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TIAN YUAN HEALTHCARE

天元医疗

**CHINA TIAN YUAN HEALTHCARE GROUP LIMITED**

**中國天元醫療集團有限公司**

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

**(Stock Code: 557)**

**2021 FINAL RESULTS – ANNOUNCEMENT  
AUDITED CONSOLIDATED RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

The board (the “Board”) of directors (the “Directors”) of China Tian Yuan Healthcare Group Limited (the “Company”) announces the following consolidated results of the Company and its subsidiaries, joint arrangements and associates (the “Group”) for the year ended 31 December 2021 (“FY2021”) together with comparative figures.

The Board hereby announces the audited consolidated results of the Group for the year together with the comparative figures for the previous year as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2021

	<i>Notes</i>	<b>2021</b> <b><i>HK\$'000</i></b>	2020 <i>HK\$'000</i>
<b>Revenue</b>	3	<b>94,588</b>	56,340
Cost of sales		<u>(23,281)</u>	<u>(18,766)</u>
Gross profit		<b>71,307</b>	37,574
Other gains/(losses), net	4	<b>2,665</b>	(80,501)
Reversal of expected credit loss, net		<b>1,299</b>	3,240
Administrative expenses	5	<b>(90,031)</b>	(84,172)
Share of profit of associates (net of tax)		<b>184</b>	549
Finance costs	6	<u>(4,487)</u>	<u>(2,537)</u>
<b>Loss before taxation</b>	8	<b>(19,063)</b>	(125,847)
Income tax credit	7	<u>–</u>	<u>15,812</u>
<b>Loss for the year</b>		<b><u>(19,063)</u></b>	<b><u>(110,035)</u></b>
<b>Loss for the year attributable to:</b>			
Equity shareholders of the Company		<b>(16,854)</b>	(65,101)
Non-controlling interests		<u>(2,209)</u>	<u>(44,934)</u>
<b>Loss for the year</b>		<b><u>(19,063)</u></b>	<b><u>(110,035)</u></b>
<b><i>Loss per share</i></b>	9	<b><i>HK cents</i></b>	<b><i>HK cents</i></b>
Basic loss per share		<u>(4.22)</u>	<u>(16.31)</u>
Diluted loss per share		<u>(4.22)</u>	<u>(16.31)</u>

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2021

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Loss for the year</b>	<b>(19,063)</b>	(110,035)
<b>Other comprehensive income for the year (after taxation):</b>		
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange differences on translation of financial statements of foreign operations	5,564	785
Exchange differences on monetary item forming net investment in a foreign operation	<u>163</u>	<u>(32)</u>
<b>Total other comprehensive income for the year</b>	<u>5,727</u>	<u>753</u>
<b>Total comprehensive expense for the year</b>	<u><b>(13,336)</b></u>	<u>(109,282)</u>
<b>Total comprehensive expense attributable to:</b>		
Equity shareholders of the Company	(11,281)	(63,174)
Non-controlling interests	<u>(2,055)</u>	<u>(46,108)</u>
<b>Total comprehensive expense for the year</b>	<u><b>(13,336)</b></u>	<u>(109,282)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2021

	<i>Notes</i>	<b>2021</b> <b>HK\$'000</b>	2020 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>60,914</b>	59,362
Intangible assets		<b>17,835</b>	20,999
Goodwill	<i>11</i>	<b>62,834</b>	60,687
Interests in associates		<b>7,511</b>	7,111
Trade and other receivables	<i>12</i>	<b>8,529</b>	11,366
		<b>157,623</b>	159,525
<b>Current assets</b>			
Trade and other receivables	<i>12</i>	<b>26,145</b>	14,661
Inventory		<b>2,494</b>	1,894
Financial assets at fair value through profit or loss		<b>12,188</b>	12,897
Loan receivables	<i>13</i>	<b>112,234</b>	134,032
Current tax recoverable		<b>16</b>	109
Cash and cash equivalents		<b>65,699</b>	58,178
		<b>218,776</b>	221,771
<b>Current liabilities</b>			
Trade and other payables	<i>14</i>	<b>(32,302)</b>	(28,454)
Lease liabilities		<b>(3,892)</b>	(3,248)
Provision for taxation		<b>(163)</b>	(163)
		<b>(36,357)</b>	(31,865)
<b>Net current assets</b>		<b>182,419</b>	189,906
<b>Total assets less current liabilities</b>		<b>340,042</b>	349,431

