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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)**

## **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023**

### **FINANCIAL HIGHLIGHTS**

- Revenue for the year ended 31 December 2023 decreased by approximately 4.7% or approximately RMB15.0 million to approximately RMB302.9 million compared to approximately RMB317.9 million for the year ended 31 December 2022.
- Gross profit for the year ended 31 December 2023 decreased by approximately 9.0% or approximately RMB4.9 million to approximately RMB49.2 million compared to approximately RMB54.1 million for the year ended 31 December 2022.
- Profit attributable to the owners of the Company for the year ended 31 December 2023 increased by approximately 9.3% or approximately RMB1.6 million to approximately RMB19.1 million compared to approximately RMB17.5 million for the year ended 31 December 2022.
- The Board does not recommend the payment of a final dividend for the year ended 31 December 2023.

The board (the “**Board**”) of directors (the “**Directors**”) of Tian Yuan Group Holdings Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (together referred to as the “**Group**”) for the year ended 31 December 2023 as follows:

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December	
		2023 RMB'000	2022 RMB'000
<b>Revenue</b>	3	<b>302,891</b>	317,901
Cost of sales		<u>(253,656)</u>	<u>(263,785)</u>
<b>Gross profit</b>		<b>49,235</b>	54,116
Other gains/(losses) – net	4	<b>2,685</b>	(553)
Selling and administrative expenses		<u>(14,608)</u>	<u>(16,707)</u>
<b>Operating profit</b>		<b>37,312</b>	36,856
Finance income/(costs) – net	5	<b>1,032</b>	(936)
Finance income		<b>1,082</b>	254
Finance costs		<u>(50)</u>	<u>(1,190)</u>
Share of results of a joint venture		<u>293</u>	<u>(584)</u>
<b>Profit before income tax</b>		<b>38,637</b>	35,336
Income tax expense	6	<u>(12,784)</u>	<u>(11,272)</u>
<b>Profit for the year</b>		<b>25,853</b>	24,064
<b>Profit attributable to:</b>			
Owners of the Company		<b>19,112</b>	17,481
Non-controlling interests		<u>6,741</u>	<u>6,583</u>
		<u><b>25,853</b></u>	<u>24,064</u>
Other comprehensive income		<u>(78)</u>	–
<b>Total comprehensive income for the year</b>		<u><b>25,775</b></u>	<u>24,064</u>
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the Company		<b>19,034</b>	17,481
Non-controlling interests		<u>6,741</u>	<u>6,583</u>
		<u><b>25,775</b></u>	<u>24,064</u>
<b>Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)</b>			
Basic and diluted	7	<u><b>0.0319</b></u>	<u>0.0291</u>

## CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2023	2022
	Note	RMB'000	RMB'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		144,571	154,318
Right-of-use assets		44,471	46,713
Intangible assets		153	149
Investment in a joint venture		–	10,381
Prepayments		5	37
Financial assets at fair value through other comprehensive income		12,543	–
		<u>201,743</u>	<u>211,598</u>
<b>Current assets</b>			
Trade and other receivables	8	28,566	30,651
Amounts due from a related party	8	–	1,783
Inventories		128,157	160,804
Prepayments and other assets		678	772
Restricted cash		–	46,830
Cash and cash equivalents		26,265	18,464
		<u>183,666</u>	<u>259,304</u>
<b>Total assets</b>		<u><u>385,409</u></u>	<u><u>470,902</u></u>

		<b>As at 31 December</b>	
		<b>2023</b>	2022
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		4,895	4,895
Share premium		139,478	163,478
Other reserves		(10,085)	(12,803)
Retained earnings		<u>159,015</u>	<u>142,699</u>
		<b>293,303</b>	298,269
<b>Non-controlling interests</b>		<u>52,667</u>	<u>51,926</u>
<b>Total equity</b>		<u>345,970</u>	<u>350,195</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		71	161
Deferred income tax liabilities		<u>1,448</u>	<u>1,463</u>
		<u>1,519</u>	<u>1,624</u>
<b>Current liabilities</b>			
Trade, bills and other payables and accruals	9	10,319	92,384
Contract liabilities		20,480	20,502
Current income tax liabilities		7,031	5,803
Lease liabilities		<u>90</u>	<u>394</u>
		<u>37,920</u>	<u>119,083</u>
<b>Total liabilities</b>		<u>39,439</u>	<u>120,707</u>
<b>Total equity and liabilities</b>		<u>385,409</u>	<u>470,902</u>

## NOTES

### 1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 27 July 2015 as an exempted company with limited liability under the Companies Law (as revised) of the Cayman Islands. The address of its registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The Company is an investment holding company and its subsidiaries are principally engaged in provision of bulk cargo uploading and unloading services, supply and sales of oil products and related ancillary value-added port services in The People's Republic of China (“**PRC**”). The ultimate holding company of the Company is Sino Ford Enterprises Limited, which was incorporated in the British Virgin Islands. The ultimate controlling shareholder of the Group is Mr. Yang Jinming.

