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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

2021 Annual Report Highlight

This highlight is extracted from the 2021 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.

1. Important Notes

1.1 This annual report highlight is extracted from the full Annual Report. Investors should read the full Annual Report concurrently 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): Liang Weihao

Position: Secretary for the board of directors

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Fax: 0511-86321331

Email: liangweihao@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 2021	31 December 2020	Change
Total Assets	717,890,419.66	723,366,831.77	-0.76%
Total Liabilities	48,914,121.30	73,994,379.33	-33.89%
Net assets attributable to the equity shareholders of TG Tech	668,976,298.36	649,372,452.44	3.02%
Net assets per share attributable to equity shareholders of TG Tech (RMB/share)	1.14	1.11	2.70%
Owner's equity attributable to the shareholders of TG Tech	668,976,298.36	649,372,452.44	3.02%
Share capital (shares)	586,600,015.00	586,600,015.00	0.00%
Revenue from operations	279,893,442.19	182,030,271.70	53.76%
Profit from operations	20,657,833.56	14,109,937.56	46.41%
Total profit	22,866,851.99	13,721,300.64	66.65%
Earnings before interest and tax	22,866,851.99	13,721,300.64	66.65%
Net profit attributable to the equity shareholders of TG Tech	20,343,157.72	12,118,716.84	67.87%
Net profit attributable to the equity shareholders of TG Tech after deduction of non-recurring profit and loss	15,387,633.52	8,804,348.32	74.77%
Net cash flows from operating activities	18,570,653.21	58,117,618.55	-68.05%
Weighted average return on equity	3.086%	1.886%	N/A
Basic earnings per share (RMB/share)	0.035	0.021	66.67%
Diluted earnings per share (RMB/share)	0.035	0.021	66.67%

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	560,528,903	95.56%	-1,086,296	559,442,607	95.37%
	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%	-1,086,296	7,604,074	1.30%
	3、Key staff	-	0.00%	-	-	0.00%
Number of shares subject to selling restriction	Total number of shares subject to selling restriction	26,071,112	4.44%	1,086,296	27,157,408	4.63%
	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%	-3,258,889	22,812,223	3.89%
	3. Key staff	-	0.00%	-	-	0.00%
Total number of shares		586,600,015		-	586,600,015	
Total number of shareholders		90				

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	Wang Gang	4,345,185	-	4,345,185	0.74%	3,258,889	1,086,296
6	Chen Jie	4,345,185	-	4,345,185	0.74%	4,345,185	-
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	3,213,330	-	3,213,330	0.55%	-	3,213,330
10	Liu Yanping	1,400,100	-11,393	1,388,707	0.24%	-	1,388,707
Total		582,156,631	-11,393	582,145,238	99.24%	27,157,408	554,987,830

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 Tiangong International Company Limited (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, there was no change in the controlling shareholder of TG Tech. 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.

