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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)

**DISCLOSEABLE TRANSACTION –
DISPOSAL OF 60.8077% EQUITY INTEREST IN THE TARGET COMPANY**

The Board hereby announces that on 9 June 2026 (after trading hours of the Stock Exchange), Hengqin Hanyuemei (an indirect wholly owned subsidiary of the Company) entered into the Equity Transfer Agreement with the Purchaser, pursuant to which Hengqin Hanyuemei conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the Target Equity Interest at a consideration of RMB23,000,000.

Upon the Completion, the Target Company will cease to be a subsidiary of the Group and its financial results, assets, and liabilities will not be consolidated into the consolidated financial statements of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company under the Listing Rules. Accordingly, the transaction is subject to the reporting and announcement requirements but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

Completion is subject to the fulfilment of certain conditions set out in the Equity Transfer Agreement. As such, the Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

INTRODUCTION

The Board hereby announces that on 9 June 2026 (after trading hours of the Stock Exchange), Hengqin Hanyuemei (an indirect wholly owned subsidiary of the Company) entered into the Equity Transfer Agreement with the Purchaser, pursuant to which Hengqin Hanyuemei conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the Target Equity Interest at a consideration of RMB23,000,000.

DISPOSAL

The principal terms of the Equity Transfer Agreement are set out as follows:

Date

9 June 2026

Parties

- (i) Hengqin Hanyuemei (as the transferor); and
- (ii) The Purchaser (as the transferee).

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the date of this announcement, the Purchaser is a third party independent of the Group and its connected persons as defined in the Listing Rules.

Subject of Transfer

The subject of transfer under the Equity Transfer Agreement is the 60.8077% equity interest in the Target Company held by Hengqin Hanyuemei (representing a registered capital of RMB21,619,811) (the “**Target Equity Interest**”). Hengqin Hanyuemei has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Target Equity Interest in accordance with the terms and conditions set out in the Equity Transfer Agreement.

Consideration

Pursuant to the Equity Transfer Agreement, the transfer price of the Target Equity Interest shall be RMB23,000,000 (the “**Equity Transfer Price**”). The payment method is that 50% of the Equity Transfer Price of RMB11,500,000 (the “**First Tranche Consideration**”) shall be paid by the Purchaser to the designated bank account of Hengqin Hanyuemei within 10 business days after the Equity Transfer Agreement becomes effective. Hengqin Hanyuemei shall only be obligated to cooperate in the registration procedures for industrial and commercial changes under the Equity Transfer Agreement after receiving the First Tranche Consideration. Within 10 business days after the completion of the registration of industrial and commercial changes, the Purchaser shall pay the remaining 50% of the Equity Transfer Price of RMB11,500,000.

Basis of Consideration

The Equity Transfer Price was determined after arm's length negotiations between Hengqin Hanyuemei and the Purchaser on normal commercial terms, having taken into account, among other things, (i) the market value of Shanghai Hospital on an enterprise value basis as at 31 March 2026 (the "**Valuation Date**") being approximately RMB37,323,000 based on the valuation report dated 8 June 2026, as prepared by Valtech Valuation Advisory Limited, an independent valuer, (the "**Independent Valuer**") by way of market approach (the "**Valuation**"); (ii) the Waiver of the Current Account Amount of approximately RMB45,225,179, details of which are discussed in the section headed "Waiver of the Current Account Amount" below; (iii) the financial position of the Target Group which has been recording losses continuously, the details of which were discussed in the section headed "Financial Information on the Target Group" below; and (iv) the factors set out in the section headed "Reasons for and Benefits of the Disposal" below.

The Directors consider that the Equity Transfer Price is fair and reasonable and entered into on normal commercial terms, and is in the interests of the Group and the Shareholders as a whole.

Basis of the Valuation and key assumptions

The basis of the Valuation follows the definition of market value as stipulated in the International Valuation Standards with effective from 31 January 2025 (the "**2025 IVS**") published by the International Valuation Standards Council. In accordance with 2025 IVS , market value is defined as "the estimated amount for which an asset and/or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion". The Valuation is also premised on the Shanghai Hospital being valued on a "Highest and Best Use" basis.

