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## **TIAN YUAN GROUP HOLDINGS LIMITED**

**天源集團控股有限公司**

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

**(Stock Code: 6119)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021**

#### **FINANCIAL HIGHLIGHTS**

- Revenue for the year ended 31 December 2021 increased by approximately 70.1% or approximately RMB121.6 million to approximately RMB295.1 million compared to approximately RMB173.5 million for the year ended 31 December 2020.
- Gross profit for the year ended 31 December 2021 decreased by approximately 9.2% or approximately RMB5.6 million to approximately RMB55.7 million compared to approximately RMB61.3 million for the year ended 31 December 2020.
- Profit attributable to the owners of the Company for the year ended 31 December 2021 decreased by approximately 38.9% or approximately RMB8.1 million to approximately RMB12.7 million compared to approximately RMB20.8 million for the year ended 31 December 2020.
- A dividend in respect of the year ended 31 December 2021 of RMB0.035 per ordinary share, amounting to a total dividend of RMB21,000,000, is to be proposed at the forthcoming annual general meeting to be held on 27 May 2022.

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 2021 as follows:

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2021	2020
	Note	RMB'000	RMB'000
<b>Revenue</b>	3	<b>295,099</b>	173,523
Cost of sales		<u>(239,439)</u>	<u>(112,245)</u>
<b>Gross profit</b>		<b>55,660</b>	61,278
Other gains — net	4	<b>715</b>	97
Selling and administrative expenses		<u>(16,937)</u>	<u>(16,029)</u>
<b>Operating profit</b>		<u><b>39,438</b></u>	<u>45,346</u>
Finance costs — net	5	<b>(3,296)</b>	(2,327)
Finance income		<b>42</b>	20
Finance costs		<u>(3,338)</u>	<u>(2,347)</u>
Share of results of a joint venture		<u>(2,499)</u>	<u>(425)</u>
<b>Profit before income tax</b>		<b>33,643</b>	42,594
Income tax expense	6	<u>(13,458)</u>	<u>(12,733)</u>
<b>Profit for the year</b>		<u><b>20,185</b></u>	<u>29,861</u>
Other comprehensive income for the year		—	—
Total comprehensive income for the year		<u><b>20,185</b></u>	<u>29,861</u>
<b>Profit and total comprehensive income attributable to:</b>			
Owners of the Company		<b>12,718</b>	20,808
Non-controlling interests		<u>7,467</u>	<u>9,053</u>
		<u><b>20,185</b></u>	<u>29,861</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>0.0212</b></u>	<u>0.0347</u>

## CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2021	2020
	Note	RMB'000	RMB'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		157,897	156,106
Right-of-use assets		48,955	50,162
Intangible assets		167	202
Investment in a joint venture		10,965	13,464
Prepayments		1,410	2,486
Deferred income tax assets		8	6
		<u>219,402</u>	<u>222,426</u>
<b>Current assets</b>			
Trade and other receivables and amounts due from related parties	8	15,381	33,474
Inventories		—	149,462
Prepayments and other assets		803	739
Restricted cash		1,130	1,130
Term deposits		801	2,273
Cash and cash equivalents		145,998	38,801
		<u>164,113</u>	<u>225,879</u>
<b>Total assets</b>		<u><u>383,515</u></u>	<u><u>448,305</u></u>

		<b>As at 31 December</b>	
		<b>2021</b>	<b>2020</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		184,478	204,878
Other reserves		(20,005)	(20,934)
Retained earnings		132,420	120,631
		<u>301,788</u>	<u>309,470</u>
<b>Non-controlling interests</b>		<u>51,743</u>	<u>51,476</u>
<b>Total equity</b>		<u>353,531</u>	<u>360,946</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		555	322
Deferred income tax liabilities		271	281
		<u>826</u>	<u>603</u>
<b>Current liabilities</b>			
Amounts due to a related party	9	—	225
Trade and other payables and accruals	9	12,109	13,964
Borrowings		5,700	45,700
Contract liabilities		1,393	19,290
Current income tax liabilities		7,279	7,494
Lease liabilities		367	73
Deferred income tax liabilities		2,310	10
		<u>29,158</u>	<u>86,756</u>
<b>Total liabilities</b>		<u>29,984</u>	<u>87,359</u>
<b>Total equity and liabilities</b>		<u>383,515</u>	<u>448,305</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 holding company of the Company is Sino Ford Enterprises Limited, which was incorporated in the British Virgin Islands. The ultimate controlling shareholder of the Group is Mr. Yang Jinming.

