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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)**

**2022 FINAL RESULTS – ANNOUNCEMENT  
AUDITED CONSOLIDATED RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

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 2022 (“FY2022”) 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 2022

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
<b>Revenue</b>	3	<b>54,216</b>	94,588
Cost of sales		<u>(19,391)</u>	<u>(23,281)</u>
Gross profit		<b>34,825</b>	71,307
Other (losses)/gains, net (Expected credit loss recognised)/reversal of expected credit loss, net	4	<b>(14,024)</b> <b>(800)</b>	2,665 1,299
Administrative expenses	5	<b>(56,633)</b>	(90,031)
Share of profit of associates (net of tax)		<b>242</b>	184
Finance costs	6	<u><b>(3,959)</b></u>	<u>(4,487)</u>
<b>Loss before taxation</b>	8	<b>(40,349)</b>	(19,063)
Income tax	7	<u>–</u>	<u>–</u>
<b>Loss for the year</b>		<u><b>(40,349)</b></u>	<u>(19,063)</u>
<b>Loss for the year attributable to:</b>			
Equity shareholders of the Company		<b>(29,036)</b>	(16,854)
Non-controlling interests		<u><b>(11,313)</b></u>	<u>(2,209)</u>
<b>Loss for the year</b>		<u><b>(40,349)</b></u>	<u>(19,063)</u>
<b>Loss per share</b>	9	<b>HK cents</b>	<i>HK cents</i>
Basic loss per share		<u><b>(7.28)</b></u>	<u>(4.22)</u>
Diluted loss per share		<u><b>(7.28)</b></u>	<u>(4.22)</u>

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2022

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Loss for the year</b>	<b>(40,349)</b>	<b>(19,063)</b>
<b>Other comprehensive income for the year (after taxation):</b>		
<b>Items that are or may be reclassified subsequently to profit or loss:</b>		
Exchange differences on translation of financial statements of foreign operations	(1,846)	5,564
Exchange differences on monetary item forming net investment in a foreign operation	<u>166</u>	<u>163</u>
<b>Total other comprehensive (loss)/income for the year</b>	<u>(1,680)</u>	<u>5,727</u>
<b>Total comprehensive loss for the year</b>	<u><b>(42,029)</b></u>	<u><b>(13,336)</b></u>
<b>Total comprehensive loss attributable to:</b>		
Equity shareholders of the Company	(31,945)	(11,281)
Non-controlling interests	<u>(10,084)</u>	<u>(2,055)</u>
<b>Total comprehensive loss for the year</b>	<u><b>(42,029)</b></u>	<u><b>(13,336)</b></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2022

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>50,759</b>	60,914
Intangible assets		<b>12,043</b>	17,835
Goodwill	<i>11</i>	<b>58,407</b>	62,834
Interests in associates		<b>7,167</b>	7,511
Trade and other receivables	<i>12</i>	<b>15,342</b>	8,529
		<b>143,718</b>	157,623
<b>Current assets</b>			
Trade and other receivables	<i>12</i>	<b>21,963</b>	26,145
Inventories		<b>1,970</b>	2,494
Financial assets at fair value through profit or loss		<b>5,107</b>	12,188
Loan receivables	<i>13</i>	<b>134,275</b>	112,234
Current tax recoverable		<b>16</b>	16
Cash and cash equivalents		<b>26,496</b>	65,699
		<b>189,827</b>	218,776
<b>Current liabilities</b>			
Trade and other payables	<i>14</i>	<b>(40,005)</b>	(32,302)
Lease liabilities		<b>(4,065)</b>	(3,892)
Provision for taxation		<b>(163)</b>	(163)
		<b>(44,233)</b>	(36,357)
<b>Net current assets</b>		<b>145,594</b>	182,419
<b>Total assets less current liabilities</b>		<b>289,312</b>	340,042

	<i>Notes</i>	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Obligations in excess of earnings from equity-method accounted joint venture		(227)	(227)
Lease liabilities		<b>(47,063)</b>	(55,764)
		<u>(47,290)</u>	<u>(55,991)</u>
<b>NET ASSETS</b>		<b><u>242,022</u></b>	<u>284,051</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	<i>15</i>	<b>398,980</b>	398,980
Share premium		<b>20,663</b>	20,663
Reserves		<b>(195,341)</b>	(163,396)
<b>Equity attributable to equity shareholders of the Company</b>		<b>224,302</b>	256,247
<b>Non-controlling interests</b>		<b>17,720</b>	27,804
<b>TOTAL EQUITY</b>		<b><u>242,022</u></b>	<u>284,051</u>

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

The audited annual results for the year ended 31 December 2022 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 2021, except for the accounting policy changes that are effective for the year ended 31 December 2022.

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 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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.

