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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)

**2023 FINAL RESULTS – ANNOUNCEMENT
AUDITED CONSOLIDATED RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

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 and associates (the “Group”) for the year ended 31 December 2023 (“FY2023”) 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 2023

	<i>Note</i>	2023 HK\$'000	2022 HK\$'000
Revenue	3	45,230	54,216
Cost of sales		<u>(17,285)</u>	<u>(19,391)</u>
Gross profit		27,945	34,825
Other losses, net	4	(2,050)	(14,024)
Expected credit loss recognised, net		(10,013)	(800)
Administrative expenses	5	(40,752)	(56,633)
Share of (loss)/profit of associates (net of tax)		(365)	242
Finance costs	6	<u>(3,543)</u>	<u>(3,959)</u>
Loss before taxation	8	(28,778)	(40,349)
Income tax	7	<u>1,821</u>	<u>–</u>
Loss for the year		<u>(26,957)</u>	<u>(40,349)</u>
Loss for the year attributable to:			
Equity shareholders of the Company		(15,484)	(29,036)
Non-controlling interests		<u>(11,473)</u>	<u>(11,313)</u>
Loss for the year		<u>(26,957)</u>	<u>(40,349)</u>
Loss per share	9	HK cents	HK cents
Basic loss per share		<u>(3.88)</u>	<u>(7.28)</u>
Diluted loss per share		<u>(3.88)</u>	<u>(7.28)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2023

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loss for the year	(26,957)	(40,349)
Other comprehensive income for the year (after taxation):		
Items that are or may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	116	(1,846)
Exchange differences on monetary item forming net investment in a foreign operation	<u>–</u>	<u>166</u>
Total other comprehensive income/(loss) for the year	<u>116</u>	<u>(1,680)</u>
Total comprehensive loss for the year	<u>(26,841)</u>	<u>(42,029)</u>
Total comprehensive loss attributable to:		
Equity shareholders of the Company	(16,120)	(31,945)
Non-controlling interests	<u>(10,721)</u>	<u>(10,084)</u>
Total comprehensive loss for the year	<u>(26,841)</u>	<u>(42,029)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*as at 31 December 2023*

	<i>Note</i>	2023 HK\$'000	2022 HK\$'000
Non-current assets			
Property, plant and equipment		43,683	50,759
Intangible assets		7,331	12,043
Goodwill		57,385	58,407
Interests in associates		6,596	7,167
Trade and other receivables	<i>11</i>	4,884	15,342
Deferred tax assets		1,821	–
		121,700	143,718
Current assets			
Trade and other receivables	<i>11</i>	22,495	21,963
Inventories		801	1,970
Financial assets at fair value through profit or loss		5,855	5,107
Loan receivables	<i>12</i>	131,224	134,275
Current tax recoverable		–	16
Cash and cash equivalents		20,879	26,496
		181,254	189,827
Current liabilities			
Trade and other payables	<i>13</i>	(41,704)	(40,005)
Lease liabilities		(4,318)	(4,065)
Provision for taxation		(163)	(163)
		(46,185)	(44,233)
Net current assets		135,069	145,594
Total assets less current liabilities		256,769	289,312

	<i>Note</i>	2023 HK\$'000	2022 <i>HK\$'000</i>
Non-current liabilities			
Obligations in excess of earnings from equity-method accounted joint venture		–	(227)
Lease liabilities		(41,588)	(47,063)
		<u>(41,588)</u>	<u>(47,290)</u>
NET ASSETS		<u>215,181</u>	<u>242,022</u>
CAPITAL AND RESERVES			
Share capital		398,980	398,980
Share premium		20,663	20,663
Reserves		(189,380)	(195,341)
		<u>(189,380)</u>	<u>(195,341)</u>
Equity attributable to equity shareholders of the Company		230,263	224,302
Non-controlling interests		(15,082)	17,720
		<u>(15,082)</u>	<u>17,720</u>
TOTAL EQUITY		<u>215,181</u>	<u>242,022</u>

1. Application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) and Hong Kong Accounting Standards (“HKASs”)

The audited annual results for the year ended 31 December 2023 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 2022, except for the accounting policy changes that are effective for the year ended 31 December 2023.

The Group has applied the following new and amendments to HKFRSs and HKASs issued by the HKICPA to these consolidated financial statements for the current accounting period for the first time, which are mandatorily effective for the Group’s financial annual period beginning on or after 1 January 2023:

HKFRS 17 and related amendments	Insurance Contracts
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
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The Group has not applied any new standards or amendments that are not yet mandatorily effective for the current accounting period. Except as described below, the application of the new and amendments to HKFRSs and HKASs 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.

