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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

FINANCIAL HIGHLIGHTS

- Revenue for the six months ended 30 June 2024 increased by approximately 0.2% or approximately RMB351,000 to approximately RMB215.4 million compared to approximately RMB215.1 million for the corresponding period in 2023.
- Gross profit for the six months ended 30 June 2024 increased by approximately 2.0% or approximately RMB479,000 to approximately RMB25.0 million compared to approximately RMB24.5 million for the corresponding period in 2023.
- Profit attributable to owners of the Company for the six months ended 30 June 2024 increased by approximately 48.3% or approximately RMB4.0 million to approximately RMB12.4 million compared to approximately RMB8.4 million for the corresponding period in 2023.
- The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

The board (the “**Board**”) of directors (the “**Directors**”) of Tian Yuan Group Holdings Limited (the “**Company**”) is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (together referred to as the “**Group**”) for the six months ended 30 June 2024 (the “**Reporting Period**”) together with the comparative figures for the corresponding period in 2023 (the “**Corresponding Period**”).

Unless otherwise stated, the financial information of the Company in this announcement was stated in Renminbi (“**RMB**”).

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

(All amounts expressed in RMB unless otherwise stated)

| | Notes | Six months ended 30 June | |
|---|-------|--------------------------------|--------------------------------|
| | | 2024 RMB'000 (Unaudited) | 2023 RMB'000 (Unaudited) |
| Revenue | 4 | 215,413 | 215,062 |
| Cost of sales | | <u>(190,427)</u> | <u>(190,555)</u> |
| Gross profit | | 24,986 | 24,507 |
| Other gains/(losses) – net | 5 | 2,594 | (1,117) |
| Selling and administrative expenses | | <u>(6,166)</u> | <u>(6,359)</u> |
| Operating Profit | | 21,414 | 17,031 |
| Finance (costs)/income – net | 6 | (25) | 53 |
| Finance income | | 8 | 70 |
| Finance costs | | <u>(33)</u> | <u>(17)</u> |
| Share of results of a joint venture | | – | 293 |
| Profit before income tax | | 21,389 | 17,377 |
| Income tax expense | 7 | <u>(5,855)</u> | <u>(5,648)</u> |
| Profit for the period | | 15,534 | 11,729 |
| Other comprehensive income for the period | | – | – |
| Total comprehensive income for the period | | 15,534 | 11,729 |
| Profit and total comprehensive income attributable to: | | | |
| Owners of the Company | | 12,363 | 8,334 |
| Non-controlling interests | | <u>3,171</u> | <u>3,395</u> |
| | | 15,534 | 11,729 |
| Earnings per share for profit attributable to owners of the Company (expressed in RMB per share) | | | |
| Basic and diluted | 8 | <u>0.021</u> | 0.014 |

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2024

(All amounts expressed in RMB unless otherwise stated)

| | | As at 30 June 2024 <i>RMB'000</i> <i>(Unaudited)</i> | As at 31 December 2023 <i>RMB'000</i> <i>(Audited)</i> |
|--|----|--|--|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 139,545 | 144,571 |
| Right-of-use assets | | 44,285 | 44,471 |
| Intangible assets | | 137 | 153 |
| Prepayments | | – | 5 |
| Financial assets at fair value through other comprehensive income (“FVOCI”) | | <u>12,543</u> | <u>12,543</u> |
| | | <u>196,510</u> | <u>201,743</u> |
| Current assets | | | |
| Trade and other receivables | 10 | 29,447 | 28,566 |
| Inventories | | 137,431 | 128,157 |
| Prepayments and other assets | | 548 | 678 |
| Term deposits | | 1,069 | – |
| Cash and cash equivalents | | <u>27,833</u> | <u>26,265</u> |
| | | <u>196,328</u> | <u>183,666</u> |
| Total assets | | <u><u>392,838</u></u> | <u><u>385,409</u></u> |
| EQUITY | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | | 4,895 | 4,895 |
| Share premium | | 139,478 | 139,478 |
| Other reserves | | (9,637) | (10,085) |
| Retained earnings | | <u>170,930</u> | <u>159,015</u> |
| | | <u>305,666</u> | <u>293,303</u> |
| Non-controlling interests | | <u>55,838</u> | <u>52,667</u> |
| Total equity | | <u><u>361,504</u></u> | <u><u>345,970</u></u> |