## 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 2022 and 2021 are set out below:

	Investment Holding		Healthcare		Money Lending and Related Business		Hospitality		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	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	-	-	31,074	66,715	-	-	-	-	31,074	66,715
Over time	-	-	6,628	11,050	-	-	-	-	6,628	11,050
<b>Revenue from contracts with external customers</b>	-	-	37,702	77,765	-	-	-	-	37,702	77,765
Interest income	28	7	-	-	16,514	16,823	-	-	16,542	16,830
<b>Reportable segment revenue</b>	<b>28</b>	<b>7</b>	<b>37,702</b>	<b>77,765</b>	<b>16,514</b>	<b>16,823</b>	<b>-</b>	<b>-</b>	<b>54,244</b>	<b>94,595</b>
<b>Reportable segment profit/(loss) before taxation</b>	<b>18,242</b>	<b>(26,036)</b>	<b>(24,940)</b>	<b>(14,074)</b>	<b>17,704</b>	<b>20,750</b>	<b>(51,355)</b>	<b>297</b>	<b>(40,349)</b>	<b>(19,063)</b>
Depreciation and amortisation	(647)	(1,802)	(8,882)	(10,067)	-	-	-	-	(9,529)	(11,869)
Impairment loss on trademarks	-	-	(2,469)	-	-	-	-	-	(2,469)	-
Net realised and unrealised valuation loss on financial assets at FVTPL	(6,926)	(667)	-	-	-	-	-	-	(6,926)	(667)
Net realised and unrealised foreign exchange (loss)/gain	(8,445)	2,345	(164)	(203)	3,580	(1,049)	(1)	(23)	(5,030)	1,070
Additions to non-current assets	-	1,947	1,348	6,832	-	-	-	-	1,348	8,779
<b>Reportable segment assets</b>	<b>87,666</b>	<b>115,999</b>	<b>93,616</b>	<b>105,554</b>	<b>151,842</b>	<b>153,192</b>	<b>405</b>	<b>1,638</b>	<b>333,529</b>	<b>376,383</b>
<b>Reportable segment liabilities</b>	<b>14,313</b>	<b>14,874</b>	<b>75,745</b>	<b>75,728</b>	<b>100</b>	<b>100</b>	<b>1,202</b>	<b>1,483</b>	<b>91,360</b>	<b>92,185</b>

## 2. Segment reporting (Continued)

### Reconciliations of reportable segment assets and liabilities

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Assets</b>		
Reportable segment assets	333,529	376,383
Current tax recoverable	16	16
	<hr/>	<hr/>
Consolidated total assets	<b>333,545</b>	<b>376,399</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Liabilities</b>		
Reportable segment liabilities	91,360	92,185
Provision for taxation	163	163
	<hr/>	<hr/>
Consolidated total liabilities	<b>91,523</b>	<b>92,348</b>
	<hr/> <hr/>	<hr/> <hr/>

## 3. Revenue

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b>Revenue from contracts within the scope of HKFRS 15</b>		
Healthcare related services		
– Royalty fees	6,628	11,050
– Healthcare income	31,074	66,715
	<hr/>	<hr/>
	<b>37,702</b>	<b>77,765</b>
	<hr/>	<hr/>
<b>Revenue from other sources</b>		
Money lending and related business activities		
– Interest income on third parties loans	16,514	16,823
	<hr/>	<hr/>
Total revenue	<b>54,216</b>	<b>94,588</b>
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**4. Other (losses)/gains, net**

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Net realised and unrealised foreign exchange (loss)/gain	<b>(5,030)</b>	1,070
Net realised and unrealised valuation loss on financial assets at fair value through profit or loss	<b>(6,926)</b>	(667)
Impairment loss on trademarks	<b>(2,469)</b>	–
Interest income	<b>28</b>	7
Loss on disposal of property, plant and equipment	<b>(21)</b>	(113)
Miscellaneous income	<b>394</b>	2,368
	<b>(14,024)</b>	2,665

**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**

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Interest expenses on lease liabilities	<b>3,959</b>	4,487

## 7. Income tax

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax:		
Other jurisdictions	–	–
Deferred tax:		
Origination and reversal of temporary differences	–	–
	<u>–</u>	<u>–</u>
	<u>–</u>	<u>–</u>

The provision for Hong Kong Profits Tax for 2022 is calculated at 16.5% (2021: 16.5%) of the estimated assessable profits for the year, except for subsidiary which is a qualifying corporation under the two-tiered Profits Tax rate regime. The first HK\$2 million of assessable profits is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

No Hong Kong profits tax has been provided for in the financial statements either because the Hong Kong subsidiaries have accumulated tax losses brought forward which exceed the estimated assessable profits or the Hong Kong subsidiaries sustained losses for both years.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the EIT 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 2022, the Group has not recognised deferred tax assets in respect of tax losses and other temporary differences of approximately HK\$175 million (2021: HK\$173.2 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\$16 million (2021: HK\$28.1 million) have expiry dates between 1 to 5 years. Tax losses amounting to HK\$72.2 million (2021: HK\$72.3 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\$86.8 million (2021: HK\$72.8 million) do not expire under the tax legislations of the respective jurisdiction.

