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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

2020 Annual Report Highlight

This highlight is extracted from the 2020 Annual Report (the “Annual 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 Annual 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 This annual report highlight is extracted from the full Annual Report. Investors should read the full Annual 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 Annual Report, and undertake joint and several responsibilities for the authenticity, accuracy and completeness of the contents of the Annual Report.

1.3 All the directors of TG Tech attended the board meeting for the approval of the Annual Report.

1.4 KPMG Huazhen LLP issued a standard unqualified audited report for TG Tech.

1.5 TG Tech contact information:

Board Secretary (Information Disclosure Officer): Xu Shaoqi

Position: Secretary for the board of directors

Phone: 0511-80767215

Fax: 0511-86321331

Email: xushaoqi@tggj.cn

Website: www.jstgti.com

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

Information disclosure platform designated by TG Tech: www.neeq.com.cn

Archive site of annual report: Office of the secretary for the board of directors

2. Key Financial Information, Shareholding Structure and Shareholders Information

2.1 Key Financial Information

Unit: RMB Yuan

	31 December 2020	31 December 2019	Change
Total Assets	723,366,831.77	736,457,159.22	-1.78%
Total Liabilities	73,994,379.33	99,942,735.42	-25.96%
Net assets attributable to the equity shareholders of TG Tech	649,372,452.44	636,514,423.80	2.02%
Net assets per share attributable to equity shareholders of TG Tech (RMB/share)	1.11	1.09	1.83%
Owner's equity attributable to the shareholders of TG Tech	649,372,452.44	636,514,423.80	2.02%
Share capital (shares)	586,600,015.00	586,600,015.00	0.00%
Revenue from operations	182,030,271.70	388,565,450.03	-53.15%
Profit from operations	14,109,937.56	61,515,508.61	-77.06%
Total profit	13,721,300.64	61,134,988.15	-77.56%
Earnings before interest and tax	13,721,300.64	61,134,988.15	-77.56%
Net profit attributable to the equity shareholders of the company	12,118,716.84	53,315,451.27	-74.31%
Net profit attributable to the equity shareholders of the company after deduction of non-recurring profit and loss	8,804,348.32	34,270,201.67	-74.31%
Net cash flows from operating activities	58,117,618.55	8,349,592.85	596.05%
Weighted average return on equity	1.886%	8.742%	-
Basic earnings per share (RMB/share)	0.021	0.091	-76.92%
Diluted earnings per share (RMB/share)	0.021	0.091	-76.92%

2.2 Shareholding Structure

Unit: Share

Nature of shareholding		At the beginning of the year		Movement	At the end of the year	
		Number	Percentage		Number	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%
	Including:					
	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%
	Including:					
	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	
Total number of shareholders		112				

2.3 Information of top ten shareholders

Unit: Share

No.	Name of Shareholder	Number at the beginning of the year	Changes during the year	Number 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")	434,228,851	-	434,228,851	74.02%	-	434,228,851
2	Nanjing Iron & Steel Co., Ltd.	105,293,979	-	105,293,979	17.95%	-	105,293,979
3	Zhu Xiaokun	14,483,951	-	14,483,951	2.47%	10,862,963	3,620,988
4	Jiang Rongjun	7,241,976	-	7,241,976	1.23%	5,431,482	1,810,494
5	Chen Jie	4,345,185	-	4,345,185	0.74%	3,258,889	1,086,296
6	Wang Gang	4,345,185	-	4,345,185	0.74%	3,258,889	1,086,296
7	Xu Shaoqi	4,345,185	-	4,345,185	0.74%	3,258,889	1,086,296
8	Zhu Hong	3,258,889	-	3,258,889	0.56%	-	3,258,889
9	Yang Zhao	4,345,185	-1,131,855	3,213,330	0.55%	-	3,213,330
10	Liu Yanping	0	1,400,000	1,400,000	0.24%	-	1,400,000
Total		581,888,386	268,145	582,156,531	99.24%	26,071,112	556,085,419

Explanations on the relationship among top ten shareholders: Among the shareholders of TG Tech, Zhu Xiaokun is the de facto controller of TG Investment. 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 The ownership and controlling relationship among TG Tech, the controlling shareholder and the de facto controller

2.4.1. 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.