	<i>Notes</i>	<b>2021</b> <b>HK\$'000</b>	2020 HK\$'000
<b>Non-current liabilities</b>			
Obligations in excess of earnings from equity-method accounted joint venture		(227)	(227)
Lease liabilities		(55,764)	(51,817)
		<u>(55,991)</u>	<u>(52,044)</u>
<b>NET ASSETS</b>		<b><u>284,051</u></b>	<b><u>297,387</u></b>
<b>CAPITAL AND RESERVES</b>			
Share capital	<i>15</i>	398,980	398,980
Share premium		20,663	20,663
Deficit		(163,396)	(152,115)
		<u>256,247</u>	<u>267,528</u>
<b>Equity attributable to equity shareholders of the Company</b>		<b>256,247</b>	<b>267,528</b>
<b>Non-controlling interests</b>		<b><u>27,804</u></b>	<b><u>29,859</u></b>
<b>TOTAL EQUITY</b>		<b><u>284,051</u></b>	<b><u>297,387</u></b>

## 1. Application of amendments to Hong Kong Financial Reporting Standards (“HKFRSs”)

The audited annual results for the year ended 31 December 2021 have been prepared in accordance with the same accounting policies adopted by the Group as disclosed in the annual report for the year ended 31 December 2020, except for the accounting policy changes that are effective for the year ended 31 December 2021.

In current year, the Group has applied the following amendments to HKFRSs issued by the HKICPA to these consolidated financial statements for the current accounting period:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest rate benchmark reform – phase 2
Amendment to HKFRS 16	Covid-19-related rent concessions

Other than the amendment to HKFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### ***Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, Interest rate benchmark reform – phase 2***

The amendments provide targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the reform of interbank offered rates (“IBOR reform”). The amendments do not have an impact on these financial statements as the Group does not have contracts that are indexed to benchmark interest rates which are subject to the IBOR reform.

### ***Amendment to HKFRS 16, COVID-19-related rent concessions beyond 30 June 2021 (2021 amendment)***

The Group previously applied the practical expedient in HKFRS 16 such that as lessee it was not required to assess whether rent concessions occurring as a direct consequence of the COVID-19 pandemic were lease modifications, if the eligibility conditions are met. One of these conditions requires the reduction in lease payments affect only payments originally due on or before a specified time limit. The 2021 amendment extends this time limit from 30 June 2021 to 30 June 2022. The Group has early adopted the 2021 amendment in this financial year. There is no impact on the opening balance of equity at 1 January 2021.

## 2. Segment reporting

The Group manages its businesses by divisions, which are organised by products and services. The Group has identified the following four reportable segments based on the information that is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment. No operating segments have been aggregated to form the following reportable segments.

Investment holding:	This segment relates to investments in listed equity investments, and unlisted marketable equitable equity mutual funds held as financial assets at fair value through profit or loss ("FVTPL"). Currently, the Group's equity investment portfolio includes equity securities listed on The Philippines Stock Exchange, Inc., The Stock Exchange of Hong Kong and The New York Stock Exchange and an unlisted investment in Hong Kong.
Healthcare:	This segment primarily derives the revenue from the provision of procurement, marketing and management services to the medical industry, royalty fees from the licensing of trademarks as well as revenue from providing plastic surgery services generated from Shanghai Hospital in PRC. Currently, the Group's activities in this segment are carried out in People's Republic of China ("PRC"), Hong Kong and Korea.
Money lending and related business:	This segment primarily derives the revenue from the interests earned from the provision of loans to third parties, as well as referral and handling fees receivable for the provision of loan related services and the introduction of prospective lenders and borrowers. Currently, the Group's activities in this segment are carried out in PRC and Hong Kong.
Hospitality:	This segment primarily derives the revenue from the provision of procurement services relating to hospitality industry.

