



天津泰達生物醫學工程股份有限公司  
**Tianjin TEDA Biomedical Engineering Company Limited**  
*(a joint stock company incorporated in the People's Republic of China with limited liability)*  
(Stock code: 8189)

## **ANNOUNCEMENT ON ANNUAL RESULTS FOR 2023**

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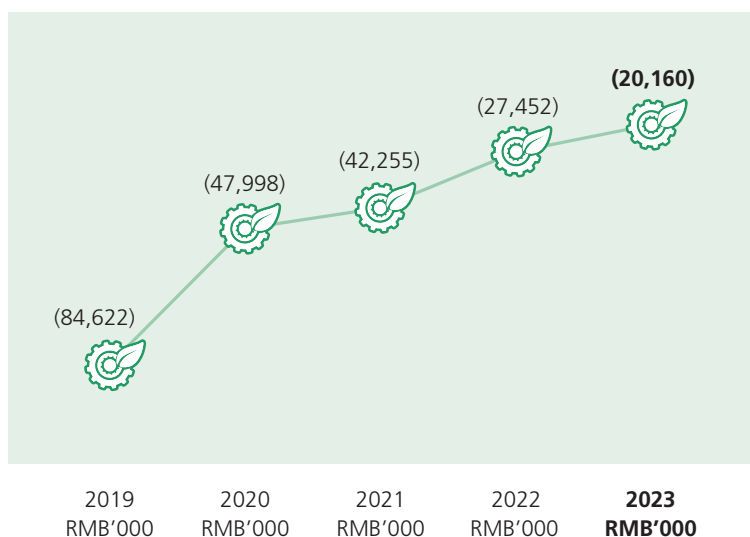
# FINANCIAL HIGHLIGHTS

## Financial Summary

	For the year ended 31 December				
	2019	2020	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (Restated)	<i>RMB'000</i>
<b>Results</b>					
Turnover	358,752	369,355	476,385	403,729	<b>397,998</b>
Gross profit	34,996	40,392	45,605	14,822	<b>21,366</b>
Gross margin	9.75%	10.94%	9.57%	3.67%	<b>5.37%</b>
Loss attributable to the shareholders	(84,622)	(47,998)	(42,255)	(27,452)	<b>(20,160)</b>
Loss per share	(4.47) cents	(2.53) cents	(2.23) cents	(1.45) cents	<b>(1.06) cents</b>

	As at 31 December				
	2019	2020	2021	2022	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (Restated)	<i>RMB'000</i>
<b>Assets &amp; Liabilities</b>					
Total assets	361,913	392,919	347,595	337,196	<b>303,278</b>
Total liabilities	156,406	237,775	237,236	256,046	<b>238,699</b>
Equity attributable to the shareholders	191,034	143,036	100,781	81,150	<b>64,579</b>

### Loss attributable to the shareholders



The Board of Directors (the “Board”) of Tianjin TEDA Biomedical Engineering Company Limited (“TEDA Biomedical” or the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (hereafter collectively referred to as the “Group”) for the year ended 31 December 2023 as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	2023 RMB	2022 RMB (Restated)
<b>Continuing Operations</b>			
Revenue	2	397,998,097	403,728,831
Cost of sales and services		<u>(376,632,434)</u>	<u>(388,906,493)</u>
Gross profit		21,365,663	14,822,338
Other income, gains and losses, net	5	14,203,984	1,163,767
Selling and distribution expenses		(8,101,974)	(10,516,917)
Administrative expenses		(21,803,601)	(22,695,980)
Research and development expenses	3	(1,319,315)	(1,136,489)
Impairment losses under expected credit loss model, net of reversal:			
– trade receivables		(9,477,305)	(4,887,399)
– other receivables		(1,706,963)	(314,626)
Gain on disposal of associate		–	5,911,506
Finance costs	6	<u>(5,172,914)</u>	<u>(6,401,355)</u>
Loss before taxation	6	(12,012,425)	(24,055,155)
Income tax credit	7	<u>1,043,900</u>	<u>507,104</u>
Loss after taxation		<u>(10,968,525)</u>	<u>(23,548,051)</u>
<b>Discontinued Operation</b>			
Loss for the year from discontinued operation	4	<u>(5,601,754)</u>	<u>(2,443,234)</u>
Loss for the year and total comprehensive expense for the year		<u><u>(16,570,279)</u></u>	<u><u>(25,991,285)</u></u>
Loss for the year attributable to:			
Owners of the Company			
– From continuing operations		(14,557,904)	(25,008,297)
– From discontinued operation		<u>(5,601,754)</u>	<u>(2,443,234)</u>
		<u><u>(20,159,658)</u></u>	<u><u>(27,451,531)</u></u>
Non-controlling interests			
– From continuing operations		3,589,379	1,460,246
– From discontinued operation		–	–
		<u><u>(16,570,279)</u></u>	<u><u>(25,991,285)</u></u>
Loss per share			
Basic and diluted (HK cents)			
– From continuing operations		(0.77)	(1.32)
– From discontinued operation		<u>(0.29)</u>	<u>(0.13)</u>
		<u><u>(1.06)</u></u>	<u><u>(1.45)</u></u>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Notes</i>	<b>2023</b> <b>RMB</b>	2022 <b>RMB</b> (Restated)
<b>Non-current assets</b>			
Property, plant and equipment		<b>73,627,007</b>	78,761,728
Right-of-use assets		<b>39,309,032</b>	53,286,428
Goodwill		–	5,528,000
Intangible assets	<i>10</i>	–	6,545,500
		<u><b>112,936,039</b></u>	<u>144,121,656</u>
<b>Current assets</b>			
Inventories		<b>90,456,549</b>	74,004,250
Trade receivables	<i>11</i>	<b>8,776,649</b>	31,866,638
Prepayments and other receivables	<i>12</i>	<b>70,420,103</b>	77,654,553
Financial assets at fair value through profit or loss ("FVTPL")		–	352,729
Other financial assets		–	2,340,000
Cash and cash equivalents		<b>5,934,322</b>	6,856,413
		<u><b>175,587,623</b></u>	<u>193,074,583</u>
<b>Assets of disposal group classified as held for sale</b>	<i>4</i>	<u><b>14,754,304</b></u>	–
		<u><b>190,341,927</b></u>	<u>193,074,583</u>
<b>Current liabilities</b>			
Trade payables	<i>13</i>	<b>16,106,709</b>	20,723,475
Contract liabilities		<b>86,526,298</b>	73,559,830
Other payables and accruals		<b>47,464,251</b>	60,059,379
Loan from a related party		–	100,000
Bank and other borrowings – due within one year	<i>14</i>	<b>55,170,000</b>	56,700,000
Lease liabilities		<b>1,498,976</b>	3,978,742
Tax liabilities		–	3,127,847
		<u><b>206,766,234</b></u>	<u>218,249,273</u>
<b>Liabilities of disposal group classified as held for sale</b>	<i>4</i>	<u><b>10,075,911</b></u>	–
		<u><b>216,842,145</b></u>	<u>218,249,273</u>
<b>Net current liabilities</b>		<u><b>(26,500,218)</b></u>	<u>(25,174,690)</u>
<b>Total assets less current liabilities</b>		<u><b>86,435,821</b></u>	<u>118,946,966</u>

	<i>Notes</i>	<b>2023</b> <b>RMB</b>	2022 <b>RMB</b> (Restated)
<b>Non-current liabilities</b>			
Bank borrowings	<i>14</i>	<b>9,920,000</b>	–
Lease liabilities		<b>10,375,252</b>	35,233,613
Deferred tax liabilities		<b>1,561,084</b>	2,563,589
		<u><b>21,856,336</b></u>	<u>37,797,202</u>
<b>NET ASSETS</b>		<u><b>64,579,485</b></u>	<u>81,149,764</u>
<b>Capital and reserves</b>			
Share capital	<i>15</i>	<b>189,450,000</b>	189,450,000
Reserves		<b>(139,498,692)</b>	(119,339,034)
Equity attributable to owners of the Company		<u><b>49,951,308</b></u>	<u>70,110,966</u>
<b>Non-controlling interests</b>		<u><b>14,628,177</b></u>	<u>11,038,798</u>
<b>TOTAL EQUITY</b>		<u><b>64,579,485</b></u>	<u>81,149,764</u>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Share capital <i>RMB</i>	Share premium <i>RMB</i>	Surplus reserve fund <i>RMB</i>	Capital reserve <i>RMB</i>	Other reserve <i>RMB</i>	Accumulated losses <i>RMB</i>	Attributable to owners of the Company <i>RMB</i>	Non- controlling interests <i>RMB</i>	Total <i>RMB</i>
At 1 January 2022	189,450,000	275,317,438	3,717,696	2,541,404	(19,382,403)	(350,863,515)	100,780,620	9,578,552	110,359,172
Adjustments ( <i>note 2</i> )	—	—	—	—	—	(3,218,123)	(3,218,123)	—	(3,218,123)
At 1 January 2022 (restated)	189,450,000	275,317,438	3,717,696	2,541,404	(19,382,403)	(354,081,638)	97,562,497	9,578,552	107,141,049
Loss and total comprehensive expense for the year	—	—	—	—	—	(27,451,531)	(27,451,531)	1,460,246	(25,991,285)
At 31 December 2022 (restated)	<u>189,450,000</u>	<u>275,317,438</u>	<u>3,717,696</u>	<u>2,541,404</u>	<u>(19,382,403)</u>	<u>(381,533,169)</u>	<u>70,110,966</u>	<u>11,038,798</u>	<u>81,149,764</u>
At 1 January 2023	189,450,000	275,317,438	3,717,696	2,541,404	(19,382,403)	(381,533,169)	70,110,966	11,038,798	81,149,764
Loss and total comprehensive expense for the year	—	—	—	—	—	(20,159,658)	(20,159,658)	3,589,379	(16,570,279)
At 31 December 2023	<u>189,450,000</u>	<u>275,317,438</u>	<u>3,717,696</u>	<u>2,541,404</u>	<u>(19,382,403)</u>	<u>(401,692,827)</u>	<u>49,951,308</u>	<u>14,628,177</u>	<u>64,579,485</u>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

