



天源集團控股有限公司

TIAN YUAN GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 6119



2023

INTERIM REPORT



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# CORPORATE INFORMATION

## DIRECTORS

### Executive Directors

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

Ms. Tong Wai Man

Mr. Su Baihan

### Non-Executive Director

Mr. Yang Fan

### Independent Non-Executive Directors

Mr. Pang Hon Chung

Professor Wu Jinwen

Mr. Huang Yaohui

## REGISTERED OFFICE

Windward 3, Regatta Office Park

P.O. Box 1350

Grand Cayman KY1-1108

Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

168 Renmin South Road

Maoming, PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room C, 29/F.

Tower B, Billion Centre

1 Wang Kwong Road

Kowloon Bay

Hong Kong

## COMPANY'S WEBSITE

[www.tianyuanholdings.com](http://www.tianyuanholdings.com)

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

## COMPANY SECRETARY

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

## AUTHORIZED REPRESENTATIVES

Mr. Yang Jinming

Mr. Hung Chung Wah

## AUDIT COMMITTEE

Mr. Pang Hon Chung (*Chairman*)

Professor Wu Jinwen

Mr. Huang Yaohui

## REMUNERATION COMMITTEE

Professor Wu Jinwen (*Chairman*)

Mr. Huang Yaohui

Ms. Tong Wai Man

## NOMINATION COMMITTEE

Mr. Yang Jinming (*Chairman*)

Professor Wu Jinwen

Mr. Pang Hon Chung

### PRINCIPAL SHARE REGISTRAR

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

### HONG KONG BRANCH SHARE REGISTRAR

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

### PRINCIPAL BANKERS

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

### LEGAL ADVISER AS TO HONG KONG LAWS

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

### AUDITOR

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

### STOCK CODE

6119

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

The Group's principal activities include:

- (i) Bulk cargo uploading and unloading services. Our terminals are relatively adaptive and able to handle a variety of non-containerised cargo. For the six months ended 30 June 2023 (the "Reporting Period"), we mainly handled bulk cargo such as coal, quartz sand, oil products, grains, asphalt and kaolinite as well as a small portion of break bulk cargo and neo-bulk cargo;
- (ii) Related ancillary value-added port services, which mainly include storage services at our oil tanks and grain barns as well as lease of our shovel trucks; and
- (iii) Supply and sales of oil products.

### **Bulk cargo uploading and unloading services and related ancillary value-added port services**

During the six months ended 30 June 2023, the Group achieved a total cargo throughput of approximately 1,575 thousand tonnes, representing a decrease of approximately 786 thousand tonnes or approximately 33.3% from approximately 2,361 thousand tonnes for the six months ended 30 June 2022 (the "Corresponding Period"). The decrease in the total cargo throughput was mainly due to a decrease in overall demand.

The average selling price of the cargo handling fees of the Group recorded for the six months ended 30 June 2023 was slightly higher compared to the Corresponding Period.

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

The scale of ancillary value-added port services including storage services at our oil tanks and grain barns as well as lease of our shovel trucks provided were comparable to the Corresponding Period.

### **Supply and sales of oil products**

During the six months ended 30 June 2023, the Group recorded a higher revenue from sales of oil products of approximately RMB179.8 million, representing an increase of approximately 119.5% from approximately RMB81.9 million for the Corresponding Period which was boosted by an increase in demand.

The Group is building up a sales and marketing team and will strengthen it along with the expansion plan, the Group expects to commence international import trading business in the second half of 2023. By supplying oil products to Maoming Tianyuan Trade Development Company Limited which has an extensive customer base, the Group aims to raise its corporate profile and boost its reputation among other existing and potential independent customers, to enjoy the benefit from possible lowering of unit costs through economies of scale and improved inventory management through bulk purchase. To meet the development of its trading business, the Group is expanding and enhancing its sales and marketing team which is expected to facilitate developing relationships and obtaining more orders from new customers.

## FINANCIAL REVIEW

### Revenue

For the six months ended 30 June 2023, the revenue was approximately RMB215.1 million, representing an increase of approximately 62.6% compared to the Corresponding Period. The increase in revenue was attributable to an increase in revenue generated from sales of oil products for the Reporting Period.

	Six months ended 30 June		Changes	
	2023 RMB'000	2022 RMB'000	RMB'000	%
Revenue from provision of uploading and unloading services	34,235	49,597	(15,362)	(31.0)
Revenue from sales of oil products	179,831	81,926	97,905	119.5
Rental income	754	721	33	4.6
Service income	242	–	242	n/a
<b>Total</b>	<b>215,062</b>	<b>132,244</b>	<b>82,818</b>	<b>62.6</b>

For the six months ended 30 June 2023, our revenue from uploading and unloading services decreased by approximately 31.0% compared to the Corresponding Period to approximately RMB34.2 million. The decrease was mainly due to a decrease in the total cargo throughput as the overall demand decreased.

The decrease in the revenue from uploading and unloading services was mainly attributable to a decrease in revenue generated from handling oil products, asphalt, coal and grains. The major types of cargoes handled by the Group during the Reporting Period were by and large the same as those for the Corresponding Period.

Due to an increase in demand, our revenue from sales of oil products for the six months ended 30 June 2023 increased by approximately 119.5% compared to the Corresponding Period to approximately RMB179.8 million. The increase in demand was mainly due to the reopening of China and stabilization of oil products prices during the first half of 2023.

The rental income recorded for the Reporting Period is comparable to the Corresponding Period.

### Cost of Sales

Our cost of sales increased by approximately 90.0% from approximately RMB100.3 million for the six months ended 30 June 2022 to approximately RMB190.6 million for the six months ended 30 June 2023. This was primarily attributable to the cost of goods sold of approximately RMB172.2 million recorded for the sales of oil products during the Reporting Period (for the six months ended 30 June 2022: approximately RMB77.7 million).