## 2. Segment reporting (Continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2021 and 2020 are set out below:

	Investment Holding		Healthcare		Money Lending and Related Business		Hospitality		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Disaggregated by timing of revenue recognition</b>										
Point in time	-	-	66,715	36,738	-	-	-	78	66,715	36,816
Over time	-	-	11,050	2,667	-	-	-	-	11,050	2,667
<b>Revenue from external customers</b>	-	-	77,765	39,405	-	-	-	78	77,765	39,483
Interest income	7	110	-	6	16,823	16,857	-	-	16,830	16,973
<b>Reportable segment revenue</b>	<b>7</b>	<b>110</b>	<b>77,765</b>	<b>39,411</b>	<b>16,823</b>	<b>16,857</b>	<b>-</b>	<b>78</b>	<b>94,595</b>	<b>56,456</b>
<b>Reportable segment (loss)/profit</b>	<b>(26,036)</b>	<b>(27,026)</b>	<b>(14,074)</b>	<b>(114,166)</b>	<b>20,750</b>	<b>20,942</b>	<b>297</b>	<b>(5,597)</b>	<b>(19,063)</b>	<b>(125,847)</b>
Depreciation and amortisation	(1,802)	(2,344)	(10,067)	(18,767)	-	-	-	(31)	(11,869)	(21,142)
Impairment loss on										
- trademarks	-	-	-	(62,721)	-	-	-	-	-	(62,721)
- intangible assets	-	-	-	(17,904)	-	-	-	-	-	(17,904)
Net realised and unrealised valuation (loss)/gain on financial assets at FVTPL	(667)	333	-	-	-	-	-	-	(667)	333
Net realised and unrealised foreign exchange gain/(loss)	2,345	10,049	(203)	(2,847)	(1,049)	-	(23)	(8)	1,070	7,194
Additions to non-current assets	1,947	-	6,832	104,748	-	-	-	-	8,779	104,748
<b>Reportable segment assets</b>	<b>115,999</b>	<b>90,277</b>	<b>105,554</b>	<b>145,613</b>	<b>153,192</b>	<b>137,049</b>	<b>1,638</b>	<b>8,248</b>	<b>376,383</b>	<b>381,187</b>
<b>Reportable segment liabilities</b>	<b>14,874</b>	<b>64,973</b>	<b>75,728</b>	<b>16,914</b>	<b>100</b>	<b>-</b>	<b>1,483</b>	<b>1,859</b>	<b>92,185</b>	<b>83,746</b>

## 2. Segment reporting (Continued)

### Reconciliation of reportable segmental assets and liabilities

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Assets</b>		
Reportable segment assets	376,383	381,187
Current tax recoverable	16	109
	<hr/>	<hr/>
Consolidated total assets	<b>376,399</b>	<b>381,296</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Liabilities</b>		
Reportable segment liabilities	92,185	83,746
Provision for taxation	163	163
	<hr/>	<hr/>
Consolidated total liabilities	<b>92,348</b>	<b>83,909</b>
	<hr/> <hr/>	<hr/> <hr/>

## 3. Revenue

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b>Revenue from contracts within the scope of HKFRS 15</b>		
Healthcare related services		
– Royalty fees	11,050	2,667
– Management fees	–	535
– Healthcare income	66,715	36,203
Hospitality related services	–	78
	<hr/>	<hr/>
	<b>77,765</b>	<b>39,483</b>
	<hr/>	<hr/>
<b>Revenue from contracts not within the scope of HKFRS 15</b>		
Money lending and related business activities		
– Interest income on third parties loans	16,823	16,857
	<hr/>	<hr/>
	<b>16,823</b>	<b>16,857</b>
	<hr/>	<hr/>
	<b>94,588</b>	<b>56,340</b>
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#### 4. Other gains/(losses), net