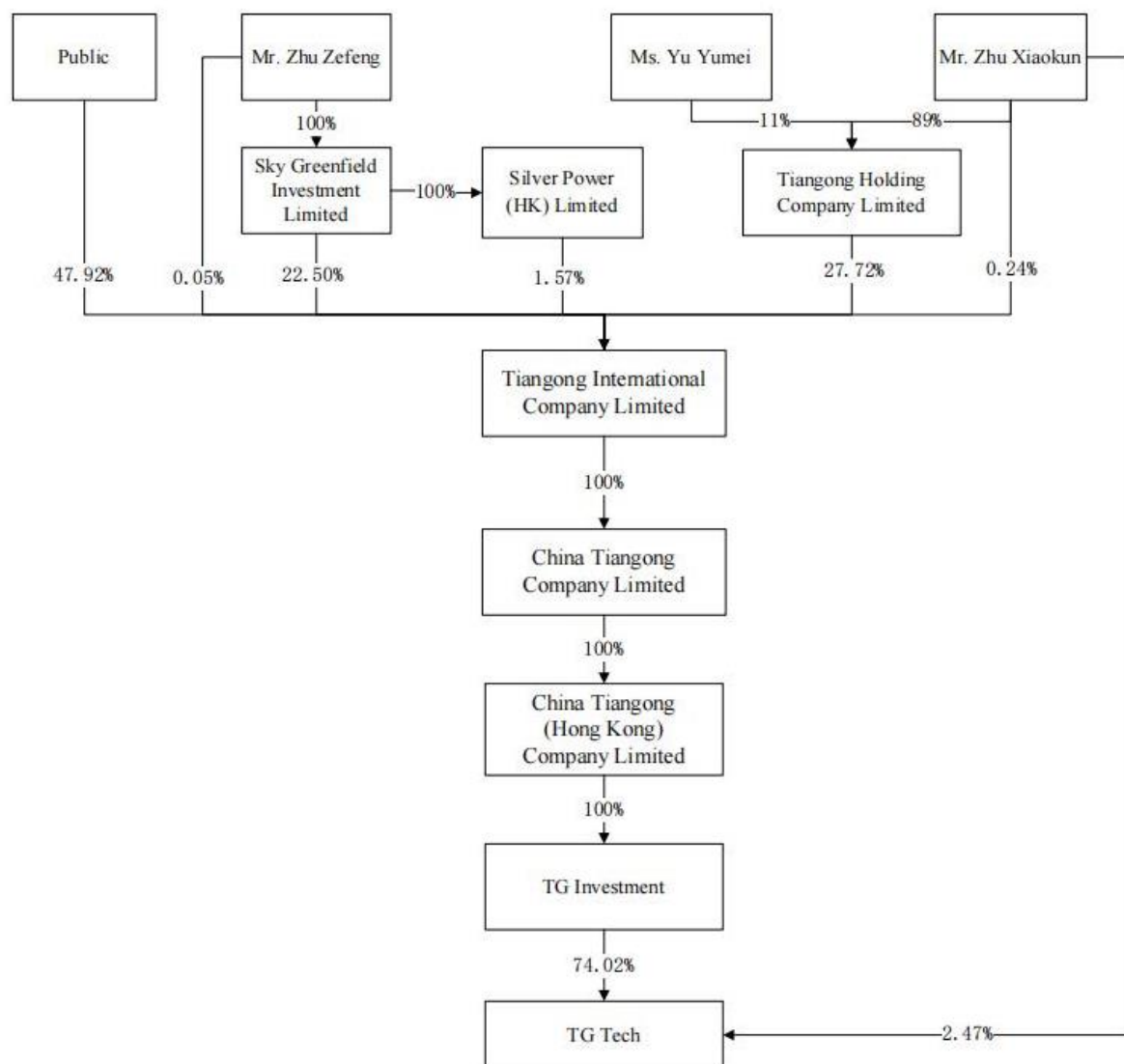
2.4.2. The de facto controllers of TG Tech

Mr. Zhu Xiaokun and Ms. Yu Yumei indirectly held 121,422,194 shares of TG Tech through Tiangong International Company Limited, and Mr. Zhu Xiaokun directly held 14,483,951 shares of TG Tech, 135,906,145 shares in total, representing an aggregate 23.17% 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 Tiangong International Company Limited. 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 2021.

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 2021:

- Accounting standards for Business Enterprises No. 21 - Leasing (Revised) (Accounting [2018] No. 35) ("New Leasing Standards")
- Novel Coronavirus Pneumonia Allowance Accounting Treatment Regulations (Accounting [2020] No. 10) and Notice on Adjusting Scope of Accounting Regulations for New Lease of Novel Coronavirus Pneumonia Related to Rent Reduction (Accounting [2021] No. 9)
- Interpretation of Accounting Standards for Business Enterprises No. 14 (Accounting [2021] No. 1) ("Interpretation No. 14")

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

- TG Tech evaluated whether the contract is a lease or contains a lease according to the definition of lease under New Leasing Standards. For contracts existing before the date of initial execution, TG Tech chose not to re-evaluate whether it is a lease or contains a lease on the date of initial execution. For the financial lease before the date of initial execution, TG Tech measured the right-of-use asset and lease liability respectively according to the original book value of the financial lease asset and the financial lease payment payable on the date of initial execution. The adoption of the above standards has no significant impact on the financial position and operating results of TG Tech.
- TG Tech adjusted the retained earnings and other related financial statement items at the beginning of 2021 and according to the cumulative impact of Accounting [2020] No. 10 and Accounting [2021] No. 9, and did not adjust the comparative financial statement data in the prior period. The adoption of the above standards has no significant impact on the financial position and operating results of TG Tech.

- Interpretation No. 14 came into force on 26 January 2021. TG Tech retrospectively adjusted the PPP project contracts and relevant businesses related to benchmark rate reform that occurred before 31 December 2020 and newly added from 1 January 2021 to the implementation date. TG Tech adjusted the retained earnings and other relevant items in the financial statements at the beginning of 2021, without adjusting the data of previous comparative financial statements. The adoption of the interpretation has no significant impact on the financial position and operating 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, 30 March 2022

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*