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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)

CONTINUING CONNECTED TRANSACTION

The Board is pleased to announce that Tianyuan, an indirectly non-wholly owned subsidiary of the Company, and Zhengyuan, an indirectly wholly owned subsidiary of the Company, entered into the Framework Agreement with Tianyuan Petrochemical on 31 May 2019 for a term from 1 January 2019 to 31 December 2019. Pursuant to which Tianyuan and Zhengyuan will provide uploading and unloading services at Tianyuan Terminal and Zhengyuan Terminal, respectively, and it is expected that the total service fee payable by Tianyuan Petrochemical under the Framework Agreement will not exceed RMB8,000,000 (equivalent to approximately HK\$9,200,000).

LISTING RULES IMPLICATIONS

Tianyuan Petrochemical is a wholly owned subsidiary of Maoming Tianyuan, which in turn held as to 95% and 5% by Mr. Yang and Ms. Gan Yanmei, respectively, with Mr. Yang being the Company's Controlling Shareholder. As at the date of this announcement, Tianyuan Petrochemical is a connected person of the Company under the Listing Rules, while any transaction between the Group and Tianyuan Petrochemical is accordingly connected transaction and the Framework Agreement constitutes continuing connected transaction.

Given that the highest applicable percentage ratio calculated with reference to the Annual Cap is more than 5% but less than 25% and the total consideration is less than HK\$10,000,000, the Terminal Services Transaction is subject to reporting, announcement and annual review requirements but is exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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Framework Agreement

Date: 31 May 2019

Parties: (i) Tianyuan and Zhengyuan
(ii) Tianyuan Petrochemical

Term: From 1 January 2019 to 31 December 2019

Nature of transaction: Provision of terminal uploading and unloading services by Tianyuan and Zhengyuan to Tianyuan Petrochemical.

Pricing: The transactions shall be conducted on normal commercial terms, in particular, the terms (including but not limited to, the service fees) for the provision of services by Tianyuan and Zhengyuan shall be no less favourable to those offered by Tianyuan and Zhengyuan to independent third parties for the relevant services.

Payment terms

Payment for the Terminal Services Transaction shall be settled by way of wire transfer or in such other manner as agreed between Tianyuan, Zhengyuan and Tianyuan Petrochemical and the payment shall be made within one month upon the transactions are completed.

Transaction amount

The historical transaction amount in respect of the provision of uploading and unloading service at (1) Tianyuan Terminal by Tianyuan and (2) Zhengyuan Terminal by Zhengyuan to Tianyuan Petrochemical together for the year ended 31 December 2018 amounted to RMB148,926 (including value added tax) (equivalent to approximately HK\$171,265).

Annual cap and basis of determination

The proposed annual cap for the transactions under the Framework Agreement for the year ending 31 December 2019 is RMB8,000,000 (including value added tax) (equivalent to approximately HK\$9,200,000) and is determined with reference to the existing scale and operations of the businesses of the Group, historical transaction amounts, the anticipated growth and development of such businesses and the anticipated demand for such services.

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REASONS FOR AND BENEFITS OF ENTERING INTO THE FRAMEWORK AGREEMENT

Tianyuan and Zhengyuan have been providing uploading and unloading services at Tianyuan Terminal and Zhengyuan Terminal, respectively, to Tianyuan Petrochemical since 2018. The entering into of the Framework Agreement to provide uploading and unloading services at Tianyuan Terminal and Zhengyuan Terminal to Tianyuan Petrochemical is in the ordinary and usual course of business of Tianyuan and Zhengyuan, and to continue the business relationship between Tianyuan, Zhengyuan and Tianyuan Petrochemical.

The Directors (including the independent non-executive Directors) have considered the Framework Agreement and the circumstances concerning the Annual Cap for the Terminal Services Transaction and have determined that: (i) the Annual Cap is fair and reasonable and in the interests of the Company and its Shareholders as a whole; and (ii) the terms of the Framework Agreement are fair and reasonable and the transactions thereunder have been, and are, provided on normal commercial terms or better, in the ordinary and usual course of business and in the interests of the Company and its Shareholders as a whole.