## MANAGEMENT DISCUSSION AND ANALYSIS

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

The Group's overall gross profit decreased by approximately 23.4% from approximately RMB32.0 million for the six months ended 30 June 2022 to approximately RMB24.5 million for the six months ended 30 June 2023.

The decrease in gross profit was mainly due to a decrease in gross profit of the cargo handling and ancillary services segment as its revenue decreased as mentioned above.

The overall gross profit margin decreased from approximately 24.2% for the six months ended 30 June 2022 to approximately 11.4% for the six months ended 30 June 2023.

The gross profit margin of the cargo handling and ancillary services segment was approximately 47.9% for the six months ended 30 June 2023 compared to approximately 55.1% for the Corresponding Period. The decrease was due to a decrease in revenue.

The gross profit margin of the sales of oil products segment was approximately 4.3% for the six months ended 30 June 2023 compared to approximately 5.2% for the Corresponding Period. The decrease was mainly due to a decrease in selling price.

### **Other Losses – Net**

For the six months ended 30 June 2023, other losses-net of approximately RMB1.1 million (for the six months ended 30 June 2022: approximately RMB569,000) consisted mainly of net foreign exchange loss.

### **Selling and Administrative Expenses**

Selling and administrative expenses decreased from approximately RMB7.5 million for the six months ended 30 June 2022 to approximately RMB6.4 million for the six months ended 30 June 2023. The decrease was mainly due to a decrease in employee benefit expenses and other expenses.

### **Finance Income/(Costs) – Net**

For the six months ended 30 June 2023, the Group's net finance income of approximately RMB53,000 consisted mainly of bank interest income (for the six months ended 30 June 2022: finance costs-net approximately RMB219,000).

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

The Group recorded a share of gain of a joint venture of approximately RMB293,000 for the six months ended 30 June 2023 (for the six months ended 30 June 2022: a share of loss of a joint venture approximately RMB745,000).

### **Income Tax Expense**

The Group's income tax expense decreased by approximately 24.5% from approximately RMB7.5 million for the six months ended 30 June 2022 to approximately RMB5.6 million for the six months ended 30 June 2023. The decrease was primarily attributable to a lower taxable profit recorded for the Reporting Period compared to that for the Corresponding Period.

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

For the six months ended 30 June 2023, the Group's profit attributable to owners of the Company was approximately RMB8.3 million (for the six months ended 30 June 2022: approximately RMB10.6 million).

The decrease in the profit attributable to owners of the Company was mainly due to a decrease in gross profit margin as mentioned above.

### **Liquidity and Financial Resources**

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

The Group recorded net current assets of approximately RMB130.0 million as at 30 June 2023, while the net current assets as at 31 December 2022 was approximately RMB140.2 million.

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

The Group has no interest-bearing borrowings as at 30 June 2023 (as at 31 December 2022: Nil). The gearing ratio was approximately 0.1% as at 30 June 2023 (as at 31 December 2022: approximately 0.2%), calculated as total debt (including external borrowings and lease liabilities) divided by total capital.

#### ***Treasury Policy***

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

#### ***Capital Structure***

The capital structure of the Group consists of equity attributable to owners of the Company, which mainly comprises issued share capital, share premium and retained earnings.

### **Significant Investments, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures**

Save for disclosed in the annual report for the year ended 31 December 2022, there were no significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures by the Group for the six months ended 30 June 2023 (for the six months ended 30 June 2022: Same).

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

As at 30 June 2023, the Group had certain pledged assets including certain land use rights, sea area use rights and property, plant and equipment with the aggregated carrying amount of approximately RMB37.6 million (as at 31 December 2022: approximately RMB39.0 million), and cash in banks amounting to RMB46.8 million (as at 31 December 2022: approximately RMB46.8 million) as collateral for certain banking facilities of the Group granted by a PRC bank.

### **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 a related party 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 Period (Corresponding Period: Same).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Human Resources and Remuneration

As at 30 June 2023, the Group employed 224 employees (as at 30 June 2022: 239 employees) with total staff costs of approximately RMB12.0 million incurred for the six months ended 30 June 2023 (for the six months ended 30 June 2022: approximately RMB13.4 million). The decrease was mainly due to a decrease in number of headcount and employee subsidies in the Reporting Period compared to that for the Corresponding Period. The Group's remuneration packages are generally structured with reference to market terms and individual merits.

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

As disclosed in the annual report for the year ended 31 December 2022, Maoming Tianyuan Terminal Operation Company Limited\* (茂名市天源碼頭經營有限公司) ("Tianyuan") is still in the process of applying for the state-owned land use right certificate for a parcel of land with a site area of 2,589.3 sq.m. where Tianyuan has constructed office buildings, an internal warehouse and an entrance guard house thereon. Tianyuan was informed by the relevant authority that the application is still pending for approval and the process takes more time as there is insufficient record of this parcel of land being kept by the authority, and the processing timeline is still uncertain. Despite of the above, it does not have any impact on our business operation as the Company is not using it for its terminal business and the said parcel of land had made no attributable revenue to the Company during the Track Record Period (as defined in the Prospectus) up to the date of this interim report. The Company will make announcement(s) on further progress in connection with the above, as and when appropriate.

### Interim Dividend

The board (the "Board") of directors (the "Directors") of the Company does not recommend the payment of an interim dividend for the six months ended 30 June 2023 (for the six months ended 30 June 2022: Nil).

### Future Plans for Material Investments or Capital Assets

Save for the business plan disclosed in this interim report, there was no other plan for material investments or capital assets as at 30 June 2023.

