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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 2019

1. Important note

- 1.1 This highlight is extracted from the Interim Report for the six months ended 30 June 2019 (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. Investors should read the full Interim 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.
- 1.2 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 Interim Report, and shall take joint and several responsibilities for the authenticity, accuracy and completeness of the contents of the Interim Report.

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

1.4 TG Tech contact information:

Board Secretary (Information Disclosure Officer): Xu Shaoqi

Position: Board Secretary

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Company website: www.jstgti.com

Office Address & ZIP: Tiangong Group, Houxiang, Danbei Town, Danyang City,
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Information disclosure platform designated by the company: www.neeq.com.cn

Archive site of annual report: Board Secretary's Office

2. Key financial information and changes in shareholders

2.1 Key financial information

Unit: RMB

	30 June 2019	31 December 2018	Change
Total Assets	687,366,370.27	643,439,818.44	6.83%
Total Liabilities	88,592,458.82	60,240,845.91	47.06%
Net assets attributable to the equity shareholders of the company	598,773,911.45	583,198,972.53	2.67%
Net assets per share attributable to equity shareholders of the company (RMB/share)	1.48	1.44	2.78%
Owner's equity attributable to the shareholders of the company	598,773,911.45	583,198,972.53	2.67%
Share capital (shares)	405,000,000.00	405,000,000.00	0.00%
	Six months ended 30 June 2019	Six months ended 30 June 2018	Change
Revenue from operations	153,046,603.76	122,086,515.04	25.36%
Profit from operations	18,618,027.04	16,043,316.64	16.05%
Total profit	18,585,949.40	16,193,316.64	14.78%
Earnings before interest and tax	18,585,949.40	16,184,745.47	14.84%
Net profit attributable to the equity shareholders of the company	15,574,938.92	13,438,094.56	15.90%
Net profit attributable to the equity shareholders holders of the company after deduction of non-recurring profit and loss	13,931,674.40	11,729,824.06	18.77%
Net cash flows from operating activities	23,588,572.97	9,468,076.49	149.14%
Weighted average return on equity	2.64%	2.41%	-
Basic earnings per share (RMB/share)	0.038	0.033	15.15%
Diluted earnings per share (RMB/share)	0.038	0.033	15.15%

2.2 Shareholders structure

Unit: Share

Nature of shares		At the beginning of the period		Movement during the period	At the end of the period	
		Number of shares	Percentage		Number of shares	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%
	1. Controlling Shareholder, de facto controller	272,500,000.00	67.28%	-	272,500,000.00	67.28%
	2. Directors, supervisors and senior management	6,000,000.00	1.48%	-	6,000,000.00	1.48%
	3. Key staff	-	-	-	-	-
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%
	1. Controlling shareholder, de facto controller	7,500,000.00	1.85%	-	7,500,000.00	1.85%
	2. Directors, supervisors and senior management	18,000,000.00	4.44%	-	18,000,000.00	4.44%
	3. Key staff	-	-	-	-	-
Total number of shares		405,000,000.00		-	405,000,000.00	

2.3 Information of top five shareholders

Unit: Share

No.	Name of shareholder	Nature of shareholder	Shares at the beginning of the year	Changes during the year	Shares at the end of the year	Percent age 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%	-	270,000,000.00
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%	-	29,800,000.00
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
Total			387,497,000.00	-	387,497,000.00	95.68%	11,250,000.00	376,247,000.00

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 is 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, Houxiang, Danbei Town, Danyang City, with the organisation code of 91321181134795523R, and registered capital of RMB2.148128 billion. Mr. Zhu Xiaokun is the legal representative of TG Tools. The scope of its business included 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.

