towards the repayment of certain bank loans taken out by TG Tools Group and the replenishment of TG Tools Group’s operating cash flow and the furtherance of TG Tools Group’s high speed steel and die steel businesses. As at 30 June 2020, the aggregate bank loans amounted to RMB2,759,510,000.</p>
Post Completion Undertaking	<p>Existing Shareholders shall procure the TG Tools Group to complete the following matters as soon as possible after the Completion:</p> <p>(a) the registration of changes of capital;</p> <p>(b) the registration of change of directors (<i>only applicable under the Investment Agreement</i>);</p> <p>(c) the issuance of capital verification report by a qualified PRC auditors;</p> <p>(d) the issuance of a confirmation letter by the People’s Government of Jiangsu Province, to satisfy the requirements of CSRC or relevant stock exchange, confirming there were no loss of</p>

	<p>collective asset in the historical restructuring of Jiangsu Tiangong Group Company Limited;</p> <p>(e) the completion of all orders of the original drill businesses by the TG Tools Group before 31 January 2021 for the purpose of delineating the drill businesses;</p> <p>(f) the completion of the Reorganisation in accordance with the terms of the Investment Agreement and the Subscription Agreement;</p> <p>(g) the completion of the separation of certain functions and personnel of the TG Tools Group from the Group within two months of the Completion such that the TG Tools Group is able to operate independently;</p> <p>(h) the settlement of payments between the TG Tools Group and its related parties within three months of the Completion;</p> <p>(i) there shall be no further borrowing arrangements or dealings with any related parties except in the ordinary course of business of TG Tools Group after Reorganisation; and the setup of a separate internal control system and related parties transaction monitoring system by the TG Tools Group;</p> <p>(j) obtaining the properties rights and buildings ownership confirmation from the relevant authorities and confirmation from such authorities that there are no major violation of and/ or penalties levied in relation to any violation of land management, building construction planning and properties right management related regulations;</p> <p>(k) obtaining the necessarily licenses in relation to business operations, safe production and environmental protection and completion of the necessary inspections such as fire inspection and occupational hazard inspection;</p> <p>(l) TG Tools Group performing its obligations as required under its existing material contracts and not causing any breaches to such contracts;</p> <p>(m) establishing a system for the protection of TG Tools Group's intellectual properties rights;</p> <p>(n) the compliance of any law and requirements of relevant government authorities, CSRC and relevant stock exchange, by TG Tools Group in relation to the social insurance for its employees, including the payment of all applicable social insurance;</p>
--	--

	<p>(o) monitoring the measures put in place by the U.S. against TG Tools Group and keeping the Investors informed of the situation; and</p> <p>(p) subject to the applicable laws and regulations, taking all necessary and reasonable actions for the purpose of fulfilling the obligations under the Subscriptions.</p>
Termination	<p>The parties to the Investment Agreement/ the Subscription Agreement (as applicable) may mutually terminate the relevant agreement in writing.</p> <p>Further, at any time before the Completion, the subscription under the Investment Agreement/ the Subscription Agreement (as applicable) can be terminated unilaterally by the relevant subscriber(s) upon occurrence any of the following events:</p> <ul style="list-style-type: none"> (a) there is a material adverse event or a material adverse event is reasonably expected or the occurrence of an event causing any term of the Completion cannot be satisfied; (b) the representations and warranties in respect of TG Tools and/or the Warrantors contained in any of the Transaction Documents are untrue or inaccurate; (c) TG Tools and/or the Warrantors fail to comply with any of the undertakings or promises under any Transaction Document; and (d) TG Tools conducts an overall transfer for the benefit of its creditors or TG Tools initiates legal proceedings or any legal proceedings are initiated against TG Tools in which TG Tools is potentially criminally liable, will be declared as insolvent or wound up or for the purpose of undergoing liquidation, winding-up, reorganisation or debt-restructuring due to insolvency. <p>The Investment Agreement/ the Subscription Agreement (as applicable) can be terminated unilaterally by the relevant subscriber(s) or the Warrantors if the conditions precedent under the section headed “The Investment Agreement and the Subscription Agreement – Conditions Precedent” are not fulfilled or waived by the subscriber(s) within three months of the date of the Investment Agreement/ the Subscription Agreement (as applicable), save that any parties in breach of the relevant agreement the shall have no right to terminate the agreement.</p> <p>If any government authority issues any orders, decrees or rulings, or has taken any other actions to restrict, prevent or otherwise prohibit the proposed transactions under the Investment Agreement/ the Subscription</p>

	Agreement (as applicable), and such orders, decrees, rulings or other actions are final, any parties to the relevant agreement can terminate the agreement.
--	---

Valuation Compensation to Investors

The investment by the Investors is made with reference to the valuation of the historic net profit of the Reorganised TG Tools Group. It is expected that the Reorganisation of TG Tools will be completed in the first quarter of 2021. The Audited 2019 Net Profit after Tax (to be audited by a qualified PRC auditors as approved by the Investors) for the Reorganised TG Tools Group should disregard (i) extraordinary, non-recurring and non-continuous business income, gain or loss (e.g. income, gain or loss from titanium and cutting tools businesses), and (ii) one-off government subsidies or assistances, if any.

In the event the Audited 2019 Net Profit after Tax is less than 90% of the Estimated 2019 Net Profit after Tax, the Investors may elect to have one of the following compensation within 30 days upon notice of valuation adjustment from TG Tools.

Share Compensation

TG Tools shall issue additional new TG Tools registered capital to the Investors or the Warrantors shall transfer equity interest in TG Tools to the Investors calculated according to the following formula:

$$A = B \times (C / D)$$

where

- A = Shareholding of the Investors after share compensation
- B = Shareholding of the Investors before share compensation
- C = Estimated 2019 Net Profit after Tax, being RMB347 million
- D = Audited 2019 Net Profit after Tax

Cash Compensation

Cash compensation from TG Tools or the Warrantors to the Investors = PC + IC

where

- PC = Compensation on principle = $I \times (1 - D / C)$
- IC = Compensation in interest = $PC \times 4\% \times T$
- I = Investment by the Investors
- C = Estimated 2019 Net Profit after Tax (being RMB347 million) x 95%
- D = Audited 2019 Net Profit after Tax
- T = actual days lapse from the Completion to the payment date of the Cash Compensation; for this purpose, 1 year = 365 days

Reorganised TG Tools Group and the Warrantors shall be responsible for any incidental

tax payable by the Investors as may be imposed by the relevant tax authority in respect of any compensation so received. Nevertheless, an Investor shall not be entitled to any compensation if (i) such Investor ceases to hold any equity interest in TG Tools; and (ii) such Investor fails to make a written request to TG Tools for share or cash compensation within 18 months upon ceasing to hold any equity interest in TG Tools or before submission of Qualified Listing application (whichever is the earlier).

This compensation right is only available to the Investors under the Investment Agreement, and the Investors shall have no right to transfer such right to the transferee of its investment.

SHAREHOLDERS' AGREEMENT

On 28 December 2020, TG Tools, TG New Materials, TG Hong Kong, TG Precision Tools, Danyang Tianyi, the Company, and the Investors entered into the Shareholders' Agreement to govern their rights and obligations as shareholders of TG Tools upon completion of the relevant Subscription. The major terms of the Shareholders' Agreement are as follows:

Pre-emptive rights to subscribe

When TG Tools increases its registered capital, issue new shares or issue any other securities, the existing shareholders of TG Tools shall have a priority over other third parties to subscribe for such increased registered capital at the same price.

Share transfer restriction

Unless prior written consent is obtained from the Major Investors, the Existing Shareholders and the Company shall not by any means, directly or indirectly, transfer, sell, pledge, charge or dispose of its equity interest in TG Tools, or grant any rights or interest to any third party.

Existing Shareholders are entitled to exercise their right of first refusal if any of the Investors intends to transfer any TG Tools shares to persons other than the related parties of the Investor or any shareholder of TG Tools prior to its Qualified Listing. In any event, the third party transferee shall not be one of the direct competitors of TG Tools from time to time unless prior written consent of the Existing Shareholders is obtained.

Before the Qualified Listing of TG Tools, Danyang Tianyi or its partners shall not without the prior written consent of Major Investor(s), directly or indirectly, transfer, sell, charge, pledge or by any other means dispose of any equity interest of Danyang Tianyi or TG Tools. Notwithstanding the above restriction, the partners of Danyang Tianyi shall have the right to transfer their equity interest of Danyang Tianyi partnership to other person that is eligible under the employee share incentive scheme without obtaining the consent of other shareholders of TG Tools.

Rights of first refusal

If the Company or the Existing Shareholders propose to transfer (whether directly or indirectly) any TG Tools shares to any third party other than the existing shareholders of TG Tools, the Investors shall have the right of first refusal to purchase such TG Tools shares, in proportion to their respective shareholdings in TG Tools, under the same terms and price.