The Valuation has been made on the following assumptions:

- (i) there are no changes, the aggregate of which when viewed together, may be construed to be a material adverse change in the existing political, legal, commercial and banking regulations, fiscal policies, foreign trade and economic conditions in countries/regions where Shanghai Hospital currently operates in and in new markets that Shanghai Hospital may potentially expand into as proposed by the existing management of the Company;
- (ii) there are no deviations, the aggregate of which when viewed together, may be construed to be a material adverse change in industry demand and/or market conditions;
- (iii) there are no changes, the aggregate of which when viewed together, may be construed to be a material adverse change in the fluctuation of interest rates or currency exchange rates in any country which would be deemed to have a negative impact or the ability to hinder the existing and/or potentially future operations of Shanghai Hospital;
- (iv) there are no changes, the aggregate of which when viewed together, may be construed to be a material adverse change in the current laws of taxation in those countries in which the Shanghai Hospital operates in or Shanghai Hospital may potentially operate in;
- (v) all relevant legal approvals, business certificates, trade and import permits, bank credit approval have been procured, in place and in good standing prior to commencement of operations by Shanghai Hospital under the normal course of business;

- (vi) Shanghai Hospital will be able to retain existing and competent management, key personnel, and technical staff to support all facets of the ongoing business and future operations;
- (vii) trademarks, patents, technology, copyrights and other valuable technical and management knowhow will not be infringed in countries/regions where Shanghai Hospital is or will be carrying on business; and
- (viii) the historical financial information, management accounts, operating data and other information provided by management are accurate, complete and reasonably reflect the operating and financial position of the Subject of Valuation as at the Valuation Date.

Valuation methodologies

The Independent Valuer has considered the three generally accepted approaches, namely the market approach, the income approach and the asset approach. The cost approach was not adopted because Shanghai Hospital is an income-generating operating business, and its value is principally driven by its ability to generate future economic benefits rather than by the replacement cost of its individual assets, and the cost approach would not adequately capture the assembled workforce, operating licenses, customer relationships, brand presence and business repositioning potential of the Shanghai Hospital. The income approach was also not adopted because Shanghai Hospital resumed operations only in late October 2025 following the completion of major renovation works and is currently undergoing a business repositioning from invasive plastic surgery services toward non-invasive light medical aesthetic services. Under such circumstances, the financial projections are subject to a high degree of uncertainty and are heavily dependent on management assumptions regarding the pace of business recovery, future customer demand, service mix, and operating performance. Accordingly, the Independent Valuer has concluded that the income approach would not provide a sufficiently reliable basis for valuation as at the Valuation Date. The market approach was accepted because there is a sufficient number of publicly traded comparable companies identified as at the Valuation Date, and meaningful valuation multiple (enterprise value/revenue in this case) could be derived from the comparable companies.

Valuation under the market approach

The comparable company search was conducted based on the following key criteria:

- i) the company is principally engaged in the provision of beauty, medical cosmetology, medical aesthetic or related aesthetic healthcare services in the PRC. Companies principally engaged in slimming, weight management or body-shaping services were excluded, as such services are considered to have different service characteristics, customer demand drivers and operating models from the Shanghai Hospital;
- ii) more than 50% of the company's revenue is generated from medical aesthetic, beauty cosmetology or related aesthetic healthcare services, excluding revenue generated from slimming or weight management services; and
- iii) the company is publicly listed and has sufficient publicly available financial information and observable market data to enable the calculation of meaningful valuation multiples.

The Independent Valuer rejected the application of price-to-earnings (“P/E”) multiple, as the Shanghai Hospital recorded a net loss for the financial year ended 31 December 2025 (“FY2025”). As such, the application of a P/E multiple would not provide a meaningful indication of market value. Although the Shanghai Hospital is an income-generating business, it resumed operations only in November 2025 following the completion of large-scale renovation works and had not yet reached normalised operating efficiency as at the Valuation Date. Accordingly, its FY2025 earnings are not considered representative of its sustainable earnings capacity. In determining the market value of the Shanghai Hospital, the Independent Valuer therefore considered alternative valuation multiples that are more appropriate under the circumstances. Given the availability of publicly listed comparable companies with broadly similar business profiles, and taking into account the current stage of recovery and repositioning of the Shanghai Hospital, the Independent Valuer considered the enterprise value-to-revenue (“EV/Revenue”) multiple to be a more stable and relevant valuation metric for the purpose of the valuation.