The Company has its shares listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

These consolidated financial statements are presented in Renminbi (“**RMB**”) unless otherwise stated. These financial statements have been approved for issue by the Board on 27 March 2024.

### 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

This note provides a list of the material accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of the Company and its subsidiaries.

#### 2.1 Basis of preparation

##### *(i) Compliance with HKFRSs and the disclosure requirements of HKCO*

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) as issued by the Hong Kong Institute of Certified Public Accountants and requirements of the Hong Kong Companies Ordinance (“**HKCO**”) Cap. 622.

HKFRS comprise the following authoritative literature:

- Hong Kong Financial Reporting Standards
- Hong Kong Accounting Standards
- Interpretations developed by the Hong Kong Institute of Certified Public Accountants.

##### *(ii) Historical cost convention*

The consolidated financial statements have been prepared on a historical cost basis.

**(iii) New and amended standards adopted by the Group**

The Group has applied the following amendments or annual improvements for the first time for their annual reporting year commencing 1 January 2023:

- HKFRS 17 Insurance Contracts Replacement for HKFRS 4 Insurance Contracts
- Disclosure of Accounting Policies Amendments to HKAS 1 and HKFRS Practice Statement 2
- Definition of Accounting Estimates Amendments to HKAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction Amendments to HKAS 12
- International Tax Reform – Pillar Two Model Rules Amendments to HKAS 12

The Group did not change its accounting policies or make retrospective adjustments as a result of adopting the abovementioned amended standards or annual improvements.

The amendments or annual improvements listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

**(iv) New standards and interpretations not yet adopted**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions:

		<b>Effective for accounting periods beginning on or after</b>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-current liabilities with covenants	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier finance arrangements	1 January 2024
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

### 3 SEGMENT INFORMATION AND REVENUE

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker (“**CODM**”). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company.

The CODM identified two reportable segments as follows:

- Cargo handling and ancillary services: provision of uploading and unloading services and related ancillary value-added port services;
- Sales of oil products: supply and sales of oil products.

Inter-segment transactions are carried out at arm’s length.

No geographical information is presented as all the revenue and operating profits of the Group are derived in the PRC and all the operating assets of the Group are located in the PRC, which is considered as one geographic location with similar risk and returns.

The segment information for the year ended 31 December 2023 and as at 31 December 2023 is listed as follows:

	<b>Year ended 31 December 2023</b>		
	<b>Cargo handling and ancillary services RMB’000</b>	<b>Sales of oil products RMB’000</b>	<b>Total RMB’000</b>
Total segment revenue	75,213	227,678	302,891
– Revenue from external customers	75,213	227,678	302,891
Segment results – gross profit	34,867	14,368	49,235
Other gains – net			2,685
Selling and administrative expenses			(14,608)
Finance income – net			1,032
Share of results of a joint venture			293
Profit before income tax			38,637
Income tax expenses			(12,784)
Profit for the year			<u>25,853</u>
Other information:			
– Depreciation and amortisation	<u>13,275</u>	<u>315</u>	<u>13,590</u>

The segment information for the year ended 31 December 2023 and as at 31 December 2023 is listed as follows (continued):

	<b>As at 31 December 2023</b>		
	<b>Cargo handling and ancillary services RMB'000</b>	<b>Sales of oil products RMB'000</b>	<b>Total RMB'000</b>
Segment assets	214,493	132,108	346,601
Unallocated assets:			
– Cash and cash equivalents			26,265
– Financial assets at FVOCI			<u>12,543</u>
Total assets			<u><u>385,409</u></u>
Segment liabilities	10,696	20,264	30,960
Unallocated liabilities:			
– Current income tax liabilities			7,031
– Deferred income tax liabilities			<u>1,448</u>
Total liabilities			<u><u>39,439</u></u>

The segment information for the year ended 31 December 2022 and as at 31 December 2022 is listed as follows:

	<b>Year ended 31 December 2022</b>		
	<b>Cargo handling and ancillary services RMB'000</b>	<b>Sales of oil products RMB'000</b>	<b>Total RMB'000</b>
Total segment revenue	87,369	230,532	317,901
– Revenue from external customers	<u>87,369</u>	<u>230,532</u>	<u>317,901</u>
Segment results – gross profit	40,338	13,778	54,116
Other losses – net			(553)
Selling and administrative expenses			(16,707)
Finance costs – net			(936)
Share of results of a joint venture			<u>(584)</u>
Profit before income tax			35,336
Income tax expenses			<u>(11,272)</u>
Profit for the year			<u><u>24,064</u></u>
Other information:			
– Depreciation and amortisation	<u>12,963</u>	<u>310</u>	<u>13,273</u>

The segment information for the year ended 31 December 2022 and as at 31 December 2022 is listed as follows (continued):

	As at 31 December 2022		
	Cargo handling and ancillary services <i>RMB'000</i>	Sales of oil products <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	295,261	164,971	460,232
Unallocated assets:			
– Head office			289
– Investment in a joint venture			10,381
Total assets			<u>470,902</u>
Segment liabilities	92,934	20,507	113,441
Unallocated liabilities:			
– Current income tax liabilities			5,803
– Deferred income tax liabilities			1,463
Total liabilities			<u>120,707</u>

- (a) The Group derives revenue from the transfer of goods and services at a point in time and over time as follows:

	Year ended 31 December	
	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue from sales of goods	224,136	229,749
Revenue from provision of uploading and unloading services	73,762	85,928
Service income	3,542	783
Rental income	1,451	1,441
	<u>302,891</u>	<u>317,901</u>
Revenue recognised under HKFRS 15 – over time	75,213	87,369
Revenue recognised under HKFRS 15 – at a point in time	227,678	230,532
	<u>302,891</u>	<u>317,901</u>

Rental income are recognised proportionately over the lease term.

- (b) Revenue from transactions with external customers amounting to 10% or more of the Group's revenue are as follows:

	<b>Year ended 31 December</b>	
	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Customer A:	<b>140,123</b>	119,007
Customer B:	<b>87,555</b>	111,525
	<b><u>          </u></b>	<b><u>          </u></b>

#### **4 OTHER GAINS/(LOSSES) – NET**

	<b>Year ended 31 December</b>	
	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Net foreign exchange losses	<b>(1,488)</b>	(1,002)
Gain on oil futures contracts ( <i>Note (a)</i> )	<b>4,134</b>	–
Gains on additional deduction of VAT	<b>37</b>	118
Government grants	–	238
Gains on disposals of property, plant and equipment	–	19
Others	<b>2</b>	74
	<b><u>          </u></b>	<b><u>          </u></b>
	<b><u>2,685</u></b>	<b><u>(553)</u></b>

- (a) Amounts represented the realised gains from the investments in futures contracts of Brent crude oil traded in Singapore Exchange during the year ended 31 December 2023.

As at 31 December 2023, all positions of futures investment have been closed and the relevant cash deposits held at call with the financial institution was USD1,926,000 (equivalent to RMB13,644,000).

## 5 FINANCE INCOME/(COSTS) – NET

	Year ended 31 December	
	2023 RMB'000	2022 RMB'000
<b>Finance costs</b>		
– Interest expenses for lease liabilities	(27)	(54)
– Interest expenses for bank borrowings	(23)	(359)
– Other finance costs	–	(77)
	<u>(50)</u>	<u>(1,190)</u>
<b>Finance income</b>		
– Interest income on bank deposits	1,082	222
– Interest income on amounts due from a related party	–	32
	<u>1,082</u>	<u>254</u>
Finance income/(costs) – net	<u><u>1,032</u></u>	<u><u>(936)</u></u>

## 6 INCOME TAX EXPENSE

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and accordingly, is exempted from Cayman Islands income tax. The Company's direct subsidiary in the British Virgin Islands was incorporated under the International Business Companies Act of the British Virgin Islands and, accordingly, is exempted from British Virgin Islands income tax.

No provision for Hong Kong profits tax was provided as the Company and the Group did not have assessable profits in Hong Kong during the years ended 31 December 2023 (2022: same).

The income tax provision of the Group in respect of its operations in mainland China has been calculated at the applicable tax rate of 25% on the estimated assessable profits for the years ended 31 December 2023 and 2022 pursuant to the Corporate Income Tax Law of the PRC (the "CIT Law") and the Implementation Rules of the CIT Law effective from 1 January 2008.

According to the CIT Law and the Implementation Rules, starting from 1 January 2008, a withholding tax of 10% is levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong and fulfil requirements under the tax treaty arrangements between the relevant authorities of Mainland China and Hong Kong. The applicable withholding income tax rate of the intermediate holding company of the Company's mainland China subsidiaries for the year ended 31 December 2023 was 5% (2022: 5%).