Co-sale rights

When the Company or the Existing Shareholders propose to transfer their equity interest in TG Tools, whether directly or indirectly, an Investor who has not exercised its right of first refusal shall be entitled to participate in such co-sale of equity interest in TG Tools on the same terms and conditions and sell its equity interest in TG Tools to the proposed transferee, the quantity of equity interest in TG Tools under such co-sale right shall be calculated in accordance with the following formula:

$$A \times B / D$$

Where:

- A = total amount of equity interest proposed to be transferred by the Company or the Existing Shareholders
- B = total amount of equity interest held by such Investor intending to exercise such co-sale right
- C = total amount of equity interest held by such proposed transferor (i.e. the relevant Existing Shareholder(s) and/ or the Company)
- D = B of all Investors intending to exercise such co-sales right + C

Further, if the equity interest involved in the proposed transfer is more than 50% of the Existing Shareholders' aggregate shareholdings or 50% of the Company's shareholdings in TG Tools or such transfer would cause a change in control of TG Tools, the Investor(s) shall have the priority over the Existing Shareholders to sell its/their entire equity interest in TG Tools to the proposed transferee.

Dividend

TG Tools shall not make any dividends or other forms of distribution, or declare any dividends or other forms of distribution without obtaining prior approval of shareholders of TG Tool at general meeting.

If TG Tools makes any dividends or other forms of distribution, or declare any dividends or other forms of distribution after the Completion, it shall be distributed to the shareholders of TG Tools on a pro-rata basis.

Liquidation preference

Subject to availability of liquidation proceeds, an Investor is entitled to a preferential

liquidation amount which is equal to the sum of the consideration paid to TG Tools in relation to its Subscription and interest at an annual simple interest rate of 4% from the Completion to the actual date the Investor receiving the full amount of the preferential liquidation amount. If the liquidation proceeds is less than the aforementioned preferential liquidation amount, TG Tools shall distribute the liquidation proceeds to the Investors in proportion to their respective preferential liquidation amount. In the event the aforementioned preferential liquidation amount is less than a pro rata distribution, all shareholders (including the Investors) shall receive liquidation proceeds on a pro rata basis.

Buy-Back Arrangement

Upon occurrence of any of the following events, each Investor is entitled to serve a written notice to request the TG Hong Kong to purchase or buy-back part or all equity interest in TG Tools' held by the Investor. TG Parties (other than TG Tools and TG Hong Kong) assumed joint guarantee liability for the buy-back obligations:

- (a) TG Tools fails to obtain the confirmation letter (which fulfills the requirements of CSRC and the relevant stock exchange) to be issued by People's Government of Jiangsu Province confirming there were no loss of collective asset in the historical restructuring of Jiangsu Tiangong Group Company Limited before 31 December 2021;
- (b) TG Tools fails to complete its Qualified Listing before 31 December 2023;
- (c) the representations or warranties contained in any of the Transaction Documents signed by any of the TG Parties are untrue, inaccurate or there exists any deceptive acts or dishonesty in material respect;
- (d) any material breach of the Transaction Documents by any entities of the TG Tools Group, Existing Shareholders and other TG Parties and such breach was unable to be rectified to the Investors' satisfaction within 30 days upon the issuance the written notice by the Investors;
- (e) occurrence of any transaction or event that causes a change in the actual controller or a change in control of TG Tools;
- (f) occurrence of any material adverse change to the directors or senior management of TG Tools or the Core Employees;
- (g) a breach of the non-compete obligations by TG Tools De facto Controllers and such breach was unable to be rectified to the Investors' satisfaction within 120 days upon the issuance the written notice by the Investors; or a breach of the non-compete obligations by Core Employees under the terms of the Shareholders' Agreement and such breach was unable to be rectified to the Investors' satisfaction within 120 days upon the issuance the written notice by the Investors and may cause adverse effect on the Qualified Listing of TG Tools;
- (h) failure to obtain an unqualified audit report on TG Tools for any financial year after

the Completion; or

- (i) any other Investors or shareholders of TG Tools initiate a buy-back request in respect of their equity interest.

(collectively be referred as “**Buy-Back Events**” and each a “**Buy-Back Event**”).

The TG Hong Kong shall pay to such Investor within 120 days upon receiving the buy-back notice at the buy-back price as calculated using the formula below:

$$P \times (1 + 4\% \times T) \times N$$

where

- P = the sum of the consideration paid by such Investor under the Investment Agreement
- T = the days from the Completion up the date of the settlement of such buy back / 365, rounded down to 2 decimal place
- N = E / F
- E = the amount of registered capital to TG Tools under such buy back
- F = the amount of registered capital of TG Tools held by such Investor

Anti-dilution rights

If (a) TG Tools increases its registered capital or issues any convertible securities at a price less than the subscription price per share of the Investors; or (b) the Existing Shareholders dispose of their respective equity interest in TG Tools at a price less than 90% of the subscription price per share of the Investors, the Investors shall have a right to require TG Tools to re-adjust their entitlement of registered capital in TG Tools in accordance with the subscription price per RMB1 of TG Tools’ registered capital in the subsequent increase in TG Tools’ registered capital.

The adjusted registered capital shall be calculated using the formula below:

Adjusted registered capital = the registered capital held by the Investors x P / Adjusted price

In the situation when there is an increase in registered capital or the issuance of any convertible securities by the TG Tools:

$$\text{Adjusted price} = P \times (A + B) / C$$

In the situation when there is a disposal of equity interest in TG Tools by the Existing Shareholders:

$$\text{Adjusted price} = P \times (A + B) / (A + D)$$

where

- P = the effective subscription price per RMB1 of TG Tools’ registered capital

- subscribed by the Investors immediately before the adjustment, in case there is no prior adjustment, RMB3.2587
- A = TG Tools' registered capital before the increase in registered capital or the issuance of any convertible securities or the disposal of their respective equity interest in TG Tools by the Existing Shareholders
- B = X / P
- X = the total consideration received by TG Tools pursuant to the increase in registered capital or the issuance of convertible securities by TG Tools or the total consideration received by the Existing Shareholders pursuant to their disposal of their respective equity interest in TG Tools
- C = TG Tools' registered capital after the increase in its registered capital or the issuance of any convertible securities (on a fully-diluted basis, assuming all the convertible securities are converted to the equity interests of TG Tools)
- D = The registered capital in TG Tools disposed by the Existing Shareholders

Reserved matters

Jiatai may nominate a person as director of TG Tools provided that (a) there is no transfer of any equity interest in TG Tools by Jiatai; and (b) there are no transfers of any equity interest in TG Tools by Qichen and Qilu to any third party other than the current partners of Qichen and Qilu.

Unless otherwise unanimous written approval from the director of TG Tools nominated by Jiatai is obtained and have undergone the internal approval procedures as required under any applicable PRC laws (if necessary), TG Tools or TG Tools Group (as applicable) and any of the shareholders of TG Tools shall not approve TG Tools or TG Tools Group (as applicable) to conduct, allow, approve, authorize or undertake any of the following matters:

- (a) any change in the articles of association of TG Tools;
- (b) any increase, decrease, issue, repurchase or buy-back of the registered capital of any company of TG Tools Group or undertake to conduct any of those aforementioned acts, except (i) subsequent investors to subscribe for TG Tools' additional registered capital at a price not lower than the Post-Subscription Valuation and a total price no exceeding RMB500,000,000 on or before 28 February 2021 (on the condition that the terms and conditions and the shareholder rights and powers contained in the agreement to be entered into by such subsequent investors and TG Tools and other relevant parties shall not be more favourable than the Major Investors); (ii) any increase, decrease, issue, repurchase or buy-back of any registered capital of any company of TG Tools Group (except for TG Tools) will not cause TG Tools' shareholding (whether direct or indirect) in such companies to be less than 100%;

Note: Assuming the completion of all Subscriptions, the Post-Subscription Valuation will be RMB8,500,000,000.

- (c) any transaction or act that causes TG Tools Group's major assets or core intellectual

- property rights being disposed of or any transaction that causes a change of the actual controllers of any of the companies of TG Tools Group;
- (d) any liquidation event of any of the companies of TG Tools Group;
 - (e) any related transaction which exceeds the relevant cap set for members of the TG Tools Group (save for the disclosed existing ordinary related party transactions);
 - (f) defacto cessation of operation or change of the principal business of any companies of the TG Tools Group;
 - (g) any removal or appointment of TG Tools' independent auditors or any change to TG Tools Group's accounting policy and audit system (except for the changes made in accordance with applicable PRC laws);
 - (h) the approval or amendment to the TG Tools' listing proposal or financing proposal in relation to equity interest (or convertible loans);
 - (i) the approval, amendment or entering into any employee share incentive scheme (or similar scheme) or other share option scheme (except for the TG Tools' employee share incentive scheme provided under the Investment Agreement);
 - (j) any alteration of shareholding and/or shareholders' rights of the Investors, and/or any other actions that would adversely affect the rights or interests of the Investors;
 - (k) the approval of any single transaction with an amount exceeding RMB100 million which is not provided in TG Tools Group's annual budget or capital expenditure item exceeding RMB200 million, including but not limited to foreign investment (including but not limited to making capital commitments to any non-wholly-owned entities but excluding any capital commitments to its wholly-owned entities), capital expenditures, sale of assets, mortgages on assets, entrusted financial management etc.;
 - (l) provision of any guarantee by TG Tools Group in favour of any non-TG Tools Group companies;
 - (m) establishment of non-wholly owned subsidiary by TG Tools with an investment of more than RMB20 million; and
 - (n) any authorisation, approval, undertaking in relation to any actions mentioned above or signing of any agreement in relation to the any actions mentioned above by TG Tools Group.

