

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **TIAN YUAN GROUP HOLDINGS LIMITED**

### **天源集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6119)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020**

#### **FINANCIAL HIGHLIGHTS**

- Revenue for the year ended 31 December 2020 increased by approximately 39.1% or approximately RMB48.8 million to approximately RMB173.5 million compared to approximately RMB124.7 million for the year ended 31 December 2019.
- Gross profit for the year ended 31 December 2020 increased by approximately 25.1% or approximately RMB12.3 million to approximately RMB61.3 million compared to approximately RMB49.0 million for the year ended 31 December 2019.
- Profit attributable to the owners of the Company for the year ended 31 December 2020 increased by approximately 44.0% or approximately RMB6.3 million to approximately RMB20.8 million compared to approximately RMB14.5 million for the year ended 31 December 2019.
- A dividend in respect of the year ended 31 December 2020 of RMB0.034 per ordinary share, amounting to a total dividend of RMB20,400,000, is to be proposed at the forthcoming annual general meeting to be held on 28 May 2021.

The board (the “**Board**”) of directors (the “**Directors**”) of Tian Yuan Group Holdings Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (together referred to as the “**Group**”) for the year ended 31 December 2020 as follows:

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2020	2019
	Note	RMB'000	RMB'000
Revenue	3	173,523	124,724
Cost of sales		<u>(112,245)</u>	<u>(75,748)</u>
<b>Gross profit</b>		<b>61,278</b>	48,976
Other gains — net	4	97	263
Selling and administrative expenses		<u>(16,029)</u>	<u>(16,374)</u>
<b>Operating profit</b>		<u><b>45,346</b></u>	<u>32,865</u>
Finance costs — net	5	(2,327)	(1,532)
Finance income		20	103
Finance costs		<u>(2,347)</u>	<u>(1,635)</u>
Share of results of a joint venture		<u>(425)</u>	<u>—</u>
<b>Profit before income tax</b>		<b>42,594</b>	31,333
Income tax expense	6	<u>(12,733)</u>	<u>(9,826)</u>
<b>Profit for the year</b>		<u><b>29,861</b></u>	<u>21,507</u>
Other comprehensive income for the year		—	—
<b>Total comprehensive income for the year</b>		<u><b>29,861</b></u>	<u>21,507</u>
<b>Profit and total comprehensive income attributable to:</b>			
Owners of the Company		20,808	14,452
Non-controlling interests		<u>9,053</u>	<u>7,055</u>
		<u><b>29,861</b></u>	<u>21,507</u>
<b>Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)</b>			
Basic and diluted	7	<u><b>0.0347</b></u>	<u>0.0241</u>

## CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2020	2019
	Note	RMB'000	RMB'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		156,106	157,843
Right-of-use assets		50,162	52,505
Intangible assets		202	205
Investment in a joint venture		13,464	—
Prepayments		2,486	2,415
Deferred income tax assets		6	4
		<u>222,426</u>	<u>212,972</u>
<b>Current assets</b>			
Trade and other receivables	8	32,312	25,727
Amounts due from related parties	8	1,162	283
Inventories		149,462	52,385
Prepayments and other assets		739	698
Restricted cash		1,130	—
Term deposits		2,273	2,864
Cash and cash equivalents		38,801	123,523
		<u>225,879</u>	<u>205,480</u>
<b>Total assets</b>		<u><u>448,305</u></u>	<u><u>418,452</u></u>

		<b>As at 31 December</b>	
		<b>2020</b>	<b>2019</b>
	<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		4,895	4,895
Share premium		204,878	224,078
Other reserves		(20,934)	(21,305)
Retained earnings		120,631	100,194
		<u>309,470</u>	<u>307,862</u>
<b>Non-controlling interests</b>		<u>51,476</u>	<u>48,823</u>
<b>Total equity</b>		<u>360,946</u>	<u>356,685</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		322	395
Deferred income tax liabilities		281	294
		<u>603</u>	<u>689</u>
<b>Current liabilities</b>			
Amounts due to a related party	9	225	—
Trade and other payables and accruals	9	13,964	26,104
Borrowings		45,700	20,000
Contract liabilities		19,290	8,448
Current income tax liabilities		7,494	6,046
Lease liabilities		73	473
Deferred income tax liabilities		10	7
		<u>86,756</u>	<u>61,078</u>
<b>Total liabilities</b>		<u>87,359</u>	<u>61,767</u>
<b>Total equity and liabilities</b>		<u>448,305</u>	<u>418,452</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 (the "Controlling Shareholder").