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Net realised and unrealised foreign exchange gain	1,070	7,194
Net realised and unrealised valuation (loss)/gain on financial assets at fair value through profit or loss	(667)	333
Impairment loss on trademarks	–	(62,721)
Impairment loss on intangible assets	–	(17,904)
Impairment on prepayments	–	(7,752)
Interest income	7	116
(Loss)/gain on disposal of property, plant and equipment	(113)	109
Miscellaneous income	2,368	124
	<u>2,665</u>	<u>(80,501)</u>

#### 5. Administrative expenses

Administrative expenses comprise mainly expenses incurred by the Group's Investment Holding Segment including directors' remunerations and professional fees and Healthcare segment including advertisements and staff costs.

#### 6. Finance costs

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest expenses on lease liabilities	<u>4,487</u>	<u>2,537</u>

## 7. Income tax credit

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax:		
Other jurisdictions	–	(31)
Deferred tax:		
Origination and reversal of temporary differences	–	(15,781)
	<u>–</u>	<u>(15,812)</u>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the “Bill”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements.

No Hong Kong profits tax has been provided in the financial statements as the company has no assessable profits for the year (2020: Nil).

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The Company is exempted from taxation in the Cayman Islands for a period of twenty years from 1989 under the provisions of Section 6 of the Tax Concessions Law (Revised) of the Cayman Islands. The tax concession was renewed for a further period of twenty years from 2 June 2009.

As at 31 December 2021, the Group has not recognised deferred tax assets in respect of tax losses and other temporary differences of approximately HK\$173.2 million (2020: HK\$122.7 million) as it is not probable that there will be sufficient future taxable profits against which the Group can utilise the benefits.

Tax losses amounting to HK\$28.1 million (2020: HK\$nil) have expiry dates between 1 to 5 years. Tax losses amounting to HK\$72.3 million (2020: HK\$72.0 million) have expiry dates of more than 5 years. The earliest expiry date is on 31 December 2030 and the latest expiry date is on 31 December 2037. The remaining tax losses amounting to HK\$72.8 million (2020: HK\$50.7 million) do not expire under the tax legislations of the respective jurisdiction.

## 8. Loss before taxation

Loss before taxation is arrived at after charging:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
<b><i>Finance costs</i></b>		
Interest expenses on lease liabilities	<u>4,487</u>	<u>2,537</u>
<b><i>Staff costs</i></b>		
Salaries, wages and other benefits	31,131	19,070
Directors emoluments	9,012	10,020
Retirement benefit scheme (excluding those of Directors)	<u>54</u>	<u>54</u>
	<u>40,197</u>	<u>29,144</u>
<b><i>Other items</i></b>		
Amortisation of intangible assets	3,314	15,240
Auditors' remuneration		
– audit services	2,650	1,953
– other services	415	1,290
Depreciation of property, plant and equipment	8,555	5,902
Lease payments not included in the measurement of lease liabilities	<u>495</u>	<u>1,298</u>

## 9. Loss per share

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	<b>2021</b> <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company	<u>(16,854)</u>	<u>(65,101)</u>

### Number of shares

Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>398,980</b>	398,980
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The calculation of the basic and diluted loss per share attributable to ordinary shareholders of the Company is based on loss for the year attributable to owners of the Company amounted to HK\$16,854,000 (2020: HK\$65,101,000).

The denominators used are the same as those detailed above for both basic and diluted loss per share.

## 10. Dividends

The Directors of the Company have resolved not to propose any final dividend for the year ended 31 December 2021 (2020: nil).

No interim dividend was paid for the year ended 31 December 2021 (2020: nil).