## 1. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

### a. New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) that are first effective for the current accounting period of the Group:

- HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17), *Insurance Contracts*
- Amendments to HKAS 1 and HKFRS Practice Statement 2, *Disclosure of Accounting Policies*
- Amendments to HKAS 8, *Definition of Accounting Estimates*
- Amendments to HKAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
- Amendments to HKAS 12 *International Tax Reform- Pillar Two model Rules*

Except the amendments to HKAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*, the application of other amendments to the standards listed above in the current year has had no material effect on the Group’s financial performance and positions for the current and prior year and on the disclosures set out in the consolidated financial statements.

In accordance with the guidance set out in the amendments, accounting policy information that is standardised information, or information that only duplicates or summarises the requirements of the HKFRSs, is considered immaterial accounting policy information and is no longer disclosed in the notes to the consolidated financial statements so as not to obscure the material accounting policy information disclosed in the notes to the consolidated financial statements.

Impacts of the application of the amendments to HKAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*, are discussed below:

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

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

***Impacts of application of amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction on the consolidated financial statements***

The following table summarises the impacts of the changes in accounting policies as a result of application of amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* on the Group's consolidated statement of profit or loss and other comprehensive expense and loss per share, are as follows:

	As previously reported RMB	Adjustments RMB	As restated RMB
<b>Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022:</b>			
<b>Continuing operations</b>			
Loss before taxation	(24,055,155)	–	(24,055,155)
Income tax (expense)/credit	(147,430)	654,534	507,104
Loss for the year and total comprehensive expense for the year	(24,202,585)	654,534	(23,548,051)
Loss for the year attributable to owners of the Company	(25,662,831)	654,534	(25,008,297)
Loss per share-basic	(1.48)	0.16	(1.32)



The following table summarises the impacts of the changes in accounting policies as a result of application of amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* on the Group's consolidated statement of financial position at the end of the immediately preceding financial year, i.e. 31 December 2022 and the beginning of the comparative period, 1 January 2022, are as follows:

	<b>31/12/2022</b> <b>(Original stated)</b> <i>RMB</i>	<b>Adjustments</b> <i>RMB</i>	<b>31/12/2022</b> <b>(Restated)</b> <i>RMB</i>
Deferred tax liabilities	–	(2,563,589)	(2,563,589)
<b>Total effects on the net assets</b>	<b>83,713,353</b>	<b>(2,563,589)</b>	<b>81,149,764</b>
Accumulated losses	(378,969,580)	(2,563,589)	(381,533,169)
<b>Total effects on equity</b>	<b>83,713,353</b>	<b>(2,563,589)</b>	<b>81,149,764</b>
	<b>1/1/2022</b> <b>(Original stated)</b> <i>RMB</i>	<b>Adjustments</b> <i>RMB</i>	<b>1/1/2022</b> <b>(Restated)</b> <i>RMB</i>
Deferred tax liabilities	–	(3,218,123)	(3,218,123)
<b>Total effects on the net assets</b>	<b>110,359,172</b>	<b>(3,218,123)</b>	<b>107,141,049</b>
Accumulated losses	(350,863,515)	(3,218,123)	(354,081,638)
<b>Total effects on equity</b>	<b>110,359,172</b>	<b>(3,218,123)</b>	<b>107,141,049</b>

**b. New and amendments to HKFRSs in issue but not yet effective**

The Group has not applied the following new and amendments to HKFRSs that have been issued but are not yet effective for the current accounting period. The Group has already commenced an assessment of the impact of these new and amendments to HKFRSs but is not yet in a position to state whether these new and amendments to HKFRSs would have a material impact on its results of operations and financial position:

	<b>Effective for accounting periods beginning on or after</b>
• Amendments to HKFRS 10 and HKAS 28, <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined
• Amendments to HKFRS 16, <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
• Amendments to HKAS 1, <i>Classification of Liabilities as Current or Non-Current and related amendments to Hong Kong Interpretation 5 (2020)</i>	1 January 2024
• Amendments to HKAS 1, <i>Non-current Liabilities with Covenants</i>	1 January 2024
• Amendments to HKAS 7 and HKFRS 7, <i>Supplier Finance Arrangements</i>	1 January 2024
• Amendments to HKAS 21, <i>Lack of Exchangeability</i>	1 January 2025

**2. REVENUE**

Revenue, which is also the Group's turnover, represents the invoiced value of goods sold or services provided to customers after any allowance and discounts and is analysed as follows:

	<b>2023</b>	2022
	<b>RMB</b>	<b>RMB</b>
		(restated)
<b>Continuing operations</b>		
Fertiliser products	<b>397,424,063</b>	403,176,000
Elderly care and health care services	<b>574,034</b>	552,831
	<u><b>397,998,097</b></u>	<u>403,728,831</u>
Total revenue from contracts with customers	<u><b>397,998,097</b></u>	<u>403,728,831</u>

The following table provides information about trade receivables and contract liabilities from contracts with customers.

	<b>2023</b>	2022
	<b>RMB</b>	<b>RMB</b>
Trade receivables ( <i>note 11</i> )	<b>8,776,649</b>	31,866,638
Contract liabilities	<u><b>86,526,298</b></u>	<u>73,559,830</u>

Contract liabilities mainly relate to the advance consideration received from customers of fertiliser products, RMB33,465,176 (2022: RMB58,418,236) of the balance at the beginning of the year has been recognised as revenue for the year ended 31 December 2023 from performance obligations satisfied during the year when the goods were sold or the services were rendered during the year.

As at 31 December 2023, the aggregated amount of unsatisfied or partially unsatisfied performance obligations under the Group's existing contracts was approximately RMB86,526,298 (2022: RMB73,559,830). This amount represents revenue expected to be recognised in the future from delivery of biological compound fertilisers in accordance with the expected date of delivery of biological compound fertilisers in accordance with the remaining performance over the lease term, which is expected to occur in the next 12 months.

### **3. SEGMENT INFORMATION**

Operating segments are identified in a manner consistent with the internal reporting, in accordance with the Group's internal organisation and reporting structure, provided to the chief operating decision-maker to make strategic decisions.

For the year ended 31 December 2023, the Group has two (2022: two) reportable and operating segments in its continuing operations. These segments are managed separately as each business offers different products and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

#### **Continuing operations**

- Fertiliser products – Manufacture and sale of biological compound fertiliser products, including active fertiliser, mixture with nitrogen, phosphorus and potassium with various formula, providing warehousing services and processing and licensing of the fertiliser products
- Elderly care & health care services – Provision of integrated elderly care and health care services, including the leasing of elderly equipment

#### **Discontinued operations**

- Health care products (wine) and related services – Trading of wine

The "Health care products (wine) and related services" was a new operating segment of the Group during the year ended 31 December 2022 following the acquisition of the entire equity interest of Shanghai Weidi Network Technology Company Limited ("Shanghai Weidi"), which is engaged in health care products and related services, by the Group in July 2022.

(a) **Segment revenues and results**

The major accounting policies of the reportable and operating segments are the same as the Group's major accounting policies. Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' profit or loss that is used by the chief operating decision-maker for assessment of segment performance.

The following is an analysis of the Group's revenue and results by reportable and operating segment.

