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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

2023 Annual Report Highlight

1. Important note

- 1.1 This highlight is extracted from the 2023 Annual Report (the “Annual 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 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 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 Annual Report, and shall take 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 and approved the Annual 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

	31 December 2023	31 December 2022	Change
Total Assets	1,144,934,849.80	846,208,257.29	35.30%
Total Liabilities	275,633,714.60	152,148,456.43	81.16%
Net assets attributable to the equity shareholders of TG Tech	850,180,878.06	680,297,649.57	24.97%
Net assets per share attributable to equity shareholders of TG Tech (RMB/share)	1.45	1.16	24.97%
Owner's equity attributable to the shareholders of TG Tech	850,180,878.06	680,297,649.57	24.97%
Share capital (shares)	586,600,015.00	586,600,015.00	-
	12 months ended 31 December 2023	12 months ended 31 December 2022	Change
Revenue from operations	1,035,109,597.38	383,302,312.84	170.05%
Profit from operations	201,774,010.40	72,500,683.62	178.31%
Total profit	201,430,935.22	72,435,343.25	178.08%
Earnings before interest and tax	201,430,935.22	72,435,343.25	178.08%
Net profit attributable to the equity shareholders of the company	169,754,909.91	69,981,352.71	142.57%
Net profit attributable to the equity shareholders of the company after deduction of non-recurring profit and loss	169,494,791.72	64,012,588.49	164.78%
Net cash flows from operating activities	3,847,554.80	72,233,573.16	-94.67%
Weighted average return on equity	22.19%	10.08%	-
Basic earnings per share (RMB/share)	0.289	0.119	142.86%
Diluted earnings per share (RMB/share)	0.289	0.119	142.86%

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%	-6,517,578	200	0.00%
	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	4.47%
	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	-434,319	6,807,657	1.16%	6,807,457	200
5	Wang Gang	Domestic natural person	4,345,185	-	4,345,185	0.74%	4,345,185	-
6	Wu Suojun	Domestic natural person	100	1,419,095	1,419,195	0.24%	-	1,419,195
7	Liu Yanping	Domestic natural person	1,372,007	-79,608	1,292,399	0.22%	-	1,292,399
8	Lin Jian	Domestic natural person	1,270,000	-	1,270,000	0.22%	-	1,270,000
9	Wu Yingxia	Domestic natural person	2,000	868,037	870,037	0.15%	-	870,037
10	Liu Juying	Domestic natural person	1,030,000	-164,849	865,151	0.15%	-	865,151
Total			569,268,049	10,760,128	580,028,177	98.88%	574,311,195	5,716,982

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 31 December 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

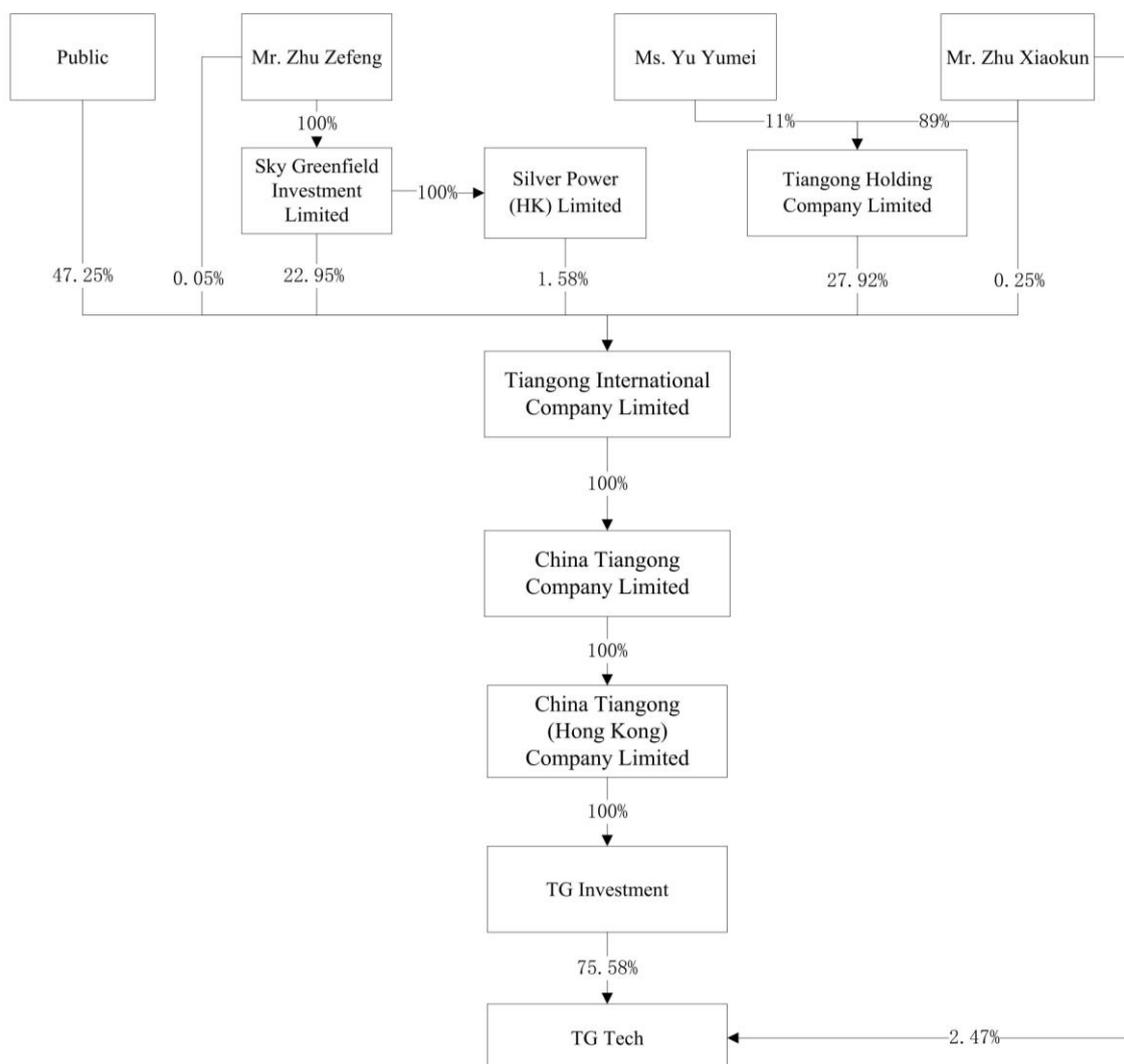
Mr. Zhu Xiaokun, Ms. Yu Yumei and Mr. Zhu Zefeng indirectly held 233,910,764 shares of TG Tech through TG International and Mr. Zhu Xiaokun directly held 14,483,951 shares of TG Tech, totally 248,394,715 shares, representing an aggregate effective interest of 42.34% in TG Tech.

