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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)**

## **Jiangsu Tiangong Technology Company Limited**

### **Interim Report Highlight**

#### **For the six months ended 30 June 2017**

##### **1. Important Note**

1.1 This highlight is extracted from the Interim Report for the six months ended 30 June 2017 (the “Interim Report”) of Jiangsu Tiangong Technology Company Limited (“TG Tech”), a 74.03% owned subsidiary of Tiangong International Company Limited (the “Company”), published on the date of this announcement. The shares of TG Tech are quoted on the National Equities Exchange and Quotations System. Shareholders and investors should read the full Annual Report simultaneously available on the information disclosure platform ([www.neeq.com.cn](http://www.neeq.com.cn) or [www.neeq.cc](http://www.neeq.cc)) designated by National Equities Exchange and Quotations Co., Ltd. for further details.

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1.2 No directors, supervisors and senior executives of TG Tech are unable to warrant or have objection to the authenticity, accuracy and completeness of the contents of the Annual Report.

1.3 All the directors of TG Tech attended the board meeting to approve the Annual Report.

1.4 TG Tech contact information:

Secretary of Director (Information Disclosure Officer): Xu Shaoqi

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Email: xushaoqi@tggj.cn

Office Address: Tiangong Group, Houxiang, Danbei Town, Danyang City, Jiangsu Province, China

## 2. Key Financial Information and Changes in Shareholders

### 2.1 Key Financial Information

Unit: RMB

	30 June 2017	31 December 2016	Change
<b>Total Assets</b>	601,122,932.57	598,033,644.83	0.52%
<b>Total Liabilities</b>	64,603,943.19	67,731,427.77	-4.62%
<b>Net assets attributable to the equity holders of the company</b>	536,518,989.38	530,302,217.06	1.17%
<b>Net assets per share attributable to equity holders of the company( RMB/share )</b>	1.32	1.31	0.76%
<b>Owner's equity attributable to the shareholders of the company</b>	536,518,989.38	530,302,217.06	1.17%
<b>Share capital (shares)</b>	405,000,000.00	405,000,000.00	0.00%
	Six months ended 30 June 2017	Six months ended 30 June 2016	Change
<b>Revenue from operations</b>	95,048,296.30	113,731,879.22	-16.43%
<b>Profit from operations</b>	7,337,628.58	8,288,606.06	-11.47%
<b>Total profit</b>	7,314,678.58	11,515,582.49	-36.48%
<b>Earnings before interest and tax</b>	7,112,447.52	11,478,252.81	-38.04%
<b>Net profit attributable to the equity holders of the company</b>	6,216,772.32	9,785,442.73	-36.47%
<b>Net profit attributable to the equity holders of the company after deduction of non-recurring profit and loss</b>	6,239,722.32	7,039,962.77	-11.37%
<b>Net cash flows from operating activities</b>	-18,327,192.18	2,843,636.39	-
<b>Weighted average return on net assets</b>	1.17%	2.51%	-
<b>Basic earnings per share ( RMB/share )</b>	0.015	0.031	-51.61%
<b>Diluted earnings per share ( RMB/share )</b>	0.015	0.031	-51.61%

## 2.2 Shareholding Structure

Unit: Share

Nature of shareholding		At the beginning of the year		Movement during the year	At the end of the year	
		Total number of shares held	Holding percentage		Total number of shares held	Holding percentage
Number of shares not subject to selling restriction	Total number of shares not subject to selling restriction	184,750,000.00	45.62%	100,000,000.00	284,750,000.00	70.31%
	1. Controlling Shareholder, de facto controller	92,500,000.00	22.84%	90,000,000.00	182,500,000.00	45.06%
	2. Directors, Supervisors and Senior Management	6,750,000.00	1.67%	-	6,750,000.00	1.67%
	3. Key Staff	3,000,000.00	0.74%	-	3,000,000.00	0.74%
Number of shares subject to selling restriction	Total number of shares subject to selling restriction	220,250,000.00	54.38%	-100,000,000.00	120,250,000.00	29.69%
	1. Controlling Shareholder, de facto controller	187,500,000.00	46.30%	-90,000,000.00	97,500,000.00	24.07%
	2. Directors, Supervisors and Senior Management	20,250,000.00	5.00%	-	20,250,000.00	5.00%
	3. Key Staff	-	-	-	-	-
Total number of shares		<b>405,000,000.00</b>		-	<b>405,000,000.00</b>	