Amendment to HKAS 1 and HKFRS Practice Statement 2 Disclosure of Accounting Policies

HKAS 1 is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The Group has revisited the accounting policy information it has been disclosing and considered it is consistent with the amendments.

Amendments to HKAS 8 Definition of Accounting Estimates

The amendments define accounting estimates as “monetary amounts in financial statements that are subject to measurement uncertainty”. An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information. In addition, the concept of changes in accounting estimates in HKAS 8 is retained with additional clarifications.

1. Application of new and amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) and Hong Kong Accounting Standards (“HKASs”) (Continued)

Amendments to HKAS 8 Definition of Accounting Estimates (Continued)

The amendments do not have a material impact on these consolidated financial statements as the Group’s approach in distinguishing changes in accounting policies and changes in accounting estimates is consistent with the amendments.

Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 Income Taxes so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

Prior to the adoption of Amendments to HKAS 12, for leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group previously applied HKAS 12 requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis.

Upon the application of the amendments, the Group recognises a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with the right-of-use assets and the lease liabilities.

The application of the amendments does not have a material impact on the Group’s financial position and performance because the deferred tax assets and the deferred tax liabilities as a result of the adoption of Amendments to HKAS 12 qualify for offset under paragraph 74 of IHKS 12. There was also no material impact on the opening balances as at 1 January 2022 as a result of the change.

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 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.
- 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 People’s Republic of China (“PRC”). Currently, the Group’s activities in this segment are carried out in 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 provision of procurement services relating to hospitality industry.

2. Segment reporting (Continued)

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all current and non-current assets with the exception of current tax recoverable and deferred tax assets. Segment liabilities include all current and non-current liabilities with the exception of provision for taxation.

Revenue and expenses are allocated to the reportable segments with reference to income generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment revenue and expenses include the Group's share of revenue and expenses arising from the activities of the Group's associates.

The measure used for reporting segment profit is "profit from operations". In addition to receiving segment information concerning profit from operations, management is provided with segment information concerning revenue, interest income, depreciation and amortisation, impairment losses, foreign exchange gain/loss, gain/loss on financial assets at FVTPL and additions to non-current segment assets used by the segments in their operations.

(b) Information about reportable segments

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 2023 and 2022 is set out below:

	Investment Holding		Healthcare		Money Lending and Related Business		Hospitality		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Disaggregated by timing of revenue recognition										
Point in time	-	-	25,617	31,074	-	-	-	-	25,617	31,074
Over time	-	-	1,749	6,628	-	-	-	-	1,749	6,628
Revenue from contracts with external customers	-	-	27,366	37,702	-	-	-	-	27,366	37,702
Interest income	152	28	-	-	17,864	16,514	-	-	18,016	16,542
Reportable segment revenue	152	28	27,366	37,702	17,864	16,514	-	-	45,382	54,244
Reportable segment (loss)/profit before taxation	(13,243)	18,242	(29,925)	(24,940)	14,234	17,704	156	(51,355)	(28,778)	(40,349)
Depreciation and amortisation	(647)	(647)	(8,429)	(8,882)	-	-	-	-	(9,076)	(9,529)
Impairment loss on trademarks	-	-	(1,936)	(2,469)	-	-	-	-	(1,936)	(2,469)
Net realised and unrealised valuation gain/(loss) on financial assets at FVTPL	1,699	(6,926)	-	-	-	-	-	-	1,699	(6,926)
Net realised and unrealised foreign exchange (loss)/gain	(4,829)	(8,445)	(116)	(164)	1,035	3,580	6	(1)	(3,904)	(5,030)
Additions to non-current assets	-	-	595	1,348	-	-	-	-	595	1,348
Reportable segment assets	93,782	87,666	64,465	93,616	135,546	151,842	7,340	405	301,133	333,529
Reportable segment liabilities	13,746	14,313	73,256	75,745	100	100	508	1,202	87,610	91,360

2. Segment reporting (Continued)

(c) Reconciliations of reportable segment assets and liabilities

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Assets		
Reportable segment assets	301,133	333,529
Current tax recoverable	–	16
Deferred tax assets	1,821	–
	<u>302,954</u>	<u>333,545</u>
Liabilities		
Reportable segment liabilities	87,610	91,360
Provision for taxation	163	163
	<u>87,773</u>	<u>91,523</u>