### Capital Commitments

As at 30 June 2023, the Group had no capital commitments (as at 31 December 2022: approximately RMB97,000).

### Outlook and Prospects

The Group will continue to consolidate and integrate the core businesses to enhance its operational capabilities and efficiency. For the cargo handling and ancillary services, the Group will broaden its cargo sources, enhance the cost control and deepen the customers relationship.

In respect of the sales of oil products, the Group will strive to expand sales, enhance marketing strategies and customer services, improve inventory management and develop the market steadily. Meanwhile, the Group would devote more efforts and resources to implement the development of import trading business aim to achieve a growth in revenue and profit.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## CORPORATE GOVERNANCE

The Board recognises the importance of good corporate governance standards and internal procedures so as to achieve effective accountability and enhance shareholders' value. The Board is of the opinion that the Company has complied with applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") since 1 January 2023 and up to 30 June 2023, except for:

1. Code provision C.2.1 which requires the roles of chairman and chief executive to be separate and not to be performed by the same individual. The Board is of the view that there is adequate balance of power and authority in place as all major decisions have been made in discussion among the Board members and the appropriate Board committees. In addition, there are three independent non-executive Directors on the Board offering their experiences, expertise, independent advice and views to the Board's affairs from different perspectives. Therefore, it is in the best interest of the Company that Mr. Yang Jinming, with his in-depth knowledge in the businesses and extensive experience of the operations of the Group, shall assume his dual capacity as the Chairman and Chief Executive Officer.
2. Code provision D.2.5 which requires the issuer should have an internal audit function. The Company has not established a standalone internal audit department, however, the Board has put in place adequate measures to perform the internal audit function in relation to different aspects including (i) the Board has established formal arrangements to apply financial reporting and internal control principles in accounting and financial matters to ensure compliance with the Listing Rules and all relevant laws and regulations and (ii) the Company proposes to engage an external consultant to perform an internal review on the scope determined by the audit committee (the "Audit Committee") in the second half of the year. Taking into account the size and complexity of the operations of the Group, the Company considers that the existing organisation structure and close supervision by the management can maintain sufficient risk management and internal control of the Group. However, the Board will review the need to set up an internal audit function from time to time and may set up an internal audit team if the need arises.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company throughout the six months ended 30 June 2023.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 June 2023, the interests and short positions of Directors or chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules are as follows:

#### Interests in the Company

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

#### Notes:

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

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### Interests in associated corporations of the Company

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

Save as disclosed above and so far as is known to the Directors, as at 30 June 2023, none of the Directors or chief executive of the Company had or was deemed to have any other interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

So far as is known to the Directors, as at 30 June 2023, the following persons (not being Directors or chief executive of the Company) had, or were deemed to have, interests or shorts positions in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of interests required to be kept by the Company under section 336 of the SFO:

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

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

Save as disclosed above, as at 30 June 2023, the Directors were not aware of any other person (other than the Directors or chief executive of the Company) who had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of interests required to be kept by the Company under section 336 of the SFO.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### SHARE OPTION SCHEME

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

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

Save for disclosed in the section “Controlling Shareholders’ Interest–Non-Competition Undertakings” of the annual report for the year ended 31 December 2022, during the Reporting Period, none of the Directors, the controlling shareholder or substantial shareholders of the Company nor any of their respective associates (as defined under the Listing Rules) had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group, and none of them has any other conflicts of interests with the Group during the Reporting Period.

### AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The Company has an Audit Committee with written terms of reference in compliance with Rule 3.22 of the Listing Rules and provision D.3.3 of the CG Code. The Audit Committee consists of three independent non-executive Directors, namely Mr. Pang Hon Chung (as chairman), Professor Wu Jinwen and Mr. Huang Yaohui. The Audit Committee has reviewed the unaudited interim results of the Company for the six months ended 30 June 2023 and is of the view that the preparation of the unaudited interim results has complied with applicable accounting standards and requirements.

The Audit Committee has reviewed unaudited interim results for the six months ended 30 June 2023 with the Company’s management and this interim report. The Audit Committee has no disagreement with the accounting treatment adopted by the Company.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its code of conduct regarding directors’ securities transactions. Having made specific enquiry of all Directors, each of them confirmed that he/she has complied in full with the Model Code for the six months ended 30 June 2023.

### IMPORTANT EVENTS AFTER THE REPORTING PERIOD

There is no important event subsequent to 30 June 2023 and up to the date of this interim report.

On behalf of the Board

**Yang Jinming**

*Chairman and Chief Executive Officer*

Hong Kong, 30 August 2023

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023  
(All amounts expressed in RMB unless otherwise stated)

	Notes	Six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue	6	215,062	132,244
Cost of sales	8	(190,555)	(100,269)
<b>Gross profit</b>		<b>24,507</b>	31,975
Other losses – net	7	(1,117)	(569)
Selling and administrative expenses	8	(6,359)	(7,480)
<b>Operating Profit</b>		<b>17,031</b>	23,926
Finance income/(costs) – net	9	53	(219)
Finance income		70	4
Finance costs		(17)	(223)
Share of results of a joint venture	16	293	(745)
<b>Profit before income tax</b>		<b>17,377</b>	22,962
Income tax expense	10	(5,648)	(7,479)
<b>Profit for the period</b>		<b>11,729</b>	15,483
Other comprehensive income for the period		–	–
<b>Total comprehensive income for the period</b>		<b>11,729</b>	15,483
<b>Profit and total comprehensive income attributable to:</b>			
Owners of the Company		8,334	10,590
Non-controlling interests		3,395	4,893
		<b>11,729</b>	15,483
<b>Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)</b>			
Basic and diluted	11	0.014	0.018

# INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2023

(All amounts expressed in RMB unless otherwise stated)

