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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)

**2024 FINAL RESULTS – ANNOUNCEMENT
AUDITED CONSOLIDATED RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

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 2024 (“FY2024”) 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 2024

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue	3	26,845	45,230
Cost of sales		<u>(5,607)</u>	<u>(17,285)</u>
Gross profit		21,238	27,945
Other losses, net	4	(4,356)	(2,050)
Reversal of expected credit loss/(expected credit loss recognised), net		2,497	(10,013)
Impairment loss on goodwill		(23,473)	–
Administrative expenses		(31,103)	(40,752)
Share of loss of associates (net of tax)		(14)	(365)
Finance costs	5	<u>(3,218)</u>	<u>(3,543)</u>
Loss before taxation	7	(38,429)	(28,778)
Income tax	6	<u>(177)</u>	<u>1,821</u>
Loss for the year		<u>(38,606)</u>	<u>(26,957)</u>
Loss for the year attributable to:			
Equity shareholders of the Company		(34,238)	(15,484)
Non-controlling interests		<u>(4,368)</u>	<u>(11,473)</u>
Loss for the year		<u>(38,606)</u>	<u>(26,957)</u>
<i>Loss per share</i>	8	<i>HK cents</i>	<i>HK cents</i>
Basic loss per share		<u>(8.58)</u>	<u>(3.88)</u>
Diluted loss per share		<u>(8.58)</u>	<u>(3.88)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2024

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss for the year	(38,606)	(26,957)
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	<u>(624)</u>	<u>116</u>
Total other comprehensive (loss)/income for the year	<u>(624)</u>	<u>116</u>
Total comprehensive loss for the year	<u>(39,230)</u>	<u>(26,841)</u>
Total comprehensive loss attributable to:		
Equity shareholders of the Company	(35,581)	(16,120)
Non-controlling interests	<u>(3,649)</u>	<u>(10,721)</u>
Total comprehensive loss for the year	<u>(39,230)</u>	<u>(26,841)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2024

	<i>Note</i>	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Property, plant and equipment		38,045	43,683
Intangible assets		5,644	7,331
Goodwill	<i>10</i>	31,473	57,385
Interests in associates		6,355	6,596
Trade and other receivables	<i>11</i>	2,986	4,884
Deferred tax assets		1,644	1,821
		86,147	121,700
Current assets			
Trade and other receivables	<i>11</i>	19,382	22,495
Inventories		798	801
Financial assets at fair value through profit or loss		2,578	5,855
Loan receivables	<i>12</i>	127,561	131,224
Cash and cash equivalents		24,468	20,879
		174,787	181,254
Current liabilities			
Trade and other payables	<i>13</i>	(43,891)	(41,704)
Bank overdraft		(154)	–
Lease liabilities		(5,044)	(4,318)
Provision for taxation		(163)	(163)
		(49,252)	(46,185)
Net current assets		125,535	135,069
Total assets less current liabilities		211,682	256,769

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current liabilities			
Lease liabilities		(35,731)	(41,588)
		<u>(35,731)</u>	<u>(41,588)</u>
NET ASSETS		<u>175,951</u>	<u>215,181</u>
CAPITAL AND RESERVES			
Share capital		398,980	398,980
Share premium		20,663	20,663
Reserves		<u>(224,961)</u>	<u>(189,380)</u>
Equity attributable to equity shareholders of the Company		194,682	230,263
Non-controlling interests		<u>(18,731)</u>	<u>(15,082)</u>
TOTAL EQUITY		<u>175,951</u>	<u>215,181</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 2024 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 2023, except for the accounting policy changes that are effective for the year ended 31 December 2024.

The Group has applied the following 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 2024:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the “2020 Amendments”)
Amendments to HKAS 1	Non-current Liabilities with Covenants (the “2022 Amendments”)
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The Group has not applied any new standards or amendments that are not yet mandatorily effective for the current accounting period. The application of the 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.

