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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

First Quarterly Report 2018 Highlight

This highlight is extracted from the First Quarterly Report 2018 (the “First Quarterly 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. Investors should read the full First Quarterly Report simultaneously available on the information disclosure platform (www.neeq.com.cn or www.neeq.cc) designated by National Equities Exchange and Quotations Co., Ltd. for further detailed content.

1. Important Notes

1.1 The board of directors and its directors, the supervisory committee and its supervisors, and the senior management of TG Tech ensure that there is no false records, misleading statements contained in, or material omissions from the First Quarterly Report, and undertake several and joint responsibilities for the authenticity, accuracy and completeness of the contents of the First Quarterly Report.

1.2 The company representative, the person in charge of accounting and the head of accounting organization (accounting officer) of TG Tech ensure that the financial reports in the quarterly report are true, accurate and complete.

1.3 Matters for attention

Matters for attention	Yes or No
Is there any objection to the content of the quarterly report by the directors, supervisors, or senior management personnel or is it unable to guarantee its truthfulness, accuracy and completeness?	No
Whether there are directors who did not attend the board's review of the quarterly report	No
Existence of exempted disclosures	No

2. Company Information

2.1 TG Tech contact information:

Board Secretary (Information Disclosure Officer): Xu Shaoqi

Position: Secretary for the board of directors

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Information disclosure platform designated by the company: www.neeq.com.cn

Archive site of the First Quarterly Report: Office of the secretary for the board of directors

2.2 Key Financial Information

Unit: Yuan RMB

	31 March 2018	31 December 2017	Variance
Total assets	613,798,516.05	605,352,990.99	1.40%
Net assets attributable to the equity holders of the company	556,861,155.07	551,875,155.66	0.90%
Ratio of assets to liabilities	9.28%	8.83%	-
	For the three months ended 31 March 2018	For the three months ended 31 March 2017	Variance
Revenue from operations	45,636,997.77	45,056,862.56	1.29%
Net profit attributable to the equity holders of the company	4,985,999.41	1,558,461.07	219.93%
Net profit attributable to the equity holders of the company after deduction of non-recurring profit and loss	4,242,538.41	1,041,914.68	307.19%
Net cash flows from operating activities	9,389,489.96	-21,684,146.32	-
Basic earnings per share (RMB/share)	0.012	0.004	200.00%
Diluted earnings per share (RMB/share)	0.012	0.004	200.00%
Weighted average return on net assets	0.90%	0.29%	-

Non-recurring items and amount

Applicable Not Applicable

Unit: Yuan RMB

Items	Amount
Government subsidies recorded in income statement for the period (excluding government subsidies that were closely related to the normal business operations of the company, complied with the requirements of the state policies and were fixed or fixed according to certain standards)	874,660.00
Total non-recurring profit and loss	874,660.00
Income tax impact	131,199.00
Minority shareholders' equity impact (after tax)	-
Net non-recurring profit and loss	743,461.00

2.3 Shareholding Structure and Information of top ten shareholders

Unit: Share

Nature of shareholding		At the beginning of the year		Movement	31 March 2018	
		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	384,750,000.00	95.00%	-	384,750,000.00	95.00%
	Including:					
	1、Controlling Shareholder, de facto controller	272,500,000.00	67.28%	-	272,500,000.00	67.28%
	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	20,250,000.00	5.00%	-	20,250,000.00	5.00%
	Including:					
	1. Controlling Shareholder, de facto controller	7,500,000.00	1.85%	-	7,500,000.00	1.85%
	2. Directors, Supervisors and Senior Management	20,250,000.00	5.00%	-	20,250,000.00	5.00%
	3. Key Staff	-	0.00%	-	-	0.00%
Total number of shares		405,000,000.00		-	405,000,000.00	
Total number of shareholders		20				

Top 10 shareholders							
No.	Name of Shareholder	Shareholding at the beginning of the year	Changes during the period	Shareholding at the end of the period	Holding Percentage at the end of the period	Number of shares subject to selling restriction	Number of shares not subject to selling restriction
1	Jiangsu Tiangong Tools Company Limited (“TG Tools”)	270,000,000.00	-	270,000,000.00	66.67%	-	270,000,000.00
2	Nanjing Iron & Steel Co., Ltd.	72,697,000.00	-	72,697,000.00	17.95%	-	72,697,000.00
3	Danyang Tianfa Forging Company Limited (“Tianfa Forging”)	29,800,000.00	-	29,800,000.00	7.36%	-	29,800,000.00
4	Zhu Xiaokun	10,000,000.00	-	10,000,000.00	2.47%	7,500,000.00	2,500,000.00
5	Jiang Rongjun	5,000,000.00	-	5,000,000.00	1.23%	3,750,000.00	1,250,000.00
6	Chen Jie	3,000,000.00	-	3,000,000.00	0.74%	2,250,000.00	750,000.00
7	Yang Zhao	3,000,000.00	-	3,000,000.00	0.74%	2,250,000.00	750,000.00
8	Xu Shaoqi	3,000,000.00	-	3,000,000.00	0.74%	2,250,000.00	750,000.00
9	Wang Gang	3,000,000.00	-	3,000,000.00	0.74%	2,250,000.00	750,000.00
10	Zhu Linfei	3,000,000.00	-	3,000,000.00	0.74%	-	3,000,000.00
Total		402,497,000.00	-	402,497,000.00	99.38%	20,250,000.00	382,247,000.00

Explanations on the relationship among top ten shareholders:

Among the shareholders of TG Tech, TG Tools holds 75% of the interests in Tianfa Forging; Zhu Xiaokun is the de facto controller of TG Tools and Tianfa Forging. Wang Gang is the chief financial officer of the Company (the parent company of the controlling shareholder of TG Tech). Save for the above, there is no connected relationship among other top ten shareholders.

2.4. Basic information on preferred shares at the end of reporting period

Applicable Not Applicable

2.5. Basic information on bond issuance as at end of reporting period

Applicable Not Applicable

Bond defaults

Applicable Not Applicable

By Order of the Board

Tiangong International Company Limited

Zhu Xiaokun

Chairman

Hong Kong, 24 April 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, LEE Cheuk Yin, Dannis and WANG

Xuesong

* For identification purpose