## 11. Goodwill

	<i>HK\$'000</i>
<b>Cost</b>	
At 1 January 2020	87,220
Acquisition of subsidiaries	49,726
Exchange adjustments	<u>3,842</u>
At 31 December 2020 and 1 January 2021	140,788
Exchange adjustments	<u>2,147</u>
At 31 December 2021	<u><u>142,935</u></u>
<b>Impairment</b>	
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	<u><u>(80,101)</u></u>
<b>Carrying amount</b>	
At 31 December 2021	<u><u>62,834</u></u>
At 31 December 2020	<u><u>60,687</u></u>

**12. Trade and other receivables**

	<b>31 December 2021 HK\$'000</b>	31 December 2020 HK\$'000
Trade receivables ( <i>note (a)</i> )	17,615	5,882
Interest receivables ( <i>note (a)</i> )	6,070	3,197
<i>Less:</i> Allowance for expected credit loss	<u>(6,022)</u>	<u>(868)</u>
	17,663	8,211
Due from an associate	–	119
Other receivables and deposits	1,762	3,323
<i>Less:</i> Allowance for expected credit loss	<u>–</u>	<u>(78)</u>
	19,425	11,575
Prepayments ( <i>note (b)</i> )	<u>15,249</u>	<u>14,452</u>
Trade and other receivables	<u><b>34,674</b></u>	<u><b>26,027</b></u>
Non-current	8,529	11,366
Current	<u>26,145</u>	<u>14,661</u>
	<u><b>34,674</b></u>	<u><b>26,027</b></u>

(a) **Ageing analysis**

Trade receivables are due within 30 days from the date of invoice.

As of the end of the reporting period, the aging analysis of trade receivables and interest receivables (net of allowance for expected credit loss) based on the invoice date is as follows:

	<b>31 December 2021 HK\$'000</b>	31 December 2020 HK\$'000
Less than 1 month	<b>17,609</b>	4,343
1 to 3 months	–	–
More than 3 months	<b>54</b>	3,868
	<b>17,663</b>	8,211

Included in trade receivables of HK\$nil (2020: HK\$3,770,000) represented an amount due from a business venture in which a non-controlling shareholder of a subsidiary of the Group is the sole owner.

(b) **Prepayments**

Prepayments mainly consist of professional fees of HK\$8.9 million (2020: HK\$10.6 million) paid in advance to business consultants who provide advisory services on the businesses of the Group.

During the year ended 31 December 2020, the Group had paid US\$1 million (approximately HK\$7.8 million) in relation to further acquisition of equity interest in PRIP in early 2020. However, due to the dispute with the non-controlling shareholder, Dr. Lee, the management of the Company expected that the recoverability of the payments is uncertain. Accordingly, impairment was recognised against the balances as of 31 December 2020.

### 13. Loan receivables

	<b>31 December 2021 HK\$'000</b>	31 December 2020 HK\$'000
Loans to third parties	177,953	204,821
Less: Allowance for expected credit loss	<u>(65,719)</u>	<u>(70,789)</u>
	<b><u>112,234</u></b>	<b><u>134,032</u></b>
Analysed as:		
Secured	43,429	65,837
Unsecured	<u>68,805</u>	<u>68,195</u>
	<b><u>112,234</u></b>	<b><u>134,032</u></b>

Before granting loans to potential borrowers, the Group performs internal credit assessment process to assess the potential borrowers' credit quality individually and defines the credit limits granted to the borrowers. The credit limits attributed to the borrowers are reviewed by the management regularly.

The Group has a policy for assessing the impairment on loan receivables on an individual basis. The assessment includes evaluation of collectability, aging analysis of account and current creditworthiness, collateral and past collection history of each borrower under the Group's credit risk rating system.

In determining the recoverability of the loan receivables on a collective basis, the Group considers any change in the credit quality of the loan receivables from the date the credit was initially granted up to the reporting date. This includes assessing the credit history of the borrowers, such as financial difficulties or default in payments, and current market conditions.

At the end of each reporting date, the Group's loan receivables were individually and collectively assessed for impairment.