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

These consolidated financial statements are presented in Renminbi (“**RMB**”) unless otherwise stated. These financial statements have been approved for issue by the Board on 29 March 2022.

### 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 2021:

- Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 Interest Rate Benchmark Reform — Phase 2

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 2021 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 beyond June 30, 2021	April 1, 2021
Annual Improvements Project	Annual Improvements to HKFRS Standards 2018-2020	January 1, 2022
Amendments to HKFRS 3, HKAS 16 and HKAS 37	Narrow-scope Amendments	January 1, 2022
Accounting guideline 5 (revised)	Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations	January 1, 2022
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	January 1, 2023
HKFRS 17	Insurance Contract (new standard and amendments)	January 1, 2023
Amendments to HKAS 8	Definition of Accounting Estimates	January 1, 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	January 1, 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	January 1, 2023
Amendments to HKFRS 4	Extension of the Temporary Exemption from Applying HKFRS 9	January 1, 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a single Transaction Tax	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 2021 and as at 31 December 2021 is listed as follows:

	<b>Year ended 31 December 2021</b>		
	<b>Cargo handling and ancillary services RMB’000</b>	<b>Sales of oil products RMB’000</b>	<b>Total RMB’000</b>
Total segment revenue	86,538	208,561	295,099
— Revenue from external customers	86,538	208,561	295,099
Segment results — gross profit	43,293	12,367	55,660
Other gains — net			715
Administrative and selling expenses			(16,937)
Finance costs — net			(3,296)
Share of results of a joint venture			(2,499)
Profit before income tax			33,643
Income tax expenses			(13,458)
Profit for the year			20,185
Other information:			
— Depreciation and amortisation	12,643	306	12,949

The segment information for the year ended 31 December 2021 and as at 31 December 2021 is listed as follows (continued):

	As at 31 December 2021		
	Cargo handling and ancillary services <i>RMB'000</i>	Sales of oil products <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	367,486	4,477	371,963
Unallocated assets:			
— Head office			579
— Investment in a joint venture			10,965
— Deferred income tax assets			8
Total assets			<u>383,515</u>
Segment liabilities	14,234	190	14,424
Unallocated liabilities:			
— Current income tax liabilities			7,279
— Deferred income tax liabilities			2,581
— Borrowings			5,700
Total liabilities			<u>29,984</u>

The segment information for the year ended 31 December 2020 and as at 31 December 2020 is listed as follows:

	Year ended 31 December 2020		
	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	98,893	74,630	173,523
— Revenue from external customers	98,893	74,630	173,523
Segment results — gross profit	57,597	3,681	61,278
Other gains — net			97
Administrative and selling expenses			(16,029)
Finance costs — net			(2,327)
Share of results of a joint venture			(425)
Profit before income tax			42,594
Income tax expenses			(12,733)
Profit for the year			<u>29,861</u>
Other information:			
— Depreciation and amortisation	12,256	310	12,566



The segment information for the year ended 31 December 2020 and as at 31 December 2020 is listed as follows (continued):

	As at 31 December 2020		
	Cargo handling and ancillary services <i>RMB'000</i>	Sales of oil products <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	280,281	154,245	434,526
Unallocated assets:			
— Head office			309
— Investment in a joint venture			13,464
— Deferred income tax assets			6
Total assets			<u>448,305</u>
Segment liabilities	16,849	17,025	33,874
Unallocated liabilities:			
— Current income tax liabilities			7,494
— Deferred income tax liabilities			291
— Borrowings			45,700
Total liabilities			<u>87,359</u>