	<b>Year ended 31 December</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
<b>Current income tax</b>		
– Corporate income tax	11,246	11,014
– Withholding income tax	<u>1,553</u>	<u>1,368</u>
	<u>12,799</u>	<u>12,382</u>
<b>Deferred income tax</b>		
– Corporate income tax	(15)	(10)
– Withholding income tax	<u>–</u>	<u>(1,100)</u>
	<u>(15)</u>	<u>(1,110)</u>
	<u><u>12,784</u></u>	<u><u>11,272</u></u>

## 7 EARNINGS PER SHARE

### (a) Basic

The basic earnings per share is calculated on the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the years ended 31 December 2023 and 2022.

	<b>Year ended 31 December</b>	
	<b>2023</b>	2022
Profit attributable to owners of the Company (RMB'000)	19,112	17,481
Weighted average number of ordinary shares in issue (thousand shares)	<u>600,000</u>	<u>600,000</u>
Basic earnings per share (expressed in RMB)	<u><u>0.0319</u></u>	<u><u>0.0291</u></u>

### (b) Diluted

Diluted earnings per share presented is the same as the basic earnings per share as there were no potentially dilutive ordinary shares issued during the years ended 31 December 2023 and 2022.

## 8 TRADE AND OTHER RECEIVABLES AND AMOUNTS DUE FROM A RELATED PARTY

	As at 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables ( <i>Note (a)</i> )		
– third parties	8,496	7,627
– related parties	3,970	1,161
Less: allowance for impairment of trade receivables	<u>–</u>	<u>–</u>
Trade receivables – net	12,466	8,788
VAT recoverable	15,538	20,681
Notes receivable – third parties	317	900
Other receivables – third parties	<u>245</u>	<u>282</u>
	<u><b>28,566</b></u>	<u><b>30,651</b></u>
Amounts due from a related party	<u>–</u>	<u>1,783</u>

- (a) The credit terms of trade receivables are generally within 30 to 180 days. Ageing analysis of trade receivables based on invoice date at respective balance sheet dates are as follows:

	As at 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Less than 30 days	9,145	7,696
31 to 60 days	1,449	896
61 to 90 days	1,202	196
91 to 365 days	<u>670</u>	<u>–</u>
	<u><b>12,466</b></u>	<u><b>8,788</b></u>

- (b) Trade and other receivables and amounts due from a related party were denominated in:

	As at 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
– RMB	28,566	30,651
– HK\$	<u>–</u>	<u>1,783</u>
	<u><b>28,566</b></u>	<u><b>32,434</b></u>

- (c) As at 31 December 2023 and 2022, the Group's maximum exposure to credit risk was the carrying value of each class of trade and other receivables and amounts due from a related party mentioned above. The Group does not hold any collateral as security.
- (d) As at 31 December 2023 and 2022, the fair values of trade and other receivables and amounts due from a related party approximate their carrying amounts due to their short-term maturities.

## 9 TRADE, BILLS AND OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Bills payable ( <i>Note (d)</i> )	–	80,000
Trade payables ( <i>Note (a)</i> ) – related parties	73	357
Accrual for staff costs and allowances	5,436	5,960
Other payables and accruals	2,506	3,844
Other tax payables	2,304	2,223
Total	<u>10,319</u>	<u>92,384</u>

- (a) The ageing analysis of trade payables based on the date when the trade payables being recognised is as follows:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
Less than 30 days	<u>73</u>	<u>357</u>

- (b) Trade, bills and other payables and accruals were denominated in:

	As at 31 December	
	2023 RMB'000	2022 RMB'000
– RMB	10,204	92,080
– HK\$	115	304
	<u>10,319</u>	<u>92,384</u>

- (c) As at 31 December 2023 and 2022, the fair values of trade, bills and other payables and accruals approximate their carrying amounts due to their short-term maturities.
- (d) As at 31 December 2022, bills payable of RMB80,000,000 were secured by certain property, plant and equipment, land use rights, sea area use rights and cash in banks and guaranteed by related parties of the Group.

## 10 DIVIDENDS

	<b>Year ended 31 December</b>	
	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Final dividends for the year ended 31 December 2022 of RMB0.040 (2021: RMB0.035) per ordinary share	<b>24,000</b>	21,000
Total dividends provided for or paid	<b>24,000</b>	21,000

During the year ended 31 December 2023, dividends were paid in cash (2022: same).