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, sales of mask products, 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 reportable 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 2024 and 2023 is set out below:

	Investment Holding		Healthcare		Money Lending and Related Business		Hospitality		Total	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	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	-	-	7,637	25,617	-	-	-	-	7,637	25,617
Over time	-	-	1,617	1,749	-	-	-	-	1,617	1,749
Revenue from contracts with external customers	-	-	9,254	27,366	-	-	-	-	9,254	27,366
Interest income	739	152	-	-	17,591	17,864	-	-	18,330	18,016
Reportable segment revenue	739	152	9,254	27,366	17,591	17,864	-	-	27,584	45,382
Reportable segment (loss)/profit before taxation	(17,980)	(13,243)	(14,132)	(29,925)	17,582	14,234	(210)	156	(14,740)	(28,778)
Depreciation and amortisation	(917)	(647)	(7,062)	(8,429)	-	-	-	-	(7,979)	(9,076)
Impairment loss on trademarks	-	-	-	(1,937)	-	-	-	-	-	(1,937)
Impairment loss on goodwill	-	-	(23,473)	-	-	-	-	-	(23,473)	-
Net realised and unrealised valuation (loss)/gain on financial assets at FVTPL	(3,255)	1,699	-	-	-	-	-	-	(3,255)	1,699
Net realised and unrealised foreign exchange (loss)/gain	(3,043)	(4,829)	(295)	(116)	857	1,035	(31)	6	(2,512)	(3,904)
Additions to non-current assets	2,499	-	17	595	-	-	-	-	2,516	595
Reportable segment assets	77,196	93,782	28,358	64,465	146,960	135,546	6,776	7,340	259,290	301,133
Reportable segment liabilities	14,509	13,746	69,706	73,256	100	100	505	508	84,820	87,610

2. Segment reporting (Continued)

(c) Reconciliations of reportable segment assets and liabilities

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Assets		
Reportable segment assets	259,290	301,133
Deferred tax assets	1,644	1,821
	<u>260,934</u>	<u>302,954</u>
Consolidated total assets	<u><u>260,934</u></u>	<u><u>302,954</u></u>
Liabilities		
Reportable segment liabilities	84,820	87,610
Provision for taxation	163	163
	<u>84,983</u>	<u>87,773</u>
Consolidated total liabilities	<u><u>84,983</u></u>	<u><u>87,773</u></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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from contracts within the scope of HKFRS 15		
Healthcare related services		
Royalty fees	1,617	1,749
Healthcare income	7,637	25,617
	<u>9,254</u>	<u>27,366</u>
Revenue from other sources		
Money lending and related business activities		
– Interest income on third party loans	17,591	17,864
Total revenue	<u><u>26,845</u></u>	<u><u>45,230</u></u>
Timing of revenue recognition within the scope of HKFRS 15		
A point in time		
Healthcare related services	7,637	25,617
Overtime		
Healthcare related services	1,617	1,749
	<u>9,254</u>	<u>27,366</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

	2024 HK\$'000	2023 HK\$'000
Net realised and unrealised foreign exchange loss	(2,512)	(3,904)
Net realised and unrealised valuation (loss)/gain on financial assets at fair value through profit or loss	(3,255)	1,699
Impairment loss on trademarks	–	(1,937)
Management fee income	526	–
Interest income	739	152
Loss on disposal of property, plant and equipment	(73)	–
Miscellaneous income	219	1,940
	<u>(4,356)</u>	<u>(2,050)</u>

5. Finance costs

	2024 HK\$'000	2023 HK\$'000
Interest expenses on lease liabilities	<u>3,218</u>	<u>3,543</u>

6. Income tax

	2024 HK\$'000	2023 HK\$'000
Current tax:		
Other jurisdictions	–	–
Deferred tax:		
Origination and reversal of temporary differences	<u>(177)</u>	<u>1,821</u>
	<u>(177)</u>	<u>1,821</u>

The provision for Hong Kong Profits Tax for 2024 is calculated at 16.5% (2023: 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.

