



天源集團控股有限公司

TIAN YUAN GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 6119



2024

INTERIM REPORT



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CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Yang Jinming (*Chairman and Chief Executive Officer*)

Ms. Tong Wai Man

Mr. Su Baihan

Non-Executive Director

Mr. Yang Fan

Independent Non-Executive Directors

Mr. Pang Hon Chung

Professor Wu Jinwen

Mr. Huang Yaohui

REGISTERED OFFICE

Windward 3, Regatta Office Park

P.O. Box 1350

Grand Cayman KY1-1108

Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

12th Floor, Academic Exchange Center

Intersection of Panzhou Avenue and Yingbin Avenue

Dianhai Street, Dianbai District

Maoming City, Guangdong Province

the PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room C, 29/F.

Tower B, Billion Centre

1 Wang Kwong Road

Kowloon Bay

Hong Kong

COMPANY'S WEBSITE

www.tianyuangrouponholdings.com

(Note: the information contained in this website does not form part of this interim report)

COMPANY SECRETARY

Mr. Hung Chung Wah (*CPA, FCCA, FRM*)

AUTHORIZED REPRESENTATIVES

Mr. Yang Jinming

Mr. Hung Chung Wah

AUDIT COMMITTEE

Mr. Pang Hon Chung (*Chairman*)

Professor Wu Jinwen

Mr. Huang Yaohui

REMUNERATION COMMITTEE

Professor Wu Jinwen (*Chairman*)

Mr. Huang Yaohui

Ms. Tong Wai Man

NOMINATION COMMITTEE

Mr. Yang Jinming (*Chairman*)

Professor Wu Jinwen

Mr. Pang Hon Chung

PRINCIPAL SHARE REGISTRAR

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
17/F., Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited
(Maoming Mao Gang Branch)
China Guangfa Bank Co., Ltd.
Agricultural Bank of China Limited
(Maoming Branch)
Guangdong Huaxing Bank Co., Ltd.
(Jiangmen Branch)

LEGAL ADVISER AS TO HONG KONG LAWS

Loong & Yeung Solicitors
Room 1603, 16/F., China Building
29 Queen's Road Central
Central, Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
and Registered PIE Auditor
22/F, Prince's Building
Central, Hong Kong

STOCK CODE

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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 (the "Reporting Period"), 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 "Corresponding Period"). 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 30 June		Changes	
	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	215,413	215,062	351	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.

MANAGEMENT DISCUSSION AND ANALYSIS

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).

MANAGEMENT DISCUSSION AND ANALYSIS

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 interim report. The Company will make announcement(s) on further progress in connection with the above, as and when appropriate.

Interim Dividend

The board (the "Board") of directors (the "Directors") of the Company 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 interim report, 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.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2024, the interests and short positions of Directors or chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix C3 to the Listing Rules are as follows:

Interests in the Company

Name	Nature of Interest	Number of ordinary shares held (long position)	Approximate percentage of interests in the Company
Mr. Yang Jinming	Interest in a controlled corporation (<i>Note 1</i>)	423,000,000	70.5%
Mr. Yang Fan	Interest in a controlled corporation (<i>Note 2</i>)	27,000,000	4.5%

Notes:

- Mr. Yang Jinming beneficially owns 100% of the issued share capital of Sino Ford Enterprises Limited, which owns 423,000,000 shares of the Company. Therefore, Mr. Yang Jinming is deemed, or taken to be, interested in such shares held by Sino Ford Enterprises Limited for the purpose of the SFO. Mr. Yang Jinming is the sole director of Sino Ford Enterprises Limited.
- Mr. Yang Fan beneficially owns 100% of the issued share capital of Fugang Holdings Limited, which owns 27,000,000 shares of the Company. Therefore, Mr. Yang Fan is deemed, or taken to be, interested in such shares held by Fugang Holdings Limited for the purpose of the SFO. Mr. Yang Fan is the sole director of Fugang Holdings Limited.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Interests in associated corporations of the Company