3. Revenue

Revenue of the Group comprises revenue from healthcare related services and money lending and related business activities. Disaggregation of revenue recognised during the year by category is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue from contracts within the scope of HKFRS 15		
Healthcare related services		
Royalty fees	1,749	6,628
Healthcare income	25,617	31,074
	<u>27,366</u>	<u>37,702</u>
Revenue from other sources		
Money lending and related business activities		
Interest income on third party loans	17,864	16,514
Total revenue	<u>45,230</u>	<u>54,216</u>
Timing of revenue recognition within the scope of HKFRS 15		
A point in time		
Healthcare related services	25,617	31,074
Overtime		
Healthcare related services	1,749	6,628
	<u>27,366</u>	<u>37,702</u>

3. Revenue (Continued)

Healthcare related services – royalty fees

Royalty fees represent the royalties received for the use of a trademark and recognised over a period agreed under contracts. The royalty fees are recognised over the contract terms.

Revenue that is expected to be recognised in the future arising from contracts in existence at the reporting date is insignificant.

4. Other losses, net

	2023 HK\$'000	2022 <i>HK\$'000</i>
Net realised and unrealised foreign exchange loss	(3,904)	(5,030)
Net realised and unrealised valuation gain/(loss) on financial assets at fair value through profit or loss	1,699	(6,926)
Impairment loss on trademarks	(1,937)	(2,469)
Interest income	152	28
Loss on disposal of property, plant and equipment	–	(21)
Miscellaneous income	1,940	394
	<u>(2,050)</u>	<u>(14,024)</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

	2023 HK\$'000	2022 <i>HK\$'000</i>
Interest expenses on lease liabilities	<u>3,543</u>	<u>3,959</u>

7. Income tax

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current tax:		
Other jurisdictions	–	–
Deferred tax:		
Origination and reversal of temporary differences	1,821	–
	<u>1,821</u>	<u>–</u>

The provision for Hong Kong Profits Tax for 2023 is calculated at 16.5% (2022: 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 consolidated 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.

8. Loss before taxation

Loss before taxation is arrived at after charging:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<i>Finance costs</i>		
Interest expenses on lease liabilities	<u>3,543</u>	<u>3,959</u>
<i>Employee benefits expenses (including Directors' emoluments)</i>		
Salaries, wages and other benefits	18,890	21,267
Directors' emoluments	1,094	5,639
Retirement benefit scheme (excluding those of Directors)	<u>55</u>	<u>55</u>
	<u>20,039</u>	<u>26,961</u>
<i>Other items</i>		
Amortisation of intangible assets	2,788	3,310
Auditors' remuneration		
– audit services	1,650	1,600
– other services	50	314
Depreciation of property, plant and equipment	6,288	6,219
Lease payments not included in the measurement of lease liabilities	<u>161</u>	<u>238</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:

	2023 HK\$'000	2022 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company	<u>(15,484)</u>	<u>(29,036)</u>
	2023 No. of shares ('000)	2022 No. of shares <i>('000)</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>398,980</u>	<u>398,980</u>

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\$15,484,000 (2022: HK\$29,036,000).

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 2023 (2022: nil).

No interim dividend was paid for the year ended 31 December 2023 (2022: nil).

11. Trade and other receivables

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables (<i>note (i)</i>)	13,188	21,813
Less: Allowance for expected credit loss	<u>(6,801)</u>	<u>(5,821)</u>
	<u>6,387</u>	<u>15,992</u>
Interest receivables (<i>note (i)</i>)	8,439	6,595
Less: Allowance for expected credit loss	<u>(402)</u>	<u>(150)</u>
	<u>8,037</u>	<u>6,445</u>
Other receivables and deposits	<u>1,528</u>	<u>1,725</u>
Prepayments (<i>note (ii)</i>)	<u>11,427</u>	<u>13,143</u>
	<u><u>27,379</u></u>	<u><u>37,305</u></u>
Analysed as:		
Non-current	4,884	15,342
Current	<u>22,495</u>	<u>21,963</u>
	<u><u>27,379</u></u>	<u><u>37,305</u></u>

(i) Aging 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 invoice date is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Less than 1 month	8,365	8,329
1 to 3 months	812	–
More than 3 months but less than 12 months	993	14,108
More than 12 months	<u>4,254</u>	<u>–</u>
	<u><u>14,424</u></u>	<u><u>22,437</u></u>

(ii) Prepayments

Prepayments mainly consist of professional fees of approximately HK\$5.4 million (2022: HK\$7.1 million) paid in advance to business consultants who provide advisory services on the businesses of the Group.