7. Loss before taxation

Loss before taxation is arrived at after charging/(crediting):

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<i>Finance costs</i>		
Interest expenses on lease liabilities	<u>3,218</u>	<u>3,543</u>
<i>Employee benefits expenses (including Directors' emoluments)</i>		
Salaries, wages and other benefits	10,340	18,890
Directors' emoluments	1,049	1,094
Retirement benefit scheme (excluding those of Directors)	<u>52</u>	<u>55</u>
	<u>11,441</u>	<u>20,039</u>
<i>Other items</i>		
Amortisation of intangible assets	1,656	2,788
Auditors' remuneration		
– audit services	1,700	1,650
– other services	50	50
Impairment loss on goodwill	23,473	–
Impairment loss on trademarks	–	1,937
(Reversal of expected credit loss)/expected credit loss recognised, net	(2,497)	10,013
Depreciation of property, plant and equipment	6,323	6,288
Lease payments not included in the measurement of lease liabilities	<u>207</u>	<u>161</u>

8. 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss for the year attributable to owners of the Company	<u>(34,238)</u>	<u>(15,484)</u>
	2024 No. of shares (<i>'000</i>)	2023 No. of shares (<i>'000</i>)

Number of shares

Weighted average number of ordinary shares for the purpose of
basic and diluted loss per share

<u>398,980</u>	<u>398,980</u>
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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\$34,238,000 (2023: HK\$15,484,000).

For the year ended 31 December 2024 and 2023, diluted loss per share equal basic loss per share as there was no dilutive potential share.

9. Dividends

The Directors of the Company have resolved not to propose any final dividend for the year ended 31 December 2024 (2023: nil).

No interim dividend was paid for the year ended 31 December 2024 (2023: nil).

10. Goodwill

	<i>HK\$'000</i>
Cost	
At 1 January 2023	138,508
Exchange adjustments	<u>(1,022)</u>
At 31 December 2023 and 1 January 2024	137,486
Exchange adjustments	<u>(2,439)</u>
At 31 December 2024	<u>135,047</u>
Accumulated impairment losses	
At 1 January 2023, 31 December 2023, 1 January 2024	(80,101)
Impairment loss recognised	<u>(23,473)</u>
At 31 December 2024	<u>(103,574)</u>
Carrying amount	
At 31 December 2024	<u>31,473</u>
At 31 December 2023	<u>57,385</u>

Note:

For the purpose of impairment testing, goodwill is allocated to cash generating units of healthcare business. The Group determined the recoverable amount of the healthcare business based on the discounted cash flow model using cash flow projections based on the projected performance of the hospital in Shanghai (the “Shanghai Hospital”). The cash flow projections covered a period of 5 years using a discount rate of 16.5%, and the recoverable amount was determined based on the valuation performed by an independent valuation expert.

During the year ended 31 December 2024, the Group was experiencing significant drop in revenue due to downward trend of revenue from Shanghai Hospital which was attributed to the moderation of the macroeconomy of, and the continuous severe challenges posed to the business activities, in the PRC, leading to persistently weak consumer sentiment, affecting the demand for plastic surgery services and eventually, impacted on the financial performance of Shanghai Hospital. Impairment loss on goodwill of approximately HK\$23,473,000 was recognised based on value in use calculation.