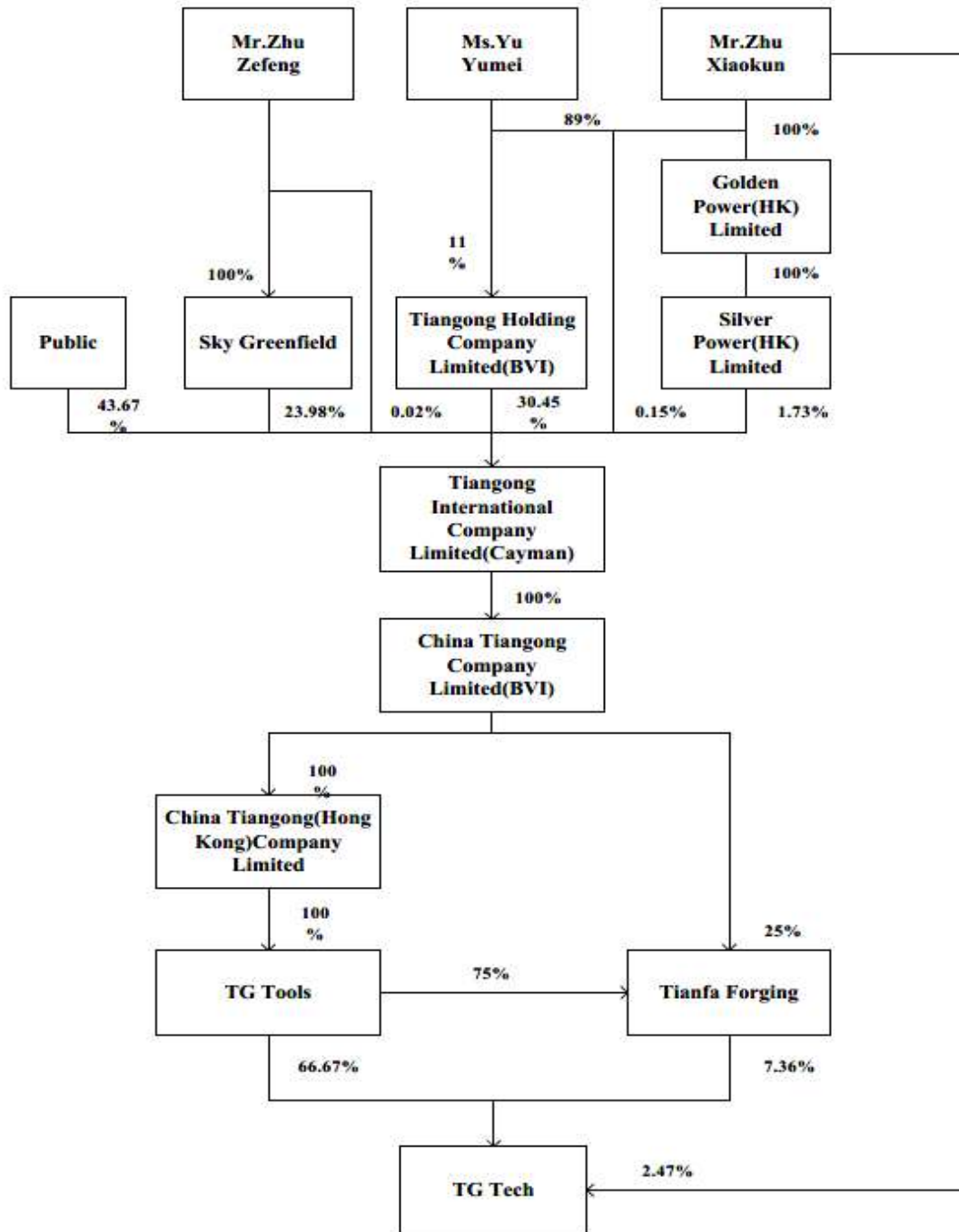
2. The de facto controllers of TG Tech

Mr. Zhu Xiaokun and Ms. Yu Yumei indirectly held 96.94 million shares of TG Tech through the Company, and Mr. Zhu Xiaokun directly held 10 million shares of TG Tech, 106.94 million shares in total, representing an aggregate 26.40% effective interest in TG Tech. Since the establishment of TG Tech, Mr. Zhu Xiaokun served as the Chairman of TG Tech, responsible for its decision making and overall operation. 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 facto controllers of TG Tech.

Mr. Zhu Xiaokun, with Chinese nationality, was born in January 1957. 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 has been 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, with Chinese nationality, was born in January 1961. She has no permanent overseas residence. She has a college degree. She worked as a teacher at Houxiang Center School, Danbei Town, Danyang City from September 1991 to June 2011. She then retired in 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. Mr. Zhu Zefeng is the son of Mr. Zhu Xiaokun. The above data was as of 30 June 2019.

3. Events related to financial reporting

3.1 Changes to accounting policies, accounting estimates and major accounting errors

Applicable Not Applicable

1. The contents and the reason of the changes to accounting policies

TG Tech has applied the following revised accounting standards and interpretations issued by the Ministry of Finance since 1 January 2019:

- China Accounting Standards (“CAS”) No.22 - Financial Instruments: Recognition and Measurement (Revised), CAS No.23 - Transfer of Financial Assets (Revised), CAS No.24 - Hedge Accounting (Revised) and CAS No.37 - Presentation and Disclosures of Financial Instruments (Revised) (collectively “new financial instruments standards”)

- Notice on Revision of the 2019 Illustrative Financial Statements (Caikuai [2019] No.6)

- CAS No.7 - Exchange of non-monetary assets (Revised)

- CAS No.12 - Debt restructuring (Revised)

2. Effect of changes in accounting policies on the current year financial statements:

TG Tech has prepared financial statements for the period ended 30 June 2019 in accordance with the presentation format of the financial statements specified in Caikuai [2019] No.6 and related interpretation. TG Tech has applied the new presentation requirements retrospectively. The adoption of CASs does not have material impact on the financial position and financial performance of TG Tech.

3.2 Changes to accounting policies and accounting errors with requiring adjustment or restatement in the reporting period

Applicable Not Applicable

Accounts	Year end of last year/ period	
	Before restatement	After restatement
Bills Receivable and Accounts Receivable	154,404,121.58	-
Bills Receivable	-	83,136,859.84
Accounts Receivable	-	71,267,261.74
Bills Payable and Accounts Payable	29,278,122.37	-
Accounts Payable	-	29,278,122.37

3.3 Description of the change in the scope of the consolidated statement

Applicable Not Applicable

3.4 Explanations to the non-standard audited financial report issued by the Auditor

Applicable Not Applicable

By Order of the Board

Tiangong International Company Limited

Zhu Xiaokun

Chairman

Hong Kong, 19 August 2019

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