**Year ended 31 December 2023**

	Continuing operations			Discontinued operations	Total
	Fertiliser products	Elderly care & health care services	Subtotal	Health care products (wine) and related services	
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Revenue from external customers	397,424,063	574,034	397,998,097	8,586,613	406,584,710
Inter-segment revenue	—	—	—	—	—
Reportable segment revenue	<u>397,424,063</u>	<u>574,034</u>	<u>397,998,097</u>	<u>8,586,613</u>	<u>406,584,710</u>
Reportable segment loss	<u>(41,651)</u>	<u>(3,431,631)</u>	(3,473,282)	(5,601,754)	(9,075,036)
Loss on settlement of other financial assets			(945,025)	—	(945,025)
Unallocated other income, gains or losses, net			855,188	—	855,188
Unallocated corporate expenses			(8,055,019)	—	(8,055,019)
Unallocated interest expense			(394,287)	—	(394,287)
Loss before tax			<u>(12,012,425)</u>	<u>(5,601,754)</u>	<u>(17,614,179)</u>

	Continuing operations			Discontinued operations	Total
	Fertiliser products	Elderly care & health care services	Subtotal	Health care products (wine) and related services	
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Revenue from external customers	403,176,000	552,831	403,728,831	45,947,120	449,675,951
Inter-segment revenue	—	—	—	—	—
Reportable segment revenue	<u>403,176,000</u>	<u>552,831</u>	<u>403,728,831</u>	<u>45,947,120</u>	<u>449,675,951</u>
Reportable segment (loss)/profit	<u>(22,291,583)</u>	<u>511,293</u>	(21,780,290)	(2,439,963)	(24,220,253)
Unallocated other income, gains or losses, net			331,500	—	331,500
Gain on disposal of an associate			5,911,506	—	5,911,506
Unallocated corporate expenses			(8,511,055)	—	(8,511,055)
Unallocated interest expense			(6,816)	—	(6,816)
Loss before tax			<u>(24,055,155)</u>	<u>(2,439,963)</u>	<u>(26,495,118)</u>

**(b) Segment assets and liabilities**

The following is an analysis of the Group's assets and liabilities by reportable and operating segments.

	<b>2023</b>	2022
	<b>RMB</b>	<b>RMB</b>
		(Restated)
<b>Segment assets</b>		
Continuing operations		
Fertiliser products	<b>277,079,722</b>	299,774,407
Elderly care & health care services	<b>920,008</b>	4,248,999
Health care products (wine) and related services	<u>–</u>	<u>28,756,145</u>
Total segment assets	<b>277,999,730</b>	332,779,551
Assets of disposal group classified as held for sale	<b>14,754,304</b>	–
Unallocated corporate assets	<u><b>10,523,932</b></u>	<u>4,416,688</u>
Consolidated total assets	<u><b>303,277,966</b></u>	<u>337,196,239</u>
<b>Segment liabilities</b>		
Fertiliser products	<b>199,689,349</b>	214,450,797
Elderly care & health care services	<b>474,271</b>	1,387,740
Health care products (wine) and related services	<u>–</u>	<u>18,153,305</u>
Total segment liabilities	<b>200,163,620</b>	233,991,842
Liabilities of disposal group classified as held for sale	<b>10,075,911</b>	–
Unallocated corporate liabilities	<u><b>28,458,950</b></u>	<u>22,054,633</u>
Consolidated total liabilities	<u><b>238,698,481</b></u>	<u>256,046,475</u>

(c) Other segment information

	Continuing operations			Discontinued operations		
	Fertilizer products	Elderly care & health care services	Subtotal	Health care products (wine) and related services	Unallocated	Consolidated
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
<b>For the year ended 31 December 2023</b>						
Amounts included in measure of segment profit or loss or segment assets:						
Loss on disposal of property, plant and equipment	196,766	–	196,766	–	–	196,766
Research and development expenses	1,319,315	–	1,319,315	1,170,708	–	2,490,023
Bank interest income	(156,498)	(535)	(157,033)	(151)	(1,154)	(158,338)
Other interest income	–	–	–	–	(91,784)	(91,784)
Interest expense	4,778,627	–	4,778,627	910,250	394,287	6,083,164
Depreciation and amortisation	10,775,020	147,136	10,922,156	711,453	–	11,633,609
Impairment losses on trade and other receivables	8,062,085	3,004,346	11,066,431	17,052	117,837	11,201,320
Additions to property, plant and equipment	3,262,021	–	3,262,021	–	–	3,262,021

	Continuing operations			Discontinued operations		
	Fertilizer products	Elderly care & health care services	Subtotal	Health care products (wine) and related services	Unallocated	Consolidated
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
<b>For the year ended 31 December 2022</b>						
Amounts included in measure of segment profit or loss or segment assets:						
Loss on disposal of property, plant and equipment	51,101	–	51,101	–	–	51,101
Research and development expenses	1,136,489	–	1,136,489	–	–	1,136,489
Bank interest income	(199,032)	(572)	(199,604)	–	–	(199,604)
Other interest income	–	–	–	–	(563,198)	(563,198)
Interest expense	6,391,994	2,545	6,394,539	162	6,816	6,401,517
Depreciation and amortisation	12,907,259	210,504	13,117,763	344,500	1,927,430	15,389,693
Impairment losses on trade and other receivables	5,202,025	–	5,202,025	–	–	5,202,025
Additions to property, plant and equipment	6,847,900	–	6,847,900	22,453	1,927,432	8,797,785
Additions to non-current assets arising on acquisition of a subsidiary	–	–	–	6,890,000	–	6,890,000

	Continuing operations						Discontinued operations					
	Fertiliser products		Elderly care & health care services				Health care products (wine) and related services				Total	
	2023	2022	2023	2022	Subtotal	2023	2022	2023	2022	2023	2022	
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	
<b>Primary geographical markets</b>												
PRC	<u>397,424,063</u>	<u>403,176,000</u>	<u>574,034</u>	<u>552,831</u>	<u>397,998,097</u>	<u>403,728,831</u>	<u>8,586,613</u>	<u>45,947,120</u>	<u>406,584,710</u>	<u>449,675,951</u>		
<b>Major products/services</b>												
Sales of biological compound fertiliser products												
– Ordinary fertilisers	378,821,948	382,401,474	–	–	378,821,948	382,401,474	–	–	378,821,948	382,401,474		
– Organic fertilisers	5,599,291	7,225,991	–	–	5,599,291	7,225,991	–	–	5,599,291	7,225,991		
– Licencing income	4,355,072	5,230,082	–	–	4,355,072	5,230,082	–	–	4,355,072	5,230,082		
– Processing income	8,369,660	8,318,453	–	–	8,369,660	8,318,453	–	–	8,369,660	8,318,453		
– Warehousing service income	278,092	–	–	–	278,092	–	–	–	278,092	–		
<b>Provision of integrated elderly care &amp; health care services</b>												
– Processing income	–	–	–	19,573	–	19,573	–	–	–	19,573		
– Leasing of elderly equipment	–	–	151,234	178,386	151,234	178,386	–	–	151,234	178,386		
– Consultation service income	–	–	422,800	354,872	422,800	354,872	–	–	422,800	354,872		
<b>Sales of health care products – wine</b>												
– Sales of wine	–	–	–	–	–	–	6,427,551	44,787,120	6,427,551	44,787,120		
– Technical service income	–	–	–	–	–	–	2,159,062	1,160,000	2,159,062	1,160,000		
	<u>397,424,063</u>	<u>403,176,000</u>	<u>574,034</u>	<u>552,831</u>	<u>397,998,097</u>	<u>403,728,831</u>	<u>8,586,613</u>	<u>45,947,120</u>	<u>406,584,710</u>	<u>449,675,951</u>		
<b>Timing of revenue recognition</b>												
At a point in time	384,421,239	389,627,465	–	–	384,421,239	389,627,465	6,427,551	44,787,120	390,848,790	434,414,585		
Transferred over time	13,002,824	13,548,535	574,034	552,831	13,576,858	14,101,366	2,159,062	1,160,000	15,735,920	15,261,366		
	<u>397,424,063</u>	<u>403,176,000</u>	<u>574,034</u>	<u>552,831</u>	<u>397,998,097</u>	<u>403,728,831</u>	<u>8,586,613</u>	<u>45,947,120</u>	<u>406,584,710</u>	<u>449,675,951</u>		

**(d) Disaggregation of revenue from contracts with customers**

In the table above, revenue is disaggregated by primary geographical markets, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segment revenue.

**(e) Geographical information and major customers**

The Group's revenue from external customers is mainly derived from its operations in the PRC, where most of its non-current assets are located. None of the customers have transactions with the Group which exceeded 10% of the Group's revenue for the years ended 31 December 2023 and 2022.



#### 4. DISCONTINUED OPERATION/DISPOSAL GROUP HELD FOR SALE

On 20 December 2023, Shanghai Weidi which constitutes the whole of the “Health care products (wine) and related services” reportable segment of the Group, was classified as a disposal group held for sale upon the passing of the board resolution by the directors of the Company whereby it was resolved that the Group shall discontinue operating the “Health care products (wine) and related services” segment (“Discontinued Operation”) by disposing of all of the Group’s interests in Shanghai Weidi. The board of directors of the Company had become committed to the plan to sell the disposal group and had initiated an active programme to locate buyer for the disposal group and complete the disposal plan.

On 27 March 2024, a sales and purchase agreement was signed between the Company and 上海泛瀾投資合作企業(有限合伙), the previous vendor of Shanghai Weidi, for the disposal of 82.76% equity interest of Shanghai Weidi at a consideration of RMB10,593,100. The assets and liabilities of the disposal group, which was expected to be sold within twelve months of the date of classification of the disposal group as held for sale, have been classified as assets and liabilities of disposal group held for sale and are presented separately in current assets and current liabilities of the consolidated statement of financial position.

As the disposal group represented a separate major line of business of the Group, the financial performance of the disposal group is presented separately in the consolidated statement of profit or loss as discontinued operation. The comparative figures have been restated to re-present the financial performance of the disposal group for the year ended 31 December 2022 as Discontinued Operation. The loss for the years ended 31 December 2023 and 2022 from the Discontinued Operation are set out below.