One of the loans to third parties of approximately HK\$101.2 million (2020: approximately HK\$101.2 million) is secured by a pledge of properties owned by two individuals who have also extended personal guarantees in favour of the borrower. On 12 February 2020, the aforesaid outstanding amount has fallen due. However, the borrower informed the Company that it was unable to repay the said principal amount and the accrued interest at the repayment date, which constituted a default in repayment of the principal amount and accrued interest. On 5 March 2020, the borrower, through its PRC agent, paid a sum of RMB16,000,000 (equivalent to approximately HK\$17,800,000) to a wholly-owned subsidiary of the Company incorporated in the PRC as partial repayment ("Repayment 1"). On 6 March 2020, one of the personal guarantor ("1st Guarantor") paid a sum of HK\$33,000,000 to the Company as partial repayment ("Repayment 2"). Taking into account of Repayment 2 is not lower than the estimated market value of 1st Guarantor's residential property in Hong Kong as secured under the second legal charge, on 15 March 2020, instead of exercising the second legal charge, the Company entered into a deed of partial release to release the second legal charge over the residential property in Hong Kong charged by the 1st Guarantor under the second legal charge in favour of the Company. The remaining amount after the settlement of Repayment 1 and Repayment 2 is classified as expected credit loss.

In view of recovering the outstanding amount of the loan, the HK legal advisers, on behalf of the Company, have initiated bankruptcy proceedings against the 1st Guarantor. On 2 July 2021, a creditor's bankruptcy petition (the "Petition") against the 1st Guarantor on failure to comply with the statutory demand for a liquidated sum payable immediately was presented to the High Court. Subsequently, the Company has successfully served the Petition on the solicitors acting for the 1st Guarantor in the bankruptcy proceedings. The Petition was initially adjourned to be heard on 14 March 2022, but due to the general adjournment of proceedings of the High Court, the Petition has been further adjourned to 19 April 2022, to be heard at the High Court.

The loans bear interest at rates ranging from 11% – 18.5% (2020: 11% to 18.5%) per annum, and are repayable within one year.

#### 14. Trade and other payables

	<b>31 December 2021 HK\$'000</b>	31 December 2020 HK\$'000
Trade payables	312	171
Other payables and accrued charges	<u>31,990</u>	<u>28,283</u>
	<u><b>32,302</b></u>	<u><b>28,454</b></u>

As of the end of the reporting period, the ageing analysis of trade payables based on due date is as follows:

	<b>31 December 2021 HK\$'000</b>	31 December 2020 HK\$'000
Due within 1 month or on demand	312	171
Due 1 to 3 months	–	–
Due 3 to 12 months	<u>–</u>	<u>–</u>
	<u><b>312</b></u>	<u><b>171</b></u>

The credit terms of trade payables vary according to the terms agreed with different suppliers. The Group has financial risk management policies in place to ensure all payables are settled within the time frame agreed with the respective suppliers.

#### 15. Share capital

	<b>Share capital HK\$'000</b>	<b>Share premium HK\$'000</b>	<b>Total HK\$'000</b>
<b>The Company</b>			
<b>Balance at 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021</b>	<u>398,980</u>	<u>20,663</u>	<u>419,643</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group recorded a net loss of approximately HK\$19.1 million for FY2021 as compared with a net loss of approximately HK\$110.0 million for the year ended 31 December 2020. The lower net loss was mainly attributable to the decrease in impairment loss on trademarks and intangible assets. The Group recorded a net loss attributable to the equity shareholders of the Company of approximately HK\$16.9 million for FY2021 as compared with a net loss attributable to the equity shareholders of the Company of approximately HK\$65.1 million in the previous corresponding year.

### Investment Holding segment

The Group's Investment Holding segment recorded net realised and unrealised foreign exchange gain of approximately HK\$2.4 million and the net realised and unrealised valuation loss on financial assets at FVTPL of approximately HK\$0.7 million. Overall, total net realised and unrealised gain of approximately HK\$1.7 million was recorded for FY2021 as compared with the total net realised and unrealised gain of approximately HK\$10.3 million in the previous corresponding year. Moreover, impairment loss on prepayments of HK\$7.8 million was recorded in 2020 but no such loss had incurred in 2021. Consequently, the Group's Investment Holding segment reported a loss before tax of approximately HK\$26.0 million for FY2021 as compared with a loss before tax of approximately HK\$27.0 million in the previous corresponding year.