No dividend in respect of the year ended 31 December 2023 is to be proposed at the annual general meeting to be held on 12 June 2024.

### (a) Dividends not recognised at the end of the reporting years

	<b>As at 31 December</b>	
	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Proposed final dividend (2022: RMB0.040) per ordinary share	-	24,000

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group's principal activities include:

- (i) Bulk cargo uploading and unloading services. Our terminals are relatively adaptive and able to handle a variety of non-containerised cargo. For the year ended 31 December 2023 (the "**Reporting Year**"), we mainly handled bulk cargo such as coal, quartz sand, oil products, grains, asphalt and kaolinite as well as a small portion of break bulk cargo and neo-bulk cargo;
- (ii) Related ancillary value-added port services, which mainly include storage services at our oil tanks and grain barns as well as lease of our shovel trucks; and
- (iii) Supply and sales of oil products.

#### **Bulk cargo uploading and unloading services and related ancillary value-added port services**

The major types of cargos handled by the Group during the Reporting Year were by and large the same as those for the year ended 31 December 2022. For the Reporting Year, we mainly handled bulk cargo such as coal, quartz sand, oil products, grains, asphalt and kaolinite as well as a small portion of break bulk cargo and neo-bulk cargo.

During the Reporting Year, the Group recorded a total cargo throughput of approximately 3,345 thousand tonnes, representing a decrease of approximately 819 thousand tonnes or approximately 19.7% compared to approximately 4,164 thousand tonnes for the year ended 31 December 2022. The decrease in the cargo throughput was attributable to a decrease in overall demand. The average selling price of the cargo handling fees of the Group for the year ended 31 December 2023 increased compared to that for 2022.

The scale of ancillary value-added port services including storage services at our oil tanks and grain barns as well as lease of our shovel trucks provided were comparable to 2022.

In addition to enhancing the service quality, the Group strived to maintain a good and long-term relationship with its key customers. Our customer base has been also expanded by increasing certain new customers during the Reporting Year.

## Supply and sales of oil products

During the Reporting Year, the Group recorded a revenue from sales of oil products of approximately RMB224.1 million, representing a slightly decrease of approximately 2.4% from approximately RMB229.7 million for the year ended 31 December 2022. The Group recorded an increase in service income for sourcing of oil products during the Reporting Year.

As an option to mitigate the impact of price fluctuation of cruel oil on its oil products business, the Group carried out certain trading of oil futures during the second half of the Reporting Year and recorded a profit on that. Currently, the Group is still in preparation stage for its international import trading business and expected to commence in 2024. By entering into the trade framework agreement with Maoming Tianyuan Trade Development Company Limited (“**Maoming Tianyuan**”) on 1 November 2022, the Group is able to secure a sizeable customer for the oil products. By supplying oil products to Maoming Tianyuan which has an extensive customer base, the Group aims to raise its corporate profile and boost its reputation among other existing and potential independent customers, to enjoy the benefit from possible lowering of unit costs through economies of scale and improved inventory management through bulk purchase. For details of the said trade framework agreement, please refer to the Company’s announcements dated 1 November 2022, 22 November 2022, 13 December 2022 and the circular dated 29 December 2022.

## FINANCIAL REVIEW

### Revenue

For the year ended 31 December 2023, the revenue was approximately RMB302.9 million, representing a decrease of approximately 4.7% compared to approximately RMB317.9 million for the year ended 31 December 2022. The decrease in revenue was mainly attributable to a decrease in revenue generated from uploading and unloading services for the Reporting Year.

	Year ended 31 December			
	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>	Changes <i>RMB'000</i>	%
Revenue from provision of uploading and unloading services	73,762	85,928	(12,166)	(14.2)
Revenue from sales of oil products	224,136	229,749	(5,613)	(2.4)
Rental income	1,451	1,441	10	0.7
Service income	3,542	783	2,759	352.4
	<u>302,891</u>	<u>317,901</u>	<u>(15,010)</u>	<u>(4.7)</u>

For the year ended 31 December 2023, our revenue from uploading and unloading services decreased by approximately 14.2% compared to that for the year ended 31 December 2022 to approximately RMB73.8 million. The decrease in revenue from uploading and unloading services was mainly attributable to a decrease in cargo throughput. During the Reporting Year, the revenue generated from handling asphalt increased, while the revenue generated from handling most of other major cargo types decreased.

For the year ended 31 December 2023, our revenue from sales of oil products slightly decreased by approximately 2.4% compared to that for the year ended 31 December 2022 to approximately RMB224.1 million.

