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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 INTERIM RESULTS — ANNOUNCEMENT  
UNAUDITED CONSOLIDATED RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

**RESULTS**

The board (the “Board”) of directors (the “Directors”) of China Tian Yuan Healthcare Group Limited (the “Company”) announces the following unaudited consolidated results of the Company, its subsidiaries, joint arrangements and associates (the “Group”) for the six months ended 30 June 2021 (the “Period”) together with comparative figures.

**Consolidated Statement of Profit or Loss  
for the six months ended 30 June 2021**

		<b>Six months ended 30 June</b>	
	Notes	<b>2021</b> <i>HK\$'000</i> (Unaudited)	<b>2020</b> <i>HK\$'000</i> (Unaudited)
<b>Continuing Operations</b>			
<b>Revenue</b>		48,439	17,801
Cost of sales		<u>(11,026)</u>	<u>(1,691)</u>
<b>Gross profit</b>		37,413	16,110
Reversal of expected credit loss		915	–
Other gains/(losses), net	3	166	(71,274)
Administrative expenses	4	<u>(43,158)</u>	<u>(31,456)</u>
<b>Loss from operating activities</b>		(4,664)	(86,620)
Share of profit/(losses) of associates		336	(1,457)
Finance costs	5	<u>(2,083)</u>	<u>(64)</u>
<b>Loss before taxation</b>		(6,411)	(88,141)
Income tax expense	6	<u>–</u>	<u>–</u>
<b>Loss for the period</b>		<u><u>(6,411)</u></u>	<u><u>(88,141)</u></u>
<b>Loss for the period attributable to:</b>			
Equity shareholders of the Company		(6,137)	(54,110)
Non-controlling interests		<u>(274)</u>	<u>(34,031)</u>
<b>Loss for the period</b>		<u><u>(6,411)</u></u>	<u><u>(88,141)</u></u>
<b>Loss per share</b>			
Basic loss per share	8	<u><u>(1.53)</u></u>	<u><u>(13.56)</u></u>
Diluted loss per share	8	<u><u>(1.53)</u></u>	<u><u>(13.56)</u></u>

**Consolidated Statement of Profit or Loss and Other Comprehensive Income  
for the six months ended 30 June 2021**

	<b>Six months ended</b>	
	<b>30 June</b>	
	<b>2021</b>	<b>2020</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
<b>Loss for the period</b>	(6,411)	(88,141)
<b>Other comprehensive loss/(income) for the period (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	3,074	(2,823)
Exchange differences on monetary items forming net investment in a foreign operation	<u>13</u>	<u>(41)</u>
<b>Total other comprehensive income/(loss) for the period</b>	<u>3,087</u>	<u>(2,864)</u>
<b>Total comprehensive loss for the period</b>	<u><u>(3,324)</u></u>	<u><u>(91,005)</u></u>
<b>Attributable to:</b>		
Equity shareholders of the Company	(3,034)	(56,539)
Non-controlling interests	<u>(290)</u>	<u>(34,466)</u>
<b>Total comprehensive loss for the period</b>	<u><u>(3,324)</u></u>	<u><u>(91,005)</u></u>

**Consolidated Statement of Financial Position  
as at 30 June 2021**

		<b>As at 30 June 2021</b>	<b>As at 31 December 2020</b>
	Notes	<i>HK\$'000</i> (Unaudited)	<i>HK\$'000</i> (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		57,406	59,362
Intangible assets		19,477	20,999
Goodwill		61,415	60,687
Interests in associates		7,528	7,111
Trade and other receivables	10	10,147	11,366
		155,973	159,525
<b>Current assets</b>			
Trade and other receivables	10	23,270	14,661
Inventory		2,895	1,894
Financial assets at fair value through profit or loss		12,031	12,897
Loan receivables	11	100,856	134,032
Current tax recoverable		16	109
Cash and cash equivalents		81,220	58,178
		220,288	221,771
<b>Current liabilities</b>			
Trade and other payables	12	(27,052)	(28,454)
Lease liabilities		(3,269)	(3,248)
Provision for taxation		(163)	(163)
		(30,484)	(31,865)
<b>Net current assets</b>		189,804	189,906
<b>Total assets less current liabilities</b>		345,777	349,431

	Notes	As at 30 June 2021 <i>HK\$'000</i> (Unaudited)	As at 31 December 2020 <i>HK\$'000</i> (Audited)
<b>Non-current liabilities</b>			
Obligations in excess of earnings from equity-method accounted joint venture		(227)	(227)
Lease liabilities		(51,487)	(51,817)
		<u>(51,714)</u>	<u>(52,044)</u>
<b>NET ASSETS</b>		<u>294,063</u>	<u>297,387</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		398,980	398,980
Share premium		20,663	20,663
Reserves		<u>(155,149)</u>	<u>(152,115)</u>
<b>Equity attributable to equity shareholders of the Company</b>		264,494	267,528
<b>Non-controlling interests</b>		<u>29,569</u>	<u>29,859</u>
<b>TOTAL EQUITY</b>		<u>294,063</u>	<u>297,387</u>

Notes:-

## 1. Accounting policies

The interim results set out in the announcement do not constitute the Group's interim financial report for the six months ended 30 June 2021 but are extracted from that report.

The condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure provision of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("HKAS") 34 *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The condensed consolidated interim financial statements have not been audited, but have been reviewed by Crowe (HK) CPA Limited, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the HKICPA.

The unaudited interim financial report contains consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the annual financial statements for the year ended 31 December 2020. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The financial information relating to the financial year ended 31 December 2020 that is included in this preliminary announcement of the interim results as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

The interim financial report for the six months ended 30 June 2021 has 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 expected to be reflected in the 2021 annual consolidated financial statements. Details of any changes in accounting policies are set out below.

The Group has applied the following amendments to HKFRSs issued by the HKICPA to this interim financial report for the current accounting period:

Amendment to HKFRS 16	Covid-19-related rent concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39 HKFRS 7, HKFRS 4 and HKFRS 16	Interest rate benchmark reform – Phase 2

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

None of these impact on the accounting policies of the Group.

## 2. Revenue and 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:

	Investment Holding		Healthcare		Money Lending and Related Business		Hospitality		Total	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
<i>For the six months ended 30 June:</i>										
Disaggregated by timing of revenue recognition										
Point of time	-	-	36,815	6,932	-	-	-	-	36,815	6,932
Over time	-	-	3,197	1,341	-	-	-	-	3,197	1,341
<b>Revenue from external customers</b>	-	-	40,012	8,273	-	-	-	-	40,012	8,273
Interest income	-	411	-	1	8,427	9,116	-	-	8,427	9,528
<b>Reportable segment revenue</b>	<b>-</b>	<b>411</b>	<b>40,012</b>	<b>8,274</b>	<b>8,427</b>	<b>9,116</b>	<b>-</b>	<b>-</b>	<b>48,439</b>	<b>17,801</b>
<b>Reportable segment (loss)/profit</b>	<b>(12,193)</b>	<b>(23,071)</b>	<b>(2,923)</b>	<b>(70,047)</b>	<b>9,342</b>	<b>9,116</b>	<b>(637)</b>	<b>(4,139)</b>	<b>(6,411)</b>	<b>(88,141)</b>
Depreciation and amortisation	(1,171)	(1,172)	(4,298)	(7,812)	-	-	-	-	(5,469)	(8,984)
Net realised and unrealised valuation loss on trading securities	(819)	(1,033)	-	-	-	-	-	-	(819)	(1,033)
Net realised and unrealised foreign exchange (loss)/gain	1,575	(1,580)	(1,031)	116	-	-	(8)	(78)	536	(1,542)
Impairment loss on trademarks	-	-	-	(61,031)	-	-	-	-	-	(61,031)
<b>As at 30 June/31 December:</b>										
<b>Reportable segment assets</b>	<b>113,857</b>	<b>90,277</b>	<b>148,713</b>	<b>145,613</b>	<b>105,702</b>	<b>137,049</b>	<b>7,973</b>	<b>8,248</b>	<b>376,245</b>	<b>381,187</b>
<b>Reportable segment liabilities</b>	<b>62,443</b>	<b>64,973</b>	<b>18,101</b>	<b>16,914</b>	<b>-</b>	<b>-</b>	<b>1,491</b>	<b>1,859</b>	<b>82,035</b>	<b>83,746</b>

### 3. Other gains/(losses), net

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net realised and unrealised foreign exchange gain/(loss)	536	(1,542)
Net realised and unrealised valuation (loss)/gain on trading securities	(819)	(1,033)
(Loss)/gain from sale of property, plant and equipment	(65)	23
Impairment loss on trademarks	–	(61,031)
Impairment loss on prepayments	–	(7,750)
Interest income	21	–
Miscellaneous income	493	59
	<u>166</u>	<u>(71,274)</u>

### 4. Administrative expenses

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

### 5. Finance costs

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest expenses on lease payment	2,083	64
	<u>2,083</u>	<u>64</u>

### 6. Income tax expense

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
<b>Current tax</b>		
Provision for the period	–	–
Income tax expense	–	–
	<u>–</u>	<u>–</u>

### 7. Loss for the period

Loss for the period is arrived at after charging:

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	682	356
Depreciation of right-of-use assets	3,212	1,017
Amortisation of intangible assets	1,575	7,611
Staff cost (including director's emoluments)	22,099	11,826
	<u>27,568</u>	<u>19,810</u>



## 8. Loss per share

### For the period

#### a) Basic loss per share

The calculation of basic loss per share is based on loss attributable to ordinary equity shareholders of the Company of approximately HK\$6,137,000 (six months ended 30 June 2020: HK\$54,110,000) and the weighted average number of ordinary shares of 398,979,524 (six months ended 30 June 2020: 398,979,524) in issue during the period.