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

These consolidated financial statements are presented in Renminbi ("RMB") unless otherwise stated. These financial statements have been approved for issue by the Board on 26 March 2021.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### 2.1 Basis of preparation

*(i) Compliance with HKFRSs and HKCO*

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and requirements of the Hong Kong Companies Ordinance ("HKCO") Cap. 622.

*(ii) Historical cost convention*

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

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

The group has applied the following standards and amendments for the first time for their annual reporting year commencing 1 January 2020:

- |   |  |
|---|--|
| • Amendments to HKAS 1 and HKAS 8                   | Definition of Material                               |
| • Amendments to HKFRS 3                             | Definition of a Business                             |
| • Amendments to HKFRS 9, HKAS 39 and HKFRS 7        | Interest Rate Benchmark Reform                       |
| • Conceptual Framework for Financial Reporting 2018 | Revised Conceptual Framework for Financial Reporting |

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

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

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions:

		<b>Effective for accounting periods beginning on or after</b>
Amendments to HKFRS 16	COVID-19-related Rent Concessions	June 1, 2020
Amendments to HKAS 16	Proceeds before Intended Use	January 1, 2022
Amendments to HKAS 37	Onerous Contracts — Cost to Fulfilling a Contract	January 1, 2022
Amendments to HKFRS 3	Update reference to the Conceptual Framework	January 1, 2022
Annual Improvements	Annual Improvements to HKFRS Standards 2018–2020	January 1, 2022
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	January 1, 2023
HKFRS 17	Insurance Contract	January 1, 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

**3 SEGMENT INFORMATION AND REVENUE**

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

The CODM identified two reportable segments as follows:

Cargo handling and ancillary services: provision of uploading and unloading services and related ancillary value-added port services;

Sales of oil products: supply and sales of oil products.

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

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



The segment information for the year ended 31 December 2019 and as at 31 December 2019 is listed as follows:

	Year ended 31 December 2019		
	Cargo handling and ancillary services <i>RMB'000</i>	Sales of oil products <i>RMB'000</i>	Total <i>RMB'000</i>
Total segment revenue	86,376	38,616	124,992
— Inter-segment revenue	268	—	268
— Revenue from external customers	86,108	38,616	124,724
Segment results — gross profit	46,357	2,619	48,976
Other gains — net			263
Administrative and selling expenses			(16,374)
Finance costs — net			(1,532)
Profit before income tax			31,333
Income tax expenses			(9,826)
Profit for the year			<u>21,507</u>
Other information:			
— Depreciation and amortisation	11,719	310	12,029
	<u>11,719</u>	<u>310</u>	<u>12,029</u>
	As at 31 December 2019		
	Cargo handling and ancillary services <i>RMB'000</i>	Sales of oil products <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	360,576	57,481	418,057
Unallocated assets:			
— Head office			391
— Deferred income tax assets			4
Total assets			<u>418,452</u>
Segment liabilities	16,759	18,661	35,420
Unallocated liabilities:			
— Current income tax liabilities			6,046
— Deferred income tax liabilities			301
— Borrowings			20,000
Total liabilities			<u>61,767</u>



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

	<b>Year ended 31 December</b>	
	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Revenue from provision of uploading and unloading services	<b>96,568</b>	81,017
Revenue from sales of goods	<b>73,031</b>	37,004
Rental income	<b>2,325</b>	5,091
Service income	<b>1,599</b>	1,612
	<b><u>173,523</u></b>	<u>124,724</u>
Revenue recognised under HKFRS 15 — over time	<b>98,893</b>	86,108
Revenue recognised under HKFRS 15 — at a point in time	<b>74,630</b>	38,616
	<b><u>173,523</u></b>	<u>124,724</u>

Rental income are recognised proportionately over the lease term.

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

	<b>Year ended 31 December</b>	
	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Customer A:	<b>74,630</b>	37,004
Customer B:	<b>Not applicable*</b>	12,176

\* The revenue of the particular customer is less than 10% of the Group's revenue for the particular year.

