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TIAN YUAN GROUP HOLDINGS LIMITED

天源集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6119)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO RENEWAL OF CONTINUING CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION

Reference is made to the announcement of Tian Yuan Group Holdings Limited (the “**Company**”) dated 13 March 2020 (the “**Announcement**”) in relation to the entering into the 2020 Tianyuan Petrochemical Terminal Services Framework Agreement and the Maoming Tianyuan Terminal Services Framework Agreement. Unless otherwise specified, capitalized terms used herein shall have the same meaning ascribed to them in the Announcement.

This announcement intends to elaborate on the pricing policy and to provide information on the internal control procedures in relation to the 2020 Tianyuan Petrochemical Terminal Services Framework Agreement and the Maoming Tianyuan Terminal Services Framework Agreement.

PRICING POLICY

(A) 2020 Tianyuan Petrochemical Terminal Services Framework Agreement

The fees charged for the provision of terminal uploading and unloading services by Tianyuan and Zhengyuan to Tianyuan Petrochemical under the 2020 Tianyuan Petrochemical Terminal Services Framework Agreement shall be based on a fixed price list set for different types of goods involved in the transactions determined by reference to a matrix of factors, including, among others, cargo type, cargo volume, handling method, market conditions and industry benchmarks. Price adjustment, if necessary, will be made based on the management insight of the market and on the determination of the sales department. The fixed price list will be the same for connected parties and independent third parties.

(B) Maoming Tianyuan Terminal Services Framework Agreement

The fee charged for the provision of terminal uploading and unloading services by Tianyuan and Zhengyuan to Maoming Tianyuan under the Maoming Tianyuan Terminal Services Framework Agreement shall be based on a fixed price list set for different types of goods involved in the transactions determined by reference to a matrix of factors, including, among others, cargo type, cargo volume, handling method, market conditions and industry benchmarks. Price adjustment, if necessary, will be made based on the management insight of the market and on the determination of the sales department. The fixed price list will be the same for connected parties and independent third parties.

INTERNAL CONTROLS

To ensure that the continuing connected transactions contemplated under the 2020 Tianyuan Petrochemical Terminal Services Framework Agreement and the Maoming Tianyuan Terminal Services Framework Agreement will be conducted in accordance with the terms of the agreements and the pricing policies, the Company has adopted the following internal control procedures:

1. When the specific transaction under the 2020 Tianyuan Petrochemical Terminal Services Framework Agreement and the Maoming Tianyuan Terminal Services Framework Agreement are conducted, there will be checking to make sure their terms are in line with the terms of the corresponding abovementioned framework agreements and the price are in line with the fixed price list;
2. As segregation of duty, the Company will appoint designated qualified personnel of the business and finance department of the Group to conduct monthly checks to review and assess whether the transactions contemplated under the 2020 Tianyuan Petrochemical Terminal Services Framework Agreement and the Maoming Tianyuan Terminal Services Framework Agreement are conducted in accordance with their terms and will also monitor the prices for similar transactions with independent third

parties for considering if the prices of the transactions contemplated under the 2020 Tianyuan Petrochemical Terminal Services Framework Agreement and the Maoming Tianyuan Terminal Services Framework Agreement follow the fixed price list, and will report to the management regularly;

3. The management will monthly review the transaction records of the 2020 Tianyuan Petrochemical Terminal Services Framework Agreement and the Maoming Tianyuan Terminal Services Framework Agreement, and will regularly report the status of execution of the transactions contemplated under the abovementioned framework agreements to the Board;
4. The Company's external auditors will conduct annual review on the amount and the annual caps of the transactions contemplated under the 2020 Tianyuan Petrochemical Terminal Services Framework Agreement and the Maoming Tianyuan Terminal Services Framework Agreement; and
5. The independent non-executive Directors will conduct annual review and make annual confirmations on the transactions contemplated under the 2020 Tianyuan Petrochemical Terminal Services Framework Agreement and the Maoming Tianyuan Terminal Services Framework Agreement.

By order of the Board
Tian Yuan Group Holdings Limited
Yang Jinming
Chairman and Chief Executive Officer

Hong Kong, 20 March 2020

As at the date of this announcement, the executive Directors are Mr. Yang Jinming, Ms. Tong Wai Man and Mr. Su Baihan, the non-executive Director is Mr. Yang Fan, and the independent non-executive Directors are Mr. Pang Hon Chung, Professor Wu Jinwen and Mr. Huang Yaohui.