Preferences

If under any document entered into prior to the Shareholders' Agreement, the Existing Shareholders and Danyang Tianyi enjoy any priority in TG Tools which are more favourable than those enjoyed by the Investors under the Transaction Documents or enjoy

any additional priority, the Investors shall automatically enjoy such same priority.

If any new investor enjoys any terms and conditions or any rights or authorities which are more favourable than those enjoyed by the Major Investors under TG Tools' further financing arrangement, the Major Investors shall automatically enjoy these more favourable terms, conditions, rights and authorities.

Non-compete Obligations

Unless prior approval is obtained from the Major Investors, TG Tools De facto Controllers, Core Employees and their respective related parties shall not directly or indirectly engage in the same or similar kind of businesses or businesses in competition with the businesses engaged by TG Tools Group i.e. the manufacture and sale of high speed steel and die steel. (“**Competing Business**”), and shall not directly or indirectly hold any shareholding in any entities that engages in Competing Business (except for the acquisition of less than 1% of shareholding of listed companies in the secondary market) against any of the TG Tools Group or engage in any kind of acts that is detrimental to TG Tools Group's interest, including but not limited to:

- (a) holding a controlling interest, holding interest or indirectly control any company or entity engaging in Competing Business;
- (b) provision of loans, customer information, business guidance or any form of assistance to any company or entity engaging in Competing Business;
- (c) obtaining benefits directly or indirectly from the Competing Business or from any company or entity engaging in Competing Business;
- (d) by any means to compete for customers relevant to TG Tools Group's business or conducting or attempt to conduct any transaction with customers relevant to TG Tools Group's manufacturing and sales businesses, regardless whether such person is a customer of TG Tools Group before or after the Completion;
- (e) employing any person resigned from TG Tools Group after the Completion by any means through any of his or her directly or indirectly control, or person or entity which he or she has any interest in; and
- (f) attempting to hire any of the then employees of TG Tools Group by any means.

The above restrictions will cease to be effective (1) against a TG Tools De facto Controller after expiration of a two-year period from the date he/she ceases to hold more than 5% of TG Tools and (2) against a Core Employee after expiration of the two-year period from the date he/she ceases to hold more than 5% of TG Tools and the date of his/her resignation, whichever is the later.

INFORMATION ON TG TOOLS

TG Tools is principally engaged in manufacture and sale of high speed steel and cutting

tools.

The key financial information of TG Tools based on TG Tools consolidated financial statements prepared according to Accounting Regulations for Business Enterprises issued by the Ministry of Finance of the People's Republic of China prior to the Reorganisation is as follows (in RMB):

	For the year ended 31 December 2018	For the year ended 31 December 2019
Turnover	5,245,512,356	5,252,515,328
Profit before taxation	223,545,464	387,116,408
Profit after taxation	223,600,519	355,977,227
	As at 31 December 2018	As at 31 December 2019
Total Assets	9,786,889,711	9,693,009,871
Net Assets	4,613,353,567	4,798,469,473

As of the date of this announcement, TG Tool has a total registered capital of RMB2,148,128,000 which is held as to 100% by TG Hong Kong and the capital contributions of TG Hong Kong have been fully paid up.

REASONS AND BENEFIT OF THE SUBSCRIPTION

As mentioned in the section “The Investment Agreement and the Subscription Agreement – Use of Proceeds” above, the proceeds from the Subscriptions are intended to be applied towards the repayment of bank loans taken out by TG Tools Group in its ordinary course of business and the replenishment of TG Tools Group's operating cash flow and the furtherance of TG Tools Group's business.

The consideration was arrived at after arm's length negotiations between the parties to the Investment Agreement with reference to the Pre-Subscription Valuation of RMB7,000,000,000 and the historic 2019 net profit after tax of the Reorganised TG Tools Group of RMB347,000,000.

In light of the above, the Directors (including independent non-executive Directors) are of the view that the transactions contemplated under Investment Agreement and the Shareholders' Agreement are on normal commercial terms, and the terms contained therein are fair and reasonable and in the best interests of the Company and its shareholders as a whole.

FINANCIAL EFFECT OF THE SUBSCRIPTIONS

Upon the completion of the Subscriptions, the equity interest held by the Company via TG New Materials and TG Hong Kong will be reduced from 100% to approximately 82.35% and TG Tools will become an indirect non-wholly-owned subsidiary of the Company and its results will remain consolidated into the results of the Group.

The shareholdings structure of TG Tools after the completion of the Subscriptions is expected to be as follows:

No.	Shareholder	Registered Capital Subscribed (RMB)	Shareholding percentage
1.	TG New Materials*	1,611,096,000	61.76%
2.	TG Hong Kong	537,032,000	20.59%
3.	Danyang Tianyi	26,084,411	1.00%
	The Investors:		
4.	<i>Jiatai</i>	<i>46,031,314</i>	<i>1.77%</i>
5.	<i>Qilu</i>	<i>50,634,446</i>	<i>1.94%</i>
6.	<i>Qichen</i>	<i>30,687,543</i>	<i>1.17%</i>
7.	<i>Goldstone Advanced Material Fund</i>	<i>92,062,629</i>	<i>3.53%</i>
8.	<i>Sinopec Capital</i>	<i>61,375,086</i>	<i>2.35%</i>
9.	<i>Zhenjiang Qianyuan</i>	<i>46,031,314</i>	<i>1.77%</i>
10.	<i>Danyang Tianxin</i>	<i>46,031,314</i>	<i>1.77%</i>
11.	<i>Yuhua Rongtou</i>	<i>15,343,771</i>	<i>0.59%</i>
12.	<i>Hangtou Yuhua</i>	<i>15,343,771</i>	<i>0.59%</i>
13.	<i>Huazi Shengtong</i>	<i>9,206,263</i>	<i>0.35%</i>
14.	<i>Huazi Huizhi</i>	<i>9,206,263</i>	<i>0.35%</i>
15.	<i>Letong Huazi</i>	<i>9,206,263</i>	<i>0.35%</i>
16.	<i>Yuanhe Zhengxin</i>	<i>3,068,574</i>	<i>0.12%</i>
	Investors Total	434,228,731	16.65%
Total		<u>2,608,441,142</u>	<u>100.00%</u>

*The registered capital is held by TG Hong Kong and will be transferred to TG New Material after Completion of the Subscriptions.

The total assets of the Group will be increased by the net proceeds of the Subscriptions which is expected to be approximately RMB1,497,000,000.

LISTING RULES IMPLICATIONS

The dilution of equity interest in TG Tools as a result of the completion of the Subscriptions by the Investors and Danyang Tianyi is regarded as a deemed disposal pursuant to Rule 14.29 of the Listing Rules. As the highest applicable percentage ratio calculated under Rule 14.07 of the Listing Rules in respect of the Subscriptions is more than 5% but less than 25%, the Subscriptions constitute a discloseable transaction of the Company and is therefore subject to the announcement requirement under Chapter 14 of the Listing Rules.

As Mr. Wu Suojun and Mr. Yan Ronghua, both executive directors of the Company, are partners of Danyang Tianyi (holding 15.89% and 14.71% equity interests in Danyang Tianyi respectively), the transaction contemplated under the Subscription Agreement constitute a connected transaction of the Company. As the highest applicable percentage ratio calculated under Rule 14.07 of the Listing Rules in respect of the Subscription by Danyang Tianyi is more than 0.1% but less than 5%, the transaction contemplated under the Subscription Agreement is therefore subject to the announcement requirement under

Chapter 14A of the Listing Rules but is not subject to independent shareholders' approval requirement. Mr. Wu and Mr. Yan have abstained from voting on the resolution to approve the Subscription Agreement at the board meeting of the Company.

The Buy-Back Arrangement are put options granted by TG Hong Kong to each of the Investors, the exercise of which is not at the discretion of the TG Hong Kong. As such, the grant of the options is classified as a transaction of the Company. As the highest applicable percentage ratio calculated under Rule 14.07 of the Listing Rules in respect of the Buy-Back Arrangement is more than 5% but less than 25%, the Back-Back Arrangement constitutes a discloseable transaction of the Company and is therefore subject to the announcement requirement under Chapter 14 of the Listing Rules.