### 2.3 Information of top ten holders of the listed shares

Unit: Share

No.	Name of Shareholder	Nature of shareholder	Shareholding at the beginning of the year	Changes during the year	Shareholding at the end of the year	Holding Percentage at the end of the year	Number of shares subject to selling restriction	Number of shares not subject to selling restriction
1	Jiangsu Tiangong Tools Company Limited (“TG Tools”)	Domestic non State-owned legal person	270,000,000.00	-	270,000,000.00	66.67%	90,000,000.00	180,000,000.00
2	Nanjing Iron & Steel Co., Ltd.	Domestic non State-owned legal person	72,697,000.00	-	72,697,000.00	17.95%	-	72,697,000.00
3	Danyang Tianfa Forging Company Limited (“Tianfa Forging”)	Domestic non State-owned legal person	29,800,000.00	-	29,800,000.00	7.36%	10,000,000.00	19,800,000.00
4	Zhu Xiaokun	Domestic natural person	10,000,000.00	-	10,000,000.00	2.47%	7,500,000.00	2,500,000.00
5	Jiang Rongjun	Domestic natural person	5,000,000.00	-	5,000,000.00	1.23%	3,750,000.00	1,250,000.00
6	Chen Jie	Domestic natural person	3,000,000.00	-	3,000,000.00	0.74%	2,250,000.00	750,000.00
7	Yang Zhao	Domestic natural person	3,000,000.00	-	3,000,000.00	0.74%	2,250,000.00	750,000.00
8	Xu Shaoqi	Domestic natural person	3,000,000.00	-	3,000,000.00	0.74%	2,250,000.00	750,000.00
9	Wang Gang	Domestic natural person	3,000,000.00	-	3,000,000.00	0.74%	2,250,000.00	750,000.00
10	Zhu Linfei	Domestic natural person	3,000,000.00	-	3,000,000.00	0.74%	-	3,000,000.00
<b>Total</b>			<b>402,497,000.00</b>	<b>-</b>	<b>402,497,000.00</b>	<b>99.38%</b>	<b>120,250,000.00</b>	<b>282,247,000.00</b>

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## 2.4 The ownership and control relationship among TG Tech, the controlling shareholder and the de facto controller

### (1) The controlling shareholder and the de facto controllers of TG Tech

#### 1. The controlling shareholder of TG Tech

As at the end of the reporting period, TG Tools held 270,000,000 shares of TG Tech, accounting for 66.67% of TG Tech's total share capital, and was the controlling shareholder of TG Tech. During the reporting period, the controlling shareholder of TG Tech did not change. The basic information of the controlling shareholder of TG Tech is as follows:

TG Tools was established on July 7, 1997 in Qianxiang Village, Hou Xiang, Danbei Town, Danyang City, with the organisation code of 91321181134795523R, and registered capital of RMB1.81 billion. Mr. Zhu Xiaokun is the legal representative of TG Tools. The scope of its business as set out in its business licence include manufacturing of tools, cutting tools, measuring tools, indoor and outdoor television antenna (except ground satellite receiving facilities), development, production and sales of construction hardware and hardware, tool steel smelting and sales, import and export business (except for goods and technology that is limited by or prohibited by the State from import and export).

During the reporting period, there was no change in the controlling shareholder and de facto controllers of TG Tech.