In deriving the EV/Revenue multiples of the comparable companies, the Independent Valuer adopted the average revenue for the financial year ended 2022 (“FY2022”) to the financial year ended 31 December 2024 (“FY2024”) as the denominator. This approach was adopted to ensure consistency between the valuation multiple derived from the comparable companies and the revenue base applied to the Shanghai Hospital. As the Shanghai Hospital underwent large-scale renovation works during FY2025 and resumed operations only in November 2025, its recent operating results may not fully reflect its normalised revenue-generating capacity. Therefore, relying solely on a single-year or trailing twelve-month revenue measure could result in a valuation indication that is unduly affected by temporary disruption or short-term volatility. The use of average revenue over FY2022 to FY2024 provides a more stable and representative measure of operating scale, thereby improving comparability between the comparable companies and the Shanghai Hospital for the purpose of applying the EV/Revenue multiple under the Market Approach.

The Independent Valuer applied the Guideline Publicly-traded Comparable Method under the market approach. As at the Valuation Date, the Enterprise Value/Revenue multiples of the selected comparable companies are as follows:

Comparables	Ticker	Enterprise Value/Average Revenue for FY2022 to FY2024 Multiple (times)
Beauty Farm Medical And Health Industry Inc.	2373.HK	1.54x
Raily Aesthetic Medicine International Holdings Ltd.	2135.HK	0.35x
Aoyuan Beauty Valley Technology Co., Ltd.	000615.SZ	5.44x
Lancy Co., Ltd.	002612.SZ	1.79x

After screening, the Independent Valuer selected the above four comparable companies principally engaged in the provision of plastic surgery, beauty and aesthetic medical services in the PRC. The median of their enterprise value to average revenue multiples for the financial year ended 31 December 2022 to the financial year ended 31 December 2024 was approximately 1.67x. Taking into account (i) the average revenue of Shanghai Hospital for FY2022 to FY2024 of approximately RMB19,420,000; (ii) a control premium of 37.0% (referencing FactSet Review data for the Health Services sector) to reflect the controlling interest being valued; and (iii) a discount for lack of marketability of 16.0% (referencing the 2025 Edition of Stout Restricted Stock Study Companion Guide) to reflect the unlisted status of Shanghai Hospital, the implied enterprise value of Shanghai Hospital as at the Valuation Date was approximately RMB37,300,000.

Change of Industrial and Commercial Registration

Hengqin Hanyuemei shall, within 5 business days after the date of receipt of the First Tranche Consideration, cooperate with the Purchaser and the Target Company to sign all documents required for the registration of industrial and commercial changes (including but not limited to the simplified version of the Equity Transfer Agreement as required by the Administration for Industry and Commerce) and cooperate to complete the registration procedures for the changes with the competent market supervision and administration department of the Target Company.

Upon completion of the industrial and commercial registration of changes, the Purchaser shall become a shareholder of the Target Company and shall be entitled to all shareholders' rights and assume all obligations as stipulated under the Company Law of the People's Republic of China and the articles of association of the Target Company. In addition, the Purchaser shall be entitled to the dividends and accumulated undistributed profits corresponding to the Target Equity Interest.

Waiver of the Current Account Amount

As at 9 June 2026, the Current Account Amount owed by the Target Group to the Remaining Group was approximately RMB45,225,179. The Current Account Amount consists of interest-free and unsecured funds advanced by the Remaining Group to the Target Group over the past years, which were primarily used to support its healthcare-related business.

Pursuant to the Equity Transfer Agreement, Hengqin Hanyuemei agreed to procure the Remaining Group to unconditionally and irrevocably waive all repayment obligations of the Target Group in respect of the Current Account Amount on the date when all of the following conditions are satisfied (the "**Waiver Effective Date**"):

- (i) the Disposal has been completed, and the Target Equity Interest has been registered under the name of the Purchaser (subject to the notice of approval for change of registration issued by the competent market supervision and administration department of the Target Company);
- (ii) the Purchaser has paid the entire Equity Transfer Price to Hengqin Hanyuemei in accordance with the terms of the Equity Transfer Agreement;
- (iii) each member of the Remaining Group has obtained effective approval for this debt waiver from its internal governing bodies (including but not limited to the board of directors and the general meeting of shareholders).

Hengqin Hanyuemei agreed to procure each creditor (member of the Remaining Group) to deliver a Debt Waiver Letter to its corresponding debtor (member of the Target Group) within 5 business days after the Waiver Effective Date, confirming the waiver of the aforementioned Current Account Amount in writing.

Information on the Parties

The Company is an investment holding company. The Group consists of the Target Group and the Remaining Group. The Group is principally engaged in investment holding, provision of hospitality related services, securities and fund investment, money lending and related business, and healthcare business.