For the year ended 31 December 2023, our rental income was comparable to that for the year ended 31 December 2022.

As demand increased, our service income for products sourcing for the Reporting Year increased by approximately 352.4% compared to that for the year ended 31 December 2022 to approximately RMB3.5 million.

### **Cost of sales**

Our cost of sales decreased by approximately 3.8% from approximately RMB263.8 million for the year ended 31 December 2022 to approximately RMB253.7 million for the year ended 31 December 2023. This was mainly due to (1) a decrease in cost of goods sold for the sales of oil products, (2) a decrease in employee benefit expenses and (3) a decrease in labour services fee as well as repair and maintenance expenses.

### **Gross Profit and Gross Profit Margin**

The Group's overall gross profit decreased by approximately 9.0% from approximately RMB54.1 million for the year ended 31 December 2022 to approximately RMB49.2 million for the year ended 31 December 2023.

The decrease in gross profit was attributable to a decrease in gross profit contributed by the uploading and unloading services.

The overall gross profit margin decreased from approximately 17.0% for the year ended 31 December 2022 to approximately 16.3% for the year ended 31 December 2023.

The gross profit margin of the cargo handling and ancillary services segment was approximately 46.4% for the year ended 31 December 2023 compared to approximately 46.2% for the year ended 31 December 2022.

The gross profit margin of the sales of oil products segment recorded for the year ended 31 December 2023 was approximately 6.3% compared to approximately 6.0% for the year ended 31 December 2022.

### **Other Gains/Losses – Net**

For the year ended 31 December 2023, other gains – net of approximately RMB2.7 million (for the year ended 31 December 2022: other losses - net of approximately RMB553,000) consisted mainly of gain on oil futures contracts.

### **Finance Income/Costs – Net**

For the year ended 31 December 2023, the Group's net finance income of approximately RMB1.0 million consisted mainly of bank interest income (for the year ended 31 December 2022: net finance cost of approximately RMB936,000).

### **Selling and Administrative Expenses**

Selling and administrative expenses decreased from approximately RMB16.7 million for the year ended 31 December 2022 to approximately RMB14.6 million for the year ended 31 December 2023, representing a decrease of approximately 12.6%. The decrease was mainly due to a decrease in professional service expenses and other expenses.

### **Share of Results of a Joint Venture**

The Group recorded a share of gain of a joint venture of approximately RMB293,000 for the year ended 31 December 2023 (for the year ended 31 December 2022: a share of loss of a joint venture of approximately of RMB584,000).

### **Income Tax Expense**

The Group's income tax expense increased by approximately 13.4% from approximately RMB11.3 million for the year ended 31 December 2022 to approximately RMB12.8 million for the year ended 31 December 2023. The increase for the Reporting Year was mainly due to a higher taxable profit recorded for the Reporting Year and an increase in withholding income tax.

## **Profit Attributable to Owners of the Company**

For the year ended 31 December 2023, the Group's profit attributable to owners of the Company was approximately RMB19.1 million (for the year ended 31 December 2022: approximately RMB17.5 million). The increase of approximately 9.3% for the Reporting Year compared to that for 2022 was mainly due to (1) other gains - net arising from gain on oil futures contracts, (2) a decrease in selling and administrative expenses, and (3) a net finance income recorded for the Reporting Year as mentioned above.

## **Liquidity and Financial Resources**

### ***Net Current Assets***

The Group recorded net current assets of approximately RMB145.7 million as at 31 December 2023, while the net current assets as at 31 December 2022 was approximately RMB140.2 million.

### ***Borrowings and Gearing Ratio***

The Group has no interest-bearing borrowings as at 31 December 2023 (as at 31 December 2022: Same). The gearing ratio was approximately 0.1% as at 31 December 2023 (as at 31 December 2022: approximately 0.2%), calculated as total debt (including external borrowings and lease liabilities) divided by total capital.

### ***Treasury Policy***

The Group adopts a prudent approach with respect to treasury and funding policies, with a focus on risk management and transactions that are directly related to the businesses of the Group. Funds were primarily denominated in RMB, USD and Hong Kong dollars.

### ***Capital Structure***

The capital structure of the Group consists of equity attributable to owners of the Company, which mainly comprises issued share capital, share premium and retained earnings.

## **Significant Investments, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures**

As at 31 December 2022, the Company owned 30% of Fortune Tian Yuan Petrochemical Limited (“**Fortune Tian Yuan**”), which was treated as joint venture of the Company and the other joint venture partner which owned the 70% was Fortune Oil PRC Holdings Limited (“**Fortune Oil PRC**”), a company principally engaged in investment and trading of energy resources related to oil and natural gas in the PRC.