	<b>2023</b>	2022
	<b>RMB</b>	RMB
<b>Revenue</b>		
Contracts with customers	<u>8,586,613</u>	<u>45,947,120</u>
<b>Total revenue</b>	<b>8,586,613</b>	45,947,120
Cost of sales	<b>(6,411,312)</b>	(44,374,191)
Other income	<b>1,024</b>	263,184
Distribution and selling expenses	<b>(406,385)</b>	–
Administrative expenses	<b>(6,444,392)</b>	(4,275,914)
Impairment losses under expected credit loss model, net of reversal:		
– other receivables	<b>(17,052)</b>	–
Finance costs	<u><b>(910,250)</b></u>	<u>(162)</u>
Loss before taxation	<b>(5,601,754)</b>	(2,439,963)
Income tax expenses	<u>–</u>	<u>(3,271)</u>
Loss for the year	<u><b>(5,601,754)</b></u>	<u>(2,443,234)</u>

	2023	2022
	<i>RMB</i>	<i>RMB</i>

**Loss for the year from discontinued operation is arrived at after charging:**

Research and development expenses	1,170,708	905,634
Cost of inventories recognised as expense	6,411,312	44,374,192
Amortisation of intangible asset	689,000	381,500
Short-term leases expenses	270,642	154,630
Travelling and transportation expenses	184,380	175,390
Promotion expenses	406,385	–
Employee costs (including emoluments of directors and supervisors):		
– Wages and salaries	3,111,937	209,771
– Retirement benefit scheme contributions	440,893	–
– Staff welfare and other benefits	64,908	24,173
	<u>3,111,937</u>	<u>209,771</u>
	<u>64,908</u>	<u>24,173</u>
	<b>2023</b>	<b>2022</b>
	<i>RMB</i>	<i>RMB</i>

**Cash flows from discontinued operation:**

Net cash used in operating activities	(17,758)	(71,161)
Net cash inflow/(outflow) from investing activities	151	(22,453)
Net cash inflow from financing activities	–	–
	<u>–</u>	<u>–</u>

The major classes of assets and liabilities of the Discontinued Operation as at 31 December 2023, which have been presented separately in the consolidated statement of financial position, are as follows:

	2023	2022
	<i>RMB</i>	<i>RMB</i>
Goodwill	5,528,000	–
Intangible assets	5,856,500	–
Inventories	100,885	–
Accounts and other receivables (net of ECL of RMB17,052)	3,240,140	–
Cash and bank balance	28,779	–
	<u>14,754,304</u>	<u>–</u>
Trade and other payables and total liabilities associated with assets classified as held for sale	<u>10,075,911</u>	<u>–</u>

## 5. OTHER INCOME, GAINS AND LOSSES, NET

	2023	2022
	<i>RMB</i>	<i>RMB</i>
<b>Continuing operations</b>		
Loss on disposal of property, plant and equipment	(196,766)	(51,101)
Government grants ( <i>note (i)</i> )	4,741	114,449
Bank interest income	158,188	199,604
Other interest income	91,784	563,198
Loss on settlement of other financial assets	(945,025)	–
Fair value gain on financial assets at FVTPL	225	52,729
Gain on lease modification ( <i>note (ii)</i> )	15,387,204	–
Sales of scraps	19,621	200,329
Service fee income	(29,777)	–
Compensatory payment	(82,847)	–
Others	(203,364)	84,559
	<u>14,203,984</u>	<u>1,163,767</u>

### Notes:

- (i) Government grants mainly represented subsidies granted by the PRC Government to subsidiaries of the Group on the research and development expenses related to compound fertilisers incurred by the Group. The subsidies were received and recognised in profit or loss only when the research and development has been completed and fulfilled the criteria set by the PRC Government.
- (ii) A gain on lease modification was recognised for the year ended 31 December 2023. The original leased area was significantly reduced through a supplementary agreement. Hence the lease modification was not accounted for as a separate lease. Instead, the carrying amount of the right-of-use asset has been decreased correspondingly to reflect the reduced lease area, and the lease liability is remeasured at the effective date of the lease modification, by discounting the revised lease payments under the supplementary lease agreement using the revised discount rate of 4%. As the related right-of-use assets had been impaired in previous financial year, the corresponding adjustment to the carrying amount of the right-of-use asset is significantly lesser than the corresponding adjustment to the carrying amount of the lease liabilities and hence a significant gain resulted.

## 6. LOSS BEFORE TAXATION

	2023	2022
	<i>RMB</i>	<i>RMB</i>
<b>Continuing operations</b>		
Loss before taxation is arrived at after charging the following items:		
Auditor's remuneration	481,703	446,650
Cost of inventories recognised as expense ( <i>note</i> )	376,632,434	388,906,493
Depreciation of property, plant and equipment	8,196,976	9,557,506
Depreciation of right-of-use assets	2,747,633	5,450,687
Short-term leases expenses	1,211,326	1,080,256
Travelling and transportation expenses	3,551,934	5,043,440
Legal and professional fee	656,919	1,234,704
Promotion expenses	565,758	1,019,284
Employee costs (including emoluments of directors and supervisors):		
– Wages and salaries	19,867,697	21,050,774
– Bonus	649,845	4,500
– Retirement benefit scheme contributions	2,897,580	2,463,508
– Staff welfare and other benefits	946,399	2,035,652
	<u>24,361,521</u>	<u>25,554,434</u>
Finance costs		
Interest expense on bank and other borrowings	3,989,074	3,388,101
Interest expense on other financial liabilities	180,000	157,544
Interest expense on lease liabilities	1,003,840	2,855,710
	<u>5,172,914</u>	<u>6,401,355</u>

### *Note:*

Cost of inventories recognized as expense mainly includes raw materials and consumables used of RMB339,802,840 (2022: RMB353,093,853) and labour costs and production overheads of RMB36,829,594 (2022: RMB35,812,640).

## 7. INCOME TAX CREDIT

	<b>2023</b>	2022
	<b>RMB</b>	<b>RMB</b>
		(Restated)
Continuing operations		
Current tax		
– tax for the year	<b>1,693</b>	6,596
– (over)/under provision in respect of prior years	<b>(43,088)</b>	140,834
	<u><b>(41,395)</b></u>	<u>147,430</u>
Deferred tax	<u><b>(1,002,505)</b></u>	<u>(654,534)</u>
	<u><b>(1,043,900)</b></u>	<u>(507,104)</u>

The Group is subject to income tax on an entity basis on profit arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operated.

Pursuant to the rules and regulations of the Cayman Islands, the Group's subsidiaries incorporated in the Cayman Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong are not liable for income tax as they did not have any assessable income arising in Hong Kong during the year ended 31 December 2023 (2022: Nil).

### (a) China Corporate income tax

Pursuant to the income tax rules and regulations of the PRC, the provision for PRC income tax of the subsidiaries of the Group is calculated based on the statutory tax rate of 25% (2022: 25%), except for the subsidiaries described below.

High and New-Tech enterprise certificate was issued on 9 November 2017, and lasted for 3 years and extended for a further 3 years from 9 November 2020, to Guangdong Fulilong Compound Fertilisers Co., Ltd., recognising the entity as a High and New-Tech enterprise according to the PRC tax regulations and hence entitled to a preferential tax rate of 15% (2022: 15%). In accordance with public announcement made by Ministry of Science and Technology of the PRC dated 29 December 2023, Guangdong Fulilong Compound Fertilisers Co., Ltd. has been approved to extend its High and New-Tech enterprise qualification for a further 3 years.

Certain subsidiaries of the Group in the PRC are qualified as small and micro businesses and enjoy preferential income tax rate of 5% (2022: 5%).

(b) **Reconciliation between tax expense and accounting loss**

	<b>2023</b>	2022
	<b>RMB</b>	<b>RMB</b>
		(Restated)
<b>Continuing operations</b>		
Loss before tax	<u><b>(12,012,425)</b></u>	<u>(24,055,155)</u>
Calculated at statutory rate of 25% (2022: 25%)	<b>(3,003,106)</b>	(6,013,790)
Tax effects of:		
Income not taxable for tax purposes	<b>(8,496,976)</b>	(3,094,313)
Expenses not deductible for tax purposes	<b>3,697,136</b>	2,493,777
Unused tax losses not recognised	<b>6,133,798</b>	5,993,050
Effects of differential tax rate and preferential tax treatment	<b>668,336</b>	(29,933)
(Over)/under provision in prior years	<u><b>(43,088)</b></u>	<u>144,105</u>
Taxation credit	<u><b>(1,043,900)</b></u>	<u>(507,104)</u>

- (c) At 31 December 2023, the Group has unused tax losses of RMB149.6 million (2022: RMB125.1 million) that are available for offsetting against future taxable profits of the companies in which the losses arose. The unused tax losses can be carried forward for 10 years (2022: 10 years) and will expire in various dates up to 2033 (2022: 2032). No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams.

As disclosed in note 1, deferred tax liabilities have been provided as a result of the application of amendments to HKAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*.

