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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 2020

1. Important note

- 1.1 This highlight is extracted from the Interim Report for the six months ended 30 June 2020 (the “Interim Report”) of Jiangsu Tiangong Technology Company Limited (“TG Tech”), a 74.02% 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:

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Position: Board Secretary

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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 2020	31 December 2019	Change
Total Assets	719,022,774.93	736,457,159.22	-2.37%
Total Liabilities	74,611,801.85	99,942,735.42	-25.35%
Net assets attributable to the equity shareholders of TG Tech	644,410,973.08	636,514,423.80	1.24%
Net assets per share attributable to equity shareholders of TG Tech (RMB/share)	1.10	1.09	0.92%
Owner's equity attributable to the shareholders of TG Tech	644,410,973.08	636,514,423.80	1.24%
Share capital (shares)	586,600,015.00	586,600,015.00	0.00%
	Six months ended 30 June 2020	Six months ended 30 June 2019	Change
Revenue from operations	94,468,265.92	153,046,603.76	-38.27%
Profit from operations	9,014,302.02	18,618,027.04	-51.58%
Total profit	8,635,436.23	18,585,949.40	-53.54%
Earnings before interest and tax	8,635,436.23	18,585,949.40	-53.54%
Net profit attributable to the equity shareholders of the company	7,410,668.37	15,574,938.92	-52.42%
Net profit attributable to the equity shareholders of the company after deduction of non-recurring profit and loss	5,549,424.91	13,931,674.40	-60.17%
Net cash flows from operating activities	34,997,138.53	23,588,572.97	48.36%
Weighted average return on equity	1.16%	2.64%	-
Basic earnings per share (RMB/share)	0.013	0.027 [#]	-51.85%
Diluted earnings per share (RMB/share)	0.013	0.027 [#]	-51.85%

[#]Pursuant to the equity distribution plan approved by shareholders meeting of TG Tech on 30 October 2019, undistributed profits and capital reserves were capitalised and distributed as bonus and conversion shares. According to CAS No.34 – Earning per share, paragraph 13, the weighted average number of ordinary shares and earning per shares as at 30 June 2019 were restated.

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	557,270,014	95.00%	3,258,889	560,528,903	95.56%
	1. Controlling Shareholder, de facto controller	437,849,839	74.64%	-	437,849,839	74.64%
	2. Directors, supervisors and senior management	8,690,370	1.48%	-	8,690,370	1.48%
	3. Key staff	-	0.00%	-	-	0.00%
Number of shares subject to selling restriction	Total number of shares subject to selling restriction	29,330,001	5.00%	-3,258,889	26,071,112	4.44%
	1. Controlling shareholder, de facto controller	10,862,963	1.85%	-	10,862,963	1.85%
	2. Directors, supervisors and senior management	26,071,112	4.44%	-	26,071,112	4.44%
	3. Key staff	-	0.00%	-	-	0.00%
Total number of shares		586,600,015		-	586,600,015	

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	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 Investment Management Company Limited (“TG Investment”)	Domestic non state-owned legal person	434,228,851	-	434,228,851	74.02%	-	434,228,851
2	Nanjing Iron & Steel Co., Ltd.	Domestic non State-owned legal person	105,293,979	-	105,293,979	17.95%	-	105,293,979
3	Zhu Xiaokun	Domestic non state-owned legal person	14,483,951	-	14,483,951	2.47%	10,862,963	3,620,988
4	Jiang Rongjun	Domestic natural person	7,241,976	-	7,241,976	1.23%	5,431,482	1,810,494
5	Wang Gang	Domestic natural person	4,345,185	-	4,345,185	0.74%	3,258,889	1,086,296
6	Xu Shaoqi	Domestic natural person	4,345,185	-	4,345,185	0.74%	3,258,889	1,086,296
7	Chen Jie	Domestic natural person	4,345,185	-	4,345,185	0.74%	3,258,889	1,086,296
8	Zhu Hong	Domestic natural person	3,258,889	-	3,258,889	0.56%	-	3,258,889
9	Yang Zhao	Domestic natural person	4,345,185	-1,131,855	3,213,330	0.55%	-	3,213,330
10	Tang Yu	Domestic natural person	1,593,235	-41,100	1,552,135	0.26%	-	1,552,135
Total			583,481,621	-	582,308,666	99.27%	26,071,112	556,237,554

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 Investment held 434,228,851 shares of TG Tech, accounting for 74.02% 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 Investment was established on 9 March, 2017 with a registered capital of RMB535,000,000. Mr. Zhu Zefeng is the legal representative of TG Investment. The scope of its business includes investment management, and advisory service of business management, financial management, business information and economic information.