Name	Name of associated corporation	Capacity	Number of ordinary shares held (long position)	Approximate percentage of interests
Mr. Yang Jinming	Sino Ford Enterprises Limited	Beneficial owner	1	100%

Save as disclosed above and so far as is known to the Directors, as at 30 June 2024, none of the Directors or chief executive of the Company had or was deemed to have any other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

So far as is known to the Directors, as at 30 June 2024, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or shorts positions in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of interests required to be kept by the Company under section 336 of the SFO:

Name	Capacity/Nature of Interest	Number of ordinary shares interested/held (long position)	Approximate percentage of interests
Sino Ford Enterprises Limited	Beneficial owner	423,000,000	70.5%
Ms. Zhang Dan	Interest of spouse (<i>Note</i>)	423,000,000	70.5%
Ms. Huang Yongcheng	Beneficial owner	31,386,000	5.23%

Note: Ms. Zhang Dan is the spouse of Mr. Yang Jinming, who beneficially owns 100% of the issued share capital of Sino Ford Enterprises Limited, which in turn owns 423,000,000 shares of the Company. Therefore, Ms. Zhang Dan is deemed, or taken to be, interested in such shares held by Mr. Yang Jinming through Sino Ford Enterprises Limited for the purpose of the SFO.

Save as disclosed above, as at 30 June 2024, the Directors were not aware of any other person (other than the Directors or chief executive of the Company) who had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of interests required to be kept by the Company under section 336 of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “Share Option Scheme”) on 10 May 2018. During the Reporting Period, no option has been granted or agreed to be granted, exercised, cancelled or lapsed under the Share Option Scheme. Accordingly, there was no outstanding option during the Reporting Period.

DIRECTORS’ AND CONTROLLING SHAREHOLDER’S INTERESTS IN COMPETING BUSINESS AND CONFLICTS OF INTERESTS

Save for disclosed in the section “Controlling Shareholders’ Interest–Non-Competition Undertakings” of the annual report for the year ended 31 December 2023, during the Reporting Period, none of the Directors, the controlling shareholder or substantial shareholders of the Company nor any of their respective associates (as defined under the Listing Rules) had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group, and none of them has any other conflicts of interests with the Group during the Reporting Period.

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 interim report. The Audit Committee has no disagreement with the accounting treatment adopted by the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted 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 interim report.

On behalf of the Board

Yang Jinming

Chairman and Chief Executive Officer

Hong Kong, 28 August 2024

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	6	215,413	215,062
Cost of sales	8	(190,427)	(190,555)
Gross profit		24,986	24,507
Other gains/(losses) – net	7	2,594	(1,117)
Selling and administrative expenses	8	(6,166)	(6,359)
Operating Profit		21,414	17,031
Finance (costs)/income – net	9	(25)	53
Finance income		8	70
Finance costs		(33)	(17)
Share of results of a joint venture		–	293
Profit before income tax		21,389	17,377
Income tax expense	10	(5,855)	(5,648)
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		3,171	3,395
		15,534	11,729
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
Basic and diluted	11	0.021	0.014

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2024

(All amounts expressed in RMB unless otherwise stated)

	<i>Notes</i>	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Assets			
Non-current assets			
Property, plant and equipment	14	139,545	144,571
Right-of-use assets	13	44,285	44,471
Intangible assets		137	153
Prepayments	18	–	5
Financial assets at fair value through other comprehensive income (“FVOCI”)	15	12,543	12,543
		196,510	201,743
Current assets			
Trade and other receivables	16	29,447	28,566
Inventories	17	137,431	128,157
Prepayments and other assets	18	548	678
Term deposits		1,069	–
Cash and cash equivalents		27,833	26,265
		196,328	183,666
Total assets		392,838	385,409
EQUITY			
Equity attributable to owners of the Company			
Share capital	19	4,895	4,895
Share premium	19	139,478	139,478
Other reserves		(9,637)	(10,085)
Retained earnings		170,930	159,015
		305,666	293,303
Non-controlling interests		55,838	52,667
Total equity		361,504	345,970