**8. DIVIDEND**

No dividend has been paid nor declared by the Company during the year (2022: nil).

## 9. LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

	<b>2023</b> <b>RMB</b>	2022 <b>RMB</b> (Restated)
Loss for the year attributable to owners of the Company		
– From continuing operations	(14,557,904)	(25,008,297)
– From discontinued operation	<u>(5,601,754)</u>	<u>(2,443,234)</u>
Loss for the purpose of basic loss per share	<u>(20,159,658)</u>	<u>(27,451,531)</u>
Weighted average number of ordinary shares for the purpose of basic loss per share	<u><b>1,894,500,000</b></u>	<u>1,894,500,000</u>

No diluted loss per share is presented as there was no potential ordinary shares in issue during the years ended 31 December 2023 and 2022.

## 10. INTANGIBLE ASSETS

	<b>Software application</b> <b>RMB</b>	<b>Licenses</b> <b>RMB</b>	<b>Total</b> <b>RMB</b>
<b>Cost</b>			
At 1 January 2022	–	276,085,998	276,085,998
Acquisition of a subsidiary	<u>6,890,000</u>	<u>–</u>	<u>6,890,000</u>
At 31 December 2022 and 1 January 2023	6,890,000	276,085,998	282,975,998
Transferred to assets held for sale	<u>(6,890,000)</u>	<u>–</u>	<u>(6,890,000)</u>
At 31 December 2023	<u>–</u>	<u>276,085,998</u>	<u>276,085,998</u>
<b>Accumulated amortisation and impairment losses</b>			
At 1 January 2022	–	276,048,998	276,048,998
Amortisation	<u>344,500</u>	<u>37,000</u>	<u>381,500</u>
At 31 December 2022	344,500	276,085,998	276,430,498
Amortisation	689,000	–	689,000
Transferred to assets held for sale	<u>(1,033,500)</u>	<u>–</u>	<u>(1,033,500)</u>
At 31 December 2023	<u>–</u>	<u>276,085,998</u>	<u>276,085,998</u>
<b>Carrying amount</b>			
At 31 December 2023	<u>–</u>	<u>–</u>	<u>–</u>
At 31 December 2022	<u><b>6,545,500</b></u>	<u>–</u>	<u><b>6,545,500</b></u>

Analysis of intangible assets based on the business segments is as follows:

	<b>2023</b>	2022
	<b>RMB</b>	<b>RMB</b>
(a) Elderly care services	–	–
(b) Health care products (wine)	–	6,545,500
	<u>–</u>	<u>6,545,500</u>
	<u><u>–</u></u>	<u><u>6,545,500</u></u>

The licenses and software application intangible assets were recognised upon the acquisitions of Shu Ju Ku Greater China Ltd (“SJKGC”) and Shanghai Weidi respectively on 17 March 2017 and 18 July 2022 respectively at their fair values at the respective dates of acquisition. They were considered by the management of the Group as having a useful life of 16 years and 10 years respectively. The intangible assets are tested for impairment whenever there is an indication that they may be impaired.

**(a) Elderly care services CGU**

The licenses intangible asset recognised upon the acquisition of SJKGC relates to the exclusive right to use the medical license for the EEG diagnosis detection and analysis technology for the diagnosis of various psychiatric or neurological diseases, and the areas covered by the license in Asia Pacific include the PRC, Hong Kong, Macau, Japan and Korea. The exclusive medical license is granted from an independent third party incorporated in Seychelles, and such license is owned by an independent third party incorporated in Cyprus in relation to quantitative EEG data collection, analysis and subsequently for establishing the associated medical data bank. Licencing income would be generated from sub-licensing of the exclusive right to use the license and processing income would be generated from self-operated detection centre and share of revenue from detection performed by sub-licensees.

For the purposes of impairment testing, the license intangible asset was identified as belonging to the health care services CGU:

The health care services CGU provides EEG detection services. In the financial year ended 31 December 2021, the licenses intangible asset was fully impaired as the scale of business and the financial performance of the health care services CGU were below the expectation of the Group’s management during the year. The Group performed its impairment assessment for licenses intangible assets in the health care services CGU by estimating the recoverable amount of the health care services CGU based on its value-in-use.

There was no objective evidence of reversal of impairment loss of the licenses intangible asset in 2023 and 2022, hence no further impairment assessment was performed as at 31 December 2023 and 2022.



**(b) Health care products (wine) CGU**

The software application intangible asset relates to the customer system platform developed by a subsidiary acquired by the Group in 2022, Shanghai Weidi. The platform is used for trading and selling the wine and elderly health care products to the customers. The directors of the Company have resolved to dispose of the health care products (wine) segment and the segment has been classified as a disposal group held for sale as at 31 December 2023. The goodwill, intangible assets and other assets belonging to this disposal group classified as held for sale as at 31 December 2023 are measured at the lower of their carrying amounts and the fair value less costs to sell. No impairment loss of the intangible asset was recognised for the year ended 31 December 2023.

The Group had conducted impairment assessment on the recoverable amount of the platform as at 31 December 2022 based on the recoverable amount of the CGU which have been determined based on value-in-use calculations. The discount rate in measuring the amount of value in use was 25%.

**11. TRADE RECEIVABLES**

	<b>2023</b>	2022
	<b>RMB</b>	<b>RMB</b>
Trade receivables	<b>102,165,062</b>	126,318,040
Allowance for expected credit losses	<b>(93,388,413)</b>	(94,451,402)
	<b>8,776,649</b>	31,866,638

An aging analysis of the trade receivables as at the end of the reporting periods, based on the invoice date and net of loss allowance, is as follows:

	<b>2023</b>	2022
	<b>RMB</b>	<b>RMB</b>
Within 3 months	<b>1,605,621</b>	10,619,705
More than 3 months but less than 6 months	<b>3,793,045</b>	12,852,425
More than 6 months but less than 1 year	<b>2,561,129</b>	5,404,464
Over 1 year	<b>816,854</b>	2,990,044
	<b>8,776,649</b>	31,866,638

The Group does not hold any collateral or other credit enhancements over these balances. Movements in the allowance for impairment losses are as follows:

	<b>2023</b>	2022
	<b>RMB</b>	<b>RMB</b>
At 1 January	<b>94,451,402</b>	89,564,003
Written off of trade receivables	<b>(10,540,294)</b>	–
Expected credit losses provided	<b>9,477,305</b>	4,887,399
	<u><b>93,388,413</b></u>	<u>94,451,402</u>
At 31 December	<u><b>93,388,413</b></u>	<u>94,451,402</u>

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables.

An impairment analysis was performed at 31 December 2023 and 2022 using a provision matrix to measure expected credit losses. The provision rates are based on aging from invoice date for groupings of various customer segments with similar loss patterns. The calculation reflects the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix based on the aging analysis by invoice date:

	Within 3 months	More than 3 months but less than 6 months	More than 6 months but less than 12 months	Over 1 year	Total
<b>2023</b>	<b>RMB</b>	<b>RMB</b>	<b>RMB</b>	<b>RMB</b>	<b>RMB</b>
Expected loss rate	16.50%	12.71%	20.43%	99.12%	
Gross carrying amount	1,923,007	4,345,193	3,218,782	92,678,080	102,165,062
Expected credit losses	<u>317,386</u>	<u>552,148</u>	<u>657,653</u>	<u>91,861,226</u>	<u>93,388,413</u>
	Within 3 months	More than 3 months but less than 6 months	More than 6 months but less than 12 months	Over 1 year	Total
<b>2022</b>	<b>RMB</b>	<b>RMB</b>	<b>RMB</b>	<b>RMB</b>	<b>RMB</b>
Expected loss rate	26.04%	30.99%	64.26%	96.18%	
Gross carrying amount	14,357,764	18,624,256	15,120,040	78,215,980	126,318,040
Expected credit losses	<u>3,738,059</u>	<u>5,771,831</u>	<u>9,715,576</u>	<u>75,225,936</u>	<u>94,451,402</u>

## 12. PREPAYMENTS AND OTHER RECEIVABLES

	2023	2022
	<i>RMB</i>	<i>RMB</i>
<b>Current</b>		
Prepayments		
Advanced deposits to suppliers of raw materials of fertiliser products and health care related products	61,033,786	64,414,892
Other receivables ( <i>note (i)</i> )	21,141,470	23,287,851
Less: allowance for doubtful debts ( <i>note (ii)</i> )	(11,755,153)	(10,048,190)
	9,386,317	13,239,661
	<b>70,420,103</b>	<b>77,654,553</b>

### Notes:

- (i) Included in other receivables is an amount due from a wholly owned subsidiary of a shareholder of the Company (“the Borrower”) of RMB7,000,000 as at 31 December 2023 (2022: RMB7,000,000). The amount is unsecured and interest bearing at 4% per annum. The repayment date was extended for one year from 30 September 2020 to 30 September 2021. There was significant increase in credit risk due to further extension of the advance and such balance was considered as credit impaired. Therefore, such amount was fully impaired as at 31 December 2023 (2022: RMB7,000,000). As at the date of approval of consolidated financial statements, no repayment has been received.