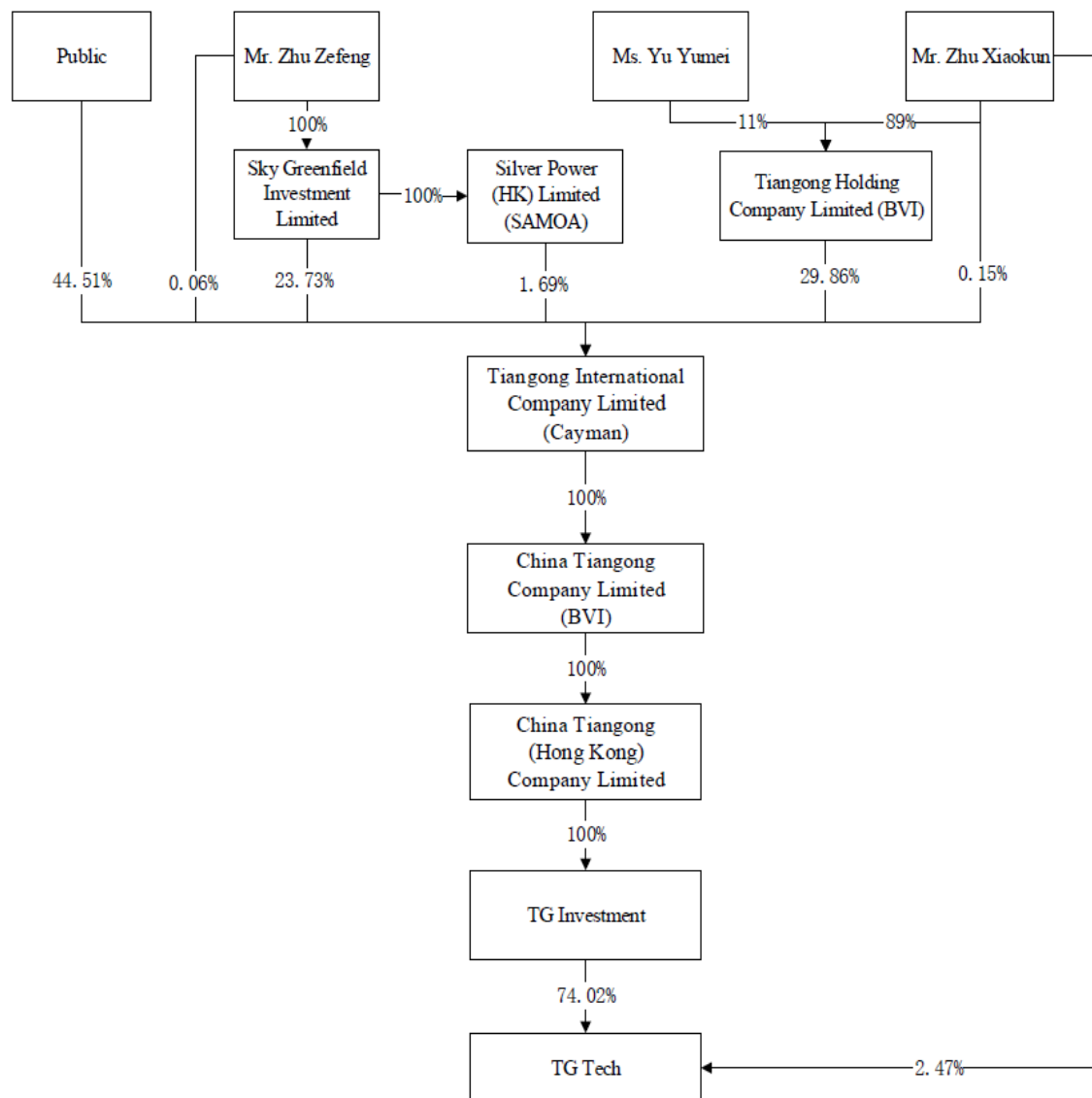
2.4.2. The de facto controllers of TG Tech

Mr. Zhu Xiaokun and Ms. Yu Yumei indirectly held 130,278,361 shares of TG Tech through the Company, and Mr. Zhu Xiaokun directly held 14,483,951 shares of TG Tech, 144,762,312 shares in total, representing an aggregate 24.68% 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.

2.4.3. The ownership and control relationship diagram among TG Tech, the controlling shareholder and the de facto controllers



Note: Ms. Yu Yumei is the spouse of Mr. Zhu Xiaokun. Mr. Zhu Zefeng is the son of Mr. Zhu Xiaokun and Ms. Yu Yumei. The above data was as of 31 December 2020.

3. Events related to financial reporting

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

☒ Applicable ☐ Not Applicable

1. Description and reasons of changes in accounting policies

TG Tech has adopted the following relevant provisions of the accounting standards for enterprises issued by the Ministry of Finance in recent years since 2020:

- Accounting Standard for Business Enterprises No. 14 - Revenue (Amendment) (the "New Revenue Standard")
- Interpretation of Accounting Standards for Business Enterprises No. 13 (Finance and Accounting No. [2019] 21) (" Interpretation No. 13 ")
- Provisions on Accounting Treatment of Rental Concession Related to COVID-19 Epidemics ("Finance & Accounting [2020] No. 10")

2. The main impact of TG Tech's adoption of the above enterprise accounting standards interpretation and provisions is as follows:

- TG Tech adjusted the amount of retained earnings and other related items in the financial statements of the TG Tech at the beginning of 2020 based on the cumulative impact of the first implementation of the New Revenue Standard, without adjusting the data in the comparative financial statements. TG Tech's adoption of the New Revenue Standard did not affect the undistributed profits at the beginning of 2020.
- Interpretation No. 13 was effective since 1 January 2020. TG Tech adopted the above-mentioned change in accounting policy prospectively to the accounting treatment. The adoption of this interpretation did not have a material impact on the TG Tech's financial position, operating results and related party disclosure.
- The Finance & Accounting [2020] No. 10 was effective on 24 June 2020. Relevant rent concession occurring between 1 January 2020 to the effective date could be adjusted according to the provisions. The adoption of the above provisions had no significant impact on the financial position and business results of TG Tech.

3.2 Retrospective adjustment or restatement due to changes in accounting policies and correction of accounting errors

☐ Applicable ☒ Not Applicable

3.3 Description of the change in the scope of the consolidated statement compared to the previous annual financial report

☐ 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, 29 March 2021

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*