	Notes	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	149,987	154,318
Right-of-use assets	13	45,648	46,713
Intangible assets	15	131	149
Investment in a joint venture	16	–	10,381
Financial assets at fair value through other comprehensive income (“FVOCI”)	16	12,543	–
Prepayments	19	13	37
		<b>208,322</b>	211,598
<b>Current assets</b>			
Trade and other receivables	17	29,068	30,651
Amounts due from a related party	17	–	1,783
Inventories	18	151,945	160,804
Prepayments and other assets	19	352	772
Restricted cash		46,830	46,830
Term deposits		2,769	–
Cash and cash equivalents		17,262	18,464
		<b>248,226</b>	259,304
<b>Total assets</b>		<b>456,548</b>	470,902
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	20	4,895	4,895
Share premium	20	139,478	163,478
Other reserves		(11,294)	(12,803)
Retained earnings		149,524	142,699
		<b>282,603</b>	298,269
<b>Non-controlling interests</b>		<b>55,321</b>	51,926
<b>Total equity</b>		<b>337,924</b>	350,195

# INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2023

(All amounts expressed in RMB unless otherwise stated)

	<i>Notes</i>	<b>As at 30 June 2023 RMB'000 (Unaudited)</b>	As at 31 December 2022 RMB'000 (Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities	13	117	161
Deferred income tax liabilities		253	1,463
		<b>370</b>	1,624
<b>Current liabilities</b>			
Trade, bills and other payables and accruals	21	99,560	92,384
Contract liabilities		13,940	20,502
Current income tax liabilities		4,509	5,803
Lease liabilities	13	245	394
		<b>118,254</b>	119,083
<b>Total liabilities</b>		<b>118,624</b>	120,707
<b>Total equity and liabilities</b>		<b>456,548</b>	470,902

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

(All amounts expressed in RMB unless otherwise stated)

	Unaudited									
	Attributable to owners of the Company									
	Share capital	Share premium	Other capital reserves	Capital surplus	Statutory surplus reserve	Production safety reserve	Retained earnings	Total	Non-controlling interests	Total equity
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>For the six months ended 30 June 2023</b>										
<b>As at 1 January 2023</b>	4,895	163,478	(64,894)	31,021	11,744	9,326	142,699	298,269	51,926	350,195
Profit and total comprehensive income for the period	-	-	-	-	-	-	8,334	8,334	3,395	11,729
Appropriation to production safety reserve	-	-	-	-	-	580	(580)	-	-	-
Appropriation to statutory reserve	-	-	-	-	929	-	(929)	-	-	-
2022 Final Dividend	-	(24,000)	-	-	-	-	-	(24,000)	-	(24,000)
<b>As at 30 June 2023</b>	4,895	139,478	(64,894)	31,021	12,673	9,906	149,524	282,603	55,321	337,924
<b>For the six months ended 30 June 2022</b>										
<b>As at 1 January 2022</b>	4,895	184,478	(64,894)	31,021	5,500	8,368	132,420	301,788	51,743	353,531
Profit and total comprehensive income for the period	-	-	-	-	-	-	10,590	10,590	4,893	15,483
Appropriation to production safety reserve	-	-	-	-	-	657	(657)	-	-	-
Appropriation to statutory reserve	-	-	-	-	6,244	-	(6,244)	-	-	-
2021 Final Dividend	-	(21,000)	-	-	-	-	-	(21,000)	-	(21,000)
<b>As at 30 June 2022</b>	4,895	163,478	(64,894)	31,021	11,744	9,025	136,109	291,378	56,636	348,014

The notes on pages 18 to 40 are an integral part of the interim condensed consolidated financial information.

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023  
(All amounts expressed in RMB unless otherwise stated)

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Cash flow from operating activities</b>		
Cash generated from/(used in) operations	35,216	(13,551)
Interest received	70	4
Interest paid	(17)	(193)
Income tax paid	(8,152)	(8,887)
<b>Net cash generated from/(used in) operating activities</b>	<b>27,117</b>	<b>(22,627)</b>
<b>Cash flow from investing activities</b>		
Proceeds from disposal of property, plant and equipment	1	–
Purchases of property, plant and equipment	(1,358)	(4,074)
Purchases of intangible assets	–	(19)
Increase in term deposits	(2,769)	(2,200)
<b>Net cash used in investing activities</b>	<b>(4,126)</b>	<b>(6,293)</b>
<b>Cash flows from financing activities</b>		
Dividends paid to owners of the Company	(24,000)	(21,000)
Principal elements and interest elements of lease payments	(193)	(210)
<b>Net cash used in financing activities</b>	<b>(24,193)</b>	<b>(21,210)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,202)</b>	<b>(50,130)</b>
Cash and cash equivalents at beginning of the period	18,464	145,998
<b>Cash and cash equivalents at end of the period</b>	<b>17,262</b>	<b>95,868</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023  
(All amounts expressed in RMB unless otherwise stated)

## 1 GENERAL INFORMATION

Tian Yuan Group Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 27 July 2015 as an exempted company with limited liability under the Companies Law (as revised) of the Cayman Islands. The address of its registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The Company is an investment holding company and its subsidiaries (together referred to as the “Group”) are principally engaged in provision of bulk and general cargo uploading and unloading services, supply and sales of oil products and related ancillary value-added port services in The People’s Republic of China (“PRC”). The ultimate controlling shareholder of the Group is Mr. Yang Jinming (Mr. Yang or the “Controlling Shareholder”).

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

This interim condensed consolidated financial information (the “Interim Financial Information”) is presented in Renminbi (“RMB”), unless otherwise stated. The Interim Financial Information was approved for issue by the Board of Directors on 30 August 2023 and has not been audited.

