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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 2023

1. Important note

- 1.1 This highlight is extracted from the Interim Report for the six months ended 30 June 2023 (the “Interim Report”) of Jiangsu Tiangong Technology Company Limited (“TG Tech”), a 75.58% 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 contents.
- 1.2 The board of directors and its directors, the supervisory committee and its supervisors, and the senior management of TG Tech warrant 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 and approved the Interim Report.

1.4 TG Tech contact information:

Information Disclosure Officer/Board Secretary	Liang Weihao
Position	Board Secretary
Phone	86-511-80300729
Fax	86-511-80300729
Email	liangweihao@jstgti.com
Company website	www.jstgti.com
Office Address & ZIP	No.9 Lingang Industrial Zone, Xiashu Town, Jurong City, Jiangsu Province, China 212411
Information disclosure platform designated by TG Tech	www.neeq.com.cn
Archive site of annual report of TG Tech	Board Secretary's Office

2. Key financial information and changes in shareholders

2.1 Key financial information

Unit: RMB

	30 June 2023	31 December 2022	Change
Total Assets	1,227,775,285.22	846,208,257.29	45.09%
Total Liabilities	454,333,361.39	152,148,456.43	198.61%
Net assets attributable to the equity shareholders of TG Tech	758,165,163.00	680,297,649.57	11.45%
Net assets per share attributable to equity shareholders of TG Tech (RMB/share)	1.29	1.16	11.21%
Owner's equity attributable to the shareholders of TG Tech	758,165,163.00	680,297,649.57	11.45%
Share capital (shares)	586,600,015.00	586,600,015.00	-
	Six months ended 30 June 2023	Six months ended 30 June 2022	Change
Revenue from operations	487,581,301.86	171,437,808.01	184.41%
Profit from operations	91,274,451.97	28,885,843.41	215.98%
Total profit	91,010,964.95	28,889,621.98	215.03%
Earnings before interest and tax	91,010,964.95	28,889,621.98	215.03%
Net profit attributable to the equity shareholders of the company	77,867,513.43	26,179,623.17	197.44%
Net profit attributable to the equity shareholders of the company after deduction of non-recurring profit and loss	76,572,733.80	24,043,392.47	218.48%
Net cash flows from operating activities	-84,715,204.32	-6,834,815.74	1139.47%
Weighted average return on equity	10.83%	3.84%	-
Basic earnings per share (RMB/share)	0.133	0.045	195.56%
Diluted earnings per share (RMB/share)	0.133	0.045	195.56%

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	562,701,496	95.93%	-550,997,035	11,704,461	2.00%
	1. Controlling Shareholder, de facto controller	437,849,839	74.64%	-437,849,839	-	-
	2. Directors, supervisors and senior management	6,517,778	1.11%	-6,517,778	-	-
	3. Key staff members	-	-	-	-	-
Number of shares subject to selling restriction	Total number of shares subject to selling restriction	23,898,519	4.07%	550,997,035	574,895,554	98.00%
	1. Controlling shareholder, de facto controller	10,862,963	1.85%	447,001,611	457,864,574	78.05%
	2. Directors, supervisors and senior management	8,690,371	1.48%	17,530,581	26,220,952	4.46%
	3. Key staff members	-	-	-	-	-
Total number of shares		586,600,015		-	586,600,015	

2.3 Information of top ten 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	9,151,772	443,380,623	75.58%	443,380,623	-
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%	14,483,951	-
4	Jiang Rongjun	Domestic natural person	7,241,976	-434,519	6,807,457	1.16%	6,807,457	-
5	Wang Gang	Domestic natural person	4,345,185	-	4,345,185	0.74%	4,345,185	-
6	Wu Suojun	Domestic natural person	100	1,432,095	1,432,195	0.24%	-	1,432,195
7	Liu Yanping	Domestic natural person	1,372,007	-6,300	1,365,707	0.23%	-	1,365,707
8	Lin Jian	Domestic natural person	1,270,000	-	1,270,000	0.22%	-	1,270,000
9	Liu Juying	Domestic natural person	1,030,000	-	1,030,000	0.18%	-	1,030,000
10	Wu Yingxia	Domestic natural person	2,000	869,037	871,037	0.15%	-	871,037
Total			569,268,049	-	580,280,134	98.92%	574,311,195	5,968,939

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 30 June 2023, TG Investment held 443,380,623 shares of TG Tech, accounting for 75.58% 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.