Hengqin Hanyuemei is a company incorporated in the PRC with limited liability and is principally engaged in investment holding and healthcare business. It is an indirect wholly-owned subsidiary of the Company.

The Purchaser is a company incorporated in the PRC with limited liability, the business scope of which includes the operation of import and export business and general freight business. As of the date of this announcement, the ultimate beneficial owner of the Purchaser is Mr. Jia Baoan* (賈寶安).

Information on the Target Group

Prior to the Completion, the Target Company is an indirect non-wholly owned subsidiary of the Company and is indirectly owned as to 60.8077% by the Company. The Target Company is a company incorporated in the PRC with limited liability with a registered capital of RMB35,554,397, and is principally engaged in investment holding and healthcare business.

Shanghai Hospital is a company incorporated in the PRC with limited liability and is wholly-owned by the Target Company. Previously, Shanghai Hospital focused on invasive plastic surgery services, including facial contouring surgery. In recent years, Shanghai Hospital has shifted its focus towards non-invasive light medical aesthetic services. To support this strategic repositioning, the hospital underwent large-scale renovation works during 2025 to enhance its service delivery capabilities in light medical aesthetic services. The renovation works were completed in October 2025, and the hospital resumed operations in late October 2025.

Financial Information on the Target Group

Prior to the Completion, the results, assets, and liabilities of the Target Group were consolidated into the accounts of the Group. Set out below is the audited financial information of the Target Group for the two financial years ended 31 December 2024 and 31 December 2025 prepared in accordance with the Hong Kong Financial Reporting Standards:

	For the year ended	
	31 December	
	2024	2025
	<i>HK\$</i>	<i>HK\$</i>
	(Audited)	(Audited)
Revenue	7,518,734	1,884,954
Net loss before taxation	(12,797,810)	(6,484,924)
Net loss after taxation	(12,797,810)	(6,484,924)

As at 30 April 2026, the unaudited total asset value and net liabilities of the Target Group were approximately RMB14,174,352 and RMB86,621,988 respectively. The unaudited total asset value and net assets of the Target Group excluding the Current Account Amount were approximately RMB14,174,352 and RMB19,875,873 respectively.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Company has been continuously evaluating the existing business strategies of the Group in order to identify feasible paths to enhance the overall performance. The financial performance of the Target Group is primarily derived from the healthcare-related business of Shanghai Hospital. As mentioned above, Shanghai Hospital completed its renovation and upgrade and resumed operations at the end of 2025, however, its subsequent performance has been far below expectations. Although the management has attempted to transform towards non-invasive medical aesthetic services, the results of such transformation were not ideal, and the hospital has continued to record losses. Due to tight cash flow, Shanghai Hospital faces difficulties in covering its basic administrative and operating expenses, which poses considerable pressure on the overall financial position of the Group. Considering that (i) the continued operations of Shanghai Hospital would require the Group to continuously inject a significant amount of funds; (ii) competition within the medical aesthetics industry is intensifying, market sentiment is weak, and the profitability cycle for newly opened institutions has significantly lengthened; and (iii) continued operations would divert management resources and deviate from the Group's strategic focus on health management businesses, the Company therefore believes that termination or disposal of the business of Shanghai Hospital would contribute to improving the Group's overall financial performance.

Reference is made to the announcements of the Company dated 31 December 2025, 3 March 2026 and 20 April 2026. As disclosed in the announcements, Deshang Clinic, a subsidiary of the Group which completion of acquisition took place in March 2026, has entered into the 2026 Service Framework Agreement and has achieved sound operational progress since its completion. Leveraging its existing medical equipment and professional team, as well as undertaking orders from members of Ningxia Tianyuan, Deshang Clinic is able to utilize its production capacity, thereby reducing idle resources and diluting fixed costs. Furthermore, the Group is actively expanding its reach to other corporate customers and expects to enter into more service agreements successively, with a view to continuously expanding the scale of its medical examination business, thereby contributing to the increase in the revenue stream of the Group's healthcare business segment.

The Directors consider that the Disposal represents a valuable opportunity for the Group to refocus its business strategy and reallocate its resources to the development of the medical examination business. Against the backdrop of steady growth in the medical examination business, the disposal of the business of Shanghai Hospital, which was underperformed, struggled to transform, and remained loss-making, will enable the Group to immediately stem losses and concentrate its resources on business segments with growth potential. The Board expects that, upon the Completion, the financial position of the Remaining Group is expected to improve, which will lay a more solid financial foundation for the Company, enabling the Company to focus on developing its medical examination business and facilitating future fundraising opportunities of the Remaining Group as and when such needs arise and such plans emerge.