#### b) Diluted loss per share

Diluted loss per share is the same as the basic loss per share because the Group has no dilutive securities that are convertible into shares during the six months ended 30 June 2021 and 30 June 2020.

## 9. Dividends

#### a) Dividend attributable to the interim period

The Directors of the Company have resolved not to declare an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: nil).

#### b) There were no dividends attributable to the previous financial years, approved and paid during the six months ended 30 June 2021 and 2020.

## 10. Trade and other receivables

	<b>As at 30 June 2021 HK\$'000 (Unaudited)</b>	<b>As at 31 December 2020 HK\$'000 (Audited)</b>
Trade receivables (note (a))	9,016	5,882
Interest receivables (note (a))	5,080	3,197
Less: Allowance for expected credit loss	<u>(234)</u>	<u>(868)</u>
	13,862	8,211
Due from an associate	120	119
Other receivables and deposits	3,388	3,323
Less: Allowance for expected credit loss	<u>–</u>	<u>(78)</u>
	17,370	11,575
Prepayments (note (b))	<u>16,047</u>	<u>14,452</u>
Trade and other receivables	<u><u>33,417</u></u>	<u><u>26,027</u></u>
Non-current	10,147	11,366
Current	<u>23,270</u>	<u>14,661</u>
	<u><u>33,417</u></u>	<u><u>26,027</u></u>

## 10. Trade and other receivables (continued)

### (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>As at 30 June 2021 HK\$'000 (Unaudited)</b>	<b>As at 31 December 2020 HK\$'000 (Audited)</b>
Less than 1 month	8,707	4,343
1 to 3 months	–	–
More than 3 months	<u>5,155</u>	<u>3,868</u>
	<u><u>13,862</u></u>	<u><u>8,211</u></u>

Included in trade receivables of HK\$3,775,000 (31 December 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\$9,800,000 (31 December 2020: HK\$10,600,000) paid in advance to business consultants who provide advisory services on the businesses of the Group.

## 11. Loan receivables

	As at 30 June 2021 HK\$'000 (Unaudited)	As at 31 December 2020 HK\$'000 (Audited)
Loan to third parties	170,684	204,821
Less: Allowance for expected credit loss	(69,828)	(70,789)
	<u>100,856</u>	<u>134,032</u>
Analysed as:		
Secured	59,140	65,837
Unsecured	41,716	68,195
	<u>100,856</u>	<u>134,032</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.

As of 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\$100,900,000 (31 December 2020: approximately HK\$101,200,000) 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. Allowance for expected credit loss was provided for the remaining amount after the settlement of Repayment 1 and Repayment 2. The Group has then commenced legal proceedings in the PRC against the borrower and the guarantors by submitting and issuing the statement of civil claim\* (民事起訴狀) to the No. 4 Intermediate People's Court of Beijing Municipality\* (北京市第四中級人民法院) (the "Intermediate Court") in relation to

the claim (the “Claim”) for, among other things, the outstanding amount and other ancillary fees and costs (e.g. legal). On 9 July 2020, the Intermediate Court issued the Acknowledgement on Receipt of Court Case\* (受理案件通知書) and on 28 July 2020, the Intermediate Court issued the Civil Judgement\* (民事裁定書) which stated that the assets and equity interests of the borrower and the Guarantors will be seized and frozen for one to three years (subject to the amount capped at approximately RMB63,848,600). The court hearing in relation to the Claim is scheduled to be held on 20 October 2021. In view of recovering the outstanding amount, the Company had initiated the bankruptcy proceedings against the 1st Guarantor. 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 of the Hong Kong Special Administrative Region (the “High Court”). The court hearing in relation to the Petition has been scheduled to be held on 1 September 2021 at the High Court.

The remaining loans bear interest at rates ranging from 11% to 18.5% (31 December 2020: 11% to 18.5%) per annum, and are repayable within one year.

