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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)**

## **QUARTERLY UPDATE ON RECENT DEVELOPMENT OF SUSPENSION OF TRADING**

This announcement is made by China Tian Yuan Healthcare Group Limited (the “**Company**” together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) and Rule 13.24A of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcements of the Company dated (i) 16 March 2020 in relation to the inside information announcement in relation to the update on provision of financial assistance to an entity; (ii) 21 August 2020 in relation to suspension of trading in the shares of the Company; (iii) 31 August 2020 in relation to postponement of board meeting; (iv) 11 September 2020 in relation to the Resumption Guidance; (v) 30 September 2020 in relation to the delay in publication of the 2020 Interim Results; (vi) 23 November 2020 in relation to the quarterly update on recent development of suspension of trading; (vii) 15 December 2020 in relation to the further delay in publication of the 2020 Interim Results and dispatch of the 2020 Interim Report; (viii) 28 January 2021 in relation to the business update of the operation of the Company; (ix) 31 March 2021 in relation to (a) the further delay in publication of the 2020 Interim Results and despatch of the 2020 Interim Report and (b) the delay in publication of the 2020 Annual Results and despatch of the 2020 Annual Report; (x) 9 April 2021 in relation to the notification of board meeting; (xi) 21 April 2021 in relation to the change of date of board meeting; (xii) 22 April 2021 in relation to the clarification announcement to the change of date of board meeting; (xiii) 26 April 2021 in relation to the further delay in publication of the 2020 Interim Results and the 2020 Annual Results; (xiv) 21 May 2021 in relation to the publication of the 2020 Interim Results and the 2020 Annual Results; and (xv) 24 May 2021 in relation to the quarterly update on recent development of suspension of trading (“**May 2021 Update Announcement**”) (collectively, the “**Announcements**”), and the 2020 Interim Report and the 2020 Annual Report published on 6 June 2021. Unless otherwise stated, capitalised terms used in this announcement shall have the same meaning as those defined in the Announcements.

## **BUSINESS OPERATIONS**

The Group has continued to maintain its business operations since the suspension of trading in the Company's shares on 24 August 2020. The Group's main business operations include its healthcare segment, hospitality segment, money lending and related business segment and investment holding segment. As at the date of this announcement, the segments are under normal operation.

In view of the adverse impact of the COVID-19 pandemic globally, the market continues to be sluggish and remains challenging. The Company continues to focus mainly on the operation of the healthcare business in the PRC and Korea and the money lending and related business segment in a cautious and conservative manner. In light of the current situation, the Group will continue to adjust its strategy to explore further opportunities in the healthcare segment, review the performance and effectiveness of its marketing channels and operational management, and make necessary adjustment to fulfill the Resumption Guidance.

### **Money lending and related business segment**

#### ***Loan A***

Reference is made to the announcements of the Company dated 14 July 2017, 4 April 2018, 16 July 2018, 12 November 2018, 21 December 2018, 12 November 2019, 12 February 2020, 16 March 2020, 23 November 2020, 28 January 2021, 23 February 2021 and 24 May 2021.

As at the date of this announcement, the outstanding amount of the Loan A (including principal, interests and default interests if any) is approximately US\$11,011,000 (equivalent to approximately HK\$85,779,000).

In view of recovering the outstanding amount of Loan A, the HK Legal Advisers, on behalf of the Company, have initiated the bankruptcy proceedings against the 1st Guarantor of Loan A. On 2 July 2021, the creditor's bankruptcy petition (the "Petition") on failure to comply with the Statutory Demand for a liquidated sum payable immediately has been presented to the High Court. The Company is in the process of attempting to serve the Petition on the 1st Guarantor of Loan A personally. The court hearing in relation to the Petition has been scheduled to be held on 1 September 2021 at the High Court.

The Company will make further announcement(s) regarding to any update of relevant legal proceedings as and when appropriate in accordance with the Listing Rules and other applicable laws and regulations.

## **RESUMPTION PROGRESS**

The Board wishes to update the Shareholders and potential investors of the Company that the Company has been continuously making effort in taking steps to fulfil the Resumption Guidance.

The Company has published all outstanding financial results and addressed the audit modifications to the Stock Exchange. (i) The 2020 Interim Results and the 2020 Final Results have been published on 21 May 2021; and (ii) the 2020 Interim Report and the 2020 Annual Report have been published on 6 June 2021.

The Internal Control Review has been completed by the independent internal control consultant engaged (the “**Internal Control Consultant**”). Based on the results of the Internal Control Review, there was nothing come to the attention of the Internal Control Consultant to indicate that there was any material irregularity or error on the financial reporting procedures and internal control systems of the Company and the Group. As at the date of this announcement, the Company has implemented the recommendations from the Internal Control Consultant and rectified the relevant deficiencies in the Group’s internal control system. The Company believes that adequate internal controls and procedures have been in place in the Company to comply with the Listing Rules.

On 6 August 2021, the Company has submitted a resumption plan to the Stock Exchange.

Notwithstanding the impact of COVID-19, the Group has continued to use its best endeavours to expand its business operation under the healthcare business segment and to recover the outstanding loan amount under the money lending business segment. The Board believes that the Group has a viable and sustainable business development to maintain sufficient level of operation and assets of sufficient value to support its operations under Rule 13.24 of the Listing Rules to warrant the continued listing of the Company’s securities, and the performance of the Group will further improve when the impacts of COVID-19 fade gradually. The Board considered that the Group will be able to comply with the requirements under Rule 13.24 of the Listing Rules.

The Company will continue to take appropriate measures to fulfill the Resumption Guidance imposed by the Stock Exchange and inform the market of all material information for Shareholders and potential investors to appraise the Company’s position.

Save for the above, there is no further update on the Company’s business operations or progress of satisfying the Resumption Guidance.

## **CONTINUED SUSPENSION OF TRADING**

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on Monday, 24 August 2020 and will remain suspended until further notice pending fulfilment of the Resumption Guidance.

Further announcement(s) will be made by the Company to inform the Shareholders and potential investors of any material development relating to the captioned matters as and when appropriate.

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

By order of the Board of  
**China Tian Yuan Healthcare Group Limited**  
**Zhang Xian**  
*Executive Director*

Hong Kong, 23 August 2021

*As at the date of this announcement, the Board is comprised of seven directors of which Mr. Wang Huabing (Chairman) and Ms. Zhang Xian 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.*