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2024

(All amounts expressed in RMB unless otherwise stated)

	<i>Notes</i>	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
LIABILITIES			
Non-current liabilities			
Lease liabilities	13	488	71
Deferred income tax liabilities		1,428	1,448
		1,916	1,519
Current liabilities			
Trade and other payables and accruals	20	7,851	10,319
Contract liabilities		15,452	20,480
Current income tax liabilities		5,739	7,031
Lease liabilities	13	376	90
		29,418	37,920
Total liabilities		31,334	39,439
Total equity and liabilities		392,838	385,409

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024
(All amounts expressed in RMB unless otherwise stated)

	Unaudited										
	Attributable to owners of the Company										Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Other capital reserves RMB'000	Capital surplus RMB'000	Statutory surplus reserve RMB'000	Production safety reserve RMB'000	Currency translation reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	
For the six months ended 30 June 2024											
As at 1 January 2024	4,895	139,478	(64,894)	31,021	13,537	10,329	(78)	159,015	293,303	52,667	345,970
Profit and total comprehensive income for the period	-	-	-	-	-	-	-	12,363	12,363	3,171	15,534
Appropriation to production safety reserve	-	-	-	-	-	448	-	(448)	-	-	-
As at 30 June 2024	4,895	139,478	(64,894)	31,021	13,537	10,777	(78)	170,930	305,666	55,838	361,504
For the six months ended 30 June 2023											
As at 1 January 2023	4,895	163,478	(64,894)	31,021	11,744	9,326	-	142,699	298,269	51,926	350,195
Profit and total comprehensive income for the period	-	-	-	-	-	-	-	8,334	8,334	3,395	11,729
Appropriation to production safety reserve	-	-	-	-	-	580	-	(580)	-	-	-
Appropriation to statutory surplus reserve	-	-	-	-	929	-	-	(929)	-	-	-
2022 Final Dividend	-	(24,000)	-	-	-	-	-	-	(24,000)	-	(24,000)
As at 30 June 2023	4,895	139,478	(64,894)	31,021	12,673	9,906	-	149,524	282,603	55,321	337,924

The notes on pages 17 to 36 are an integral part of the interim condensed consolidated financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

(All amounts expressed in RMB unless otherwise stated)

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cash flow from operating activities		
Cash generated from operations	7,781	35,216
Interest received	8	70
Interest paid	(33)	(17)
Income tax paid	(7,167)	(8,152)
Net cash generated from operating activities	589	27,117
Cash flow from investing activities		
Proceeds from disposal of property, plant and equipment	–	1
Purchases of property, plant and equipment	(501)	(1,358)
Margins paid for futures contracts	(26,960)	–
Margins released for futures contracts	29,687	–
Increase in term deposits	(1,069)	(2,769)
Net cash generated from/(used in) investing activities	1,157	(4,126)
Cash flows from financing activities		
Dividends paid to owners of the Company	–	(24,000)
Principal elements and interest elements of lease payments	(178)	(193)
Net cash used in financing activities	(178)	(24,193)
Net increase/(decrease) in cash and cash equivalents	1,568	(1,202)
Cash and cash equivalents at beginning of the period	26,265	18,464
Cash and cash equivalents at end of the period	27,833	17,262

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024
(All amounts expressed in RMB unless otherwise stated)

1 GENERAL INFORMATION

Tian Yuan Group Holdings Limited (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 (together referred to as the “Group”) 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 (Mr. Yang or the “Controlling Shareholder”).