Included in other receivables is a consideration receivable arising from the disposal of an associate of approximately RMB1,257,000 as at 31 December 2023 (2022: RMB6,788,000).

- (ii) Allowance for doubtful debts:

	2023	2022
	<i>RMB</i>	<i>RMB</i>
At 1 January	10,048,190	9,733,564
Allowance for impairment loss	1,706,963	314,626
At 31 December	<b>11,755,153</b>	<b>10,048,190</b>

### 13. TRADE PAYABLES

	2023	2022
	<i>RMB</i>	<i>RMB</i>
Trade payables	<u>16,106,709</u>	<u>20,723,475</u>

Generally, the credit terms received from suppliers of the Group is 90 days. An aging analysis of year end trade payables, based on the invoice dates, is as follows:

	2023	2022
	<i>RMB</i>	<i>RMB</i>
Within 3 months	3,003,122	3,109,173
More than 3 months but less than 6 months	1,622,910	3,223,887
More than 6 months but less than 1 year	2,536,877	7,512,203
Over 1 year	<u>8,943,800</u>	<u>6,878,212</u>
Trade payables	<u>16,106,709</u>	<u>20,723,475</u>

### 14. BANK AND OTHER BORROWINGS

	2023	2022
	<i>RMB</i>	<i>RMB</i>
<b>Current</b>		
Interest bearing		
Secured		
– Short-term bank loans ( <i>note (i)</i> )	34,000,000	44,000,000
– Current portion of long-term bank loans ( <i>note (i)</i> )	60,000	–
Unsecured		
– Short-term bank loans	8,000,000	–
– Short-term other loans ( <i>note (ii)</i> )	<u>13,110,000</u>	<u>12,700,000</u>
	55,170,000	56,700,000
<b>Non-current</b>		
Interest bearing		
Secured		
– Long-term bank loans ( <i>note (i)</i> )	<u>9,920,000</u>	–
	<u>65,090,000</u>	<u>56,700,000</u>

At the end of the reporting period, total current and non-current bank and other borrowings were scheduled to repay as follows

	<b>2023</b> <b>RMB</b>	2022 <b>RMB</b>
Within one year	<b>55,170,000</b>	56,700,000
More than one year, but not exceeding two years	<b>9,920,000</b>	–
	<b><u>65,090,000</u></b>	<b><u>56,700,000</u></b>

Notes:

- (i) The bank borrowings were secured against property, plant and equipment with a total carrying amount as at 31 December 2023 of approximately RMB53.2 million (2022: RMB55.2 million). Certain bank borrowings were also guaranteed by a director of a subsidiary and an independent third party.
- (ii) Short-term unsecured other loans as at 31 December 2023 represented borrowings granted from four (2022: four) independent third parties in total of RMB13.1 million (2022: RMB12.7 million). Other loans of RMB6.0 million (2022: RMB8.2 million) were guaranteed by a subsidiary's director, carried fixed interest rate of 12% per annum and repayable on demand, RMB4.5 million (2022: RMB4.5 million) carried fixed interest rate of 18% per annum and repayable on demand and RMB2.6 million (2022: RMBNil) carried fixed interest rate of 10% per annum and repayable on demand.
- (iii) As at 31 December 2023, the secured bank borrowings of the Group bear interest at fixed interest rate and the effective interest rate was ranged from 3.30% to 5% (2022: 4.43%), the unsecured bank borrowing carried fixed interest rate of 3.85% (2022:Nil) per annum and was repayable on demand.
- (iv) As at 31 December 2023, banking facilities of approximately RMB66.9 million (2022: RMB44.0 million) were granted to the Group and the Group utilised approximately RMB51.9 million during the year ended 31 December 2023 (2022: RMB44.0 million).

## 15. SHARE CAPITAL

- (a) The Company's issued and fully paid-up capital comprises:

	<b>2023</b> <b>Number</b> <b>(million)</b>	<b>RMB</b>	2022 <b>Number</b> <b>(million)</b>	<b>RMB</b>
Ordinary shares of RMB0.10 each:				
<b>Domestic shares</b>				
At 1 January and 31 December	<b>698</b>	<b>69,750,000</b>	698	69,750,000
<b>H shares</b>				
At 1 January and 31 December	<b>1,197</b>	<b>119,700,000</b>	1,197	119,700,000
Total at 31 December	<b><u>1,895</u></b>	<b><u>189,450,000</u></b>	<b><u>1,895</u></b>	<b><u>189,450,000</u></b>

*Note:*

Domestic shares and H shares are both ordinary shares in the share capital of the Company. However, H shares may only be subscribed for by, and traded in Hong Kong dollars between legal or natural persons of Hong Kong, Macau, Taiwan or any country other than the PRC. Domestic shares on the other hand, may only be subscribed for by, and traded between legal or natural persons of the PRC (other than Hong Kong, Macau and Taiwan) and must be subscribed for and traded in RMB. All dividends in respect of H shares are to be paid by the Company in Hong Kong dollars whereas all dividends in respect of domestic shares are to be paid by the Company in RMB. Other than the above, all domestic shares and H shares rank pari passu with each other in all respects and rank equally for all dividends or distributions declared, paid or made.

- (b) Movements in the Group's reserves are set out in the consolidated statement of changes in equity.
- (c) No share options had been granted by the Company under its share option scheme (the "Scheme") since its adoption. At 31 December 2023, none of the directors or supervisors, employees or other participants of the Scheme had any rights to acquire the H Shares in the Company (2022: nil).

## 16. RESERVES

	Share premium	Capital reserve	Accumulated losses	Other reserve	Total
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
	<i>(Note(i))</i>	<i>(Note(iii))</i>	<i>(Note(iv))</i>	<i>(Note(v))</i>	
<b>The Company</b>					
At 1 January 2022	275,317,438	(2,312,483)	(355,155,465)	(33,833,177)	(115,983,687)
Loss and total comprehensive expense for the year	–	–	(5,025,259)	–	(5,025,259)
Deemed contribution arising from imputed interest on amounts due from subsidiaries	–	–	–	(8,383,526)	(8,383,526)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2022 and 1 January 2023	275,317,438	(2,312,483)	(360,180,724)	(42,216,703)	(129,392,472)
Loss and total comprehensive expense for the year	–	–	(86,657,691)	–	(86,657,691)
Deemed contribution arising from imputed interest on amounts due from subsidiaries	–	–	–	(236,483)	(236,483)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2023	<u>275,317,438</u>	<u>(2,312,483)</u>	<u>(446,838,415)</u>	<u>(42,453,186)</u>	<u>(216,286,646)</u>

Notes:

**(i) Share premium**

Share premium represents premium arising from the issue of shares issued at a price in excess of their par value per share.

**(ii) Surplus reserve**

In accordance with the PRC Companies Law, the Company and its subsidiaries are required to transfer 10% of their profit after tax, as determined in accordance with accounting standards and regulations of the PRC, to the statutory surplus reserve (until such reserve reaches 50% of the registered capital of the respective companies). The statutory surplus reserve is non-distributable and can be used to make up losses or to increase share capital. Except for the reduction of losses incurred, other usage should not result in the statutory surplus reserve falling below 25% of the registered capital. No such transfer was made in 2023 and 2022.

**(iii) Capital reserve**

The capital reserve arose primarily as a result of the group reorganisation in 2002.

**(iv) Accumulated losses**

Accumulated losses represent the cumulative net income, gains and losses recognised in profit or loss.

**(v) Other reserve**

The reserve relates to the initial carrying amount of liability of a written put option granted to non-controlling interests which were independent third parties under a disposal transaction of partial interest in a subsidiary and the deemed contribution arising from imputed interest on amounts due from subsidiaries.

**17. GOING CONCERN BASIS**

The Group incurred a net loss of RMB16,570,279 and a net cash outflow of RMB13,154,710 from operating activities for the year ended 31 December 2023 and had accumulated losses of RMB401,692,827 as at 31 December 2023. As at 31 December 2023, the Group's current liabilities amounted to approximately RMB216,842,145 while its total cash and cash equivalents amounted to only RMB5,934,322. The Group was in a net current liabilities position of RMB26,500,218 as at 31 December 2023. Included in current assets of the Group are trade and other receivables whose carrying amounts at 31 December 2023 amounted to RMB18,162,966 in aggregate. Up to the date of this report, RMB12,786,162 of trade and other receivables is still outstanding. These conditions indicate the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. The validity of the use of the going concern basis in the preparation of the consolidated financial statements is dependent upon the Group's ability to generate adequate cash flows in order to meet its obligations as and when the obligations fall due.

Notwithstanding the above results and financial condition, the consolidated financial statements have been prepared on a going concern basis after taking into consideration of the following circumstances and financial arrangements:

- As at 31 December 2023, the Group had total unused bank facilities of approximately RMB15,000,000 for at least twelve months from the end of the reporting period, which has not been drawn down as borrowing;
- Subsequent to the end of the reporting period, the Group has obtained additional bank borrowings of RMB20,000,000 which will expire on 18 January 2027;
- Subsequent to the end of the reporting period, the Group has drawn down a loan amounted to RMB16,000,000 from an independent third party to finance the operations of the Group. The terms of the loan are unsecured, interest bearing at 6% per annum, and not repayable within the next 12 months from date of drawdown.