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

	Year ended 31 December	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue from sales of goods	205,217	73,031
Revenue from provision of uploading and unloading services	85,097	96,568
Service income	3,344	1,599
Rental income	1,441	2,325
	<u>295,099</u>	<u>173,523</u>
Revenue recognised under HKFRS 15 — over time	86,538	98,893
Revenue recognised under HKFRS 15 — at a point in time	208,561	74,630
	<u>295,099</u>	<u>173,523</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:

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Customer A:	163,783	74,630
Customer B:	44,778	Not applicable*

\* 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	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Net foreign exchange gains/(losses)	232	(324)
Government grants	217	251
Gains on additional deduction of VAT	127	139
Gains on disposals of property, plant and equipment	2	—
Others	137	31
	<u>715</u>	<u>97</u>

#### 5 FINANCE COSTS — NET

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Finance costs		
— Interest expenses for bank borrowings	(3,258)	(2,301)
— Interest expenses for lease liabilities	(80)	(46)
	<u>(3,338)</u>	<u>(2,347)</u>
Finance income		
— Interest income on bank deposits	42	20
Finance costs — net	<u>(3,296)</u>	<u>(2,327)</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 2021 and 2020.

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 2021 and 2020 pursuant to the Corporate Income Tax Law of the PRC (the "CIT Law") and the Implementation Rules of the CIT Law effective from 1 January 2008.

According to the CIT Law and the Implementation Rules, starting from 1 January 2008, a withholding tax of 10% is levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong and fulfil requirements under the tax treaty arrangements between the relevant authorities of Mainland China and Hong Kong. The applicable withholding income tax rate of the intermediate holding company of the Company's mainland China subsidiaries for the year ended 31 December 2021 was 10%.

	Year ended 31 December	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax		
— Corporate income tax	11,170	12,745
Deferred income tax		
— Corporate income tax	(12)	(12)
— Withholding income tax	2,300	—
	<u>2,288</u>	<u>(12)</u>
	<u>13,458</u>	<u>12,733</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 2021 and 2020.

	Year ended 31 December	
	2021	2020
Profit attributable to owners of the Company (RMB'000)	12,718	20,808
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>0.0212</u>	<u>0.0347</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 2021 and 2020.

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

	As at 31 December	
	2021 RMB'000	2020 RMB'000
Trade receivables ( <i>Note (a)</i> )	8,273	9,150
Less: allowance for impairment of trade receivables	<u>—</u>	<u>—</u>
Trade receivables — net	8,273	9,150
Note receivables — third parties	4,100	1,404
Other receivables — third parties	318	476
VAT recoverable	<u>36</u>	<u>21,282</u>
	<u>12,727</u>	<u>32,312</u>
Amounts due from related parties		
— Trade	1,386	1,162
— Non-trade	<u>1,268</u>	<u>—</u>
	<u>2,654</u>	<u>1,162</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:

	<b>As at 31 December</b>	
	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Less than 30 days	7,394	6,817
31 to 60 days	480	595
61 to 90 days	194	450
91 to 180 days	—	1,288
181 to 365 days	205	—
	<u>8,273</u>	<u>9,150</u>

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

	<b>As at 31 December</b>	
	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
— RMB	14,113	33,474
— HK\$	1,268	—
	<u>15,381</u>	<u>33,474</u>

- (c) As at 31 December 2021 and 2020, 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 2021 and 2020, 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

	<b>As at 31 December</b>	
	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Accrual for staff costs and allowances	5,807	5,852
Other payables and accruals	4,252	6,214
Other tax payables	2,050	1,898
	<u>12,109</u>	<u>13,964</u>
Total	<u>12,109</u>	<u>13,964</u>
Amounts due to a related party	—	225