## 12. Trade and other payables

	<b>As at 30 June 2021</b>	<b>As at 31 December 2020</b>
	<i>HK\$’000</i>	<i>HK\$’000</i>
	(Unaudited)	(Audited)
Trade payables (note (a))	326	171
Other payables and accrued charges	26,726	28,283
	<u>27,052</u>	<u>28,454</u>

### (a) Ageing analysis

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

	<b>2021</b>	<b>2020</b>
	<i>HK\$’000</i>	<i>HK\$’000</i>
	(Unaudited)	(Audited)
Due within 1 month or on demand	326	171
Due 1 to 3 months	–	–
Due 3 to 12 months	–	–
	<u>326</u>	<u>171</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.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The Group recorded a net loss attributable to the equity shareholders of the Company of approximately HK\$6.1 million for the Period as compared with a net loss attributable to the equity shareholders of the Company of approximately HK\$54.1 million in the previous corresponding period. The decrease in loss was mainly because there were impairment loss on trademarks of approximately HK\$61.0 million and impairment loss on prepayments of approximately HK\$7.8 million in previous period.

### **Hospitality segment**

Regarding the Group's hospitality segment, the Group recognised share of loss from its associate, S-R Burlington Partners, LLC. of approximately HK\$nil for the Period as compared with the share of loss of approximately HK\$1.5 million in the previous corresponding period.

The Group's hospitality segment reported a loss before tax of approximately HK\$0.6 million for the Period as compared with a loss before tax of approximately HK\$4.1 million in the previous corresponding period.

### **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\$3.2 million for the Period which is increased by HK\$1.9 million as compared to the previous corresponding period, and DIAM contributed no service income for the Period which is decreased by HK\$0.5 million as compared to the previous corresponding period due to the outbreak of COVID-19.

The indirect wholly-owned subsidiary of the Company, Bright Zone Holdings Limited, which indirectly owns Shanghai Yuyue Meilianchen Healthcare Beauty Hospital Limited\* (上海愉悦美聯臣醫療美容醫院有限公司) (the "Shanghai Hospital"), which is principally engaged in the plastic surgery operation in Shanghai City of the People's Republic of China ("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. Shanghai hospital recorded revenue of approximately HK\$36.8 million and net loss of approximately HK\$2.0 million for the period as compared with revenue of approximately HK\$6.4 million and net loss of approximately HK\$0.4 million for the period from 1 June 2020 to 30 June 2020.

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

Regarding the Group's money lending and related business segment, the Group recognised interest income from third parties loans of HK\$8.4 million for the Period, as compared with interest income from third parties loans of HK\$9.1 million in the previous corresponding period.

## **Investment holding segment**

The Group's investment holding segment recorded a net realised and unrealised valuation loss on trading securities of approximately HK\$0.8 million as compared with a net realised and unrealised valuation loss on trading securities of approximately HK\$1.0 million in the previous corresponding period. Consequently, the Group's investment holding segment reported a loss before tax of approximately HK\$12.2 million for the Period as compared with a loss before tax of approximately HK\$23.1 million in the previous corresponding period.

## **PROSPECTS**

### **Hospitality segment**

The operating activities under hospitality segment of the Group include the operation by its associate, S-R Burlington Partners, LLC. in which the Group has 27% effective interest. The Group will continue to run the hotel in Burlington operated by S-R Burlington Partners, LLC. The Group will also develop other hospitality business and grasp the opportunity to enter into merger and acquisition in order to bring in growth other than organic growth as well as establish possible regional presences when it arises.

### **Healthcare business**

The indirect wholly-owned subsidiary of the Company, Bright Zone Holdings Limited, which indirectly owns Shanghai Hospital, is principally engaged in the plastic surgery operation in Shanghai Province of the PRC. The operation 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 2021, 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 that the trade friction between the PRC and the United States and the global outbreak of the novel coronavirus (COVID-19) pandemic have caused disruptions to the business activity globally and are expected to continue and adversely affect the global economic environment, 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 Audit Committee has reviewed the unaudited interim results and the interim financial information for the Period with no disagreement.

The unaudited consolidated financial results for the six months ended 30 June 2021 have been reviewed by Crowe (HK) CPA Limited, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA .

## **OTHER INFORMATION**

The Board does not recommend payment of an interim dividend for the six months ended 30 June 2021 (for the six months ended 30 June 2020: nil).

## **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 the Period.

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 its code of conduct regarding Directors’ securities transactions. All Directors confirmed that they have complied with the Model Code throughout the Period.

## **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 the Period.

## **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  
**China Tian Yuan Healthcare Group Limited**  
**Zhang Xian**  
*Executive director*

Hong Kong, 30 August 2021

*As at the date of this announcement, the Board comprises 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.*

\* *for identification purpose only*