In view of the above circumstances, the Directors have given careful consideration to the future liquidity and financial position of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measures have been taken to mitigate the liquidity position and to improve the Group's financial position which include, but are not limited to the followings:

1. The Group is taking measures to tighten cost control with an aim to attain positive cash flow from operations. The Directors plan to improve the Group's financial performance by various measures of cost control such as taking steps to reduce discretionary expenses and administrative costs;
2. The Group is in the process of negotiating with banks to refinance its borrowings, and secure necessary facilities to meet the Group's working capital and financial requirements in the near future;
3. The Group is actively considering raising new capital by carrying out fund raising activities including but not limited up to rights issue, open offer, placing of new shares and issuance of convertible note.



# **EXTRACT OF INDEPENDENT AUDITOR’S REPORT TO THE SHAREHOLDERS OF TIANJIN TEDA BIOMEDICAL ENGINEERING COMPANY LIMITED FOR THE YEAR ENDED 31 DECEMBER 2023**

The Company’s external auditor, Fan, Chan & Co. Limited, has issued a opinion on the independent auditor’s report on the Group’s consolidated financial statements for the year ended 31 December 2023. An extract from the independent auditor’s report is as follows:

## **BUSINESS REVIEW**

### **Fertiliser Business**

In the first half of 2023, prices of bulk products such as coal, nitrogenous fertilisers, phosphate fertilisers and potash fertilisers declined significantly, before stabilizing in the second half of 2023. Influenced by the tendency to “buy when prices rise but hold off when they fall”, downstream distributors and farmers have been cautious in their inventory purchases. As a result, the compound fertiliser industry as a whole experienced a downward trend. Against this background, compound fertiliser enterprises generally adopted a more prudent strategy in raw material procurement and became more sensitive to product pricing in order to respond to market changes, thereby ensuring stable sales progress.

In terms of grain planting, the government has been deepening its regulatory efforts, with a series of proactive policies to support grain planting, such as measures to increase grain purchase prices and grain subsidies, which strongly boosted farmers’ motivation to grain planting, and kept grain prices and planting areas stable. Stable planting area and grain prices ensured stable demand for fertilisers.

The Group has responded to market fluctuations by tightening control over market sales, and adjusted its product structure in accordance with the market demand, with a view to steadily advancing its compound fertiliser business. In addition, the Group strengthened the management of raw material procurement and closely monitored the changes in the market conditions of raw materials, so as to ensure safe production and effectively reduce the risk of price fluctuations in raw material procurement.

## **THE ELDERLY HEALTH-CARE BUSINESS**

Firstly, the Group mainly operates under the light-asset operation model to provide management and consultation services to other elderly care institutions and elderly care communities, and will establish its own elderly care institutions or elderly care communities when conditions are favorable. During the period under review, the elderly care institutions under entrusted management by Shanghai Ruifu of the Group enhanced elderly care service training and continued to improve the quality of elderly care services in a bid to provide high-quality elderly care services.

In addition, the elderly health care products and equipment business has been proactively promoted. The Group has started its assistive equipment rental business since 2019, set up its assistive equipment rental outlets in several sub-districts and towns in Shanghai, and has opened a store on JD.COM named ‘Yibama Rehabilitation Assistive Equipment Rental Flagship Store 頤爸媽康復輔具租賃旗艦店, which aims to provide easy access to assistive equipment rental service for semi-disabled and fully-disabled seniors, simplifying their pursuit of a healthy lifestyle. During the period under review, the Group continued to expand the elderly health care products and equipment business, and customized its food business for the elderly. Looking ahead, the Group will focus on the customer segment of elderly care business, broaden its categories of food, health care and other assistive products for the elderly, so as to provide a comprehensive range of assistive health care products for the elderly.

## **FINANCIAL REVIEW**

### **Turnover, Gross Profit and Gross Profit Margin**

For the year ended 31 December 2023, the Group achieved a total turnover of RMB397,998,097 (31 December 2022: RMB403,728,831), representing a year-on-year decrease of 1.42%. The consolidated gross profit amounted to RMB21,365,663 (31 December 2022: RMB14,822,338) and the consolidated gross profit margin was 5.37% (31 December 2022: 3.67%). The increase in gross profit margin for the year is mainly due to the fluctuation in the prices of the major raw materials for compound fertilizer production in 2023, which was reflected in the price falling month-by-month in the first half of the year, then stabilizing in the second half of the year and rising in the fourth quarter. pick up. Therefore, the Company’s raw material procurement followed changes in market prices, and strived to reduce raw material procurement costs, strictly determined production based on sales, and ensured sufficient profit margins for product sales while maintaining the Company’s existing market share.

## **Selling and Distribution Costs**

For the year ended 31 December 2023, the Group's selling and distribution costs amounted to RMB8,101,974 (31 December 2022: RMB10,516,917), representing a year-on-year decrease of 22.96% in selling and distribution costs during the period under review. This was mainly due to the change in the sales structure of the Group's compound fertilizer business for the year, of which the sales scale for outsourced processing products decreased significantly, resulting in a reduction of marketing expenses.

## **Other income, gains and losses, net**

For the year ended 31 December 2023, the Group's other income, gains and losses, net amounted to RMB14,203,984 (31 December 2022: RMB1,163,767). Other income, gains and losses, net for the year ended 31 December 2023 mainly comprised the gain of lease modification recognized of RMB15,387,204 and the loss of disposal of property, plant and equipment of RMB196,766.

## **Administrative Expenses**

For the year ended 31 December 2023, the Group's administrative expenses amounted to RMB21,803,601 (31 December 2022: RMB22,695,980), representing a year-on-year decrease of 3.93%. The decrease was mainly attributable to the Company's cost reduction and efficiency enhancement measures to save administrative expenses.

## **Research and Development Expenses**

For the year ended 31 December 2023, the Group's research and development expenses amounted to RMB1,319,315 (31 December 2022: RMB1,136,489), representing a decrease of 16.09% compared to same period last year. The decrease was mainly due to the research and development expenses for Guangdong Fulilong, a high-tech enterprise.

## **Finance Costs**

For the year ended 31 December 2023, the Group's finance costs amounted to RMB5,172,914 (31 December 2022: RMB6,401,355), representing a decrease of 19.19% compared to same period last year. The decrease in finance costs was due to the significant decrease in bank loan interest rates compared with last year, while the Group's bank borrowings are basically the same as last year.

## Loss for the Year

For the year ended 31 December 2023, the loss attributable to owners of the Group amounted to RMB20,159,658 (31 December 2022: RMB27,451,531). The loss per share attributable to the Company for the year ended 31 December 2023 was RMB1.06 cents (31 December 2022: RMB1.45 cents).

## Pledge of Assets and Contingent Liabilities of the Group

As at 31 December 2023, the carrying amount of buildings under property, plant and equipment pledged as security for certain of the Group's banking facilities amounted to RMB53,200,000 (31 December 2022: RMB55,200,000).

As at 31 December 2023, the Group did not have any material contingent liabilities (2022: Nil).

## Structure of Share Capital

As at 31 December 2023, the structure of the share capital of the Company was as follows:

<b>Name of shareholders</b>	<b>Number of shares held</b>	<b>Percentage of shareholding (%)</b>
Tianjin Economic and Technological Development Area State Asset Operation Company ("State Asset Operation")	182,500,000	9.63
Shenzhen Xiangyong Investment Company Limited ("Xiangyong Investment")	180,000,000	9.50
Guangdong Jiamei Ecological Technology Co., Ltd. ("Guangdong Jiamei")	180,000,000	9.50
Dongguan Lvye Fertilisers Company Limited ("Lvye Fertilisers")	120,000,000	6.33
Other domestic shares	35,000,000	1.86
H Shares public shareholders	<u>1,197,000,000</u>	<u>63.18</u>
Total	<u><u>1,894,500,000</u></u>	<u><u>100.00</u></u>

## **BACKGROUND AND CURRENT STATUS OF THE PROFIT GUARANTEE FROM SJKGC**

On 16 April 2016, the Company, Shu Ju Ku Inc. (referred to as the “SJK”) and SJK Greater China Ltd. (referred to as “SJKGC”) entered into an agreement (referred to as the “Agreement”), pursuant to which the Company agreed to acquire, and SJK agreed to sell 51% of the entire issued shares of SJKGC (referred to as the “Shares for Sale”) to the Company. All conditions precedent under the Agreement had been fulfilled and the completion of acquisition took place on 17 March 2017. The Company had nominated HONGKONG Teda Biomedical Investment Limited, an indirect wholly owned subsidiary of the Company, as its nominee to hold the Shares for Sale on its behalf.