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

	<b>As at 31 December</b>	
	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
— RMB	<b>11,849</b>	13,926
— HK\$	<b>260</b>	263
	<b><u>12,109</u></b>	<u>14,189</u>

(b) As at 31 December 2021 and 2020, 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>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Final dividends for the year ended 31 December 2020 of RMB0.034 per ordinary share (2019: RMB0.032)	<b><u>20,400</u></b>	<u>19,200</u>
Total dividends provided for or paid	<b><u>20,400</u></b>	<u>19,200</u>

During the year ended 31 December 2021, dividends were paid in cash (2020: Same).

A dividend in respect of the year ended 31 December 2021 of RMB0.035 per ordinary share, amounting to a total dividend of RMB21,000,000, is to be proposed at the annual general meeting to be held on 27 May 2022. 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>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Proposed final dividend of RMB0.035 (2020: RMB0.034) per ordinary share	<b><u>21,000</u></b>	<u>20,400</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 2021 (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 2021, the Group achieved a total cargo throughput of approximately 4,104 thousand tonnes, representing a decrease of approximately 566 thousand tonnes or approximately 12.1% from approximately 4,670 thousand tonnes for the year ended 31 December 2020. The decrease in the cargo throughput was attributable to a decrease in demand, which was primarily affected by the ongoing COVID-19 pandemic and due to an increase in the procurement costs of our customers, especially an increase in commodities prices and transportation costs.

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 2020. The average selling price of the cargo handling fees of the Group remained stable for the year ended 31 December 2021 compared to that for the year ended 31 December 2020.

The Group has continuously enhanced its services quality and strengthened the relationship with its key customers. 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 70.7% of the total revenue of the Group for the Reporting Year.

## FINANCIAL REVIEW

### Revenue

For the year ended 31 December 2021, the revenue was approximately RMB295.1 million, representing an increase of approximately 70.1% compared to approximately RMB173.5 million for the year ended 31 December 2020. The increase in revenue was attributable to an increase in revenue generated from sales of oil products for the Reporting Year.

	Year ended 31 December		Changes	
	2021	2020	RMB'000	%
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Revenue from provision of uploading and unloading services	<b>85,097</b>	96,568	(11,471)	(11.9)
Revenue from sales of oil products	<b>205,217</b>	73,031	132,186	181.0
Rental income	<b>1,441</b>	2,325	(884)	(38.0)
Service income	<b>3,344</b>	1,599	1,745	109.1
	<b><u>295,099</u></b>	<u>173,523</u>	<u>121,576</u>	<u>70.1</u>

For the year ended 31 December 2021, our revenue from uploading and unloading services decreased by approximately 11.9% compared to that for the year ended 31 December 2020 to approximately RMB85.1 million. The decrease in revenue from uploading and unloading services was mainly attributable to a decrease in cargo throughput which was mainly due to a decrease in demand. During the Reporting Year, the revenue generated from handling asphalt, coal, kaolinite, and others decreased, which was partially offset by an increase in the revenue generated from handling grains and oil products.

For the year ended 31 December 2021, our revenue from sales of oil products increased by approximately 181.0% compared to that for the year ended 31 December 2020 to approximately RMB205.2 million. The increase in revenue from sales of oil products was primarily attributable to an increase in demand.

For the year ended 31 December 2021, our rental income decreased by approximately 38.0% compared to that for the year ended 31 December 2020 to approximately RMB1.4 million. The decrease in the rental income was primarily due to certain customers did not renew their rental agreements during the Reporting Year.



As demand increased, our service income for products sourcing for the Reporting Year increased by approximately 109.1% compared to that for the year ended 31 December 2020 to approximately RMB3.3 million.