## 2 BASIS OF PREPARATION

This Interim Financial Information for the six months ended 30 June 2023 has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by Hong Kong Institute of Certified Public Accountants (“HKICPA”). This Interim Financial Information should be read in conjunction with the Company’s consolidated financial statements for the year ended 31 December 2022 (“2022 Financial Statements”), which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA, and public announcements made by the Group during the interim reporting period.

## 3 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2022, as described in those annual financial statements.

### (a) New and amended standards adopted by the Group

The following amendments to standards have been adopted by the Group for the financial period beginning on 1 January 2023:

HKFRS 17	Insurance Contract
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a single Transaction

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023  
(All amounts expressed in RMB unless otherwise stated)

## 3 ACCOUNTING POLICIES *(Continued)*

### (b) New standards and interpretations not yet adopted

New and amendments to existing standards have been issued but are not effective for the financial year beginning on 1 January 2023 and have not been early adopted by the Group

		Effective for accounting periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-current liabilities with covenants	1 January 2024
Amendments to HKFRS 16	Lease liability in sale and leaseback	1 January 2024
HK Int 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

## 4 ESTIMATES

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

In preparing this Interim Financial Information, the significant judgments were made by management in applying the Group's accounting policies and the key sources of estimation. Uncertainty was the same as those that applied to the 2022 Financial Statements.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

(All amounts expressed in RMB unless otherwise stated)

## 5 FINANCIAL RISK MANAGEMENT

### 5.1 Financial risk factors

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

This Interim Financial Information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the 2022 Financial Statements.

There have been no changes in the risk management policies since year ended 31 December 2022.

### 5.2 Liquidity risk

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

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

### 5.3 Fair value estimation

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

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023  
(All amounts expressed in RMB unless otherwise stated)

## 6 SEGMENT INFORMATION AND REVENUE

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

The CODM identified two reportable segments as follows:

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

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

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

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

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

	Six months ended 30 June 2023		
	Cargo handling and ancillary services RMB'000 (Unaudited)	Sales of oil products RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Total segment revenue	34,989	180,073	215,062
– Revenue from external customers	34,989	180,073	215,062
Segment results – gross profit	16,775	7,732	24,507
Other losses – net			(1,117)
Selling and administrative expenses			(6,359)
Finance income – net			53
Share of results of a joint venture			293
Profit before income tax			17,377
Income tax expenses			(5,648)
Profit for the period			11,729
Other information:			
– Depreciation and amortisation	6,609	157	6,766

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

(All amounts expressed in RMB unless otherwise stated)

### 6 SEGMENT INFORMATION AND REVENUE *(Continued)*

The segment information for the six months ended 30 June 2023 and as at 30 June 2023 is listed as follows:  
*(Continued)*

	As at 30 June 2023		
	Cargo handling and ancillary services RMB'000 (Unaudited)	Sales of oil products RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Segment assets	287,806	156,054	443,860
Unallocated assets:			
– Head office			145
– Financial assets at FVOCI			12,543
<b>Total assets</b>			<b>456,548</b>
Segment liabilities	113,862	–	113,862
Unallocated liabilities:			
– Current income tax liabilities			4,509
– Deferred income tax liabilities			253
<b>Total liabilities</b>			<b>118,624</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023  
(All amounts expressed in RMB unless otherwise stated)

## 6 SEGMENT INFORMATION AND REVENUE *(Continued)*

The segment information for the six months ended 30 June 2022 and as at 31 December 2022 is listed as follows:

	Six months ended 30 June 2022		
	Cargo handling and ancillary services RMB'000 (Unaudited)	Sales of oil products RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Total segment revenue	50,318	81,926	132,244
– Revenue from external customers	50,318	81,926	132,244
Segment results – gross profit	27,717	4,258	31,975
Other losses – net			(569)
Selling and administrative expenses			(7,480)
Finance costs – net			(219)
Share of results of a joint venture			(745)
Profit before income tax			22,962
Income tax expenses			(7,479)
Profit for the period			15,483
Other information:			
– Depreciation and amortisation	6,366	155	6,521

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

(All amounts expressed in RMB unless otherwise stated)

### 6 SEGMENT INFORMATION AND REVENUE *(Continued)*

The segment information for the six months ended 30 June 2022 and as at 31 December 2022 is listed as follows: *(Continued)*

	As at 31 December 2022		
	Cargo handling and ancillary services RMB'000 (Audited)	Sales of oil products RMB'000 (Audited)	Total RMB'000 (Audited)
Segment assets	295,261	164,971	460,232
Unallocated assets:			
– Head office			289
– Investment in a joint venture			10,381
<b>Total assets</b>			<b>470,902</b>
Segment liabilities	92,934	20,507	113,441
Unallocated liabilities:			
– Current income tax liabilities			5,803
– Deferred income tax liabilities			1,463
<b>Total liabilities</b>			<b>120,707</b>

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

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue from provision of uploading and unloading services	34,235	49,597
Revenue from sales of goods	179,831	81,926
Rental income	754	721
Service income	242	–
	<b>215,062</b>	<b>132,244</b>
Revenue recognised under HKFRS 15 – over time	34,989	50,318
Revenue recognised under HKFRS 15 – at a point in time	180,073	81,926
	<b>215,062</b>	<b>132,244</b>

Rental income are recognised proportionately over the lease term.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023  
(All amounts expressed in RMB unless otherwise stated)

### 6 SEGMENT INFORMATION AND REVENUE *(Continued)*

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

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Customer A:	93,018	50,451
Customer B:	87,055	31,475

### 7 OTHER LOSSES – NET

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Net foreign exchange loss	(1,152)	(988)
Others	35	419
	<b>(1,117)</b>	<b>(569)</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