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (Continued)*As at 30 June 2024**(All amounts expressed in RMB unless otherwise stated)*

| | | As at 30 June 2024 RMB'000 (Unaudited) | As at 31 December 2023 RMB'000 (Audited) |
|---------------------------------------|-----------|---|---|
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Lease liabilities | | 488 | 71 |
| Deferred income tax liabilities | | <u>1,428</u> | <u>1,448</u> |
| | | <u>1,916</u> | <u>1,519</u> |
| Current liabilities | | | |
| Trade and other payables and accruals | <i>11</i> | 7,851 | 10,319 |
| Contract liabilities | | 15,452 | 20,480 |
| Current income tax liabilities | | 5,739 | 7,031 |
| Lease liabilities | | <u>376</u> | <u>90</u> |
| | | <u>29,418</u> | <u>37,920</u> |
| Total liabilities | | <u>31,334</u> | <u>39,439</u> |
| Total equity and liabilities | | <u><u>392,838</u></u> | <u><u>385,409</u></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 and general 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 controlling shareholder of the Group is Mr. Yang Jinming.

On 1 June 2018, the Company has its shares listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

This interim condensed consolidated financial information (the “**Interim Financial Information**”) is presented in RMB, unless otherwise stated. The Interim Financial Information was approved for issue by the Board on 28 August 2024 and has not been audited.

2 BASIS OF PREPARATION

This Interim Financial Information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). This Interim Financial Information should be read in conjunction with the Company's consolidated financial statements for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA, and public announcements made by the Group during the interim reporting period.

3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2023, as described in those annual financial statements.

(a) New and amended standards adopted by the Group

The Group has applied the following amendments or improvements for the first time for the financial period commencing 1 January 2024:

- | | |
|---|--------------------------------------|
| • Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants | Amendments to HKAS 1 |
| • Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause | Hong Kong Interpretation 5 (Revised) |
| • Lease Liability in Sale and Leaseback | Amendments to HKFRS 16 |
| • Supplier Finance Arrangements | Amendments to HKAS 7 and HKFRS 7 |

3 ACCOUNTING POLICIES *(Continued)*

(a) New and amended standards adopted by the Group *(Continued)*

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

The amendments or 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.

(b) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the financial year commencing 1 January 2024 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:

| | Effective for accounting periods beginning on or after |
|-----------------------|---|
| Amendments to HKAS 21 | Lack of Exchangeability |
| | 1 January 2025 |

4 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.

4 SEGMENT INFORMATION AND REVENUE (Continued)

The segment information for the six months ended 30 June 2024 and as at 30 June 2024 is listed as follows:

| | Six months ended 30 June 2024 | | |
|---|--|--|--|
| | Cargo handling and ancillary services RMB'000 (Unaudited) | Sales of oil products RMB'000 (Unaudited) | Total RMB'000 (Unaudited) |
| Total segment revenue | 36,012 | 179,401 | 215,413 |
| – Revenue from external customers | 36,012 | 179,401 | 215,413 |
| Segment results – gross profit | 17,297 | 7,689 | 24,986 |
| Other gains – net | | | 2,594 |
| Selling and administrative expenses | | | (6,166) |
| Finance costs – net | | | (25) |
| Profit before income tax | | | 21,389 |
| Income tax expenses | | | (5,855) |
| Profit for the period | | | <u>15,534</u> |
| Other information: | | | |
| – Depreciation and amortisation | 6,384 | 157 | 6,541 |
| | | | |
| | As at 30 June 2024 | | |
| | Cargo handling and ancillary services RMB'000 (Unaudited) | Sales of oil products RMB'000 (Unaudited) | Total RMB'000 (Unaudited) |
| Segment assets | 210,169 | 141,224 | 351,393 |
| Unallocated assets: | | | |
| – Cash and cash equivalents and term deposits | | | 28,902 |
| – Financial assets at FVOCI | | | 12,543 |
| Total assets | | | <u>392,838</u> |
| Segment liabilities | 9,167 | 15,000 | 24,167 |
| Unallocated liabilities: | | | |
| – Current income tax liabilities | | | 5,739 |
| – Deferred income tax liabilities | | | 1,428 |
| Total liabilities | | | <u>31,334</u> |