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 Renminbi (“RMB”), unless otherwise stated. The Interim Financial Information was approved for issue by the Board of Directors 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 (“2023 Financial Statements”), 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 |

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

(All amounts expressed in RMB unless otherwise stated)

3 ACCOUNTING POLICIES *(Continued)*

(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	1 January 2025
Lack of Exchangeability	

4 ESTIMATES

The preparation of the Interim Financial Information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this Interim Financial Information, the significant judgments were made by management in applying the Group's accounting policies and the key sources of estimation. Uncertainty was the same as those that applied to the 2023 Financial Statements.

5 FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow interest rate risk and fair value interest rate risk), credit risk and liquidity risk.

This Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the 2023 Financial Statements.

There have been no changes in the risk management policies since year ended 31 December 2023.

5.2 Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group expects continue to fund its future cash flow needs through internally generated cash flows from operations and borrowings from financial institutions.

All of the Group's financial liabilities mature within 1 year from the end of the reporting period.

5.3 Fair value estimation

The carrying amounts of the Group's financial assets include cash and cash equivalents, term deposits and trade and other receivables and financial liabilities including lease liabilities and trade and other payables and accruals. Their carrying values approximated their fair values due to their short maturities.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

(All amounts expressed in RMB unless otherwise stated)

6 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 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			15,534
Other information:			
– Depreciation and amortisation	6,384	157	6,541

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

(All amounts expressed in RMB unless otherwise stated)

6 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:
(Continued)

	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			392,838
Segment liabilities	9,167	15,000	24,167
Unallocated liabilities:			
– Current income tax liabilities			5,739
– Deferred income tax liabilities			1,428
Total liabilities			31,334

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 RMB'000 (Unaudited)	Sales of oil products RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024
(All amounts expressed in RMB unless otherwise stated)

6 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: *(Continued)*

	As at 31 December 2023		
	Cargo handling and ancillary services RMB'000 (Audited)	Sales of oil products RMB'000 (Audited)	Total RMB'000 (Audited)
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

- (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 RMB'000 (Unaudited)	2023 RMB'000 (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
	215,413	215,062
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
	215,413	215,062

Rental income are recognised proportionately over the lease term.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

(All amounts expressed in RMB unless otherwise stated)

6 SEGMENT INFORMATION AND REVENUE *(Continued)*

- (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 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Customer A:	134,544	93,018
Customer B:	44,857	87,055

7 OTHER GAINS/(LOSSES) – NET

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

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).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024
(All amounts expressed in RMB unless otherwise stated)

8 EXPENSES BY NATURE

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cost of goods sold	172,604	172,184
Employee benefit expenses	10,951	11,960
Depreciation of property, plant and equipment (Note 14)	5,458	5,683
Depreciation of right-of-use assets (Note 13)	1,067	1,065
Labour services fee	1,178	937
Repair and maintenance expenses	518	555
Fuel expenditures	1,172	1,043
Electricity and water	705	635
Business tax and other levies	706	736
Other expenses	2,234	2,116
Total cost of sales, selling and administrative expenses	196,593	196,914

9 FINANCE (COSTS)/INCOME – NET

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

(All amounts expressed in RMB unless otherwise stated)

10 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.

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 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Current income tax:		
Corporate income tax	5,855	5,648
Deferred income tax:		
Corporate income tax	–	–
	5,855	5,648

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024
(All amounts expressed in RMB unless otherwise stated)

11 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 (Unaudited)	2023 (Unaudited)
Profit attributable to owners of the Company (RMB'000)	12,363	8,334
Weighted average number of ordinary shares in issue (thousands shares)	600,000	600,000
Basic earnings per share (expressed in RMB)	0.021	0.014

(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.