INFORMATION ON THE COMPANY AND THE PARTIES TO THE INVESTMENT AGREEMENT, SUBSCRIPTION AGREEMENT AND SHAREHOLDERS' AGREEMENT

The Company is an investment holding company and its subsidiaries are engaged in the manufacturing and sales of die steel, high speed steel, cutting tools, titanium alloy and powder metallurgy products and the trading of general carbon steel products which were not within the Group's production scope.

TG Hong Kong is an investment holding company which is wholly-owned by the Company.

TG New Materials is an indirect wholly-owned subsidiary the Company and is principally engaged in the promotion service, research and development, standardisation service, consultation, exchange, transfer and intermediary service of new material technology.

TG Precision Tools is an indirect wholly-owned subsidiary of the Company and is principally engaged in research and development, manufacture and sale of cutting tools related products.

TG Aihe is an indirect wholly-owned subsidiary of the Company and is principally engaged in research and development, manufacture and sale of die steel.

TG Development is an indirect wholly-owned subsidiary of the Company and is principally engaged in trading of alloy steel and cutting tools.

Weijian Tools is a wholly-owned subsidiary of TG Tools acquired under the equity interest transfer agreement dated 13 November 2020 (for further details on Weijian Tools' shareholding structure, please refer to the Company's announcement dated 13 November 2020) and is principally engaged in production and sales of high speed steel wire.

Jurong New Materials is an indirect wholly-owned subsidiary of the Company and is principally engaged in the research and development, manufacture and sale of high speed steel, and die steel related products.

Danyang Tianyi is an investment holding entity set up for the purpose of implementing TG Tools' employee share incentive scheme. The employee share incentive scheme was set for the purpose of rewarding certain key employees of TG Tools as a reward and appreciation of their contributions and continuous support to the TG Tools Group. Its partners, all being key employees of the Reorganised TG Tools Group, are as follows:

Name of general partner	Position in the Group (except the TG Tools Group)	Proposed position in the TG Tools Group
Wu Suojun	Executive Director and the Chief Executive Officer	Executive Director and General Manager
Name of limited partner	Position in the Group (except the TG Tools Group)	Proposed position in the TG Tools Group
Yan Ronghua	Executive Director	Deputy General Manager
Liao Jun	Chief Technology Officer	Chief Technology Officer
Wang Gang	Chief Financial Officer	Financial Controller
Bai Shiguo	Administrative Officer	Chairman of Supervisory Board
Zhu Xuguang	Employee	Member of Supervisory Board
Xie Jianhua	Employee	Member of Supervisory Board
Xu Shuangrong	Employee	Employee
Wang Xuefeng	Employee	Employee
Wu Wenmin	Employee	Employee
Zeng Bin	Employee	Employee
Zhu Yingchun	Employee	Employee
Wang Weiping	Employee	Employee
He Ruirui	Employee	Employee
Mei Jinrong	Employee	Employee
Zhu Yunlong	Employee	Employee
Zhu Xiangqian	Employee	Employee
Shi Yehui	Employee	Employee
Zhang Rui	Employee	Employee
Yang Jiangang	Employee	Employee
Xu Qin	Employee	Employee
Zhu Jingjing	Employee	Employee
Wei Junlin	Employee	Employee
Guo Jiangming	Employee	Employee
Wang Shangqing	Employee	Employee
Xu Huixia	Employee	Employee
Wu Song	Employee	Employee
Li Hua	Employee	Employee
Jin Chuanjiang	Employee	Employee
He Feng	Employee	Employee

Details of the Investors are as follows:

Jiatai

Jiatai was established in the PRC as a limited partnership, the principal business activities of which include engaging in pre-IPO investment, investment in non-public offering of shares of listed companies and related consulting services.

General Partner(s)	Respective shareholdings in Jintai (%)	The general partner(s) of such general partner (if applicable)	The ultimate beneficial owner of such general partner (%)
中金佳盟(天津)股權投資基金管理有限公司 (CICC Jiameng (Tianjin) Equity Investment Fund Management Co., Ltd.*)	0.02%	N/A	<ul style="list-style-type: none"> • Liu Zhao (50.00%) • Wang Lei (50.00%)
Limited Partner(s)	Respective shareholdings in Jintai (%)	The general partner(s) of such limited partner (if applicable)	The ultimate beneficial owner of such limited partner (%)
National Council for Social Security Fund	33.20%	N/A	State Council of the PRC (100.00%)
中金啓融(廈門)股權投資基金合夥企業(有限合伙) (CICC Qirong (Xiamen) Equity Investment Fund Partnership (Limited Partnership)*)	14.94%	CICC Capital Management Co., Ltd.	China International Capital Corporation Limited (601995.SH, 3908.HK) (100.00%)
中金佳安(天津)投資中心(有限合伙) (CICC Jiaan (Tianjin) Investment Center (Limited Partnership)*)	13.99%	中金佳盟(天津)股權投資基金管理有限公司 (CICC Jiameng (Tianjin) Equity Investment Fund Management Co., Ltd.*)	<ul style="list-style-type: none"> • 寧波梅山保稅港區鉅隆投資合夥企業(有限合伙) (Ningbo Meishan Free Trade Port Zone Julong Investment Partnership (Limited Partnership)*) (23.35%) (Note 1) • 寧波梅山保稅港區鉅瀚投資合夥企業(有限合伙) (Ningbo Meishan Free Trade Port Zone Juhun

- Investment Partnership (Limited Partnership)* (19.34%) (Note 1)
- 寧波梅山保稅港區鉅邦投資合夥企業(有限合夥)
(Ningbo Meishan Free Trade Port Zone Jubang Investment Partnership (Limited Partnership)* (16.73%) (Note 1)
- 寧波梅山保稅港區鉅馳投資合夥企業(有限合夥)
(Ningbo Meishan Free Trade Port Zone Juchi Investment Partnership (Limited Partnership)* (16.49%) (Note 1) (Note 2)

Note 1: The general partner of such limited partnerships is 上海易鉅資產管理有限公司 (Shanghai Yiju Asset Management Co., Ltd.*), and is owned as to 67.00% by Jupai Holdings Limited (JP.NYSE) and 16.80% by Wu Qimin. Save for the above, based on public information available as of the date of this announcement, the Company understands that no other limited partners of such limited partnerships own 10% or more of the partnership interest.

Note 2: Ye Chuanwei, being limited partner of 寧波梅山保稅港區鉅馳投資合夥企業(有限合夥) (Ningbo Meishan Free Trade Port Zone Juchi Investment Partnership (Limited Partnership)*), owns approximately 10.23% of the partnership interest. Save for the above, based on public information available as of the date of this announcement, the Company understands that no other limited partners of such limited partnerships own 10% or more of the partnership interest.

Save for the above, based on public information available as of the date of this announcement, the Company understands that no other limited partners of Jiatai owns 10% or more partnership interest.

Qilu

Qilu was established in the PRC as a limited partnership, the principal business activities of which include pre-IPO investment; non-public equity investment and related consulting services; and related investment consulting. Details of its partners are as follows:

General Partner(s)	Respective shareholdings in Qilu (%)	The general partner(s) of such general partner (if	The ultimate beneficial owner of such general partner (%)
---------------------------	---	---	--

applicable)

CICC Capital Management Co., Ltd.	0.33%	N/A	<i>Please refer to information set out in the paragraph on Qichen above for the relevant disclosure on CICC Capital Management Co., Ltd.</i>
-----------------------------------	-------	-----	--

Limited Partner(s)	Respective shareholdings in Qilu (%)	The general partner(s) of such limited partner (if applicable)	The ultimate beneficial owner of such limited partner (%)
---------------------------	---	---	--

中金啓融(廈門)股權投資基金合夥企業(有限合伙) (CICC Qirong (Xiamen) Equity Investment Fund Partnership (Limited Partnership)*)	99.34%	<i>Please refer to information set out in the paragraph on Jiatai above for the relevant disclosure on CICC Qirong (Xiamen) Equity Investment Fund Partnership (Limited Partnership)</i>	<i>Please refer to information set out in the paragraph on Jiatai above for the relevant disclosure on CICC Qirong (Xiamen) Equity Investment Fund Partnership (Limited Partnership)</i>
--	--------	--	--

Save for the above, based on public information available as of the date of this announcement, the Company understands that no other limited partners of Qilu owns 10% or more partnership interest.