### **Cost of sales**

Our cost of sales increased by approximately 113.3% from approximately RMB112.2 million for the year ended 31 December 2020 to approximately RMB239.4 million for the year ended 31 December 2021. This was primarily attributable to the cost of goods sold of approximately RMB195.5 million recorded for the sales of oil products during the Reporting Year. The increase was also due to an increase in employee benefit expenses and depreciation of property, plant and equipment.

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

The Group's overall gross profit decreased by approximately 9.2% from approximately RMB61.3 million for the year ended 31 December 2020 to approximately RMB55.7 million for the year ended 31 December 2021.

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

The overall gross profit margin decreased from approximately 35.3% for the year ended 31 December 2020 to approximately 18.9% for the year ended 31 December 2021.

The gross profit margin of the cargo handling and ancillary services segment was approximately 50.0% for the year ended 31 December 2021 compared to approximately 58.2% for the year ended 31 December 2020. The decrease was primarily due to a decrease in revenue of approximately 11.9% 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 2021 was approximately 5.9% compared to approximately 4.9% for the year ended 31 December 2020. The increase was mainly due to an increase in selling price and service income.

### **Other Gains — Net**

For the year ended 31 December 2021, other gains — net of approximately RMB715,000 (for the year ended 31 December 2020: approximately RMB97,000) consisted mainly of net exchange gains and government grants.

## **Finance Costs — Net**

For the year ended 31 December 2021, the Group's net finance costs of approximately RMB3.3 million consisted mainly of interest expenses for bank borrowings and lease liabilities (for the year ended 31 December 2020: net finance costs: approximately RMB2.3 million).

## **Selling and Administrative Expenses**

Selling and administrative expenses of approximately RMB16.9 million were incurred for the year ended 31 December 2021 compared to approximately RMB16.0 million for the year ended 31 December 2020.

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

The Group recorded a share of loss of a joint venture of approximately RMB2.5 million for the year ended 31 December 2021 (for the year ended 31 December 2020: RMB425,000).

## **Income Tax Expense**

The Group's income tax expense increased by approximately 5.7% from approximately RMB12.7 million for the year ended 31 December 2020 to approximately RMB13.5 million for the year ended 31 December 2021. The increase was primarily attributable to withholding tax of approximately RMB2.3 million provided for dividend payment proposed from a wholly-owned subsidiary for the Reporting Year.

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

For the year ended 31 December 2021, the Group's profit attributable to owners of the Company was approximately RMB12.7 million (for the year ended 31 December 2020: approximately RMB20.8 million). The decrease of approximately 38.9% in the Group's profit attributable to owners of the Company for the Reporting Year compared to that for 2020 was mainly due to decrease in gross profit; increase in a share of loss of a joint venture; and increase in income tax expense arising from withholding tax provided for proposed dividend payment from the subsidiary.

## **Liquidity and Financial Resources**

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

The Group recorded net current assets of approximately RMB135.0 million as at 31 December 2021, while the net current assets as at 31 December 2020 was approximately RMB139.1 million.

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

The Group's interest-bearing borrowings were approximately RMB5.7 million as at 31 December 2021 (as at 31 December 2020: approximately RMB45.7 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 RMB5.7 million were repayable within 1 year. The gearing ratio (defined as total debt divided by total equity) was approximately 1.9% as at 31 December 2021 (as at 31 December 2020: approximately 12.8%).

### ***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**

There were no significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures by the Group for the year ended 31 December 2021 (for the year ended 31 December 2020: 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, respectively. As at 31 December 2020, the formation of joint venture is completed and owned as to 30% and 70% by the Company and Fortune Oil PRC, respectively).

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

As at 31 December 2021, the Group had certain pledged assets including certain right-of-use assets and property, plant and equipment with the aggregated carrying amount of RMB41.3 million as collateral for certain banking facilities of the Group granted by a PRC bank (as at 31 December 2020: approximately RMB43.6 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, amounts due from related parties and other payables maintained in Hong Kong dollars.

The Group did not use derivative financial instruments to hedge against the volatility associated with foreign currency transactions and other financial assets and liabilities arising in the ordinary course of business during the Reporting Year (during the year ended 31 December 2020: Same).