## 8. Loss before taxation

Loss before taxation is arrived at after charging:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
<b><i>Finance costs</i></b>		
Interest expenses on lease liabilities	<u>3,959</u>	<u>4,487</u>
<b><i>Staff costs</i></b>		
Salaries, wages and other benefits	21,267	31,131
Directors emoluments	5,639	9,012
Retirement benefit scheme (excluding those of Directors)	<u>55</u>	<u>54</u>
	<u>26,961</u>	<u>40,197</u>
<b><i>Other items</i></b>		
Amortisation of intangible assets	3,310	3,314
Auditors' remuneration		
– audit services	1,600	2,650
– other services	314	415
Depreciation of property, plant and equipment	6,219	8,555
Lease payments not included in the measurement of lease liabilities	<u>238</u>	<u>495</u>

## 9. Loss per share

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

	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company	<u>(29,036)</u>	<u>(16,854)</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 approximately HK\$29,036,000 (2021: HK\$16,854,000).

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 2022 (2021: nil).

No interim dividend was paid for the year ended 31 December 2022 (2021: nil).

## 11. Goodwill

	<i>HK\$'000</i>
<b>Cost</b>	
At 1 January 2021	140,788
Exchange adjustments	<u>2,147</u>
At 31 December 2021 and 1 January 2022	142,935
Exchange adjustments	<u>(4,427)</u>
At 31 December 2022	<u><u>138,508</u></u>
<b>Accumulated impairment losses</b>	
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	<u><u>(80,101)</u></u>
<b>Carrying amount</b>	
At 31 December 2022	<u><u>58,407</u></u>
At 31 December 2021	<u><u>62,834</u></u>

## 12. Trade and other receivables

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables ( <i>note (a)</i> )	21,813	17,615
Interest receivables ( <i>note (a)</i> )	6,595	6,070
<i>Less: Allowance for expected credit loss</i>	<u>(5,971)</u>	<u>(6,022)</u>
	22,437	17,663
Other receivables and deposits	<u>1,725</u>	<u>1,762</u>
	24,162	19,425
Prepayments ( <i>note (b)</i> )	<u>13,143</u>	<u>15,249</u>
Trade and other receivables	<u><u>37,305</u></u>	<u><u>34,674</u></u>
Non-current	15,342	8,529
Current	<u>21,963</u>	<u>26,145</u>
	<u><u>37,305</u></u>	<u><u>34,674</u></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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Less than 1 month	8,329	17,609
1 to 3 months	–	–
More than 3 months	<u>14,108</u>	<u>54</u>
	<u><u>22,437</u></u>	<u><u>17,663</u></u>

### (b) Prepayments

Prepayments mainly consist of professional fees of HK\$7.1 million (2021: HK\$8.9 million) paid in advance to business consultants who provide advisory services on the businesses of the Group.

### 13. Loan receivables

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loans to third parties	200,850	177,953
Less: Allowance for expected credit loss	<u>(66,575)</u>	<u>(65,719)</u>
	<u>134,275</u>	<u>112,234</u>
Analysed as:		
Secured	56,495	43,429
Unsecured	<u>77,780</u>	<u>68,805</u>
	<u>134,275</u>	<u>112,234</u>

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 (2021: approximately HK\$101.2 million), which 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 was fully recognised for expected credit loss.

### 13. Loan receivables (Continued)

In view of recovering the outstanding amount of the loan, the Company has commenced bankruptcy proceedings against the 1st Guarantor on 2 July 2021, and subsequently, bankruptcy order has then been granted against the 1st Guarantor on 19 April 2022. A Proof of debt was submitted on 19 May 2022, and the total amount of claim (including any outstanding uncapitalized interest as at the date of bankruptcy order) was approximately USD 12,000,000. The Official Receiver was appointed as the trustee of the property and estate of the Bankrupt (the "Trustee"). On 25 November 2022, the Trustee adjudicated the Company's proof of debt and declared that a sum of approximately HK\$95,000,000 was admitted as the petitioner's claim. Subsequently, on 20 January 2023, the Trustee distributed a sum of approximately HK\$2,000 as first and final dividend to the Company.

The loans bear interest at rates ranging from 12% – 18.5% (2021: 11% to 18.5%) per annum, and are repayable within one year.