On 20 March 2023, Fortune Oil PRC and the Company entered into the capital contribution deed, pursuant to which Fortune Oil PRC and the Company agreed to contribute the outstanding principal and interest under certain shareholder loans and other loan lent to the joint venture which amounted to HK\$196,882,285.36 and HK\$2,135,772.96 for each of Fortune Oil PRC and the Company, as consideration for the subscription of 242,482,329 new shares and 2,630,441 new shares to be allotted and issued by the joint venture to each of Fortune Oil PRC and the Company, respectively.

After the capital contribution, the Company's equity interests in Fortune Tian Yuan decreased from 30% to 6.37% and has no voting rights in the board of directors of Fortune Tian Yuan.

The Company then had no significant influence on Fortune Tian Yuan but intended to hold its shares as a long term investment. Therefore, the Group had made an irrevocable election at the time of initial recognition to classified this equity investment as financial asset at FVOCI.

There were no other significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures by the Group for the year ended 31 December 2023 (for the year ended 31 December 2022: Nil).

### **Pledge of Assets and Contingent Liabilities**

As at 31 December 2023, the Group had no pledged assets (as at 31 December 2022: certain pledged assets including certain right-of-use assets and property, plant and equipment with the aggregated carrying amount of RMB39.0 million, and cash in banks amounting to RMB46.8 million as collateral for certain banking facilities of the Group granted by a PRC bank).

### **Foreign Exchange Risk**

The Group's transactions were mainly conducted in RMB, the functional currency of the Group, and the major receivables and payables were denominated in RMB. The Group's exposure to foreign currency risk related primarily to certain bank balances and cash and other payables maintained in USD and Hong Kong dollars.

The Group did not use derivative financial instruments to hedge against the volatility associated with foreign currency transactions and other financial assets and liabilities arising in the ordinary course of business during the Reporting Year (during the year ended 31 December 2022: Same).

## **Human Resources and Remuneration**

As at 31 December 2023, the Group employed 219 employees (as at 31 December 2022: 236 employees) with total staff costs of approximately RMB25.2 million incurred for the year ended 31 December 2023 (for the year ended 31 December 2022: approximately RMB28.0 million). The decrease was mainly due to a decrease in number of headcounts for the Reporting Year compared to 2022. The Group's remuneration packages are generally structured with reference to market terms and individual merits.

## **Update on the application process for the state-owned land use right certificate**

As disclosed in the Company's interim report for the period ended 30 June 2023, Maoming Tianyuan Terminal Operation Company Limited\* (茂名市天源碼頭經營有限公司) (“**Tianyuan**”) is still in the process of applying for the state-owned land use right certificate for a parcel of land with a site area of 2,589.3 sq.m. where Tianyuan has constructed office buildings, an internal warehouse and an entrance guard house thereon. Tianyuan was informed by the relevant authority that the application is still pending for approval and the process takes more time as there is insufficient record of this parcel of land being kept by the authority, and the processing timeline is still uncertain. Despite of the above, it does not have any impact on our business operation as the Company is not using it for its terminal business and the said parcel of land had made no attributable revenue to the Company during the Track Record Period (as defined in the prospectus of the Company dated 18 May 2018) up to the date of this announcement. The Company will make announcement(s) on further progress in connection with the above, as and when appropriate.

## **Future Plans for Material Investments or Capital Assets**

Save for the business plan disclosed in this announcement, there is no other plan for material investments or capital assets as at 31 December 2023.

## **Capital Commitments**

As at 31 December 2023, the Group had capital commitments for construction and acquisition of property plant and equipment amounting to approximately RMB2.1 million (as at 31 December 2022: approximately RMB97,000).

## OUTLOOK AND PROSPECTS

Looking forward to 2024, the impact of trade frictions and geopolitics on the global economy is expected to continue, and the complexity, severity and uncertainty of the external environment is not expected to turnaround shortly. 2024 is a key year for China's implementation of the 14th Five-Year Plan, and the basic trend of economic recovery and long-term improvement has not changed. With the support of various policies for stabilizing and stimulating the economy, China's economic growth is expected to remain robust in 2024.

The Group will keep to consolidate and integrate the core businesses to enhance its operational capabilities and efficiency. For the cargo handling and ancillary services, the Group will strive to broaden its cargo sources, enhance the cost control and strengthen the customers relationship. In respect of the sales of oil products, the Group would strive to expand its sales coverage and devote more efforts and resources to implement the development of import trading business.