(All amounts expressed in RMB unless otherwise stated)

## 8 EXPENSES BY NATURE

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Cost of goods sold	172,184	77,668
Employee benefit expenses	11,960	13,390
Depreciation of property, plant and equipment (Note 14)	5,683	5,438
Depreciation of right-of-use assets (Note 13)	1,065	1,065
Labour services fee	937	2,985
Repair and maintenance expenses	555	898
Fuel expenditures	1,043	1,447
Electricity and water	635	804
Business tax and other levies	736	705
Insurance costs	415	333
Transportation costs	229	285
Professional service expenses	474	670
Travelling expenses	334	368
Production safety expenses	133	380
Amortisation of intangible assets (Note 15)	18	18
Office expenses	117	226
Other expenses	396	1,069
<b>Total cost of sales, selling and administrative expenses</b>	<b>196,914</b>	<b>107,749</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023  
(All amounts expressed in RMB unless otherwise stated)

## 9 FINANCE INCOME/(COSTS) – NET

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Finance costs		
– Interest expenses for bank borrowings	–	(193)
– Interest expenses for lease liabilities	(17)	(30)
	(17)	(223)
Finance income		
– Interest income on bank deposits	70	4
Finance income/(costs) – net	53	(219)

## 10 INCOME TAX EXPENSE

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

No provision for Hong Kong profits tax was provided as the group entities did not have assessable profits in Hong Kong during the six months ended 30 June 2023 and 2022.

The income tax provision of the Group in respect of its operations in mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the six months ended 30 June 2023 and 2022.

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the PRC (the "CIT Law"), which was effective from 1 January 2008. Under the CIT Law and the Implementation Rules of the CIT Law, the standard tax rate of the PRC entities was 25% during the six months ended 30 June 2023 and 2022.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

(All amounts expressed in RMB unless otherwise stated)

### 10 INCOME TAX EXPENSE (Continued)

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

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Current income tax:		
PRC corporate income tax	5,648	7,479
Deferred income tax:		
PRC corporate income tax	–	–
	5,648	7,479

### 11 EARNINGS PER SHARE

#### (a) Basic

The basic earnings per share is calculated on the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Profit attributable to owners of the Company (RMB'000)	8,334	10,590
Weighted average number of ordinary shares in issue (thousands shares)	600,000	600,000
Basic earnings per share (expressed in RMB)	0.014	0.018

#### (b) Diluted

Diluted earnings per share presented is the same as the basic earnings per share as there were no potentially dilutive ordinary shares issued during the six months ended 30 June 2023 and 2022.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023  
(All amounts expressed in RMB unless otherwise stated)

## 12 DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023 (for the six months ended 30 June 2022: Nil).

## 13 LEASES

### (a) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
<b>Right-of-use assets</b>		
Office buildings	320	504
Sea area use rights	8,304	8,451
Land use rights	37,024	37,758
	<b>45,648</b>	46,713
<b>Lease liabilities</b>		
Current	245	394
Non-current	117	161
	<b>362</b>	555

As at 30 June 2023, sea area use rights with carrying amount of RMB578,000 were pledged as collaterals for the bills payable of the Group (As at 31 December 2022: RMB585,000).

As at 30 June 2023, certain land use rights with carrying amount of RMB16,914,000 was pledged as collaterals for the bills payable of the Group (As at 31 December 2022: RMB17,223,000).

As at 30 June 2023, the Group had no events that were not included in the lease liabilities, but would result in potential future cash outflows.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

(All amounts expressed in RMB unless otherwise stated)

## 13 LEASES (Continued)

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

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

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Depreciation charge of right-of-use assets</b>		
Office buildings	184	184
Sea area use rights	147	147
Land use rights	734	734
	<b>1,065</b>	1,065
Interest expense (included in finance cost)	17	30

### (c) The group's leasing activities

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

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023  
(All amounts expressed in RMB unless otherwise stated)

## 14 PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Terminal facilities RMB'000	Loading equipment RMB'000	Storage facilities RMB'000	Office equipment RMB'000	Transportation equipment RMB'000	Leasehold improvements RMB'000	Construction in-progress RMB'000	Total RMB'000
<b>Six months ended 30 June 2023</b>									
<b>(Unaudited)</b>									
Opening net book amount	10,797	108,774	28,601	4,167	403	342	245	989	154,318
Additions	-	68	4	-	60	1,116	-	110	1,358
Transfers	-	-	-	99	-	-	-	(99)	-
Disposals	-	-	-	-	(5)	(1)	-	-	(6)
Depreciation charge	(295)	(3,460)	(1,618)	(157)	(79)	(68)	(6)	-	(5,683)
Closing net book amount	10,502	105,382	26,987	4,109	379	1,389	239	1,000	149,987
<b>At 30 June 2023 (Unaudited)</b>									
Cost	17,774	174,855	54,197	9,028	2,887	2,777	354	1,000	262,872
Accumulated depreciation	(7,272)	(69,473)	(27,210)	(4,919)	(2,508)	(1,388)	(115)	-	(112,885)
Net book amount	10,502	105,382	26,987	4,109	379	1,389	239	1,000	149,987
<b>Year ended 31 December 2022</b>									
<b>(Audited)</b>									
Opening net book amount	10,749	114,927	21,652	4,477	467	428	257	4,940	157,897
Additions	180	462	957	-	120	14	-	5,729	7,462
Transfers	541	495	8,644	-	-	-	-	(9,680)	-
Disposals	(29)	(1)	-	-	(17)	-	-	-	(47)
Depreciation charge	(644)	(7,109)	(2,652)	(310)	(167)	(100)	(12)	-	(10,994)
Closing net book amount	10,797	108,774	28,601	4,167	403	342	245	989	154,318
<b>At 31 December 2022 (Audited)</b>									
Cost	17,774	174,787	54,193	8,929	2,832	1,662	354	989	261,520
Accumulated depreciation	(6,977)	(66,013)	(25,592)	(4,762)	(2,429)	(1,320)	(109)	-	(107,202)
Net book amount	10,797	108,774	28,601	4,167	403	342	245	989	154,318

As at 30 June 2023, property, plant and equipment with carrying amount of RMB20,145,000 were pledged as collaterals for the bills payable of the Group (As at 31 December 2022: RMB21,199,000).

