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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

Third Quarterly Report 2018 Highlight

This highlight is extracted from the Third Quarterly Report 2018 (“Third 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 Third 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 Third Quarterly Report, and undertake joint and several responsibilities for the authenticity, accuracy and completeness of the contents of the Third 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	Yes
Existence of exempted disclosures	No

Reason of director who did not attend the board's review of the quarterly report

Mr. Zhu Linfei, the director of the company, passed away on October 24, 2018 due to a sudden cerebral hemorrhage and was unable to attend the board of directors.

2. Company Information

2.1 TG Tech contact information:

Board Secretary (Information Disclosure Officer): Xu Shaoqi

Position: Secretary for the board of directors

Phone: 0511-80767215

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Email: xushaoqi@tggj.cn

Company website: www.jstgti.com

Office Address & ZIP: Tiangong Group, Houxiang, Danbei Town, Danyang City, Jiangsu Province, China 212312

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

	30 September 2018	31 December 2017	Variance
Total assets	638,881,523.38	605,352,990.99	5.54%
Net assets attributable to the equity holders of the company	572,202,753.00	551,875,155.66	3.68%
Ratio of assets to liabilities	10.44%	8.83%	-

	For the three months ended 30 September 2018	Variance	For the nine months ended 30 September 2018	Variance
Revenue from operations	71,777,284.47	78.91%	193,863,799.51	43.43%
Net profit attributable to the equity holders of the company	6,889,502.78	216.80%	20,327,597.34	142.24%
Net profit attributable to the equity holders of the company after deduction of non-recurring profit and loss	6,192,787.52	308.38%	17,922,611.58	183.91%
Net cash flows from operating activities	8,171,731.50	-	17,639,807.99	-
Basic earnings per share (RMB/share)	0.017	240.00%	0.050	138.10%
Diluted earnings per share (RMB/share)	0.017	240.00%	0.050	138.10%

Weighted average return on net assets	1.21%	-	3.62%	-
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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)	2,679,395.01
Net of non operating income and expense	150,000.00
Total non-recurring profit and loss	2,829,395.01
Income tax impact	424,409.25
Minority shareholders' equity impact (after tax)	-
Net non-recurring profit and loss	2,404,985.76

2.3 Shareholding Structure and Information of top ten shareholders

Unit: Share

Nature of shareholding		At the beginning of the year		Movement	30 September 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	95.00%	-	384,750,000	95.00%
	Including:					
	1、Controlling Shareholder, de facto controller	272,500,000	67.28%	-	272,500,000	67.28%
	2、Directors, Supervisors and Senior Management	6,750,000	1.67%	-	6,750,000	1.67%
	3、Key Staff	3,000,000	0.74%	-	3,000,000	0.74%
Number of shares subject to selling restriction	Total number of shares subject to selling restriction	20,250,000	5.00%	-	20,250,000	5.00%
	Including:					
	1. Controlling Shareholder, de facto controller	7,500,000	1.85%	-	7,500,000	1.85%
	2. Directors, Supervisors and Senior Management	20,250,000	5.00%	-	20,250,000	5.00%
	3. Key Staff	-	0.00%	-	-	0.00%
Total number of shares		405,000,000		-	405,000,000	
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	-	270,000,000	66.67%	-	270,000,000
2	Nanjing Iron & Steel Co., Ltd.	72,697,000	-	72,697,000	17.95%	-	72,697,000
3	Danyang Tianfa Forging Company Limited (“Tianfa Forging”)	29,800,000	-	29,800,000	7.36%	-	29,800,000
4	Zhu Xiaokun	10,000,000	-	10,000,000	2.47%	7,500,000	2,500,000
5	Jiang Rongjun	5,000,000	-	5,000,000	1.23%	3,750,000	1,250,000
6	Chen Jie	3,000,000	-	3,000,000	0.74%	2,250,000	750,000
7	Yang Zhao	3,000,000	-	3,000,000	0.74%	2,250,000	750,000
8	Xu Shaoqi	3,000,000	-	3,000,000	0.74%	2,250,000	750,000
9	Wang Gang	3,000,000	-	3,000,000	0.74%	2,250,000	750,000
10	Zhu Linfei	3,000,000	-	3,000,000	0.74%	-	3,000,000
Total		402,497,000	-	402,497,000	99.38%	20,250,000	382,247,000

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, 26 October 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