12. Loan receivables

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Loans to third parties	200,760	200,850
Less: Allowance for expected credit loss	<u>(69,536)</u>	<u>(66,575)</u>
	<u>131,224</u>	<u>134,275</u>
Analysed as:		
Secured	56,300	56,495
Unsecured	<u>74,924</u>	<u>77,780</u>
	<u>131,224</u>	<u>134,275</u>

The reason for granting the loans by the Group is because it would help enhance the efficiency in the use of the Group's working capital and that it would be beneficial to the Group in terms of generating cashflow stream from expected interest income.

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\$101.5 million (2022: 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\$17,600,000) 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.

12. Loan receivables (Continued)

In order to recover the outstanding amount of the facility, 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.

In addition, the Company has commenced an action against Mr. Zhang Shihong ("2nd Guarantor") for an order for possession of a pledged property and served the Originating Summons dated 9 January 2024 on 2nd Guarantor on 10 January 2024. Subsequently, the 2nd Guarantor filed the Acknowledgement of Service to the High Court. On 7 March 2024, the Notice of Appointment to hear Originating Summons was issued and the first hearing has been scheduled on 22 May 2024.

The loans bear interest at rates ranging from 12% to 18.5% (2022: 12% to 18.5%) per annum, and are repayable within one year.

13. Trade and other payables

	2023 HK\$'000	2022 <i>HK\$'000</i>
Trade payables	4,326	3,616
Other payables and accrued charges	<u>37,378</u>	<u>36,389</u>
	<u>41,704</u>	<u>40,005</u>

- (i) All of the trade and other payables are expected to be settled within one year.
- (ii) As of the end of the reporting period, the aging analysis of trade payables based on due date is as follows:

	2023 HK\$'000	2022 <i>HK\$'000</i>
Due within 1 month or on demand	735	1,059
Due 1 to 3 months	542	2,238
Due over 3 months but less than 12 months	<u>3,049</u>	<u>319</u>
	<u>4,326</u>	<u>3,616</u>

MANAGEMENT DISCUSSION AND ANALYSIS

The Group recorded a net loss of approximately HK\$27.0 million for FY2023 as compared with a net loss of approximately HK\$40.3 million for the year ended 31 December 2022. The lower net loss was mainly resulted from the increase in net realised and unrealised valuation gain on financial assets at fair value through profit or loss by HK\$8.6 million, and the decrease in administration expenses by HK\$15.9 million, while such decrement is partially offset by the increase in expected credit loss recognised, net of HK\$9.2 million. The Group recorded a net loss attributable to the equity shareholders of the Company of approximately HK\$15.5 million for FY2023 as compared with a net loss attributable to the equity shareholders of the Company of approximately HK\$29.0 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\$4.8 million, the net realised and unrealised valuation gain on financial assets at FVTPL of approximately HK\$1.7 million. Overall, total net realised and unrealised loss of approximately HK\$3.1 million was recorded for FY2023 as compared with the total net realised and unrealised gain of approximately HK\$36.1 million in the previous corresponding year. Consequently, the Group's Investment Holding segment reported a loss before tax of approximately HK\$13.2 million for FY2023 as compared with a profit before tax of approximately HK\$18.2 million in the previous corresponding year.

Healthcare segment

The Group's healthcare business has been carried out under 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"), 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 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 2023, Shanghai Hospital recorded revenue of approximately HK\$25.6 million and net loss of approximately HK\$17.9 million as compared with revenue of approximately HK\$31.1 million and net loss of approximately HK\$19.0 million in the previous corresponding year. The drop in revenue in 2023 is due to post negative impact of Covid-19 on the macroeconomy and the business activity in the PRC.

PRIP contributed royalty income of approximately HK\$1.7 million for FY2023 as compared with royalty income of approximately HK\$6.6 million in the previous corresponding year, and PRIP and DIAM contributed no service income for both FY2023 and FY2022.

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\$17.9 million for FY2023, as compared with interest income from third parties loans of HK\$16.5 million in the previous corresponding year. Others Basic loss per share for FY2023 was HK\$3.88 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\$0.41 as at 31 December 2023, increased from HK\$0.39 at 31 December 2022. The board did not propose a final dividend for FY2023.

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 2024, 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 FY2023 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 (currently Appendix C1) to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited throughout FY2023.

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 (currently Appendix C3) to 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 FY2023.

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 FY2023.

FINAL DIVIDEND

The Board does not recommend payment of final dividend for the year ended 31 December 2023 (2022: nil).

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

Hong Kong, 26 March 2024

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

* *for identification purpose only*