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

(All amounts expressed in RMB unless otherwise stated)

## 15 INTANGIBLE ASSETS

	Computer software RMB'000
<b>Six months ended 30 June 2023 (Unaudited)</b>	
Opening net book amount	149
Additions	–
Amortisation charge	(18)
Closing net book amount	131
<b>At 30 June 2023 (Unaudited)</b>	
Cost	492
Accumulated amortisation	(361)
Net book amount	131
<b>Year ended 31 December 2022 (Audited)</b>	
Opening net book amount	167
Additions	19
Amortisation charge	(37)
Closing net book amount	149
<b>At 31 December 2022 (Audited)</b>	
Cost	492
Accumulated amortisation	(343)
Net book amount	149

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023  
(All amounts expressed in RMB unless otherwise stated)

### 16 INVESTMENT IN A JOINT VENTURE

For the joint venture that is accounted for using the equity method, the movement during the six months ended 30 June 2023 is set out as below:

	<b>Six months ended 30 June 2023 RMB'000 (Unaudited)</b>	Year ended 31 December 2022 RMB'000 (Audited)
Opening net book amount	10,381	10,965
Shares of results	293	(584)
Capital Contribution	1,869	–
Transfer to financial assets at FVOCI	(12,543)	–
Closing net book amount	–	10,381

(a) Particular of the Group's joint venture is set out below:

Name of entity	Place of incorporation	% of ownership interest	Principal activities
Fortune Tian Yuan Petrochemical Limited	Hong Kong	30	Investment holdings

As at 31 December 2022, the other joint venture partner which owned the 70% was Fortune Oil PRC Holdings Limited ("Fortune Oil PRC"), a company principally engaged in investment and trading of energy resources related to oil and natural gas in the PRC.

On 20 March 2023, Fortune Oil PRC and the Company entered into the capital contribution deed, pursuant to which Fortune Oil PRC and the Company agreed to contribute the outstanding principal and interest under certain shareholder loans and other loan lent to the joint venture which amounted to HK\$196,882,285.36 and HK\$2,135,772.96 for each of Fortune Oil PRC and the Company, as consideration for the subscription of 242,482,329 new shares and 2,630,441 new shares to be allotted and issued by the joint venture to each of Fortune Oil PRC and the Company, respectively.

After the capital contribution the Company's percentage of shares decreased from 30% to 6.37% in the share capital of the joint venture and that it will limit the Company's participation in the board of directors of the JV Company and voting rights in the joint venture.

The Company then has no significant influence on the joint venture but intended to hold the shares as a long term investment, therefore, the investment in the joint venture was classified as financial assets at FVOCI as at 30 June 2023.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

(All amounts expressed in RMB unless otherwise stated)

### 17 TRADE AND OTHER RECEIVABLES AND AMOUNTS DUE FROM A RELATED PARTY

	<b>As at 30 June 2023 RMB'000 (Unaudited)</b>	As at 31 December 2022 RMB'000 (Audited)
Trade receivables ( <i>Note (a)</i> )		
– third parties	7,829	7,627
– related parties ( <i>Note 23(d)</i> )	901	1,161
Less: allowance for impairment of trade receivables	–	–
Trade receivables – net	<b>8,730</b>	8,788
Note receivables – third parties	500	900
Other receivables – third parties	248	282
VAT recoverable	19,590	20,681
	<b>29,068</b>	30,651
Amounts due from a related party ( <i>Note 23(d)</i> )	–	1,783

(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 30 June 2023 RMB'000 (Unaudited)</b>	As at 31 December 2022 RMB'000 (Audited)
Less than 30 days	6,408	7,696
31 to 60 days	2,322	896
61 to 90 days	–	196
91 to 365 days	–	–
	<b>8,730</b>	8,788

(b) The Group's trade and other receivables and amounts due from a related party at respective balance sheet dates are denominated in RMB and HK\$.

(c) As at 30 June 2023 and 31 December 2022, the fair values of trade and other receivables and amounts due from a related party approximate their carrying amounts due to their short-term maturities.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023  
(All amounts expressed in RMB unless otherwise stated)

### 18 INVENTORIES

	<b>As at 30 June 2023 RMB'000 (Unaudited)</b>	As at 31 December 2022 RMB'000 (Audited)
Oil products	<b>151,945</b>	160,804

During the six months ended 30 June 2023, the cost of inventories recognised as expenses and included in "cost of sales" in profit and loss amounted to RMB172,184,000 (for the six months ended 30 June 2022: RMB77,668,000). There was no write-down of inventory during the six months ended 30 June 2023 (as at 31 December 2022: nil).