Except Mr. Yang who has interest in the Framework Agreement, none of the Directors have any material interest in the Framework Agreement and the transactions contemplated thereunder, and except Mr. Yang, none of them abstained from voting on the relevant Board resolutions.

INFORMATION ABOUT THE PARTIES

The Group is principally engaged in the provision of uploading and unloading services through operating terminals situated in the Shuidong port area of the Port of Maoming, PRC.

Tianyuan Petrochemical is principally engaged in manufacture and sales of petrochemical products.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the meanings set out below:

“Annual Cap”	the annual cap amount set for the total transaction value of the Terminal Services Transaction under the Framework Agreement for FY 2019, being RMB8,000,000 (equivalent to approximately HK\$9,200,000)
“Board”	the board of Directors
“China” or “PRC”	The People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, and Macau Special Administrative Region
“Company”	Tian Yuan Group Holdings Limited (天源集團控股有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands on 27 July 2015, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 6119)
“connected person(s)”	has the meaning ascribed to it by the Listing Rules
“Controlling Shareholder(s)”	has the meaning as defined in the Listing Rules, and, in the case of our Company, means Sino Ford and Mr. Yang
“Directors”	the directors of the Company
“Framework Agreement”	the framework agreement entered into between Tianyuan, Zhengyuan and Tianyuan Petrochemical on 31 May 2019
“FY”	the financial year ended 31 December
“Group”	The Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maoming Tianyuan”	Maoming Tianyuan Trade Development Company Limited* (茂名市天源商貿發展有限公司), a company established in the PRC with limited liability on 27 November 1996 and held as to 95% and 5% by Mr. Yang and Ms. Gan Yanmei, respectively

“Mr. Yang”	Mr. Yang Jinming (楊金明), an executive Director, the chairman of the Board, our chief executive officer and one of our Controlling Shareholders
“percentage ratios”	has the meaning ascribed to it in the Listing Rules
“RMB”	Renminbi, the lawful currency of China
“Shareholder(s)”	holder(s) of shares in the Company
“Sino Ford”	Sino Ford Enterprises Limited (漢福企業有限公司), a company incorporated in the BVI with limited liability on 30 April 2015, one of our Controlling Shareholders and is wholly-owned by Mr. Yang
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it in the Listing Rules
“Terminal Services Transaction”	the terminal uploading and unloading services provided by the Group as defined in the Framework Agreement
“Tianyuan”	Maoming Tianyuan Terminal Operation Company Limited* (茂名市天源碼頭經營有限公司), a company established in the PRC with limited liability on 6 September 2006 and an indirectly non-wholly owned subsidiary of the Company
“Tianyuan Terminal”	a terminal operated by Tianyuan and situated at the Shuidong port area of the Port of Maoming
“Tianyuan Petrochemical”	Maoming Tianyuan Petrochemical Company Limited* (茂名天源石化有限公司), a company established in the PRC with limited liability on 13 April 2016 and a direct-wholly owned subsidiary of Maoming Tianyuan
“Zhengyuan”	Maoming Zhengyuan Trade Development Company Limited* (茂名市正源商貿發展有限公司), a company established in the PRC with limited liability on 6 November 2007 and an indirectly wholly-owned subsidiary of the Company
“Zhengyuan Terminal”	a terminal operated by Zhengyuan and situated at the Shuidong port area of the Port of Maoming
“%”	per cent

Unless otherwise specified in this announcement, conversion of RMB into HK\$ are made in this announcement, for illustration only, at the rate of RMB1.00 to HK\$1.15. No representation is made that any amounts in RMB or HK\$ could have been or could be converted at that rate or at any other rate or at all.

** for identification purposes only*

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

Hong Kong, 31 May 2019

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.