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. Having served as the general manager since July 1997 and he currently serves as the Chairman of Jiangsu Tiangong Tools New Materials Co., Ltd. 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 and vice-chancellor at Houxiang School from September 1991 to July 2011. Since August 2018, she served as the only executive director and the general manager of Suzhou Yuanshu Intelligent Equipment Technology Co., Ltd.

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 2009 to 2015. He worked as a Management Trainee of TG International from January 2016 to December 2016. He has been appointed as the Chief Investment Officer of TG International since January 2017. In March 2021, he assumed the role of the Chief Executive Officer at TG International and was further appointed as an Executive Director of TG International in June 2023. Since March 2017, he has been the General Manager and the Executive Director of Jiangsu Tiangong Investment Management Co., Ltd. He served as the Chairman of Jiangsu Weijian Tool Technology Co., Ltd. from April 2019 to May 2021. 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 31 December 2023.

3. Events related to financial reporting

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

Applicable Not Applicable

Description of and reasons for changes in accounting policies

In 2023, TG Tech has adopted the revised accounting requirements and guidance under CASs newly issued by the Ministry of Finance.

(a) CAS 25 Insurance Contracts (Caikuai [2020] No.20) (the “New Insurance Standard”) and the related implementation Q&As

The New Insurance Standard has replaced CAS 25 Direct Insurance Contracts and CAS 26 Reinsurance Contracts that were issued in 2006, and Accounting Requirements for Insurance Contracts (Caikuai [2009] No.15) that was issued in 2009.

TG Tech does not have transactions related to insurance contracts. Applying the New Insurance Standard does not have a material impact on the financial position or financial performance of TG Tech.

(b) “The accounting treatment of deferred tax related to assets and liabilities arising from a single transaction excluded from the scope of the initial recognition exemption” in CAS Bulletin No.16 (Caikuai [2022] No.31)

According to the provisions, TG Tech does not apply the initial recognition exemption under CAS 18 Income Taxes to temporary differences arising from the initial recognition of assets or liabilities in a single transaction that is not a business combination, affects neither accounting profits nor taxable profit (or deductible losses) and gives rise to equal taxable and deductible temporary differences. TG Tech does not have such transactions, and therefore, applying the above provisions 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

Unit: RMB

Subject/Indicator	End of the previous year (Same period in 2022)		End of 2021 (Same period in 2021)	
	Before restatement	After restatement	Before restatement	After restatement
Net profit attributable to the equity shareholders of TG Tech after deduction of non-recurring profit and loss	64,012,421.85	64,012,588.49	-	-
Amount affecting minority interest (after tax)	4.39	171.03	-	-
Non-recurring profit and loss	5,968,930.86	5,968,764.22	-	-

In 2022, TG Tech's calculation of the amount affecting minority interest was incorrect, resulting in incorrect disclosure of non-recurring profit and loss. Therefore, TG Tech corrected the non-recurring profit and loss disclosure. The impact of amount affecting minority interest (after tax) in 2022 was increased by RMB 166.64. The non-recurring profit and loss attributable to equity shareholders of TG Tech was reduced by RMB 166.64. Net profit attributable to the equity shareholders of TG Tech after deducting the non-recurring profit and loss was reduced by RMB 166.64.

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, 19 February 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*