Meanwhile, the Group will stay alert and responsive to potential business and investment opportunities arisen to achieve further diversification of businesses. More diversified in businesses would promote the Group's income diversification, profitability and long-term sustainable growth.

### Corporate Governance

The Board recognizes the importance of good corporate governance standards and internal procedures so as to achieve effective accountability and enhance shareholders' value. The Board is of the opinion that the Company has complied with applicable code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") throughout the Reporting Year, except for Code Provisions C.2.1 and D.2.5.

Code Provision C.2.1 requires the roles of chairman and chief executive to be separate and not to be performed by the same individual. The Board is of the view that there is adequate balance of power and authority in place as all major decisions have been made in discussion among Board members and appropriate Board committees. In addition, there are three independent non-executive Directors on the Board offering their experiences, expertise, independent advice and views to the Board's affairs from different perspectives. Therefore, it is in the best interest of the Company that Mr. Yang Jinming, with his in-depth knowledge in the businesses and extensive experience of the operations of the Group, shall assume his dual capacity as the Chairman and Chief Executive Officer.

Further, Code Provision D.2.5 requires that the issuer should have an internal audit function. The Company does not establish a standalone internal audit department, however, the Board has put in place adequate measures to perform the internal audit function in relation to different aspects including (i) the Board has established formal arrangements to apply financial reporting and internal control principles in accounting and financial matters to ensure compliance with the Listing Rules and all relevant laws and regulations and (ii) the Company engaged an external consultant to perform an internal review on the scope determined by the audit committee (the “**Audit Committee**”). The Company considers that the existing organisation structure and close supervision by the management and the abovementioned engagement of the external consultant can maintain sufficient risk management and internal control of the Group. The Board will review the need to set up an internal audit function annually and may set up an internal audit team if the need arises.

### **Purchase, Sale or Redemption of the Company’s Listed Securities**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company throughout the year ended 31 December 2023.

### **Subsequent Event**

From 31 December 2023 to the date of this announcement, there are no important events affecting the Group.

### **Final Dividend**

The Board does not recommend the payment of a final dividend for the year ended 31 December 2023 (for the year ended 31 December 2022: RMB0.04 per ordinary share).

### **Annual General Meeting**

The annual general meeting (the “**AGM**”) of the Company is scheduled to be held on 12 June 2024 (the “**2024 AGM**”). A notice convening the 2024 AGM will be published on the HKEXnews website and the Company’s website and despatched to the shareholders of the Company in due course.

## **Closure of Register of Members**

For the purpose of determining the list of shareholders who are entitled to attend and vote at the 2024 AGM, the register of members of the Company will be closed from Thursday, 6 June 2024 to Wednesday, 12 June 2024, both dates inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify to attend and vote at the 2024 AGM, all completed share transfer instruments accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 5 June 2024.

## **Model Code for Securities Transactions by Directors**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as its code of conduct regarding directors' securities transactions. Having made specific enquiry of all Directors, each of them confirmed that he/she has complied in full with the Model Code throughout the Reporting Year.

## **Audit Committee and Review of Annual Results**

The Company has an Audit Committee with written terms of reference in compliance with Rule 3.22 of the Listing Rules and Code Provision D.3.3 of the CG Code. The Audit Committee consists of three independent non-executive Directors, namely Mr. Pang Hon Chung (as chairman), Professor Wu Jinwen and Mr. Huang Yaohui. The Audit Committee has reviewed the consolidated financial statements of the Company for the year ended 31 December 2023 and is of the view that the preparation of the consolidated financial statements has complied with applicable accounting standards and requirements. The Audit Committee has discussed the internal control and financial reporting process with the management of the Group, the internal control consultant and external auditor.

## **Scope of Work of Auditor**

The figures in respect of this preliminary announcement of the Group's results for the year ended 31 December 2023 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this preliminary announcement.

## **Publication of Annual Results and Annual Report**

This annual results announcement is published on the Company's website at [www.tianyuangroupholdings.com](http://www.tianyuangroupholdings.com) and the HKEXnews website at [www.hkexnews.hk](http://www.hkexnews.hk). The 2023 Annual Report will be despatched to the shareholders of the Company in due course and will be available on the above websites.

## **Appreciation**

The Board would like to express its sincere gratitude to the management of the Group and all the staff for their hard work and dedication, as well as the shareholders of the Company and business partners for their continuous support to the Group throughout the Reporting Year.

By order of the Board  
**Tian Yuan Group Holdings Limited**  
**Yang Jinming**  
*Chairman*

Hong Kong, 27 March 2024

*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.*