#### 4 OTHER GAINS — NET

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Government grants	251	—
Gains on additional deduction of VAT	139	364
Gains on disposals of property, plant and equipment	—	16
Net foreign exchange loss	(324)	(219)
Others	31	102
	<u>97</u>	<u>263</u>

#### 5 FINANCE COSTS — NET

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Finance costs</b>		
— Interest expenses for bank borrowings	(2,301)	(1,558)
— Interest expenses for lease liabilities	(46)	(77)
	<u>(2,347)</u>	<u>(1,635)</u>
<b>Finance income</b>		
— Interest income on bank deposits	20	103
	<u>20</u>	<u>103</u>
<b>Finance costs — net</b>	<u>(2,327)</u>	<u>(1,532)</u>

## 6 INCOME TAX EXPENSE

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

No provision for Hong Kong profits tax was provided as the Company and the Group did not have assessable profits in Hong Kong during the years ended 31 December 2020 and 2019.

The income tax provision of the Group in respect of its operations in mainland China has been calculated at the applicable tax rate of 25% on the estimated assessable profits for the years ended 31 December 2020 and 2019 pursuant to the Corporate Income Tax Law of the PRC (the "CIT Law") and the Implementation Rules of the CIT Law effective from 1 January 2008.

According to the CIT Law and the Implementation Rules, starting from 1 January 2008, a withholding tax of 10% is levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong and fulfil requirements under the tax treaty arrangements between the relevant authorities of Mainland China and Hong Kong.

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax	12,745	9,837
Deferred income tax	(12)	(11)
	<u>12,733</u>	<u>9,826</u>

## 7 EARNINGS PER SHARE

### (a) Basic

The basic earnings per share is calculated on the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the years ended 31 December 2020 and 2019.

	Year ended 31 December	
	2020	2019
Profit attributable to owners of the Company (RMB'000)	20,808	14,452
Weighted average number of ordinary shares in issue (thousand shares)	<u>600,000</u>	<u>600,000</u>
Basic earnings per share (expressed in RMB)	<u>0.0347</u>	<u>0.0241</u>

### (b) Diluted

Diluted earnings per share presented is the same as the basic earnings per share as there were no potentially dilutive ordinary shares issued during the years ended 31 December 2020 and 2019.

## 8 TRADE AND OTHER RECEIVABLES AND AMOUNTS DUE FROM RELATED PARTIES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Trade receivables ( <i>Note (a)</i> )	9,150	7,802
Less: allowance for impairment of trade receivables	<u>—</u>	<u>—</u>
Trade receivables — net	9,150	7,802
VAT recoverable	21,282	9,735
Note receivables — third parties	1,404	7,263
Other receivables — third parties	<u>476</u>	<u>927</u>
	<u>32,312</u>	<u>25,727</u>
Amounts due from related parties	<u>1,162</u>	<u>283</u>

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

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Less than 30 days	6,817	7,802
31 to 60 days	595	—
61 to 90 days	450	—
91 to 180 days	1,288	—
	<u>9,150</u>	<u>7,802</u>

- (b) The Group's trade and other receivables and amounts due from related parties at respective balance sheet dates are denominated in RMB.
- (c) As at 31 December 2020 and 2019, the Group's maximum exposure to credit risk was the carrying value of each class of trade and other receivables and amounts due from related parties mentioned above. The Group does not hold any collateral as security.
- (d) As at 31 December 2020 and 2019, the fair values of trade and other receivables and amounts due from related parties approximate their carrying amounts due to their short-term maturities.

## 9 TRADE AND OTHER PAYABLES AND ACCRUALS AND AMOUNTS DUE TO A RELATED PARTY

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables ( <i>Note (a)</i> )	—	12,482
Accrual for staff costs and allowances	5,852	5,704
Other payables and accruals	6,214	6,529
Other tax payables	1,898	1,389
	<u>13,964</u>	<u>26,104</u>
Total		
Amounts due to a related party	<u>225</u>	<u>—</u>

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

	<b>As at 31 December</b>	
	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
31 to 60 days	—	12,482
	<u>          </u>	<u>          </u>

- (b) Trade and other payables and accruals and amounts due to a related party were denominated in:

	<b>As at 31 December</b>	
	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
— RMB	<b>13,926</b>	25,682
— HK\$	<b>263</b>	422
	<u>          </u>	<u>          </u>
	<b>14,189</b>	26,104
	<u>          </u>	<u>          </u>

- (c) As at 31 December 2020 and 2019, the fair values of trade and other payables and accruals and amounts due to a related party approximate their carrying amounts due to their short-term maturities.