4 SEGMENT INFORMATION AND REVENUE (Continued)

The segment information for the six months ended 30 June 2023 and as at 31 December 2023 is listed as follows:

| | Six months ended 30 June 2023 | | |
|-------------------------------------|---|--|---|
| | Cargo handling and ancillary services <i>RMB'000</i> <i>(Unaudited)</i> | Sales of oil products <i>RMB'000</i> <i>(Unaudited)</i> | Total <i>RMB'000</i> <i>(Unaudited)</i> |
| Total segment revenue | 34,989 | 180,073 | 215,062 |
| – Revenue from external customers | 34,989 | 180,073 | 215,062 |
| Segment results – gross profit | 16,775 | 7,732 | 24,507 |
| Other losses – net | | | (1,117) |
| Selling and administrative expenses | | | (6,359) |
| Finance income – net | | | 53 |
| Share of results of a joint venture | | | 293 |
| Profit before income tax | | | 17,377 |
| Income tax expenses | | | (5,648) |
| Profit for the period | | | 11,729 |
| Other information: | | | |
| – Depreciation and amortisation | 6,609 | 157 | 6,766 |
| | As at 31 December 2023 | | |
| | Cargo handling and ancillary services <i>RMB'000</i> <i>(Audited)</i> | Sales of oil products <i>RMB'000</i> <i>(Audited)</i> | Total <i>RMB'000</i> <i>(Audited)</i> |
| Segment assets | 214,493 | 132,108 | 346,601 |
| Unallocated assets: | | | |
| – Cash and cash equivalents | | | 26,265 |
| – Financial assets at FVOCI | | | 12,543 |
| Total assets | | | 385,409 |
| Segment liabilities | 10,696 | 20,264 | 30,960 |
| Unallocated liabilities: | | | |
| – Current income tax liabilities | | | 7,031 |
| – Deferred income tax liabilities | | | 1,448 |
| Total liabilities | | | 39,439 |

4 SEGMENT INFORMATION AND REVENUE (Continued)

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

| | Six months ended 30 June | |
|--|---------------------------------|-----------------------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Revenue from provision of uploading and unloading services | 35,200 | 34,235 |
| Revenue from sales of goods | 179,401 | 179,831 |
| Rental income | 812 | 754 |
| Service income | – | 242 |
| | <u>215,413</u> | <u>215,062</u> |
| Revenue recognised under HKFRS 15 – over time | 36,012 | 34,989 |
| Revenue recognised under HKFRS 15 – at a point in time | 179,401 | 180,073 |
| | <u>215,413</u> | <u>215,062</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:

| | Six months ended 30 June | |
|-------------|---------------------------------|--------------------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Customer A: | 134,544 | 93,018 |
| Customer B: | 44,857 | 87,055 |

5 OTHER GAINS/(LOSSES) – NET

| | Six months ended 30 June | |
|---|--------------------------|----------------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Net foreign exchange loss | (3) | (1,152) |
| Gain on oil futures contracts <i>(Note (a))</i> | 2,727 | – |
| Others | (130) | 35 |
| | <u>2,594</u> | <u>(1,117)</u> |

Note:

- (a) Amounts represented the realised gains from the investments in futures contracts of Brent crude oil traded in Singapore Exchange during the six months ended 30 June 2024.

As at 30 June 2024, all positions of futures investment have been closed and the relevant cash deposits held at call with the financial institution was approximately USD1,793,000 (equivalent to RMB12,730,000).