Qichen

Qichen was established in the PRC as a limited partnership, the principal business activities of which include engaging in pre-IPO investment, investment in non-public shares issued by listed companies and related consulting services. Details of its partners are as follows:

General Partner(s)	Respective shareholdings in Qichen (%)	The general partner(s) of such general partner (if applicable)	The ultimate beneficial owner of such general partner (%)
---------------------------	---	---	--

CICC Capital Management Co., Ltd.	0.04%	N/A	China International Capital Corporation Limited (601995.SH, 3908.HK) (100%)
-----------------------------------	-------	-----	---

Limited Partner(s)	Respective shareholdings	The general partner(s) of	The ultimate beneficial owner of such limited
---------------------------	---------------------------------	----------------------------------	--

	in Qichen (%)	such limited partner (if applicable)	partner (%)
中國國有企業結構調整基金股份有限公司 (China Structural Fund Corporation Limited*) (Note 1)	29.43%	N/A	<ul style="list-style-type: none"> China Construction Bank Corporation (601939.SH, 939.HK) (25.57%) State Council of the PRC (50.38%) Hefei State-owned Assets Supervision and Administration Commission (12.60%)
中金啓融(廈門)股權投資基金合夥企業(有限合伙) (CICC Qirong (Xiamen) Equity Investment Fund Partnership (Limited Partnership)*)	15.96%	<i>Please refer to information set out in the paragraph on Jiatai above for the relevant disclosure on CICC Qirong (Xiamen) Equity Investment Fund Partnership (Limited Partnership)</i>	<i>Please refer to information set out in the paragraph on Jiatai above for the relevant disclosure on CICC Qirong (Xiamen) Equity Investment Fund Partnership (Limited Partnership)</i>
蘇州市創新產業發展引導基金(有限合伙) (Suzhou Innovation Industry Development Guide Fund (Limited Partnership)*) (Note 6)	13.12%	蘇州股權投資基金管理有限公司 (Suzhou Equity Investment Fund Management Co., Ltd.*) (Note 2)	<ul style="list-style-type: none"> 蘇州國際發展集團有限公司 (Suzhou International Development Group Co., Ltd.*) (25.00%) (Note 3) 蘇州市產業投資集團有限公司 (Suzhou Industrial Investment Group Co., Ltd.*) (24.50%) (Note 3) 杭州璞致資產管理有限公司 (Hangzhou Puzhi Asset Management Co., Ltd.*) (21.00%) (Note 4) 蘇州青圭投資管理有限公司 (Suzhou Qinggui Investment Management Co., Ltd.*) (18.00%) (Note 5)
深圳市招商招銀股權	10.64%	深圳市招商盈	寧波梅山保稅港區培元投資

投資基金合夥企業(有 限合夥) (Shenzhen China Merchants Banking Equity Investment Fund Partnership (Limited Partnership)* (Note 6)	10.64%	葵股權投資基 金管理有限公 司 (Shenzhen China Merchants Yingkui Equity Investment Fund Management Co., Ltd.*) (Note 7)	管理有限公司 (Ningbo Meishan Free Trade Port Zone Peiyuan Investment Management Co., Ltd.*) (79.7800%) (Note 8)
常熟市高新產業經營 投資有限公司 (Changshu High-tech Industry Management Investment Co., Ltd.*)	10.64%	N/A	常熟市虞山高新區資產經營 投資公司 (Changshu Yushan High-tech Zone Assets Management Investment Company*) (93.33%)

Note 1: Save as disclosed, based on public information available as of the date of this announcement, the Company understands that no other individuals or entities holding 10% or more effective equity interest in 中國國有企業結構調整基金股份有限公司 (China Structural Fund Corporation Limited*).

Note 2: The ultimate beneficial owner of 蘇州股權投資基金管理有限公司 (Suzhou Equity Investment Fund Management Co., Ltd.*) is Ting Xu.

Note 3: Suzhou State-owned Assets Management Committee is ultimate beneficial owner of both 蘇州國際發展集團有限公司 (Suzhou International Development Group Co., Ltd.*) and 蘇州市產業投資集團有限公司 (Suzhou Industrial Investment Group Co., Ltd.*).

Note 4: The ultimate beneficial owner of 杭州璞致資產管理有限公司 (Hangzhou Puzhi Asset Management Co., Ltd.*) is Shi Jieshan.

Note 5: The ultimate beneficial owner of 蘇州青圭投資管理有限公司 (Suzhou Qinggui Investment Management Co., Ltd.*) is Xu Ting.

Note 6: Save for the above, based on public information available as of the date of this announcement, the Company understands that no other limited partners of such limited partnerships own 10% or more partnership interest.

Note 7: 深圳市招商盈葵股權投資基金管理有限公司 (Shenzhen China Merchants Yingkui Equity Investment Fund Management Co., Ltd.*) is 100% wholly-owned by 招商資本控股有限責任公司 (China Merchants Capital Management Co., Ltd.*).

Note 8: The ultimate beneficial owner of 寧波梅山保稅港區培元投資管理有限公司 (Ningbo Meishan Free Trade Port Zone Peiyuan Investment Management Co., Ltd.*) is China Merchants Bank Co., Ltd. (600036.SH, 3968.HK).

Note 9: The ultimate beneficial owner of 常熟市虞山高新區資產經營投資公司 (Changshu Yushan High-tech Zone Assets Management Investment Company*) is 江蘇省常熟虞山高新技術產業開發區管理委員會 (The Administrative Committee of Jiangsu Province Changshu Yushan New & Hi-tech Industrial Development Zone*).

Save for the above, based on public information available as of the date of this

announcement, the Company understands that no other limited partners of Qichen owns 10% or more partnership interest.

Goldstone Advanced Materials Fund

Goldstone Advanced Materials Fund was established in the PRC as a limited partnership, the principal business activities of which include investment in non-listed companies, investment in non-public offering of shares of listed companies and related consulting services. Details of its partners are as follows:

General Partner(s)	Respective shareholdings in Goldstone Advanced Materials Fund (%)	The general partner(s) of such general partner (if applicable)	The ultimate beneficial owner of such general partner (%)
金石投資有限公司 (Goldstone Investment Company limited*)	0.31%	N/A	Citic Securities Company Limited (600030.SH, 6030.HK)(100%)
Limited Partner(s)	Respective shareholdings in Goldstone Advanced Materials Fund (%)	The general partner(s) of such limited partner (if applicable)	The ultimate beneficial owner of such limited partner (%)
國家製造業轉型升級 基金股份有限公司 (National Manufacturing Transformation and Upgrade Fund Co., Ltd.*) (Note 1)	75.38%	N/A	<ul style="list-style-type: none"> • Ministry of Finance of the PRC (15.29%) • 國開金融有限責任公司 (China Development Bank Financial Co., Ltd.*) (13.59%) (Note 2) • 中國保險投資基金二期(有限合夥)(China Insurance Investment Fund Phase II (Limited Partnership)*) (10.19%) (Note 3) • 中國煙草總公司(China National Tobacco Corporation*) (10.19%) (Note 4)
金石新材料產業母基金(淄博)合夥企業(有限合夥)(Goldstone New Material Industry Fund of Funds (Zibo) Partnership (Limited Partnership)*)	24.31%	金石投資有限公司 (Goldstone Investment Company Limited*)	<ul style="list-style-type: none"> • 淄博齊魯創業投資有限責任公司 (Zibo Qilu Venture Capital Co., Ltd.*) (88.48%) (Note 5) • 金石投資有限公司 (Goldstone Investment Company Limited*)

(11.39%)

- Note 1: Save as disclosed above, based on public information available as of the date of this announcement, the Company understands that no other entity or individual holding more than 10% equity interest of 國家製造業轉型升級基金股份有限公司 (National Manufacturing Transformation and Upgrade Fund Co., Ltd.*).
- Note 2: The ultimate beneficial owner of China Development Bank Financial Co., Ltd. is China Development Bank.
- Note 3: The China Insurance Investment Fund Phase II (Limited Partnership) is owned as to 50% each by中保投資有限責任公司 (China Insurance Investment Co., Ltd.*) and中保投資(北京)有限責任公司 (China Insurance Investment (Beijing) Co., Ltd.*) which is in turn wholly-owned by中保投資有限責任公司 (China Insurance Investment Co., Ltd.*). Based on the public information available as of the date of this announcement, the Company understands that there is no individual or entity holding 10% or more of equity interest in 中保投資有限責任公司 (China Insurance Investment Co., Ltd.*).
- Note 4: China National Tobacco Corporation is wholly-owned by State Council of the PRC.
- Note 5: Zibo Qilu Venture Capital Co., Ltd. is wholly-owned by Financial Bureau of Zibo City.

Save for the above, based on public information available as of the date of this announcement, the Company understands that no other limited partners of Goldstone Advanced Materials Fund owns 10% or more partnership interest.

Sinopec Capital

Sinopec Capital is a company established in the PRC with limited liability and is owned as to 51.00% and 49.00% by State-Owned assets Supervision and Administration Commission of the State Council and China Petroleum & Chemical Corporation (600028.SH, 386.HK). The principal business activities of which include project investment, equity investment, entrusted management, investment management of equity investment fund and consulting services (excluding consulting services on securities and futures), management and financial advisory on self-owned equity. Sinopec Capital strategically focuses on emerging industries including new energy, new materials, energy conservation and environmental protection, advanced intelligent manufacturing, and strategic emerging industries such as big data and artificial intelligence.