### 14. Trade and other payables

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	3,616	312
Other payables and accrued charges	36,389	31,990
	<u>40,005</u>	<u>32,302</u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Due within 1 month or on demand	1,059	312
Due 1 to 3 months	2,238	–
Due 3 to 12 months	319	–
	<u>3,616</u>	<u>312</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

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>The Company</b>			
<b>Balance at 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022</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\$40.3 million for FY2022 as compared with a net loss of approximately HK\$19.1 million for the year ended 31 December 2021. The higher net loss was mainly attributable to the decrease in turnover and in turn higher net loss in Shanghai Yuyue Meilianchen Healthcare Beauty Hospital Limited\* (上海愉悅薇萊醫療美容醫院有限公司) (the “Shanghai Hospital”) resulted from the negative impact of COVID-19. The Group recorded a net loss attributable to the equity shareholders of the Company of approximately HK\$29.0 million for FY2022 as compared with a net loss attributable to the equity shareholders of the Company of approximately HK\$16.9 million in the previous corresponding year.

### Investment Holding segment

The Group’s Investment Holding segment recorded net realised and unrealised foreign exchange loss of approximately HK\$8.4 million, the net realised and unrealised valuation loss on financial assets at FVTPL of approximately HK\$6.9 million, which is offset by the gain on waiver of current accounts with subsidiaries of approximately HK\$51.4 million. Overall, total net realised and unrealised gain of approximately HK\$36.1 million was recorded for FY2022 as compared with the total net realised and unrealised gain of approximately HK\$1.7 million in the previous corresponding year. Consequently, the Group’s Investment Holding segment reported a profit before tax of approximately HK\$18.2 million for FY2022 as compared with a loss before tax of approximately HK\$26.0 million in the previous corresponding year.

### Healthcare segment

The Group’s healthcare business has been carried out under Shanghai Hospital, PRIP Communications Limited (“PRIP”) and DIAM Holdings Co., Ltd. (“DIAM”).

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 2022, Shanghai Hospital recorded revenue of approximately HK\$31.1 million and net loss of approximately HK\$19.0 million as compared with revenue of approximately HK\$66.7 million and net loss of approximately HK\$14.5 million in the previous corresponding year. The significant drop in revenue in 2022 is due to the lockdown of Shanghai City under Covid-19 outbreak accompanied with social and travel restrictions during late of March to early June 2022, leading to drastic decrease in customers as well as prolonged suspension of operation of Shanghai Hospital.

PRIP contributed royalty income of approximately HK\$6.6 million for FY2022 as compared with royalty income of approximately HK\$11.1 million in the previous corresponding year, and PRIP and DIAM contributed no service income for both FY2021 and FY2022.

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 and the security deposit to the court was refunded in March 2023. 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.

### **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\$16.5 million for FY2022, as compared with interest income from third parties loans of HK\$16.8 million in the previous corresponding year.

### **Others**

Basic loss per share for FY2022 was HK7.28 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\$0.39 as at 31 December 2022, decreased from HK\$0.44 at 31 December 2021. The board did not propose a final dividend for FY2022.

## **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.

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 2023, 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). 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.

## **New business segments**

Whilst the Group is striving for progress in its existing businesses, the management is also actively seeking other business opportunities with a view of diversifying and enhancing income sources.

## **AUDIT COMMITTEE**

The members of the audit committee of the Company comprise 3 independent non-executive Directors. The annual results of the Group for FY2022 contained herein have been reviewed by the audit committee of the Company.

## **CORPORATE GOVERNANCE CODE**

Paragraph C.2.1 of the Code provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. Starting from 4 November 2022, the roles of Chairman and Chief Executive Officer were performed by the same individual, Ms. Dong Wei. She is responsible for formulating the overall business development strategy and planning of the Group. The Directors meet regularly to consider issues related to corporate matters affecting operations of the Group and considers that this deviation will not impair the balance of power and authority of the Board and the Company's management and thus, the Directors believe the current structure will enable effective planning and implementation of corporate strategies and decisions of the Group. Notwithstanding the above, the Company is endeavouring to identify suitable candidate for executive directors to share the roles of Ms. Dong Wei (as the chairman and chief executive) as soon as practicable to meet the requirements of the Code.

In the opinion of the Directors, saved as disclosed herein, 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 FY2022.

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 FY2022.

## **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 FY2022.

## **FINAL DIVIDEND**

The Board does not recommend payment of final dividend for the year ended 31 December 2022 (2021: nil).

By Order of the Board  
**China Tian Yuan Healthcare Group Limited**  
**Dong Wei**  
*Executive Director*

Hong Kong, 30 March 2023

*As at the date of this announcement, the Board is composed of six directors of which Ms. Dong Wei is the executive director; Ms. He Mei and Mr. Zhou Yuan are the non-executive directors and Mr. Yuen Kwok Kuen, Ms. Zhou Siqi and Mr. Li Jun are the independent non-executive directors.*

\* *for identification purpose only*