12 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).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

(All amounts expressed in RMB unless otherwise stated)

13 LEASES

(a) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Right-of-use assets		
Land use rights	35,434	36,168
Sea area use rights	8,019	8,166
Office buildings	832	137
	44,285	44,471
Lease liabilities		
Current	376	90
Non-current	488	71
	864	161

As at 30 June 2024, the Group had no events that were not included in the lease liabilities, but would result in potential future cash outflows.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024
(All amounts expressed in RMB unless otherwise stated)

13 LEASES *(Continued)*

(b) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Depreciation charge of right-of-use assets		
Land use rights	734	734
Sea area use rights	147	147
Office buildings	186	184
	1,067	1,065
Interest expense (included in finance cost)	33	17

(c) The Group's leasing activities

The Group leases various offices. Rental contracts are typically made for fixed periods of 3 to 10 years. The lease agreements do not impose any covenants.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

(All amounts expressed in RMB unless otherwise stated)

14 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Terminal facilities RMB'000	Loading equipment RMB'000	Storage facilities RMB'000	Office equipment RMB'000	Transportation equipment RMB'000	Leasehold improvements RMB'000	Construction in-progress RMB'000	Total RMB'000
Six months ended 30 June 2024									
(Unaudited)									
Opening net book amount	10,268	101,949	25,357	3,951	333	1,286	232	1,195	144,571
Additions	-	35	20	-	42	116	-	288	501
Transfers	-	-	7	-	-	-	-	(7)	-
Disposals	-	(22)	(47)	-	-	-	-	-	(69)
Depreciation charge	(289)	(3,288)	(1,552)	(158)	(59)	(105)	(7)	-	(5,458)
Closing net book amount	9,979	98,674	23,785	3,793	316	1,297	225	1,476	139,545
At 30 June 2024 (Unaudited)									
Cost	17,809	174,582	53,842	9,028	2,844	1,778	354	1,476	261,713
Accumulated depreciation	(7,830)	(75,908)	(30,057)	(5,235)	(2,528)	(481)	(129)	-	(122,168)
Net book amount	9,979	98,674	23,785	3,793	316	1,297	225	1,476	139,545
Year ended 31 December 2023									
(Audited)									
Opening net book amount	10,797	108,774	28,601	4,167	403	342	245	989	154,318
Additions	72	23	-	-	78	1,116	-	305	1,594
Transfers	-	-	-	99	-	-	-	(99)	-
Disposals	(1)	(7)	(15)	-	(3)	(1)	-	-	(27)
Depreciation charge	(600)	(6,841)	(3,229)	(315)	(145)	(171)	(13)	-	(11,314)
Closing net book amount	10,268	101,949	25,357	3,951	333	1,286	232	1,195	144,571
At 31 December 2023 (Audited)									
Cost	17,809	174,569	53,862	9,028	2,802	1,662	354	1,195	261,281
Accumulated depreciation	(7,541)	(72,620)	(28,505)	(5,077)	(2,469)	(376)	(122)	-	(116,710)
Net book amount	10,268	101,949	25,357	3,951	333	1,286	232	1,195	144,571

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024
(All amounts expressed in RMB unless otherwise stated)

15 FINANCIAL ASSETS AT FVOCI

	RMB'000
Financial assets at FVOCI as at 31 December 2022	–
Transfer from investment in a joint venture during the year	12,543
Financial assets at FVOCI as at 31 December 2023 (Audited) & 30 June 2024 (Unaudited)	12,543

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.

As at 31 December 2023 and 30 June 2024, the Group had assessed the valuation on this investment through asset-based approach and considered no significant change on fair value since its initial recognition.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

(All amounts expressed in RMB unless otherwise stated)

16 TRADE AND OTHER RECEIVABLES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade receivables <i>(Note (a))</i>		
– third parties	7,695	8,496
– related parties <i>(Note 22(d))</i>	3,312	3,970
Less: allowance for impairment of trade receivables	–	–
Trade receivables – net	11,007	12,466
VAT recoverable	17,349	15,538
Note receivables – third parties	803	317
Other receivables – third parties	288	245
	29,447	28,566

- (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 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
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
	11,007	12,466

- (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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024
(All amounts expressed in RMB unless otherwise stated)

17 INVENTORIES

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Oil products	137,431	128,157

During the six months ended 30 June 2024, the cost of inventories recognised as expenses and included in "cost of sales" in profit and loss amounted to RMB172,604,000 (for the six months ended 30 June 2023: RMB172,184,000). There was no write-down of inventory during the six months ended 30 June 2024 (as at 31 December 2023: nil).