Zhenjiang Qianyuan

Zhenjiang Qianyuan was established in the PRC as a limited partnership, the principal business activities of which include equity investment, military equity investment with private equity funds, investment management, asset management and other activities. Details of its partners are as follows:

General Partner(s)	Respective shareholdings	The general partner(s) of	The ultimate beneficial owner of such general
---------------------------	---------------------------------	----------------------------------	--

	in Zhenjiang Qianyuan (%)	such general partner (if applicable)	partner (%)
鎮江國投創業投資有限公司 (Zhenjiang Guotou Venture Capital Co., Ltd.*)	1.00%	N/A	State-owned Assets Supervision and Administration Commission Zhenjiang People's Government (100.00%)
Limited Partner(s)	Respective shareholdings in Zhenjiang Qianyuan (%)	The general partner(s) of such limited partner (if applicable)	The ultimate beneficial owner of such limited partner (%)
鎮江國有投資控股集團有限公司(Zhenjiang State-owned Investment Holding Group Co., Ltd.*)	62.33%	N/A	State-owned Assets Supervision and Administration Commission Zhenjiang People's Government (100.00%)
青島朝騰股權投資合夥企業（有限合夥） (Qingdao Chaoteng Equity Investment Partnership (Limited Partnership)*)(Note 1)	18.33%	上海瑞夏投資管理有限公司 (Shanghai Ruixia Investment Management Co., Ltd.)*(Note 2)	<ul style="list-style-type: none"> • Wang Li (52.73%) • Luo Bangfei (33.20%)
青島朝恩股權投資基金合夥企業（有限合夥） (Qingdao Chaoen Equity Investment Fund Partnership (Limited Partnership)*)(Note 3)	13.33%	上海瑞夏投資管理有限公司 (Shanghai Ruixia Investment Management Co., Ltd.)*(Note 2)	<ul style="list-style-type: none"> • Yan Xiefang (44.19%) • Wang Li (10.81%)

Note 1: Save for the above, based on public information available as of the date of this announcement, the Company understands that no other limited partners of 青島朝騰股權投資合夥企業（有限合夥）(Qingdao Chaoteng Equity Investment Partnership (Limited Partnership)*) own 10% or more partnership interest.

Note 2: The ultimate beneficial owner of 上海瑞夏投資管理有限公司 (Shanghai Ruixia Investment Management Co., Ltd.*) is Yan Xiefang.

Note 3: Save for the above, based on public information available as of the date of this announcement, the Company understands that no other limited partners of 青島朝恩股權投資基金合夥企業（有限合夥）(Qingdao Chaoen Equity Investment Fund Partnership (Limited Partnership)*) own 10% or more partnership interest.

Save for the above, based on public information available as of the date of this

announcement, the Company understands that no other limited partners holding more than 10% partnership interest of Zhenjiang Qianyuan.

Danyang Tianxin

Danyang Tianxin is a company established in the PRC with limited liability and is wholly-owned by 丹陽市人民政府國有資產監督管理辦公室 (State-owned Assets Supervision and Administration Office of Danyang Municipal People's Government*). The principal business activities of which include equity investment, venture capital (limited to pre-IPO investment), investment activities with own funds and asset management services for investment with own funds.

Yuhua Rongtou

Yuhua Rongtou was established in the PRC as a limited partnership, the principal business activities of which include equity investment in non-publicly traded companies and related consulting service. Details of its partners are as follows:

General Partner(s)	Respective shareholdings in Yuhua Rongtou (%)	The general partner(s) of such general partner (if applicable)	The ultimate beneficial owner of such general partner (%)
北京譽華基金管理有限公司 (Beijing Yuhua Fund Management Co., Ltd.*)	0.0033%	N/A	<ul style="list-style-type: none"> • 中航資本產業投資有限公司 (AVIC Capital Industry Investment Co., Ltd.*) (30.00%) • 南方建信投資有限公司 (Southern Jianxin Investment Co., Ltd.*) (30.00%) (Note 1) • 華岳景知(北京)信息諮詢有限公司 (Huayue Jingzhi (Beijing) Information Consulting Co., Ltd.*) (40.00%) (Note 2)
Limited Partner(s)	Respective shareholdings in Yuhua Rongtou (%)	The general partner(s) of such limited partner (if applicable)	The ultimate beneficial owner of such limited partner (%)
中航資本產業投資有限公司 (AVIC Capital Industry Investment Co., Ltd.*)	49.9983%	N/A	中航資本控股股份有限公司 (AVIC Capital CO., Ltd*) (600705.SH) (100.00%)

Avic International Leasing Co., Ltd.* (中航國際租賃有限公司)	49.9983%	N/A	<ul style="list-style-type: none"> • 中航資本控股股份有限公司 (AVIC Capital CO., Ltd.*) (600705.SH) (49.07%) • 中航投資控股有限公司 (AVIC Investment Holdings Co., Ltd.*) (49.06%) (Note 3)
---	----------	-----	---

Note 1: 南方建信投資有限公司 (Southern Jianxin Investment Co., Ltd.*) is owned as to 49.00%, 34.00% and 17.00% by State-owned Assets Supervision and Administration Commission of the State Council, China Construction Bank Corporation (6001939.SH, 939.HK) and Hefei State-owned Assets Supervision and Administration Commission respectively.

Note 2: 華岳景知(北京)信息諮詢有限公司 (Huayue Jingzhi (Beijing) Information Consulting Co., Ltd.*) is owned as to 50.00% each by Wang Diming and Jian Qiang.

Note 3: The ultimate beneficial owner of 中航投資控股有限公司 (AVIC Investment Holdings Co., Ltd.*) is 中航資本控股股份有限公司 (AVIC Capital CO., Ltd.*) (600705.SH) (73.56%) and China Life Insurance Company Limited (601628.SH, 2628.HK) (16.70%).

Save for the above, based on public information available as of the date of this announcement, the Company understands that no other limited partners holding more than 10% equity interest of Yuhua Rongtou.

Hangtou Yuhua

Hangtou Yuhua was established in the PRC as a limited partnership, the principal business activities of which include equity investment, investment management and investment consulting. Details of its partners are as follows

General Partner(s)	Respective shareholdings in Hangtou Yuhua (%)	The general partner(s) of such general partner (if applicable)	The ultimate beneficial owner of such general partner (%)
北京譽華基金管理有限公司 (Beijing Yuhua Fund Management Co., Ltd.*)	0.10%	N/A	<i>Please refer to information set out in the paragraph on Yuhua Rongtou above for the relevant disclosure on北京譽華基金管理有限公司 (Beijing Yuhua Fund Management Co., Ltd.*)</i>
Limited Partner(s)	Respective shareholdings	The general partner(s) of	The ultimate beneficial owner of such limited

	in Hangtuo Yuhua (%)	such limited partner (if applicable)	partner (%)
南昌市紅谷灘城市投資集團有限公司 (Nanchang Honggutan City Investment Group Co., Ltd.*)	30.00%	N/A	南昌市紅谷灘新區管委會 (Nanchang Honggutan New Area Management Committee*) (100.00%)
中航資本產業投資有限公司 (AVIC Capital Industry Investment Co., Ltd.*)	28.90%	N/A	<i>Please refer to information set out in the paragraph on Yuhua Rongtuo above for the relevant disclosure on中航資本產業投資有限公司 (AVIC Capital Industry Investment Co., Ltd.*)</i>
江西紅谷灘金融控股有限公司 (Jiangxi Honggutan Financial Holdings Co., Ltd.*)	25.00%	N/A	<ul style="list-style-type: none"> • 南昌市紅谷灘城市投資集團有限公司 (Nanchang Honggutan City Investment Group Co., Ltd.*) (35.00%) • 中航信託股份有限公司 (AVIC Trust Co., Ltd.*) (33.00%) (Note 1) • 博能控股股份有限公司 (Benergy Holdings Co., Ltd.*) (32.00%) (Note 2)
南昌大道投資有限責任公司 (Nanchang Avenue Investment Co., Ltd.*)	15.00%	N/A	<ul style="list-style-type: none"> • 南昌市政投資集團有限公司 (Nanchang Municipal Investment Group Co., Ltd.*) (1.17%) • 南昌市滕王閣城市發展基金二期(有限合夥) (Nanchang Tengwangge Urban Development Fund Phase II (Limited Partnership)*) (5.00%) • 南昌浦發市政公用投資管理中心(有限合夥) (Nanchang Pudong Development Municipal Public Investment Management Center (Limited Partnership)*) (93.83%) (Note 4)

Note 1: 中航信托股份有限公司 (AVIC Trust Co., Ltd.*) is owned as to 82.73% and 17.27% by 中航投資控股有限公司 (AVIC Investment Holdings Co., Ltd.*) (Note 3) and OCBC Bank Limited (O39.SI), respectively.