### Healthcare segment

The Group's healthcare business has been carried out under PRIP Communications Limited ("PRIP") and DIAM Holdings Co., Ltd. ("DIAM"). PRIP contributed royalty income of approximately HK\$11.1 million for FY2021 as compared with royalty income of approximately HK\$2.7 million in the previous corresponding year, and PRIP and DIAM contributed no service income for FY2021 as compared with service income of approximately HK\$0.5 million in the previous corresponding year.

In May 2017, a service agreement ("Service Agreement") was entered into between Dr. Sang Woo Lee ("Dr. Lee") and DIAM, pursuant to which certain procurement, marketing and management services were provided by DIAM to Dr. Lee, a non-controlling shareholder of a subsidiary of the Company, and DA Plastic Surgery Clinic (a Korean clinic owned by Dr. Lee) in return for certain services fees under the Service Agreement.

A Trademark Transfer and License Agreement had also been entered into between Dr. Lee and PRIP ("Trademark Licenses Agreement") in May 2017. Pursuant to the Trademark Licenses Agreement, PRIP agreed to grant to Dr. Lee the exclusive license to use certain trademarks in Korea in connection with the business of DA Plastic Surgery Clinic in consideration of monthly royalty.

The Group received no royalty income generated from DA Plastic Surgery Clinic since March 2020. Upon the expiry of the Trademark Licenses Agreement in May 2020, the Group was not able to recover the outstanding fee income derived from revenue generated by licensing the use of DA trademark to Dr. Lee and the continued unauthorized use of DA trademark by Dr. Lee. The Company has filed a lawsuit against Dr. Lee in October 2021 and requested Dr. Lee to cease any further use of the DA trademark and claimed damage for unlicensed and unauthorised use of the DA trademark. However, Dr. Lee has contested the jurisdiction of the court, and as a result, the Company withdrew the lawsuit in March 2022. Following the withdrawal, the Company shall proceed with preparing and filing a Notice of Arbitration in accordance with the HKIAC Administered Arbitration Rules (Article 4 of the Rules), and a new arbitral proceeding shall commence.

Shanghai Yuyue Meilianchen Healthcare Beauty Hospital Limited\* (上海愉悅美聯臣醫療美容醫院有限公司)(the “Shanghai Hospital”) is principally engaged in the plastic surgery operation in Shanghai City of the People’s Republic of China (the “PRC”). Shanghai Hospital is a specialized plastic surgery hospital which operates class 1 to class 3 plastic surgery operations and facial bone contouring technique plastic surgery operations in the PRC, and provides high quality services to the public customers. Shanghai Hospital has obtained the medical institution practicing license in the PRC to carry out its plastic surgery services in the PRC. Shanghai Hospital has been providing plastic surgery services, including but not limited to, Chinese medical aesthetic services, aesthetic dentistry, facial contouring surgery, etc. For the year ended 31 December 2021, Shanghai Hospital recorded revenue of approximately of HK\$66.7 million and net loss of approximately HK\$14.5 million as compared with revenue of approximately of HK\$36.2 million and net loss of approximately HK\$13.3 million for the period from 1 June 2020 to 31 December 2020.

## **Money Lending and Related Business segment**

Regarding the Group’s Money Lending and Related Business segment, the Company recognised interest income from third parties loans of HK\$16.8 million for FY2021, as compared with interest income from third parties loans of HK\$16.9 million in the previous corresponding year.

## **Others**

Basic loss per share for FY2021 was HK4.22 cents, calculated on the weighted average number of ordinary shares of the Company in issue during the year of 398,979,524. The Group’s net tangible assets per share is HK\$0.44 as at 31 December 2021, decreased from HK\$0.47 at 31 December 2020. The board did not propose a final dividend for FY2021.