## **Human Resources and Remuneration**

As at 31 December 2021, the Group employed 247 employees (as at 31 December 2020: 241 employees) with total staff costs of approximately RMB26.9 million incurred for the year ended 31 December 2021 (for the year ended 31 December 2020: approximately RMB23.8 million). The increase was mainly due to an increase in number of headcounts and an increase in social security contributions made in the Reporting Year as no contributions exemption granted in 2021. The Group's remuneration packages are generally structured with reference to market terms and individual merits.

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

As disclosed in the Company's interim report for the period ended 30 June 2021, Maoming Tianyuan Terminal Operation Company Limited\* (茂名市天源碼頭經營有限公司) ("Tianyuan") is still in the process of applying for the state-owned land use right certificate for a parcel of land with a site area of 2,589.3 sq.m. where Tianyuan has constructed office buildings, an internal warehouse and an entrance guard house thereon. Tianyuan was informed by the relevant authority that the application is still pending for approval and the process takes more time as there is insufficient record of this parcel of land being kept by the authority, and the processing timeline is still uncertain. Despite of the above, it does not have any impact on our business operation as the Company is not using it for its terminal business and the said parcel of land had made no attributable revenue to the Company during the Track Record Period (as defined in the Prospectus of the Company dated 18 May 2018) up to the date of this announcement. The Company will make announcement(s) on further progress in connection with the above, as and when appropriate.

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

Save for the business plan disclosed in this announcement, there is no other plan for material investments or capital assets as at 31 December 2021.

## **Capital Commitments**

As at 31 December 2021, the Group had no capital commitments (as at 31 December 2020: approximately RMB3.5 million).

## **OUTLOOK AND PROSPECTS**

Looking forward, under the co-existence of challenges and opportunities, we will be diligent to consolidate our core businesses and thoughtful to grasp the opportunities of development and expansion gradually.

The Group will continue to broaden cargo sources, diversify cargo varieties and improve operational efficiency. Meanwhile, maintain and promote our high standards in production safety, environmental protection, service quality control, good hygienic environment and risk management measures.

Through precise and effective business development strategies and timely responses to the changes, we are confident with the wisdom and concerted efforts of its management together with all its employees, and 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 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 Board members and appropriate Board committees. In addition, there are three independent non-executive Directors on the Board offering their experiences, expertise, independent advice and views to the Board's affairs from different perspectives. Therefore, it is in the best interest of the Company that Mr. Yang Jinming, with his in-depth knowledge in the businesses and extensive experience of the operations of the Group, shall assume his dual capacity as the Chairman and Chief Executive Officer.

Further, code provision D.2.5 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 2021.

### **Subsequent Event**

From 31 December 2021 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 RMB0.035 per ordinary share for the year ended 31 December 2021, amounted to RMB21,000,000 based on 600,000,000 shares in issue as at 31 December 2021.

The proposed final dividend will be paid to shareholders whose names appear on the register of members of the Company on 7 June 2022, 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 20 June 2022.

### **Annual General Meeting**

The annual general meeting (the “**AGM**”) of the Company is scheduled to be held on 27 May 2022 (the “**2022 AGM**”). A notice convening the 2022 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 2022 AGM, the register of members of the Company will be closed from Tuesday, 24 May 2022 to Friday, 27 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 2022 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, 23 May 2022.

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

Subject to approval by the shareholders of the Company in the 2022 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, 2 June 2022 to Tuesday, 7 June 2022, 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, 1 June 2022.

## **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 D.3.3 of the CG Code. The Audit Committee consists of three independent non-executive Directors, namely Mr. Pang Hon Chung (as chairman), Professor Wu Jinwen and Mr. Huang Yaohui. The Audit Committee has reviewed the consolidated financial statements of the Company for the year ended 31 December 2021 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 2021 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 2021 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, 29 March 2022

*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.*