2. The de facto controllers of TG Tech

Mr. Zhu Xiaokun, Ms. Yu Yumei and Mr. Zhu Zefeng are the joint de facto controllers of TG Tech. They are closely related family members. On 1 December 2017, Sky Greenfield Investment Limited (a company wholly-owned by Mr. Zhu Zefeng) acquired 26.05% issued shares of Tiangong International Company Limited ("TG International") ^(Note), therefore there was a change in the de facto controllers of TG Tech from Mr. Zhu Xiaokun and Ms. Yu Yumei to Mr. Zhu Xiaokun, Ms. Yu Yumei and Mr. Zhu Zefeng. There was no additional concerted party introduced. TG Tech made a supplementary disclosure on the above-mentioned change of de facto controller on 12 May 2023. For details, please refer to TG Tech's announcement (announcement number: 2023-033) published on the official website of the National Equities Exchange and Quotations (www.neeq.com.cn) on 12 May 2023.

Note: TG International indirectly holds 100% shareholding of TG Investment, the controlling shareholder of TG Tech

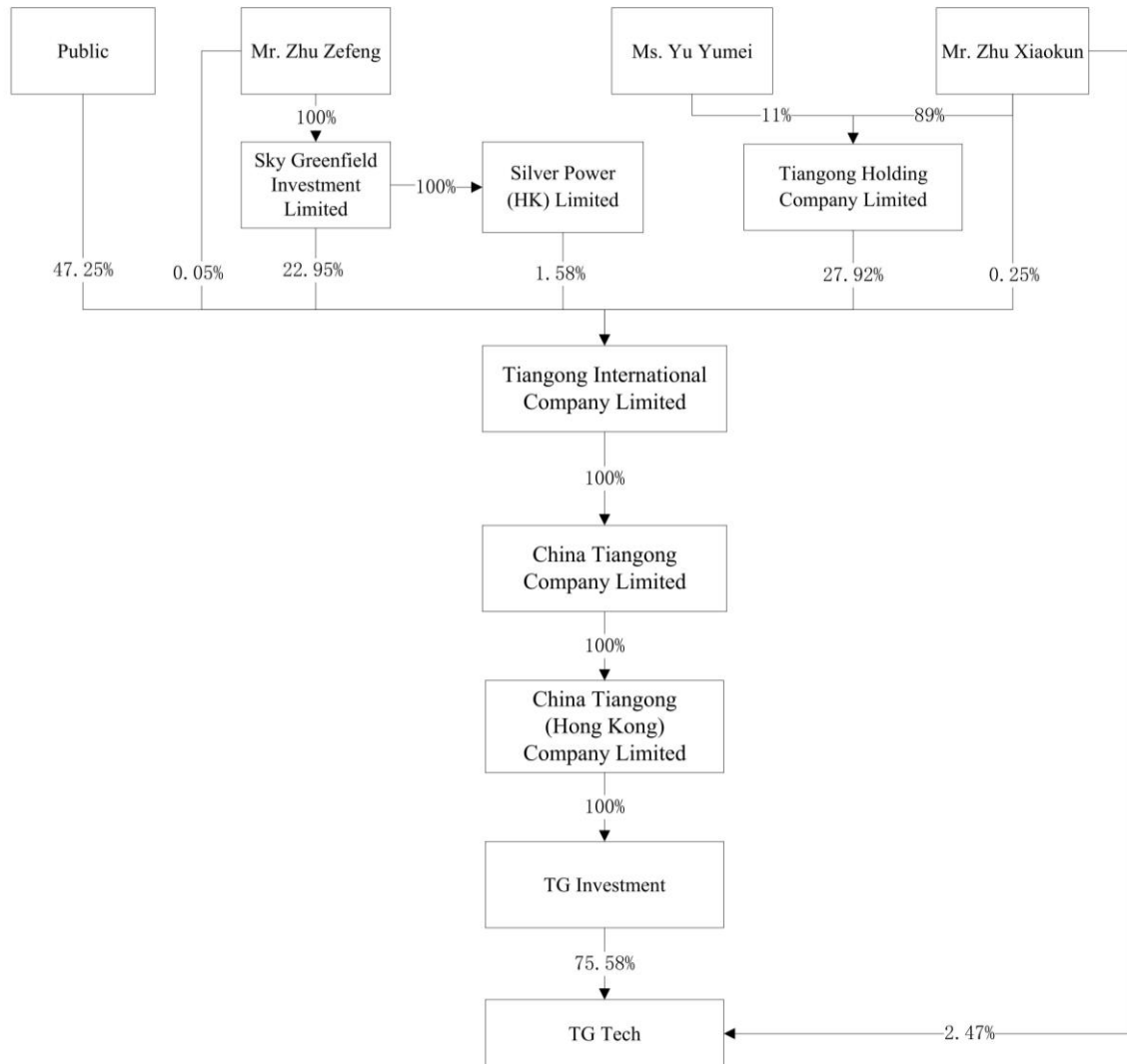
Mr. Zhu Xiaokun, Ms. Yu Yumei and Mr. Zhu Zefeng indirectly held 233,910,764 shares of TG Tech through TG International and Mr. Zhu Xiaokun directly held 14,483,951 shares of TG Tech, totally 248,394,715 shares, representing an aggregate effective interest of 42.34% in TG Tech.