11. Trade and other receivables

	2024 HK\$'000	2023 HK\$'000
Trade receivables (<i>note (i)</i>)	7,960	13,188
Less: Allowance for expected credit loss	(4,021)	(6,801)
	<u>3,939</u>	<u>6,387</u>
Interest receivables (<i>note (i)</i>)	8,196	8,439
Less: Allowance for expected credit loss	(399)	(402)
	<u>7,797</u>	<u>8,037</u>
Other receivables and deposits	<u>2,344</u>	<u>1,528</u>
Prepayments (<i>note (ii)</i>)	<u>8,288</u>	<u>11,427</u>
	<u>22,368</u>	<u>27,379</u>
Analysed as:		
Non-current	2,986	4,884
Current	<u>19,382</u>	<u>22,495</u>
	<u>22,368</u>	<u>27,379</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:

	2024 HK\$'000	2023 HK\$'000
Less than 1 month	11,675	8,365
1 to 3 months	8	812
More than 3 months but less than 12 months	–	993
More than 12 months	<u>53</u>	<u>4,254</u>
	<u>11,736</u>	<u>14,424</u>

(ii) Prepayments

Prepayments mainly consist of professional fees of approximately HK\$3.5 million (2023: HK\$5.4 million) paid in advance to business consultants who provide advisory services on the businesses of the Group.

12. Loan receivables

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loans to third parties	197,305	200,760
Less: Allowance for expected credit loss	<u>(69,744)</u>	<u>(69,536)</u>
	<u>127,561</u>	<u>131,224</u>
Analysed as:		
Secured	37,921	53,787
Unsecured	<u>89,640</u>	<u>77,437</u>
	<u>127,561</u>	<u>131,224</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\$100.9 million (2023: approximately HK\$101.5 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 million (equivalent to approximately HK\$17.6 million) 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 million 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 uncapitalised interest as at the date of bankruptcy order) was approximately USD12 million. 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 million 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 the 2nd Guarantor on 10 January 2024. The legal proceedings are still on-going and a date for substantive hearing has yet been fixed.

The loans bear interest at rates ranging from 12% to 18.5% (2023: 12% to 18.5%) per annum, and are repayable within one year.

13. Trade and other payables

	2024 HK\$’000	2023 HK\$’000
Trade payables	3,685	4,326
Other payables and accrued charges	40,206	37,378
	<u>43,891</u>	<u>41,704</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:

	2024 HK\$’000	2023 HK\$’000
Due within 1 month or on demand	189	735
Due 1 to 3 months	18	542
Due over 3 months but less than 12 months	1,761	3,049
Due over 12 months	1,717	—
	<u>3,685</u>	<u>4,326</u>

MANAGEMENT DISCUSSION AND ANALYSIS

The Group recorded a net loss of approximately HK\$38.6 million for FY2024 as compared with a net loss of approximately HK\$27.0 million for the year ended 31 December 2023. The higher net loss was mainly attributable to the increase in impairment loss on goodwill by HK\$23.5 million and the increase in net realised and unrealised valuation loss on financial assets at fair value through profit or loss by HK\$5.0 million, while such increment is partially offset by the decrease in administration expenses by HK\$9.6 million and the decrease in expected credit loss recognised by HK\$12.5 million. The Group recorded a net loss attributable to the equity shareholders of the Company of approximately HK\$34.2 million for FY2024 as compared with a net loss attributable to the equity shareholders of the Company of approximately HK\$15.5 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\$3.0 million, the net realised and unrealised valuation loss on financial assets at FVTPL of approximately HK\$3.3 million. Overall, total net realised and unrealised loss of approximately HK\$6.3 million was recorded for FY2024 as compared with the total net realised and unrealised loss of approximately HK\$3.1 million in the previous corresponding year. Consequently, the Group's Investment Holding segment reported a loss before tax of approximately HK\$18.0 million for FY2024 as compared with a loss before tax of approximately HK\$13.2 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 specialised 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 2024, Shanghai Hospital recorded revenue of approximately HK\$7.6 million and net loss of approximately HK\$12.4 million as compared with revenue of approximately HK\$25.6 million and net loss of approximately HK\$17.9 million in the previous corresponding year. The drop in revenue in 2024 was attributed to the moderation of the macroeconomy and business activities in the PRC, leading to persistently weak consumer sentiment, which adversely affected the demand for plastic surgery services at Shanghai Hospital.