18 PREPAYMENTS AND OTHER ASSETS

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Prepayments for electricity and other expenses	548	678
Prepayments for construction and acquisition of property, plant and equipment	–	5
	548	683
Less: non-current portion of prepayments	–	(5)
Current portion of prepayments and other assets	548	678

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

(All amounts expressed in RMB unless otherwise stated)

19 SHARE CAPITAL AND SHARE PREMIUM

	Share capital			Share premium RMB'000
	Number of ordinary shares	Nominal value of ordinary shares HK\$'000	Equivalent nominal value of ordinary shares RMB'000	
Issued and fully paid up:				
As at 31 December 2022 (Audited) and as at 1 January 2023	600,000,000	6,000	4,895	163,478
Dividends paid to owners of the Company	–	–	–	(24,000)
As at 31 December 2023 (Audited) and as at 30 June 2024 (Unaudited)	600,000,000	6,000	4,895	139,478

20 TRADE AND OTHER PAYABLES AND ACCRUALS

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Trade payables		
– related parties (<i>Note 22(d)</i>)	41	73
Accrual for staff costs and allowances	3,077	5,436
Other payables and accruals	2,457	2,506
Other tax payables	2,276	2,304
Total	7,851	10,319

- (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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024
(All amounts expressed in RMB unless otherwise stated)

21 COMMITMENTS

Capital commitments

As at 30 June 2024 and 31 December 2023, the Group had the following capital commitments on construction and acquisition of property, plant and equipment:

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Contracted but not provided for	1,196	2,132

22 RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name	Relationship
Mr. Yang	Controlling Shareholder
Maoming Tianyuan Trade Development Limited ("Maoming Tianyuan")	Former holding company of Tianyuan Terminal and Zhengyuan Terminal
Maoming Tianyuan Petrochemical Co., Ltd. ("Tianyuan Petrochemical")	Controlled by Mr. Yang
Guangdong Yuexiang Jinyuan Property Management Co., Ltd. ("Yuexiang Jinyuan")	Controlled by Mr. Yang

(b) Significant transactions with related parties

The Group had the following significant transactions with related parties:

- (i) The Controlling Shareholder leased an office for a subsidiary of the Group as registered office.

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Rental expense	164	160

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024

(All amounts expressed in RMB unless otherwise stated)

22 RELATED PARTY TRANSACTIONS (Continued)

(b) Significant transactions with related parties (Continued)

- (ii) Tianyuan Petrochemical leased oil tanks for a subsidiary of the Group to store the oil products for sales.

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Rental expense	399	419

- (iii) Provision of uploading and unloading services with related parties

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue from provision of uploading and unloading services		
– Tianyuan Petrochemical	633	815
– Maoming Tianyuan	4,256	1,304
	4,889	2,119

- (iv) Yuexiang Jinyuan provided terminal security service for two subsidiaries of the Group.

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Terminal security service charge	265	523

- (v) Provision of car rental services to Maoming Tianyuan

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Car rental income	91	30

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2024
(All amounts expressed in RMB unless otherwise stated)

22 RELATED PARTY TRANSACTIONS *(Continued)*

(c) Key management compensations

Key management compensation for the six months ended 30 June 2024 and 2023, other than those relating to the emoluments of directors, are set out below:

	Six months ended 30 June	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Salaries, wages and bonuses	877	797
Contributions to pension plans	19	19
Welfare, medical and other expenses	5	5
	901	821

(d) Balance with related parties

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
	(i) Trade receivables	
– Maoming Tianyuan	3,312	2,553
– Tianyuan Petrochemical	–	1,417
	3,312	3,970