Note 2: 博能控股股份有限公司 (The ultimate beneficial owner of Benergy Holdings Co., Ltd.*) is Wen Xianlai.

Note 3: Please refer to information set out in Note 3 of Yuhua Rongtong above for the relevant disclosure on 中航投資控股有限公司 (AVIC Investment Holdings Co., Ltd.*).

Note 4: The ultimate beneficial owners of 南昌浦發市政公用投資管理中心(有限合夥) (Nanchang Pudong Development Municipal Public Investment Management Center (Limited Partnership)*) are Shanghai Pudong Development Bank Co., Ltd.(600000.SH) (44.58%), AXA Investment Managers Limited (34.09%), Shanghai State-owned Assets Management Committee (8.74%), Nanchang State-owned Assets Management Committee (12.49%) and 上海浦耀信嘩投資管理有限公司 (Shanghai Puyao Xinye Capital Co., Ltd.*) (0.10%).

Save as disclosed, based on public information available as of the date of this announcement, the Company understands that no other limited partners holding more than 10% equity interest of Hangtong Yuhua.

Huazi Shengtong

Huazi Shengtong was established in the PRC as a limited partnership, focusing on investing in high-quality targets in the area of advanced manufacturing, new materials and high-end equipment. Details of its partners are as follows:

General Partner(s)	Respective shareholdings in Huazi Shengtong (%)	The general partner(s) of such general partner (if applicable)	The ultimate beneficial owner of such general partner (%)
青島市科技風險投資有限公司 (Qingdao Science and Technology Venture Capital Co., Ltd.*)	0.50%	N/A	State-Owned Assets Supervision & Administration Commission of Qingdao Municipal Government (100.00%)
Limited Partner(s)	Respective shareholdings in Huazi Shengtong (%)	The general partner(s) of such limited partner (if applicable)	The ultimate beneficial owner of such limited partner (%)
青島華通創業投資有限責任公司 (Qingdao Huatong Venture	89.50%	N/A	State-Owned Assets Supervision & Administration Commission of Qingdao Municipal Government

Capital Co., Ltd.*)			(100.00%)
青島宏業集團公司 (Qingdao Hongye Group Company*)	10.00%	N/A	青島市經濟貿易總公司 (Qingdao Economic and Trade Corporation*) (100.00%) (Note 1)

Note 1: 青島市經濟貿易總公司 (The ultimate beneficial owner of Qingdao Economic and Trade Corporation*) is State-Owned Assets Supervision & Administration Commission of Qingdao Municipal Government.

Huazi Huizhi

Huazi Huizhi was established in the PRC as a limited partnership, focusing on investing in high-quality targets in the fields of advanced manufacturing, new materials and high-end equipment. Details of its partners are as follows:

General Partner(s)	Respective shareholdings in Huazi Huizhi (%)	The general partner(s) of such general partner (if applicable)	The ultimate beneficial owner of such general partner (%)
青島市科技風險投資有限公司 (Qingdao Science and Technology Venture Capital Co., Ltd.*)	1.00%	N/A	<i>Please refer to information set out on the paragraph on Huazi Shengtong above for the relevant disclosure on 青島市科技風險投資有限公司 (Qingdao Science and Technology Venture Capital Co., Ltd.*)</i>
Limited Partner(s)	Respective shareholdings in Huazi Huizhi (%)	The general partner(s) of such limited partner (if applicable)	The ultimate beneficial owner of such limited partner (%)
青島經濟技術開發區招商集團有限公司 (Qingdao Economic and Technological Development Zone China Merchants Group Co., Ltd.*)	69.00%	N/A	State-owned Assets Administration of Qingdao West Coast New Area (100%)
青島華通創業投資有限責任公司 (Qingdao Huatong Venture Capital Co., Ltd.*)	30.00%	N/A	<i>Please refer to information set out on the paragraph on Huazi Shengtong above for the relevant disclosure on 青</i>

島華通創業投資有限責任公司
(Qingdao Huatong
Venture Capital Co., Ltd.*)

Letong Huazi

Letong Huazi was established in the PRC as a limited partnership, focusing on investing in high-quality targets in the area of advanced manufacturing, new materials and high-end equipment. Details of its partners are as follows:

General Partner(s)	Respective shareholdings in Letong Huazi (%)	The general partner(s) of such general partner (if applicable)	The ultimate beneficial owner of such general partner (%)
青島市科技風險投資有限公司 (Qingdao Science and Technology Venture Capital Co., Ltd.*)	0.50%	N/A	<i>Please refer to information set out in the paragraph on Huazi Shengtong above for the relevant disclosure on 青島市科技風險投資有限公司 (Qingdao Science and Technology Venture Capital Co., Ltd.*)</i>
青島樂通合創股權投資有限公司 (Qingdao Letong Hechuang Equity Investment Co., Ltd.*)	2.00%	N/A	<ul style="list-style-type: none"> • Zou Chenyang (97.00%) • Suhang (3.00%)
Limited Partner(s)	Respective shareholdings in Letong Huazi (%)	The general partner(s) of such limited partner (if applicable)	The ultimate beneficial owner of such limited partner (%)
青島華通創業投資有限責任公司 (Qingdao Huatong Venture Capital Co., Ltd.*)	34.50%	N/A	<i>Please refer to information set out on the paragraph on Huazi Shengtong above for the relevant disclosure on 青島華通創業投資有限責任公司 (Qingdao Huatong Venture Capital Co., Ltd.*)</i>
青島膠州灣發展集團有限公司 (Qingdao Jiaozhou Bay Development Group)	30.00%	N/A	膠州市國有資產服務中心 (Jiaozhou State-owned Assets Service Center) (100.00%)

Co., Ltd.*)

青島華通創業投資有 限責任公司(Qingdao Huatong Venture Capital Co., Ltd.*)	20.67%	N/A	Zu Senxue (100.00%)
--	--------	-----	---------------------

Save for the above, based on public information available as of the date of this announcement, the Company understands that no other limited partners holding more than 10% equity interest of Letong Huazi.

Yuanhe Zhengxin

Yuanhe Zhengxin was established in the PRC as a limited partnership, the principal business activity of is investment. Details of its partners are as follows:

General Partner(s)	Respective shareholdings in Yuanhe Zhengxin (%)	The general partner(s) of such general partner (if applicable)	The ultimate beneficial owner of such general partner (%)
煙台源禾股權投資基 金管理有限公司 (Yantai Yuanhe Equity Fund Management Co., Ltd.)*(Note 1)	0.55%	N/A	<ul style="list-style-type: none"> • Liu Linlin (38.40%) • Yantai Financial Bureau (35.14%) • Hou Peng (15.30%)
Limited Partner(s)	Respective shareholdings in Yuanhe Zhengxin (%)	The general partner(s) of such limited partner (if applicable)	The ultimate beneficial owner of such limited partner (%)
煙台市財金投資控股 有限公司 (Yantai Finance Investment Holdings Co., Ltd.)*	40.87%	N/A	<ul style="list-style-type: none"> • Yantai Financial Bureau (87.85%) • Shandong Provincial Department of Finance (10.94%)
煙台業達經濟發展集 團有限公司 (Yantai Yeda Economic Development Group Co., Ltd.)*	13.62%	N/A	State-owned Assets Supervision and Administration Bureau of Yantai Economic and Technological Development Zone (100.00%)
煙台市財信資本管理 有限公司 (Yantai	10.90%	N/A	Yantai City Finance Bureau (100.00%)

Caixin Capital
Management Co., Ltd.*)

Note 1: Save for the above, based on public information available as of the date of this announcement, the Company understands that no other limited partners holding more than 10% equity interest of 煙台市財金投資控股有限公司 (Yantai Finance Investment Holdings Co., Ltd.*).

Save for the above, based on public information available as of the date of this announcement, the Company understands that no other limited partners holding more than 10% equity interest of Yuanhe Zhengxin.