Having considered the reasons and benefits described above, the Directors consider that the terms of the Equity Transfer Agreement are fair and reasonable and the transactions contemplated thereunder are on normal commercial terms, fair and reasonable, and are in the interests of the Group and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL

Upon the Completion, the Target Company will cease to be a subsidiary of the Group and its financial results, assets, and liabilities will not be consolidated into the consolidated financial statements of the Group.

The Group is expected to record a gain from the Disposal (before taxation and expenses) of approximately RMB35,086,061, which is estimated with reference to (i) the consideration of RMB23,000,000; (ii) the net liabilities (not including the Waiver of the Current Account Amount) of the Target Group of approximately RMB19,875,873 as at 30 April 2026; (iii) the net liabilities attributable to the 39.1923% non-controlling interest in the Target Group of approximately RMB7,789,812 calculated and deducted as at the same date; and (iv) the mutual offsetting of goodwill and its full impairment provision (the “**Expected Gain**”).

Shareholders are advised that the actual financial impact of the Disposal on the Group is subject to, among other things, the financial position of the Target Group at the Completion and is subject to final audit.

Any net proceeds from the Disposal will be used as general working capital of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company under the Listing Rules. Accordingly, the transaction is subject to the reporting and announcement requirements but is exempt from the shareholders’ approval requirement under Chapter 14 of the Listing Rules.

Completion is subject to the fulfilment of certain conditions set out in the Equity Transfer Agreement. As such, the Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“2026 Service Framework Agreement”	The Occupational Health Examination Service Framework Agreement entered into between Ningxia Tianyuan and Deshang Clinic on 20 April 2026
“Board”	the board of Directors of the Company
“Company”	China Tian Yuan Healthcare Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 557)
“Completion”	The completion of the Disposal in accordance with the terms of the Equity Transfer Agreement

“Current Account Amount”	the aggregate amount of inter-company current accounts between the members of the Target Group and the Remaining Group
“Deshang Clinic”	Yinchuan Jinfeng District Deshang Clinic Co., Ltd.* (銀川市金鳳區德尚門診部有限責任公司), a limited liability company incorporated in the PRC and an indirect non-wholly owned subsidiary of the Company
“Director(s)”	the directors of the Company
“Disposal”	The disposal of the Target Equity Interest by Hengqin Hanyuemei to the Purchaser pursuant to the Equity Transfer Agreement
“Equity Transfer Agreement”	the equity transfer agreement dated 9 June 2026 (after trading hours of the Stock Exchange) entered into between Hengqin Hanyuemei and the Purchaser, pursuant to which Hengqin Hanyuemei has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Target Equity Interest at a consideration of RMB23,000,000
“Group”	the Company and its subsidiaries
“Hengqin Hanyuemei”	Zhuhai Hengqin Hanyuemei Healthcare Technology Limited* (珠海橫琴韓悅美醫療技術有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Independent Third Party(ies)”	person(s) who is/are independent of the Group and connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Jia”	Mr. Jia Tianjiang
“Ningxia Tianyuan”	Ningxia Tianyuan Manganese Industry Group Co., Ltd.* (寧夏天元錳業集團有限公司), the ultimate holding company of the Company and is owned as to approximately 99.99% directly by Mr. Jia
“PRC”	the People’s Republic of China which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Shenzhen Zehua International Trade Co., Ltd.*, a company incorporated in the PRC with limited liability and an Independent Third Party

“Remaining Group”	the Group upon the Completion
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Hospital”	Shanghai Yuyue Weilai Healthcare Beauty Hospital Limited* (上海愉悅薇萊醫療美容醫院有限公司), a company incorporated in the PRC with limited liability and is wholly-owned by the Target Company
“Share(s)”	ordinary share(s) of HK\$1 each in the issued share capital of the Company
“Shareholders”	holders of the issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Shanghai Rifu Industrial Limited* (上海日複實業有限公司), a company incorporated in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company prior to the Completion
“Target Group”	the Target Company and Shanghai Hospital
“Waiver”	the waiver of the Current Account Amount at the Completion
“%”	per cent

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

Hong Kong, 9 June 2026

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*