### 19 PREPAYMENTS AND OTHER ASSETS

	<b>As at 30 June 2023 RMB'000 (Unaudited)</b>	As at 31 December 2022 RMB'000 (Audited)
Prepayments for electricity and other expenses	<b>352</b>	772
Prepayments for construction and acquisition of property, plant and equipment	<b>13</b>	37
	<b>365</b>	809
Less: non-current portion of prepayments	<b>(13)</b>	(37)
Current portion of prepayments and other assets	<b>352</b>	772

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

(All amounts expressed in RMB unless otherwise stated)

## 20 SHARE CAPITAL AND SHARE PREMIUM

	Share capital			Share premium RMB'000
	Number of ordinary shares	Nominal value of ordinary shares HK\$'000	Equivalent nominal value of ordinary shares RMB'000	
Issued and fully paid up:				
<b>As at 31 December 2021 (Audited) and as at 1 January 2022</b>	600,000,000	6,000	4,895	184,478
Dividends paid to owners of the Company	-	-	-	(21,000)
<b>As at 31 December 2022 (Audited) and as at 1 January 2023</b>	<b>600,000,000</b>	<b>6,000</b>	<b>4,895</b>	<b>163,478</b>
Dividends paid to owners of the Company	-	-	-	(24,000)
<b>As at 30 June 2023 (Unaudited)</b>	<b>600,000,000</b>	<b>6,000</b>	<b>4,895</b>	<b>139,478</b>

## 21 TRADE, BILLS AND OTHER PAYABLES AND ACCRUALS

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Bills payable	91,400	80,000
Trade payables		
– related parties (Note 23(d))	128	357
Accrual for staff costs and allowances	3,175	5,960
Other payables and accruals	2,406	3,844
Other tax payables	2,451	2,223
<b>Total</b>	<b>99,560</b>	<b>92,384</b>

- (a) The Group's trade, bills and other payables and accruals at respective balance sheet dates are denominated in RMB and HK\$.
- (b) As at 30 June 2023 and 31 December 2022, the fair values of trade, bills and other payables and accruals approximate their carrying amounts due to their short-term maturities.
- (c) As at 30 June 2023, bills payable of RMB91,400,000 are secured by certain property, plant and equipment (Note 14), land use rights (Note 13), sea area use rights (Note 13) and cash in banks and guaranteed by related parties (Note 23(e)) of the Group.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023  
(All amounts expressed in RMB unless otherwise stated)

## 22 COMMITMENTS

### Capital commitments

As at 30 June 2023 and 31 December 2022, the Group had the following capital commitments on construction and acquisition of property, plant and equipment:

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Contracted but not provided for	–	97

## 23 RELATED PARTY TRANSACTIONS

### (a) Name and relationship with related parties

Name	Relationship
Mr. Yang	Controlling Shareholder
Ms. Zhang Dan	Controlling Shareholder's spouse
Maoming Tianyuan Trade Development Limited. ("Maoming Tianyuan")	Former holding company of Tianyuan Terminal and Zhengyuan Terminal
Maoming Tianyuan Petrochemical Co., Ltd. ("Tianyuan Petrochemical")	Controlled by Mr. Yang
Foshan Shunde Fuel Petrochemical Co., Ltd. ("Shunde Petrochemical")	Controlled by Mr. Yang
Guangxi Beihai Heyuan Petrochemical Co., Ltd. ("Heyuan Petrochemical")	Controlled by Mr. Yang
Guangdong Yuexiang Tianyuan Holdings Co., Ltd. ("Yuexiang Tianyuan")	Controlled by Mr. Yang
Fortune Tianyuan Petrochemical Co., Ltd. ("Fortune Tianyuan Petrochemical")	A joint venture of the group
Guandong Yuexiang Jinyuan Property Management Co., Ltd ("Yuexiang Jinyuan")	Controlled by Mr. Yang

### (b) Significant transactions with related parties

The Group had the following significant transactions with related parties:

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

	Six months ended 30 June 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Rental expense	160	160

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

(All amounts expressed in RMB unless otherwise stated)

### 23 RELATED PARTY TRANSACTIONS *(Continued)*

#### (b) Significant transactions with related parties *(Continued)*

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

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Rental expense	419	283

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

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue from provision of uploading and unloading services		
– Tianyuan Petrochemical	815	2,026
– Maoming Tianyuan	1,304	4,171
	2,119	6,197

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

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Terminal security service charge	523	–

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

	Six months ended 30 June	
	2023 RMB'000	2022 RMB'000
Car rental income	30	–

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023  
(All amounts expressed in RMB unless otherwise stated)

## 23 RELATED PARTY TRANSACTIONS (Continued)

### (c) Key management compensations

Key management compensation for the six months ended 30 June 2023 and 2022, other than those relating to the emoluments of directors, are set out below:

	Six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Salaries, wages and bonuses	797	924
Contributions to pension plans	19	18
Welfare, medical and other expenses	5	5
	<b>821</b>	947

### (d) Balance with related parties

	As at	
	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
(i) Trade receivables		
– Tianyuan Petrochemical	629	388
– Maoming Tianyuan	272	773
	<b>901</b>	1,161

	As at	
	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
(ii) Amounts due from a related party		
– Fortune Tian Yuan Petrochemical	–	1,783

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2023

(All amounts expressed in RMB unless otherwise stated)

### 23 RELATED PARTY TRANSACTIONS (Continued)

#### (d) Balance with related parties (Continued)

The amounts due from a related party and are unsecured, interest-bearing and receivable in accordance with agreed terms with related parties.

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
(iii) Trade payables		
– Tianyuan Petrochemical	–	316
– Yuexiang Jinyuan	128	41
	128	357

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
(iv) Lease liabilities due to Mr. Yang	158	312

#### (e) Guarantee

	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Guarantee provided by Mr. Yang, Ms. Zhang Dan, Maoming Tianyuan, Shunde Petrochemical, Heyuan Petrochemical and Yuexiang Tianyuan in respect of the credit facilities of the Group	100,000	100,000

The above guarantee provided by related parties in respect of the credit facilities of the Group without any charge.

### 24 EVENTS AFTER THE BALANCE SHEET DATE

From 30 June 2023 to the date of this interim report, there is no important event affecting the Group.