Mr. Zhu Xiaokun, with Chinese nationality, was born in January 1957. He has no permanent overseas residence. He has a college degree. He served as the Chairman and the general manager of Jiangsu Tiangong Group Co., Ltd. from October 1984 to February 2017. He was the Chairman and the general manager of Jiangsu Tiangong Tools New Materials Co., Ltd. from July 1997 to January 2020. Since August 2006, he has been the Chairman of Tiangong International. He served as the Chairman of Jiangsu Tiangong Titanium Technology Company Limited from January 2010 to July 2015. He served as the Chairman of TG Tech from August 2015 to November 2022. Since November 2022, he has been the Director 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.

Mr. Zhu Zefeng, with Canadian nationality, was born in January 1982. He graduated from Durham College in October 2008 in Canada, with an Advanced Diploma of Business Operation Management. He worked at Top Tech Tool Manufacturing Inc. as an Operations Manager from September 2009 to August 2013. He worked as a Management Trainee of Tiangong International from January 2016 to December 2016. He has been as the Chief Investment Officer of Tiangong International since January 2017. He served as the Chairman of Jiangsu Weijian Tool Technology Co., Ltd. from April 2019 to May 2021. Since March 2017, he has been the General Manager and the Executive Director of Jiangsu Tiangong Investment Management Co., Ltd. Since March 2021, he has been the Chief Executive Officer of Tiangong International and was appointed as an Executive Director of Tiangong International in June 2023. Since January 2022, he has been an Executive Director of Jiangsu Tiangong Hard Alloy Technology Co., Ltd. He served as a Director of TG Tech from April 2020 to November 2022. Since November 2022, he has been the Chairman of TG Tech.

(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, a director of TG Tech. Mr. Zhu Zefeng is the son of Mr. Zhu Xiaokun. The above data was as of 30 June 2023.

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:

In 2023, TG Tech has adopted the relevant regulations and guidelines of the accounting standards for enterprises promulgated by the Ministry of Finance in recent years:

- "Accounting treatment that the exemption of initial recognition shall not apply to the deferred income tax relating to assets and liabilities arising from a single transaction" stipulated by "Interpretation No. 16 of the Accounting Standards for Business Enterprises" (Cai Kuai [2022] No. 31) ("Interpretation No. 16").

2. Effect of TG Tech's adoption of the above-mentioned accounting standards, interpretations and regulations:

According to this regulation, for a single transaction that is not a business combination; the transaction does not affect accounting profits or taxable income (or deductible losses), and an equivalent amount of taxable temporary difference and deductible temporary difference resulted from the initially recognition of assets and liabilities, the exemption provision from the initial recognition of deferred income tax liabilities and deferred income tax assets under "Accounting Standards for Business Enterprises No. 18 - Income Tax" is not applicable to TG Tech. TG Tech did not have such a single transaction, so this regulation has no impact on 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, 25 August 2023

As at the date of this announcement, the directors of the Company are:

Executive Directors: ZHU Xiaokun, ZHU Zefeng, WU Suojun and JIANG Guangqing

Independent non-executive Directors: GAO Xiang, LEE Cheuk Yin, Dannis and WANG Xuesong

** For identification purpose*