6 FINANCE (COSTS)/INCOME – NET

| | Six months ended 30 June | |
|---|--------------------------|-------------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Finance costs | | |
| – Interest expenses for lease liabilities | (33) | (17) |
| Finance income | | |
| – Interest income on bank deposits | 8 | 70 |
| Finance (costs)/income – net | <u>(25)</u> | <u>53</u> |

7 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 group entities did not have assessable profits in Hong Kong during the six months ended 30 June 2024 and 2023.

The income tax provision of the Group in respect of its operations in mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the six months ended 30 June 2024 and 2023.

7 INCOME TAX EXPENSE (Continued)

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the PRC (the "CIT Law"), which was effective from 1 January 2008. Under the CIT Law and the Implementation Rules of the CIT Law, the standard tax rate of the PRC entities was 25% during the six months ended 30 June 2024 and 2023.

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.

| | Six months ended 30 June | |
|----------------------|--------------------------|--------------|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| Current income tax: | | |
| Corporate income tax | 5,855 | 5,648 |
| Deferred income tax: | | |
| Corporate income tax | — | — |
| | <u>5,855</u> | <u>5,648</u> |

8 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 period.

| | Six months ended 30 June | |
|---|--------------------------|----------------|
| | 2024 | 2023 |
| | (Unaudited) | (Unaudited) |
| Profit attributable to owners of the Company (RMB'000) | 12,363 | 8,334 |
| Weighted average number of ordinary shares in issue (thousands shares) | <u>600,000</u> | <u>600,000</u> |
| Basic earnings per share (expressed in RMB) | <u>0.021</u> | <u>0.014</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 six months ended 30 June 2024 and 2023.

9 DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

10 TRADE AND OTHER RECEIVABLES

| | As at 30 June 2024 <i>RMB'000</i> <i>(Unaudited)</i> | As at 31 December 2023 <i>RMB'000</i> <i>(Audited)</i> |
|---|--|--|
| Trade receivables (<i>Note (a)</i>) | | |
| – third parties | 7,695 | 8,496 |
| – related parties | 3,312 | 3,970 |
| Less: allowance for impairment of trade receivables | – | – |
| | <u>11,007</u> | <u>12,466</u> |
| Trade receivables – net | | |
| | <u>11,007</u> | <u>12,466</u> |
| VAT recoverable | 17,349 | 15,538 |
| Note receivables – third parties | 803 | 317 |
| Other receivables – third parties | 288 | 245 |
| | <u>29,447</u> | <u>28,566</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 30 June 2024 <i>RMB'000</i> <i>(Unaudited)</i> | As at 31 December 2023 <i>RMB'000</i> <i>(Audited)</i> |
|-------------------|--|--|
| Less than 30 days | 6,644 | 9,145 |
| 31 to 60 days | 3,273 | 1,449 |
| 61 to 90 days | 1,090 | 1,202 |
| 91 to 365 days | – | 670 |
| | <u>11,007</u> | <u>12,466</u> |

- (b) The Group's trade and other receivables at respective balance sheet dates are denominated in RMB.
- (c) As at 30 June 2024 and 31 December 2023, the fair values of trade and other receivables approximate their carrying amounts due to their short-term maturities.

11 TRADE AND OTHER PAYABLES AND ACCRUALS

| | As at 30 June 2024 <i>RMB'000</i> <i>(Unaudited)</i> | As at 31 December 2023 <i>RMB'000</i> <i>(Audited)</i> |
|--|--|--|
| Trade payables | | |
| – related parties | 41 | 73 |
| Accrual for staff costs and allowances | 3,077 | 5,436 |
| Other payables and accruals | 2,457 | 2,506 |
| Other tax payables | <u>2,276</u> | <u>2,304</u> |
| Total | <u><u>7,851</u></u> | <u><u>10,319</u></u> |

- (a) The Group's trade and other payables and accruals at respective balance sheet dates are denominated in RMB, SGD and HK\$.
- (b) As at 30 June 2024 and 31 December 2023, the fair values of trade and other payables and accruals approximate their carrying amounts due to their short-term maturities.

12 EVENTS AFTER THE BALANCE SHEET DATE

From 30 June 2024 to the date of this announcement, there is no important event affecting the Group.