## **PROSPECTS**

### **Healthcare business**

The Group will continue to further develop and expand its existing core business, including but not limited to the plastic surgery and medical beauty services and assisted reproductive IVF services hospitals in China and other Asia Markets. The Group has been continuously exploring the healthcare and plastic surgery sector in the PRC.

On 29 May 2020, the Group has completed the acquisition of the entire equity interest of Bright Zone Holdings Limited, which indirectly owns Shanghai Hospital. Shanghai Hospital is principally engaged in the plastic surgery operation in Shanghai City of the PRC. The acquisition of the Shanghai Hospital is in line with the Company’s expansion strategy in the healthcare business sector and an opportunity to strengthen its existing principal business in the healthcare business segment. The Directors are confident that the operation of the Shanghai Hospital is beneficial to the Group’s business performance and is in line with its development strategy in the medical beauty industry, thereby bringing synergy to the Group and will be conducive to the future development of the Group.

The Group is of the view that there is room for growth in customer spending in the medical beauty industry in the PRC in the future. Through the Group’s experience in the management of PRIP Communications Limited, and the importation of the Korean DA branding to the market in the PRC, and its experience in the investment in Shanghai Hospital, the Group will further develop the provision of management and marketing services to other plastic surgery hospitals in the PRC in the future.

## **Money lending and related business**

In 2022, the Group will continue its money lending and related business, which include lender or borrower referral business, fund matching, fund arrangement and/or fund participation but exclude any regulatory activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong). The Group will continue to develop the money lending and related business by leveraging and making good use of the resource and network of the executive Directors in banking and finance industries. Delightful Aesthetics Investment Limited, a wholly-owned subsidiary of the Company is a licensed money lender under the Money Lenders Ordinance (Cap. 163 of the Laws of Hong Kong). Given the adverse impact of the trade friction between the People's Republic of China and the United States and the novel coronavirus (COVID-19) pandemic on the macroeconomy and the business activity globally, the Group has been and will be more cautious with the credit assessment and acceptance of customers from money lending and related business. In order to strike a balance between expansion of the money lending and related business segment and the risk control of the Group, the Group will adopt a more prudent credit assessment and procedures when accepting customers for money lending business in the future.

## **Investment holding**

The Group will continue to hold some trading securities and will monitor and make appropriate changes on the investment portfolio from time to time to adapt to the economic environment. In addition, the Group will explore different short-term investment plans to improve its investment return by using the cash reserves on hand in different currencies. From time to time, there could be continued adjustments attributable to unrealised gains or losses arising from the fair value measurement of the Group's trading securities and unrealised gains or losses on the revaluation of foreign currency cash deposits.

## **AUDIT COMMITTEE**

The members of the audit committee of the Company comprise 3 independent non-executive Directors. The annual results of the Group for FY2021 contained herein have been reviewed by the audit committee of the Company.

## **CORPORATE GOVERNANCE CODE**

In the opinion of the Directors, the Company has complied with the code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited throughout FY2021.

The Company reviews its corporate governance practices from time to time to ensure compliance with the CG Code.

## **COMPLIANCE WITH THE 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 of the Listing Rules (the "Model Code") as the Company's code of conduct regarding Directors' securities transactions. All Directors have confirmed that they have complied with the Model Code throughout FY2021.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during FY2021.

## **FINAL DIVIDEND**

The Board does not recommend payment of final dividend for the year ended 31 December 2021 (2020: nil).

By Order of the Board  
**China Tian Yuan Healthcare Group Limited**  
**Wang Huabing**  
*Executive Director*

Hong Kong, 31 March 2022

*As at the date of this announcement, the Board is composed of seven directors of which Mr. Wang Huabing (chairman) and Ms. Dong Wei are the executive directors; Ms. He Mei and Mr. Zhou Yuan are the non-executive directors and Mr. Hu Baihe, Mr. Yuen Kwok Kuen and Mr. Guo Jingbin are the independent non-executive directors.*

\* *for identification purpose only*