On the other hand, Shanghai Hospital has optimized its cost structure by reducing various expenses. As a result, its net loss for FY2024 was reduced by approximately HK\$5.5 million as compared to FY2023. In addition, new skincare products were launched at the end of 2024, which will become a new source of revenue for Shanghai Hospital (please refer to the section headed "PROSPECTS" below for details).

PRIP contributed royalty income of approximately HK\$1.6 million for FY2024 as compared with royalty income of approximately HK\$1.7 million in the previous corresponding year, and DIAM contributed service income of HK\$16,000 for FY2024 while no service income was recorded for FY2023.

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\$17.6 million for FY2024, as compared with interest income from third parties loans of HK\$17.9 million in the previous corresponding year.

Others

Basic loss per share for FY2024 was HK\$8.58 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 was HK\$0.39 as at 31 December 2024, decreased from HK\$0.41 as at 31 December 2023. The Board did not propose a final dividend for FY2024.

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, 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.

At the same time, leveraging the Group's professional expertise and industry presence in the medical aesthetics field, and in order to further expand the Group's market share in plastic surgery and medical aesthetic services while increasing revenue sources within the same business scope, the Group actively developed new skincare products business by the end of 2024. According to the domestic market segmentation, skincare products are mainly classified into Cosmetics products (make-up and skincare products for daily use) and Mechanical products (medical device products). The Group has already launched a Mechanical mask product, DA Mask, and a Cosmetics skincare brand, BIOELEGENCE, which launched its first mask product at the end of November 2024. More skincare products will be launched in both of the above segments.

Mechanical mask in China is a hyaluronic acid mask products dedicated to aesthetic medical customers which can be used immediately after surgery, generally used in aesthetic medical hospitals. Shanghai Hospital, as a long-established large-scale specialised plastic surgery hospital, perfectly fits the scenario of using DA Mask. In the future, Shanghai Hospital will use DA Mask within the hospital and leverage its own customer channels to extensively promote the DA Mask. The management will also actively promote the DA Mask within the industry, aiming to expand the scope of use through continuous expansion.

The brand positioning of BIOELEGENCE is to promote the whole cycle of skincare products after aesthetic medical surgery. The brand's products are primarily designed to be used at home after aesthetic medical surgery. The establishment of the brand is also based on the Group's many years of practical experience in the aesthetic medical industry, and is specifically developed. It is in a relatively leading position in the domestic segmentation track. The customers of Shanghai Hospital will also be the target customers of BIOELEGENCE brand products. The Group will carry out sales to all the potential customers in the hospital, and transforming the customers of Shanghai Hospital into the seed users of BIOELEGENCE, and further expand the influence of the brand through diversified marketing approaches and different channels. In this way, Shanghai Hospital can also provide its customers with a wider range of better products, coordinating with the medical aesthetic services of Shanghai Hospital to enhance customer experience on the one hand and expanding sales revenue on the other hand.

In order to promote the brand of BIOELEGENCE, the Group has carried out all-round promotions on online channels such as Xiaohongshu and Douyin, etc. At the same time, the Group has won the Bazaar Beauty Award in 2024, which will give the brand an even greater advantage in terms of brand influence and online promotions in the future. In the future, the Group will seek more online cooperation opportunities and synchronised offline promotions, with the goal of increasing its market position and share in the coming year.

Money lending and related business

In 2025, 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 PRC and the United States and the geopolitical tensions on the macroeconomy and the global and domestic business activities, 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 FY2024 contained herein have been reviewed by the audit committee of the Company.

CORPORATE GOVERNANCE CODE

Paragraph C.2.1 of the Corporate Governance Code (the “Corporate Governance Code”) contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) 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 of the Company were both performed by 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 Corporate Governance 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 throughout FY2024.

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 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 FY2024.

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 FY2024.

FINAL DIVIDEND

The Board does not recommend payment of final dividend for the year ended 31 December 2024 (2023: nil).

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

Hong Kong, 28 March 2025

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