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Tiangong International Company Limited

天工國際有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 826)

**VOLUNTARY ANNOUNCEMENT
UPDATE ON TECHNOLOGY AND PRODUCT DEVELOPMENT**

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

Background on the Cooperative Development of Technology

The Group's subsidiaries, Jiangsu Tiangong Technology Company Limited (“TG Tech”) and Tiangong Aihe Company Limited (“Tiangong Aihe”) entered into cooperation agreements with Ningbo Sino-Ukrainian Vision New Materials Technology Co., Ltd* (“Sino-Ukrainian Vision”) to jointly develop the production and applications of aviation materials, military products and powder metallurgy.

Commencement of the Cooperative Development of Technology

After having conducted continuous discussions and research on the development of related markets and technologies, the board of directors of the Company (the “Board”) is pleased to announce that the Group officially commenced the construction of the first domestic powder metallurgy production line on 26 March 2018, which will fill the gap in planned production of domestic powder metallurgy. Zhu Xiaokun, chairman of the Group and Molyller, representative academician of the National Academy of Sciences of Ukraine (a representative of Sino-Ukrainian Vision) attended the opening ceremony and jointly launched the powder metallurgy project of the Group.

Powder metallurgy has been recognised by the industry as a green and sustainable manufacturing technology. Powder metallurgical materials are the most technologically advanced new materials in the world. Currently, China's powder metallurgical materials are still in a stage of small-scale experiments in a research laboratory. Large-scaled

production remains none. All products depend on imports from France, Austria, the United States, Japan and other countries. Compared with traditional materials, powder metallurgical materials have the outstanding features of uniform composition, small segregation, easy to achieve higher quality alloying, good material toughness, geometrically stable and high isotropic performance, etc. Compared with the traditional production process, production of powder metallurgical materials completely resolve high energy consumption, low added value, environmental pollution and other obvious problems in the traditional production process. Large-scale production of powder metallurgical materials is considered to be a symbol of “green development”. It is an important step for the Group to explore the field of new materials and acquire the worldwide cutting-edge technology and its high-end applications.

The Group will focus on three directions of development, namely, powdered steel ingots, near-net shape forming, and additive manufacturing (including low-carbon molds and 3D printing), in order to construct the first large-scale powder metallurgy production line in China. The total investment in the production line will be RMB500 million. The construction will cover an area of 20,000 square meters. It will be composed of four major processes including milling, screening, wrapping and hot isostatic pressing. The investment in the first phase of the project is RMB320 million, which is expected to be completed and put into production with sales contribution in June 2019. By that time, it is expected to achieve an annual output of 2,000 tons of powder metallurgy products. The Group will start the construction of the second phase of the powder metallurgy project in 2020. It is expected to achieve a total annual output of 5,000 tons of powder metallurgy products ultimately. In addition to satisfy the domestic industrial manufacturing demand for powder metallurgical materials, it also aims at the application of international powder metallurgical materials in order to enter the international market of new materials. The Group will realise the development from large-scale production to industrialisation, in the view of keeping pace with the production and processing of powder metallurgy in the world.

Powder metallurgy is a new type of metal forming technology that uses metal powder as the basic raw material to manufacture metal products by formation and sintering. In addition to the production of traditional materials, the powder metallurgical material production line whose construction has been commenced by the Group will provide high-quality raw material support for powder metallurgy products in different industries such as near-end automobiles and aviation and aerospace components. It will promote the transformation and development from the traditional reductive manufacturing to additive manufacturing (3D printing) and narrow the gap between China's manufacturing capacity and the manufacturing capacity of advanced industrial countries. It is also in line with the development of cutting-edge key technologies encouraged by “China Manufacturing 2025”.

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

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 26 March 2018

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 and LEE Cheuk Yin, Dannis, WANG Xuesong

** For identification purpose only*