## 10 DIVIDENDS

	<b>Year ended 31 December</b>	
	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Final dividends for the year ended 31 December 2019 of RMB0.032 per ordinary share (2018: RMB0.013)	<b>19,200</b>	7,800
	<u>          </u>	<u>          </u>
Total dividends provided for or paid	<b>19,200</b>	7,800
	<u>          </u>	<u>          </u>

During the year ended 31 December 2020, dividends were paid in cash (2019: Same).

A dividend in respect of the year ended 31 December 2020 of RMB0.034 per ordinary share, amounting to a total dividend of RMB20,400,000, is to be proposed at the annual general meeting to be held on 28 May 2021. These financial statements do not reflect this dividend payable.

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

	<b>As at 31 December</b>	
	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Proposed final dividend of RMB0.034 (2019: RMB0.032) per ordinary share	<b>20,400</b>	19,200
	<u>          </u>	<u>          </u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

The Group operates two terminals, namely, Tianyuan Terminal and Zhengyuan Terminal, which are open to the public and focus on bulk cargo and sales of oil products. Both terminals are situated in the Shuidong port area of the Port of Maoming.

Our principal activities include:

- (i) Bulk cargo uploading and unloading services. Our terminals are relatively adaptive and able to handle a variety of non-containerised cargo. For the year ended 31 December 2020 (the “**Reporting Year**”), we mainly handled bulk cargo such as coal, quartz sand, oil products, grains, asphalt and kaolinite as well as a small portion of break bulk cargo and neo-bulk cargo;
- (ii) Related ancillary value-added port services, which mainly include storage services at our oil tanks and grain barns as well as lease of our shovel trucks; and
- (iii) Supply and sales of oil products.

During the year ended 31 December 2020, the testing and trial run of the new phase of Zhengyuan Terminal has completed, the Group achieved a total cargo throughput of approximately 4,670 thousand tonnes, representing an increase of approximately 702 thousand tonnes or approximately 17.7% from approximately 3,968 thousand tonnes for the year ended 31 December 2019. A higher cargo throughout achieved for the Reporting Year was mainly driven by an increase in demand, which was mainly handled by Zhengyuan Terminal. The major types of cargos handled by the Group during the Reporting Year were by and large the same as those for the year ended 31 December 2019.

The average selling price of the cargo handling fees of the Group remained stable for the year ended 31 December 2020 compared to that for the year ended 31 December 2019.

The Group has continuously enhanced its services quality and strengthened the relationship with its key customers. Meanwhile, our customers base has been expanded by increasing certain new customers during the Reporting Year.

The revenue generated from the sales of oil products increased as demand increased and contributed to approximately 43.0% of the total revenue of the Group for the Reporting Year.

Due to the ongoing COVID-19 pandemic, the Group has adopted highly strict preventive and protective measures to minimize its impact on our operations. It is on our priorities to maintain high standards of our operations in respect of the production safety, environment protection and good hygiene environment.

## Financial Review

### Revenue

For the year ended 31 December 2020, the revenue was approximately RMB173.5 million, representing an increase of approximately 39.1% compared to approximately RMB124.7 million for the year ended 31 December 2019. The increase in revenue was attributable to an increase in revenue generated both from provision of uploading and unloading services and sales of oil products for the Reporting Year.

	Year ended 31 December		Changes	
	2020	2019		%
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Revenue from provision of uploading and unloading services	<b>96,568</b>	81,017	15,551	19.2
Revenue from sales of oil products	<b>73,031</b>	37,004	36,027	97.4
Rental income	<b>2,325</b>	5,091	(2,766)	(54.3)
Service income	<b>1,599</b>	1,612	(13)	(0.8)
	<b><u>173,523</u></b>	<b><u>124,724</u></b>	<b><u>48,799</u></b>	<b><u>39.1</u></b>

For the year ended 31 December 2020, our revenue from uploading and unloading services increased by approximately 19.2% compared to that for the year ended 31 December 2019 to approximately RMB96.6 million. The increase in revenue from uploading and unloading services was mainly attributable to an increase in cargo throughput which was mainly driven by an increase in demand. During the Reporting Year, the revenue generated from handling asphalt, oil products, quartz sand and others increased, which was partially offset by a decrease in the revenue generated from handling coal and grains.

For the year ended 31 December 2020, our revenue from sales of oil products increased by approximately 97.4% compared to that for the year ended 31 December 2019 to approximately RMB73.0 million. The increase in revenue from sales of oil products was primarily attributable to an increase in demand.