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 six months ended 30 June 2024, 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

During the six months ended 30 June 2024, the Group achieved a total cargo throughput of approximately 1,731 thousand tonnes, representing an increase of approximately 156 thousand tonnes or approximately 9.9% from approximately 1,575 thousand tonnes for the six months ended 30 June 2023. The increase in the total cargo throughput was mainly due to an increase in overall demand.

The average selling price of the cargo handling fees of the Group recorded for the six months ended 30 June 2024 was lower compared to the Corresponding Period.

During the Reporting Period, the Group has enhanced its services quality and strengthened the relationship with its key customers as well as further widened its customer base.

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 the Corresponding Period.

Supply and sales of oil products

During the six months ended 30 June 2024, the Group recorded revenue from sales of oil products of approximately RMB179.4 million, compared to approximately RMB179.8 million for the Corresponding Period.

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 Reporting Period 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 the second half of 2024 or 2025.

FINANCIAL REVIEW

Revenue

For the six months ended 30 June 2024, the revenue was approximately RMB215.4 million compared to approximately RMB215.1 million for the Corresponding Period.

| | Six months ended | | Changes | |
|--|------------------|----------------|------------|-------|
| | 30 June | | | |
| | 2024 | 2023 | | |
| | RMB'000 | RMB'000 | RMB'000 | % |
| Revenue from provision of uploading and unloading services | 35,200 | 34,235 | 965 | 2.8 |
| Revenue from sales of oil products | 179,401 | 179,831 | (430) | (0.2) |
| Rental income | 812 | 754 | 58 | 7.7 |
| Service income | — | 242 | (242) | (100) |
| Total | <u>215,413</u> | <u>215,062</u> | <u>351</u> | 0.2 |

For the six months ended 30 June 2024, our revenue from uploading and unloading services increased by approximately 2.8% compared to the Corresponding Period to approximately RMB35.2 million. The increase was mainly due to an increase in the total cargo throughput as the overall demand increased.

The increase in the revenue from uploading and unloading services was mainly attributable to an increase in revenue generated from handling oil products, quartz sand and grains. The major types of cargos handled by the Group during the Reporting Period were by and large the same as those for the Corresponding Period.

Our revenue from sales of oil products for the six months ended 30 June 2024 was comparable to the Corresponding Period.

The rental income recorded for the Reporting Period increased by approximately 7.7% to RMB812,000 compared to the Corresponding Period.

Cost of Sales

Our cost of sales was approximately RMB190.4 million for the six months ended 30 June 2024 compared to approximately RMB190.6 million for the six months ended 30 June 2023.

Gross Profit and Gross Profit Margin

The Group's overall gross profit slightly increased from approximately RMB24.5 million for the six months ended 30 June 2023 to approximately RMB25.0 million for the six months ended 30 June 2024.

The overall gross profit margin slightly increased from approximately 11.4% for the six months ended 30 June 2023 to approximately 11.6% for the six months ended 30 June 2024.

The gross profit margin of the cargo handling and ancillary services segment was approximately 48.0% for the six months ended 30 June 2024 compared to approximately 47.9% for the Corresponding Period.

The gross profit margin of the sales of oil products segment was approximately 4.3% for the six months ended 30 June 2024 and the Corresponding Period.

Other Gains/(Losses) – Net

For the six months ended 30 June 2024, other gains – net of approximately RMB2.6 million consisted mainly of gain on oil futures contracts (for the six months ended 30 June 2023: other losses – net of approximately RMB1.1 million).

Selling and Administrative Expenses

Selling and administrative expenses decreased from approximately RMB6.4 million for the six months ended 30 June 2023 to approximately RMB6.2 million for the six months ended 30 June 2024. The decrease was mainly due to a decrease in employee benefit expenses.

Finance (Costs)/Income – Net

For the six months ended 30 June 2024, the Group's finance costs - net of approximately RMB25,000 consisted mainly of interest expenses for leases liabilities (for the six months ended 30 June 2023: finance income – net approximately RMB53,000).