WARNING:

As the Subscriptions are subject to fulfilment of the conditions precedent set out in the section “The Investment Agreement and The Subscription Agreement – Conditions Precedent”, the Subscriptions may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITION

Terms used in the announcement shall have the following meanings:

“Audited 2019 Net Profit after Tax”	the proforma consolidated net profit after tax of the Reorganised TG Tools Group for the year ended 31 December 2019 to be audited by a qualified PRC auditors (as approved by the Investors)
“Buy-Back Arrangement”	the put option granted by TG Hong Kong in favour of each of the Investors and TG Parties (other than TG Tools and TG Hong Kong) assumed joint guarantee liability for the buy-back obligations, details of which is set out under the section headed “Shareholders’ Agreement – Buy-Back Arrangements”
“Buy-Back Events”	as defined under the section headed “Shareholders’ Agreement – Buy-Back Arrangements”
“CICC Funds”	Jiatai, Qichen and Qirong
“Competing Business”	as defined under the section headed “Shareholders’ Agreement – Non-compete Obligations”
“Company”	Tiangong International Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange

“Completion”	the date of the completion of the Subscription under the Investment Agreement/ Subscription Agreement (as applicable)
“Core Employees”	Wu Suojun, Mr. Zhu, Zhu Zefeng, Liao Jun and Wang Gang
“CSRC”	Chinese Securities Regulatory Commission
“Danyang Tianxin”	丹陽市天鑫投資管理有限公司 (Danyang Tianxin Investment Management Co., Ltd.*), a company established in the PRC with limited liability
“Danyang Tianyi”	丹陽天一企業管理合夥企業(有限合夥) (Danyang Tianyi Corporate Management Partnership (Limited Partnership)*), a limited partnership established in the PRC
“Director(s)”	the director(s) of the Company
“Estimated 2019 Net Profit after Tax”	RMB347,000,000, the estimated net profit after tax for the Reorganised TG Tools Group for the year ended 31 December 2019
“Existing Shareholders”	TG New Materials and TG Hong Kong
“Goldstone Advanced Materials Fund”	金石製造業轉型升級新材料基金(有限合夥) (Goldstone Manufacturing Transformation and Upgrading Advance Materials Fund (Limited Partnership)*), a limited partnership established in the PRC
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hangtou Yuhua”	南昌市紅谷灘新區航投譽華股權投資中心(有限合夥) (Nanchang Honggutuan New Area Aviation Investment Yuhua Equity Investment Center (Limited Partnership)*), a limited partnership established in the PRC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huazi Huizhi”	青島華資匯志股權投資基金合夥企業(有限合夥) (Qingdao Huazi Huizhi Equity Investment Fund Partnership (Limited Partnership)*), a limited partnership established in the PRC
“Huazi Shengtong”	青島華資盛通股權投資基金合夥企業(有限合夥) (Qingdao Huazi Shengtong Equity Investment Fund

	Partnership (Limited Partnership)*), a limited partnership established in the PRC
“Investors”	Jiatai, Qilu, Qichen, Goldstone Advanced Materials Fund, Sinopec Capital, Zhenjiang Qianyuan, Danyang Tianxin, Yuhua Rongtou, Hnagtou Yuhua, Huazi Shengtong, Huazi Huizhi, Letong Huazi and Yuanhe Zhengxin,
“Investment Agreement”	the investment agreement dated 28 December 2020, entered into between TG Tools, TG New Materials, TG Hong Kong, Other TG Parties and the Investors, pursuant to which, among others, the Investors agreed to subscribe for certain equity interests in TG Tools
“Jiatai”	中金佳泰貳期(天津)股權投資基金合夥企業(有限合夥) (CICC Jiatai Phase II (Tianjin) Equity Investment Fund Partnership (Limited Partnership)*), a limited partnership established in the PRC
“Jurong New Materials”	句容市天工新材料科技有限公司 (Jurong Tiangong New Materials Technology Company Limited*), a company established in the PRC with limited liability
“Letong Huazi”	青島樂通華資智慧產業基金(有限合夥) (Qingdao Letong Chinese Capital Smart Industry Fund (Limited Partnership)*), a limited partnership established in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Major Investors”	means (i) any single Investor holding more than 10% of equity interest in TG Tools, (ii) CICC Funds (on the condition that none of CICC Funds have transferred any of their respective equity interest in TG Tools) and (iii) Goldstone Advanced Materials Fund (on the condition that Goldstone Advanced Materials Fund has not transferred any of its equity interest in TG Tools).
“Mr. Zhu”	Mr. Zhu Xiaokun, the Chairman, an executive Director and a substantial shareholder of the Company
“Other TG Parties”	the Company, TG Precision Tools, TG Aihe, Weijian Tools, Jurong New Materials and TG Development
“PBOC”	The People’s Bank of China
“PRC”	the People’s Republic of China, for the purpose of this

	announcement, excluding Hong Kong, the Macao Special Administrative Region and Taiwan
“Pre-Subscription Valuation”	RMB7,000,000,000, the pre-Subscription valuation of Reorganised TG Tools based on the Estimated 2019 Net Profit After Tax of RMB347,000,000
“Qichen”	中金啟辰(蘇州)新興產業股權投資基金合夥企業(有限合夥) (CICC Qichen (Suzhou) Emerging Industry Equity Investment Fund Partnership (Limited Partnership)*), a limited partnership established in the PRC
“Qilu”	啟鷺(廈門)股權投資合夥企業(有限合夥) (Qilu (Xiamen) Equity Investment Partnership (Limited Partnership)*), a limited partnership established in the PRC
“Qualified Listing”	the initial public offering and listing on a PRC stock exchange (including but not limited to the main board, small and medium enterprise board, growth enterprise market or Sci-Tech innovation board of the Shanghai Stock Exchange or the Shenzhen Stock Exchange)
“RMB”	Renminbi, the lawful currency of the PRC
“Reorganisation”	the transfer of non-high speed steel and non-die steel interests and businesses (such as the cutting tools and the drills trading businesses) by TG Tools to other wholly-owned subsidiaries of the Company
“Reorganised TG Tools Group”	TG Tools, TG Aihe, Jurong New Materials, TG Development and Weijian Tools
“Shareholders’ Agreement”	the shareholders’ agreement entered into between TG Tools, TG New Materials, TG Hong Kong, Danyang Tianyi, the Company and TG Precision Tools and the Investor on 28 December 2020
“Sinopec Capital”	中國石化集團資本有限公司 (Sinopec Group Capital Co., Ltd), a company established in the PRC with limited liability
“Subscriptions”	the acquisition of equity interest in TG Tools by way of subscribing for additional registered capital of TG Tools by the Investors and Danyang Tianyi as contemplated under the Investment Agreement and the Subscription Agreement, each acquisition a “Subscription”
“Subscription	the subscription agreement entered into between TG Tools,

Agreement”	TG New Materials, TG Hong Kong, Other TG Parties and Danyang Tianyi on 28 December 2020
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TG Aihe”	天工愛和特鋼有限公司 (Tiangong Aihe Company Limited*), a company established in the PRC with limited liability
“TG Development”	天工發展(香港)有限公司 (Tiangong Development (Hong Kong) Company Limited), a company incorporated in Hong Kong with limited liability
“TG Hong Kong”	China Tiangong (Hong Kong) Company Limited, a company incorporated in Hong Kong with limited liability
“TG New Materials”	江蘇天工新材有限公司 (Jiangsu Tiangong New Materials Co. Ltd*), a company established in the PRC with limited liability
“TG Parties”	TG Tools, Existing Shareholders, TG Precise Tools and the Company
“TG Precision Tools”	江蘇天工精密工具有限公司 (Jiangsu Tiangong Precision Tools Company Limited*), a company established in the PRC with limited liability
“TG Tools”	江蘇天工工具有限公司 (Jiangsu Tiangong Tools Co. Ltd*), a company established in the PRC with limited liability
“TG Tools De facto Controllers”	Mr. Zhu Xiaokun, Mr. Zhu Zefeng and Ms. Yu Yumei
“TG Tools Group”	means (i) before the Reorganisation, TG Tools TG Tools, TG Aihe, Jurong New Materials, TG Development, Weijian Tools and Tiangong Special Steel Company Limited; (ii) after the completion of the Reorganisation, TG Tools and its direct and indirect subsidiaries from time to time
“Transaction Documents”	the Investment Agreement, the Shareholders’ Agreement, TG Tools’ articles of association (as amended) and other ancillary or incidental documents in connection therewith
“U.S.”	The United States of America
“Warrantors”	TG Tools, the Existing Shareholders, TG Precision Tools, TG Aihe, Weijian Tools, Jurong New Materials, TG

Development and the Company

“Weijian Tools”	江蘇偉建工具科技有限公司 (Jiangsu Weijian Tools Technology Co., Ltd*), a company established in the PRC with limited liability
“Yuanhe Zhengxin”	煙台源禾正鑫投資中心(有限合夥) (Yantai Yuanhezhengxin Investment Center (Limited Partnership)*), a limited partnership established in the PRC
“Yuhua Rongtou”	譽華融投聯動(廈門)投資合夥企業(有限合夥) (Yuhua Rongtou Linkage (Xiamen) Investment Partnership (Limited Partnership)*), a limited partnership established in the PRC
“Zhenjiang Qianyuan”	鎮江乾元股權投資合夥企業(有限合夥) (Zhenjiang Qianyuan Equity Investment Partnership (Limited Partnership)*), a limited partnership established in the PRC

Note:

- 1. For information purpose only, the translation of RMB to HK\$ in this announcement is based at the rate of RMB0.84139 to HK\$1.00.*
- 2. Numbers may not add up due to rounding*

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

Hong Kong, 28 December 2020

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*