For the year ended 31 December 2020, our rental income decreased by approximately 54.3% compared to that for the year ended 31 December 2019 to approximately RMB2.3 million. The decrease in the rental income was primarily due to the fact that some of the Group's oil tanks were used as a storage for inventories and not leased out during the Reporting Year.



The Group has received service income for products sourcing of approximately RMB1.6 million for the year ended 31 December 2020, which is comparable to the previous year.

### ***Cost of sales***

Our cost of sales increased by approximately 48.2% from approximately RMB75.7 million for the year ended 31 December 2019 to approximately RMB112.2 million for the year ended 31 December 2020. This was primarily attributable to the cost of goods sold of approximately RMB70.4 million recorded for the sales of oil products during the Reporting Year. The increase was also driven by an increase in depreciation of property, plant and equipment mainly attributable to first full year depreciation recorded for the new phase of Zhengyuan Terminal and an increase in labour services fee arising from increase in cargo throughput and an increase in repair and maintenance expenses mainly due to increase in regular maintenance tasks.

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

The Group's overall gross profit increased by approximately 25.1% from approximately RMB49.0 million for the year ended 31 December 2019 to approximately RMB61.3 million for the year ended 31 December 2020.

The increase in gross profit was attributable to an increase in revenue both contributed by the uploading and unloading services and the sales of oil products.

However, the overall gross profit margin decreased from approximately 39.3% for the year ended 31 December 2019 to approximately 35.3% for the year ended 31 December 2020.

The gross profit margin of the cargo handling and ancillary services segment was approximately 58.2% for the year ended 31 December 2020 compared to approximately 53.8% for the year ended 31 December 2019. The increase was primarily due to an increase in revenue of approximately 19.2% from uploading and unloading services for the Reporting Year.

The gross profit margin of the sales of oil products segment recorded for the year ended 31 December 2020 was approximately 4.9% compared to approximately 6.8% for the year ended 31 December 2019. The decrease was mainly due to the proportion of service income to the revenue from this segment decreased.

### ***Other Gains — Net***

For the year ended 31 December 2020, other gains — net of approximately RMB97,000 (for the year ended 31 December 2019: approximately RMB263,000) consisted mainly of government grants.

### ***Finance Costs — Net***

For the year ended 31 December 2020, the Group's net finance costs of approximately RMB2.3 million consisted mainly of interest expenses for bank borrowings and lease liabilities (for the year ended 31 December 2019: net finance costs: approximately RMB1.5 million).

### ***Selling and Administrative Expenses***

Selling and administrative expenses of approximately RMB16.0 million were incurred for the year ended 31 December 2020 compared to approximately RMB16.4 million for the year ended 31 December 2019.

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

The Group's recorded a share of loss of a joint venture of approximately RMB425,000 for the year ended 31 December 2020 (for the year ended 31 December 2019: Nil).

### ***Income Tax Expense***

The Group's income tax expense increased by approximately 29.6% from approximately RMB9.8 million for the year ended 31 December 2019 to approximately RMB12.7 million for the year ended 31 December 2020. The increase was primarily attributable to a higher taxable profit recorded for the Reporting Year compared to that for the year ended 31 December 2019.

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

For the year ended 31 December 2020, the Group's profit attributable to owners of the Company was approximately RMB20.8 million (for the year ended 31 December 2019: approximately RMB14.5 million). The increase of approximately 44.0% in the Group's profit attributable to owners of the Company for the Reporting Year compared to that for 2019 was mainly due to an increase in gross profit resulted from an increase in revenue as mentioned above.

### ***Inventories***

The inventories as at 31 December 2020 was approximately RMB149.5 million compared to approximately RMB52.4 million as at 31 December 2019. The increase in inventories was attributable to an increase in purchase of oil products to meet our customer's order.

### ***Liquidity and Financial Resources***

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

The Group recorded net current assets of approximately RMB139.1 million as at 31 December 2020, while the net current assets as at 31 December 2019 was approximately RMB144.4 million.

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

The Group's interest-bearing borrowings were approximately RMB45.7 million as at 31 December 2020 (as at 31 December 2019: approximately 20.0 million). The interest-bearing borrowings are expected to facilitate the development of the Group's trade business and the investment in the joint venture, which is expected to engage in the businesses of international energy trading, petrochemical trading and the investment in warehousing facilities located in Zhanjiang, the PRC. The Group's interest-bearing borrowings were mainly denominated in RMB. The Group's interest-bearing borrowings of approximately RMB45.7 million were repayable within 1 year. The gearing ratio (defined as total debt divided by total equity) was approximately 12.8% as at 31 December 2020 (as at 31 December 2019: approximately 5.9%).