Income Tax Expense

The Group's income tax expense increased by approximately 3.7% from approximately RMB5.6 million for the six months ended 30 June 2023 to approximately RMB5.9 million for the six months ended 30 June 2024. The increase was primarily attributable to a higher taxable profit recorded for the Reporting Period compared to that for the Corresponding Period.

Profit Attributable to Owners of the Company

For the six months ended 30 June 2024, the Group's profit attributable to owners of the Company was approximately RMB12.4 million (for the six months ended 30 June 2023: approximately RMB8.3 million).

The increase in the profit attributable to owners of the Company was mainly due to other gains - net arising from gain on oil futures contracts as mentioned above.

Liquidity and Financial Resources

Net Current Assets

The Group recorded net current assets of approximately RMB166.9 million as at 30 June 2024, while the net current assets as at 31 December 2023 was approximately RMB145.7 million.

Borrowings and Gearing Ratio

The Group has no interest-bearing borrowings as at 30 June 2024 (as at 31 December 2023: Nil). The gearing ratio was approximately 0.2% as at 30 June 2024 (as at 31 December 2023: approximately 0.1%), 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 business of the Group. Funds were primarily denominated in RMB, USD, Singapore dollars (“SGD”) 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

Save for disclosed in the annual report for the year ended 31 December 2023, there were no significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures by the Group for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Same).

Pledge of Assets and Contingent Liabilities

As at 30 June 2024, the Group had no pledged assets (as at 31 December 2023: Nil).

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, cash and cash equivalents and other payables maintained in USD, SGD 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 Period (Corresponding Period: Same).

Human Resources and Remuneration

As at 30 June 2024, the Group employed 213 employees (as at 30 June 2023: 224 employees) with total staff costs of approximately RMB11.0 million incurred for the six months ended 30 June 2024 (for the six months ended 30 June 2023: approximately RMB12.0 million). The decrease was mainly due to a decrease in number of headcounts and bonus for the Reporting Period compared to that for the Corresponding Period. 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 annual report for the year ended 31 December 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) 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.

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (for the six months ended 30 June 2023: Nil).

Future Plans for Material Investments or Capital Assets

Save for the business plan disclosed in this announcement, there was no other plan for material investments or capital assets as at 30 June 2024.

Capital Commitments

As at 30 June 2024, the Group had capital commitments for construction and acquisition of property, plant and equipment amounting to approximately RMB1.2 million (as at 31 December 2023: approximately RMB2.1 million).

Outlook and Prospects

The Group will continue 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 deepen the customers relationship.

In respect of the sales of oil products, the Group will strive to expand sales, enhance marketing strategies and customer services, improve inventory management and explore the market steadily.

The Group will stay alert and responsive to potential business and investment opportunities arisen to achieve further diversification of businesses.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate Governance

The Board recognises 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**") since 1 January 2024 and up to 30 June 2024, except for:

1. Code provision C.2.1 which 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 the Board members and the 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.

2. Code provision D.2.5 which requires the issuer should have an internal audit function. The Company has not established 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 proposes to engage an external consultant to perform an internal review on the scope determined by the audit committee (the “**Audit Committee**”) in the second half of the year. Taking into account the size and complexity of the operations of the Group, the Company considers that the existing organisation structure and close supervision by the management can maintain sufficient risk management and internal control of the Group. However, the Board will review the need to set up an internal audit function from time to time 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 six months ended 30 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 for the six months ended 30 June 2024.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

There is no important event subsequent to 30 June 2024 and up to the date of this announcement.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The Company has an Audit Committee with written terms of reference in compliance with Rule 3.22 of the Listing Rules and 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 unaudited interim results of the Company for the six months ended 30 June 2024 and is of the view that the preparation of the unaudited interim results has complied with applicable accounting standards and requirements.

The Audit Committee has reviewed unaudited interim results for the six months ended 30 June 2024 with the Company's management and this announcement. The Audit Committee has no disagreement with the accounting treatment adopted by the Company.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the Company's website at www.tianyuangroupholdings.com and the Stock Exchange's website at www.hkexnews.hk. The 2024 Interim 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, business partners and other professional parties for their continuous support to the Group throughout the Reporting Period.

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

Hong Kong, 28 August 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.