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

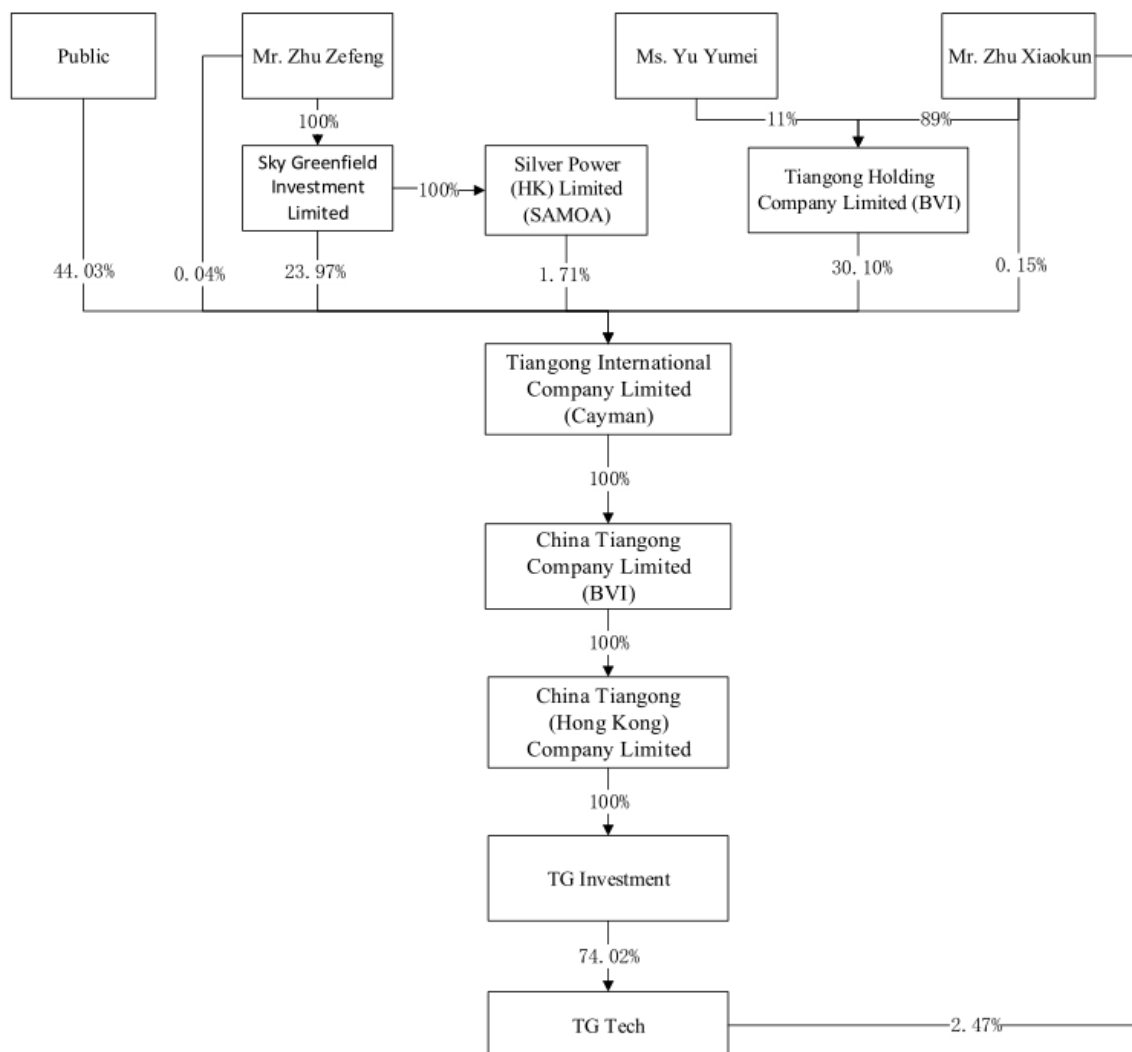
Mr. Zhu Xiaokun and Ms. Yu Yumei indirectly held 131,340,769 shares of TG Tech through the Company, and Mr. Zhu Xiaokun directly held 14,483,951 shares of TG Tech, 145,824,720 shares in total, representing an aggregate 24.86% effective interest in TG Tech. Since the establishment of TG Tech, Mr. Zhu 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 Jiangsu Tiangong Tools Company Limited from July 1997 to January 2020. 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: The shareholding percentage do not included equity interest (approximately 0.02%) of 500,000 share options held by Mr. Zhu Zefeng.

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 2020.

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 adopted the revised CAS No. 14 -- Revenue ("New Revenue Standard") issued by the Ministry of Finance in 2017 since 1 January 2020.

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

The adoption of New Revenue Standards 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

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, 24 August 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