### ***Treasury Policy***

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

On 9 October 2020, the Company entered into a deed of joint venture with Fortune Oil PRC Holdings Limited ("**Fortune Oil PRC**"), pursuant to which the Company and Fortune Oil PRC agreed to form a joint venture by injection of capital of HK\$16,500,000 and HK\$38,499,999 in Fortune Tian Yuan Petrochemical Limited (the "**JV Company**"), respectively. As at the date of this announcement, the formation of joint venture is completed, the registered capital of the JV Company was increased from HK\$1 to HK\$55,000,000 and owned as to 30% and 70% by the Company and Fortune Oil PRC, respectively. For details of the above formation of joint venture, please refer to the announcement of the Company dated 9 October 2020.

Save for the said formation of a joint venture, there were no significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures by the Group for the year ended 31 December 2020 (for the year ended 31 December 2019: Nil).

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

As at 31 December 2020, the Group had certain pledged assets including certain right-of-use assets and property, plant and equipment with the aggregated carrying amount of RMB43.6 million as collateral for certain banking facilities of the Group granted by a PRC bank (as at 31 December 2019: approximately RMB117.9 million).

### ***Foreign Exchange Risk***

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

The Group did not use derivative financial instruments to hedge against the volatility associated with foreign currency transactions and other financial assets and liabilities arising in the ordinary course of business during the Reporting Year (during the year ended 31 December 2019: Same).

### ***Human Resources and Remuneration***

As at 31 December 2020, the Group employed 241 employees (as at 31 December 2019: 233 employees) with total staff costs of approximately RMB23.8 million incurred for the year ended 31 December 2020 (for the year ended 31 December 2019: approximately RMB24.0 million). 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 interim report for the period ended 30 June 2020, 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.

## Use of Net Proceeds from the Listing

The shares of the Company were listed on the Main Board of the Stock Exchange (the “Listing”) on 1 June 2018 (the “Listing Date”) with actual net proceeds from share offer of the Listing of approximately HK\$49.9 million (equivalent to approximately RMB40.7 million) (after deducting underwriting fees and commissions and related expenses).

During the Reporting Year, the use of proceeds was in line with that disclosed in the Prospectus. Uses of net proceeds as at 31 December 2020 as follows:

	Planned use of proceeds <i>RMB'000</i>	Approximately percentage of net proceeds %	Actual use of proceeds from the Listing Date to 31 December 2020 <i>RMB'000</i>
The construction of the new phase of Zhengyuan Terminal and the purchase of additional equipment in connection with such expansion	36,644	90%	36,644
Working capital and other general corporate purposes	4,072	10%	4,072
<b>Total</b>	<b>40,716</b>	<b>100%</b>	<b>40,716</b>

## Future Plans for Material Investments or Capital Assets

Save for the business plan disclosed in this announcement, there is no other plan for material investments or capital assets as at 31 December 2020.

## Capital Commitments

As at 31 December 2020, the Group had capital commitments for construction and acquisition of property, plant and equipment amounting to approximately RMB3.5 million (as at 31 December 2019: approximately RMB5.0 million).

## OUTLOOK AND PROSPECTS

Looking forward, we are confident that our businesses will benefit from the implementation of the economic stimulus measures and the higher expected growth of the Chinese economy.

Following completion of the testing and trial run of the new phase of Zhengyuan Terminal, it is expected the total cargo throughput of the Group will grow steadily. We will strive to broaden our sources of cargo, diversify cargo varieties and improve our operational efficiency. At the same time, we will also continue to maintain and promote our high standards in production safety, environmental protection, service quality control, good hygienic environment and risk management measures.

The supply and sales of oil products is expected to become one of the major growth momentums of the Group's revenue, we will adhere to the core strategies and the principle of sustainable development, and grasp the new market trends and development. We may explore to further expand our capacity on the cargo uploading and unloading services.

The joint venture of our Group has invested in the businesses of warehousing facilities in Zhanjiang, the PRC and international trading of oil products. It is expected to be fostered as a new growth point to promote the diversified development of the Group and enhance its profitability in the future.