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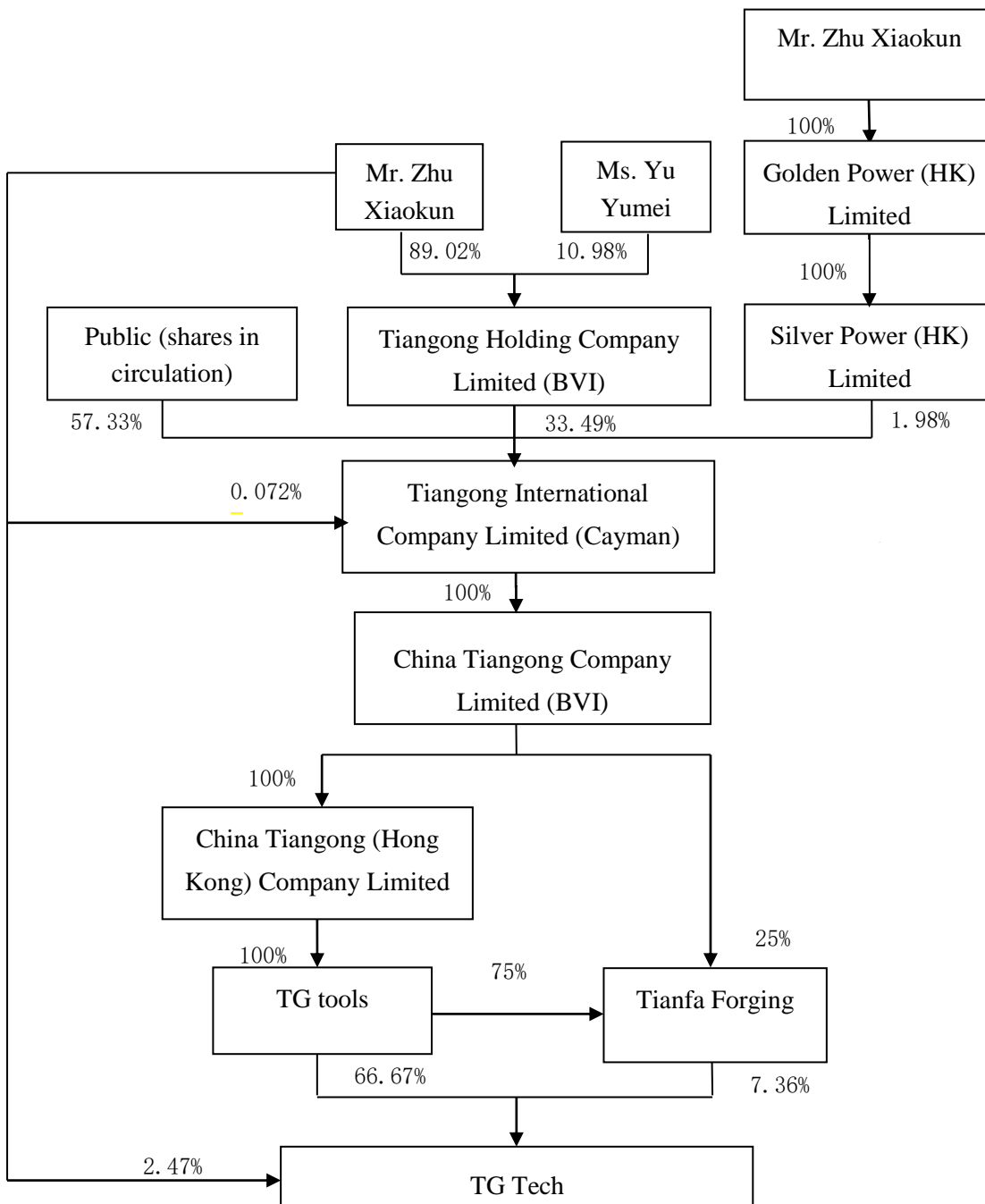
## 2. The de factor controllers of TG Tech

Mr. Zhu Xiaokun and Ms. Yu Yumei indirectly held 106.54 million shares of TG Tech through Tiangong Holdings Company Limited and Silver Power (HK) Limited, and Mr. Zhu Xiaokun directly held 10 million shares of TG Tech, collectively representing 28.78% of TG Tech total share capital. Since the establishment of TG Tech, Mr. Zhu Xiaokun served as the Chairman of TG Tech, responsible for its decision making. Mr. Zhu Xiaokun and Ms. Yu Yumei are the joint de facto controllers of TG Tech. They are in a spousal relationship. During the reporting period, there was no change in de factor controllers of TG Tech.

Mr. Zhu Xiaokun, was born in January 1957, with Chinese nationality. He has no permanent overseas residence. He has a college degree. He worked as the Chairman and the general manager of Jiangsu Tiangong Group Co., Ltd. from October 1984 to February 2017. He worked as the Chairman and the general manager of TG Tools since July 1997. Since August 2006, he has been the Chairman of the Company. Since January 2010, he has been the Chairman of TG Tech.

Ms. Yu Yumei, was born in January 1961, with Chinese nationality. She has no permanent overseas residence. She has a college degree. She worked as a teacher at Hou Xiang Center School, Danbei Town, Danyang City during September 1991 to June 2011. She was then retired since June 2011.

(2) The ownership and control relationship diagram among TG Tech, the controlling shareholder and the de facto controllers



Note: Ms. Yu Yumei is the wife of Mr. Zhu Xiaokun, the Chairman of TG Tech. The above data was as of 30 June 2017.



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### 3. Operating Results for the six months ended 30 June 2017

In the first half year of 2017, TG Tech recorded operating revenue of RMB95,048,296.30, representing a year-on-year decrease of 16.43%. Total profit and net profit for the year were RMB7,314,678.58 and RMB6,216,772.32, representing a year-on-year decrease of 36.48% and 36.47%, respectively. This was mainly due to the increased price of raw materials and selling price, which resulted in the decrease of selling volume in the first half year of 2017. As of 30 June 2017, TG Tech's total assets was RMB601,122,932.57 and the net assets was RMB536,518,989.38.

By Order of the Board

**Tiangong International Company Limited**

**Zhu Xiaokun**

Chairman

Hong Kong, 15 August 2017

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