Endorsed by its outstanding track record, through effective business development strategies, adaptation to the changes, and exploration in further business opportunities in different fields, the Group firmly believes with the wisdom and concerted efforts of its management together with all its employees, the Group will create a more splendid future and strive for maximizing the return and long-term value for its Shareholders.

### Corporate Governance

The Board recognizes the importance of good corporate governance standards and internal procedures so as to achieve effective accountability and enhance shareholders' value. The Board is of the opinion that the Company has complied with applicable code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") throughout the Reporting Year, except for code provision A.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 Board members and appropriate Board committees. In addition, there are three independent non-executive Directors on the Board offering their experiences, expertise, independent advice and views to the Board's affairs from different perspectives. Therefore, it is in the best interest of the Company that Mr. Yang Jinming, with his in-depth knowledge in the businesses and extensive experience of the operations of the Group, shall assume his dual capacity as the Chairman and Chief Executive Officer.

Further, code provision C.2.5 which requires the issuer should have an internal audit function. The Company does not establish a standalone internal audit department, however, the Board has put in place adequate measures to perform the internal audit function in relation to different aspects including (i) the Board has established formal arrangements to apply financial reporting and internal control principles in accounting and financial matters to ensure compliance with the Listing Rules and all relevant laws and regulations and (ii) the Company engaged an external consultant to perform an internal review on the scope determined by the audit committee (the “**Audit Committee**”). The Company considers that the existing organisation structure and close supervision by the management and the abovementioned engagement of the external consultant can maintain sufficient risk management and internal control of the Group. The Board will review the need to set up an internal audit function 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 year ended 31 December 2020.

### **Subsequent Event**

From 31 December 2020 to the date of this announcement, there are no important events affecting the Group.

### **Final Dividend**

The Board of the Company has proposed a final dividend of RMB0.034 per ordinary share for the year ended 31 December 2020, amounted to RMB20,400,000 based on 600,000,000 shares in issue as at 31 December 2020.

The proposed final dividend will be paid to shareholders whose names appear on the register of members of the Company on 8 June 2021, if the proposal is approved by the shareholders of the Company at the forthcoming annual general meeting. It is expected that the final dividend will be paid on or about 21 June 2021.

### **Annual General Meeting**

The annual general meeting (the “**AGM**”) of the Company is scheduled to be held on 28 May 2021 (the “**2021 AGM**”). A notice convening the 2021 AGM will be published on the websites of the Stock Exchange and the Company and despatched to the shareholders of the Company in due course.

## **Closure of Register of Members**

### ***In relation to the AGM***

For the purpose of determining the list of shareholders who are entitled to attend and vote at the 2021 AGM, the register of members of the Company will be closed from Tuesday, 25 May 2021 to Friday, 28 May 2021, both dates inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify to attend and vote at the 2021 AGM, all completed share transfer instruments accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 24 May 2021.

### ***In relation to the proposed final dividend***

Subject to approval by the shareholders of the Company in the 2021 AGM, for the purpose of determining the list of shareholders who are entitled to the proposed final dividend, the register of members of the Company will be closed from Thursday, 3 June 2021 to Tuesday, 8 June 2021, both dates inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all completed share transfer instruments accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 2 June 2021.

## **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 10 to the Listing Rules (the "Model Code") as its code of conduct regarding directors' securities transactions. Having made specific enquiry of all Directors, each of them confirmed that he/she has complied in full with the Model Code throughout the Reporting Year.

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

The Company has an Audit Committee with written terms of reference in compliance with Rule 3.22 of the Listing Rules and code provision C.3.3 of the CG Code. The Audit Committee consists of three independent non-executive Directors, namely Mr. Pang Hon Chung (as chairman), Professor Wu Jinwen and Mr. Huang Yaohui. The Audit Committee has reviewed the consolidated financial statements of the Company for the year ended 31 December 2020 and is of the view that the preparation of the consolidated financial statements has complied with applicable accounting standards and requirements. The Audit Committee has discussed the internal control and financial reporting process with the management of the Group, the internal control consultants and external auditors.



## **Scope of Work of Auditor**

The figures in respect of this preliminary announcement of the Group's results for the year ended 31 December 2020 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this preliminary announcement.

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

This annual results announcement is published on the Company's website at [www.tianyuan groupholdings.com](http://www.tianyuan groupholdings.com) and the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk). The 2020 Annual Report will be despatched to the shareholders of the Company in due course and will be available on the above websites.

## **Appreciation**

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

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

Hong Kong, 26 March 2021

*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.*