According to the Agreement, SJK warrants to the Company that SJKGC in each of the three financial years of 2017, 2018 and 2019 will have an audited after tax profit of not less than US\$5,390,000. If the above guarantee is not met, SJK irrevocably agrees and guarantees that whilst SJKGC’s audited after tax profit is less than US\$5,390,000, SJK shall pay, in an appropriate manner, to SJKGC in the amount equal to US\$5,390,000 minus SJKGC’s actual audited after tax profit of that year. In respect of the completion of the 2017 Profit Guarantee, the audited net profit after tax of SJKGC for the year ended 31 December 2017 was approximately US\$2,922,000, the profit guarantee for the year ended 31 December 2017 had not been fulfilled. In order to comply with the terms of the Agreement, the Company and SJK entered into a memorandum on 16 January 2018, pursuant to which SJK confirmed that the Company will have the right of priority and entitlement of cash dividend in the amount of US\$2,750,000 for the year ended 31 December 2017 and that the said dividend will be settled to the Company by 30 November 2018. For details, please refer to the supplemental announcement of the Company dated 26 April 2018 published on the GEM website. SJK has agreed that the dividend distribution would be made by SJKGC based on the audited net profit in 2017 through signing the shareholder’s resolution on 26 April 2018, at the same time, the Company confirmed SJK has fulfilled the profit guarantee commitment in 2017.

In respect of the fulfillment of the 2018 and 2019 profit guarantees, the audited net profit after tax of SJKGC for the year ended 31 December 2018 was US\$305,000, and the audited net profit after tax for the year ended 31 December 2019 was US\$411,000, the above profit guarantees for the years ended 31 December 2018 and 31 December 2019 had not been fulfilled. As of now, SJK had not effected the payment of guaranteed cash dividend to the Company. The Company has initiated the arbitration proceeding at the Hong Kong International Arbitration Centre on 3 September 2019, reached a settlement agreement with SJK on 31 December 2020, revised the settlement agreement, adjusted the Shareholders’ Agreements and the Share Acquisition Agreement on 26 March 2021, and convened a special general meeting on 9 September 2021, on which the revised settlement agreement and the revised or supplemented Shareholders’ Agreements and Share Acquisition Agreement were considered and approved. For details, please refer to the announcements of the Company dated 4 September 2019, 17 July 2020, 7 January 2021, 26 March 2021, 26 July 2021 and 9 September 2021 published on the GEM website.

On 1 August 2023, the Company, Hong Kong TEDA, SJK and SJKGC entered into a final settlement agreement (the “Final Settlement Agreement”) in respect of the Agreements, whereby Plan 3 (payment of minimum guaranteed cash dividends and return of consideration shares) has been automatically implemented due to the failure of SJKGC to satisfactorily perform Mechanism 1 and Mechanism 2 under the Amended and Restated Shareholders’ Agreement and the Supplemental Share Purchase Agreement. The Company has duly received the guaranteed minimum cash dividend of RMB1,394,974.73 under Mechanism 3 and upon payment of such compensation, all rights and liabilities of the Parties under the Acquisition and the Agreements (including the Amended and Restated Settlement Agreement, the Supplemental Share Purchase Agreement and the Amended and Restated Shareholders’ Agreement) and the related documents shall be absolutely terminated, discharged and waived. Please refer to the announcements of the Company dated 1 August 2023 and 12 September 2023 published on the website of GEM for details.

## **GENERAL MANDATE TO ISSUE SHARES**

On 18 May 2023, the Company issued an announcement of results of annual general meeting, according to which a special resolution was duly passed at the annual general meeting of the Company on 18 May 2023 granting the Board a general mandate to issue, allot and deal with additional domestic shares/H shares not exceeding 20% of the domestic shares in issue and 20% of the H shares in issue of the Company, and authorising the Board to make such amendments to the articles of association of the Company as it thinks fit to reflect the new share capital structure subsequent to the allotment and issue of additional shares. For details, please refer to the notice of the annual general meeting and circular of the Company both dated 31 March 2023 published on the GEM website, and the announcement of results of the annual general meeting dated 18 May 2023 published on the GEM website.

## **SEGMENTAL INFORMATION**

The Group principally operates two business segments: (1) biological compound fertilisers products; and (2) elderly care and health care services.

The details of the analysis of the Group’s segment results for the years ended 31 December 2023 and 31 December 2022 are disclosed in note 6 to the consolidated financial statements.

## **LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO**

During the year ended 31 December 2023, the Group financed its operations mainly by internally generated cash and banking facilities.

As at 31 December 2023, the Group's current assets and current liabilities were RMB190,341,927 (31 December 2022: RMB193,074,583) and RMB216,842,145 (31 December 2022: RMB218,249,273) respectively. The liquidity ratio of the Group, represented by the ratio of current assets over current liabilities, was 0.88 (31 December 2022: 0.88). The Group's current assets as at 31 December 2023 comprised mainly cash and bank balances of RMB5,934,322 (31 December 2022: RMB6,856,413), trade receivables and bill receivables of RMB8,776,649 (31 December 2022: RMB31,866,638), prepayments and other receivables of RMB70,420,103 (31 December 2022: RMB77,654,553) and inventories of RMB90,456,549 (31 December 2022: RMB74,004,250).

As at 31 December 2023, total bank borrowings of the Group amounted to RMB65,090,000 (31 December 2022: RMB56,700,000). As at 31 December 2023, the bank borrowings are denominated in Renminbi and provided by various licensed banks in China with fixed interest rate ranged from 3.30% to 18.00% per annum (31 December 2022: fixed interest rate ranged from 4.43% to 18.00% per annum).

As at 31 December 2023, the Group's consolidated total assets and net assets were RMB303,277,966 (31 December 2022: RMB337,196,239) and RMB64,579,485 (31 December 2022: RMB81,149,764) respectively. The Group's consolidated gearing ratio, represented by the ratio of total liabilities to total assets, was 0.79 (31 December 2022: 0.76). As at 31 December 2023, the Group's consolidated gearing ratio, represented by the ratio of total bank and other borrowings to total assets, was 0.22 (31 December 2022: 0.17).

## **EMPLOYEE AND REMUNERATION POLICIES**

As of 31 December 2023, the Group had 264 employees (31 December 2022: 265 employees). The remuneration of the Group's employees are determined in accordance with the terms of government policies and by reference to market standard and the performance, qualifications and experience of employees. Discretionary bonuses are paid to a few employees as a recognition of and reward for their contributions to the corporate development. Other employee benefits include contributions to retirement schemes, medical schemes, unemployment insurance schemes and housing allowances.

## **EXPOSURE TO FOREIGN CURRENCY RISK**

During the year under review, the Group had a relatively low foreign currency risk since the principal business of the Group were mainly domestic sales in China denominated in RMB and payables to suppliers were also mainly denominated in RMB.

The Group mainly operated in PRC with most of the transactions settled in RMB and did not have significant exposure to risk resulting from changes in foreign currency exchange rates.

## **TREASURY POLICIES**

The Group's bank borrowings are denominated in RMB and are usually renewed for one year upon maturity. Any surplus cash will be placed as deposits with licensed banks in China.



## FUTURE OUTLOOK

The fertilizer sector is an essential industry of our national economy, with fertilisers playing a crucial role in agricultural production and operations. Supply-side structural reforms have phased out surplus and obsolete capabilities within the industry. Companies have been pushed to heighten their production techniques in response to more stringent environmental regulations. After this round of industry adjustment, both the compound fertiliser and its upstream raw material segments have seen a substantial improvement in remedying overproduction, leading to a noticeable consolidation of the industry and a more balanced supply-demand dynamic. This marks a trend of sound and sustainable growth for the industry. The downstream planting industry has basically gone through a period of policy adjustment after experiencing changes in planting structural adjustment and grain inventory removal, with the grain planting industry operating steadily and grain prices rising steadily. The composite fertiliser industry has entered a period of transformation and development after experiencing a period of rapid development and industry adjustment. Composite fertiliser enterprises have sought transformation and upgrading through product structure adjustment in order to leap to a higher stage of development and competition. Under the influence of COVID-19 epidemic, imported inflation and Russia-Ukraine conflict, the price of raw materials for compound fertiliser has risen sharply since 2020, which has become the biggest factor affecting the compound fertiliser industry. However, in the long term, due to the dual influence of market supply and demand and policy regulation and control, the price of raw materials will return to and tend to stabilise. The Company will strengthen marketing management, adjust our product structure according to market demand, promote efficient and intelligent production of composite fertilisers, and strive to increase our market share.

In January 2023, the National Bureau of Statistics released the population statistics as at the end of 2022, with the population aged 60 and above in China reached 280,000,000, accounting for 19.8%, among which, the population aged 65 and above reached 210,000,000, accounting for 14.9%. China's aging population is becoming increasingly prominent and has become an inevitable social issue. In the meantime, China is facing the reality of a declining birth rate. Low birth rate and aging population have formed a distinct "population scissors", showing the impending issue of aging population in China. With the continuous deepening of the aging population in China and the government's emphasis on elderly care services, the elderly care service industry has become one of the "sunrise industries" with the greatest potential. For the elderly care business, in the current stage, the Group mainly operates under the asset-light operation model to provide management and consultation services to other elderly care institutions and elderly care realties and at the same time cooperate with world-leading elderly care institutions and to constantly enhance its own professional ability of elderly nursing. In addition, the Group will continue to expand the elderly care products and assistive equipment business. Currently, the Group has developed the assistive equipment rental as well as the food businesses for the elderly. Looking ahead, the Group will broaden its categories of food, health care and other assistive products for the elderly, striving to become a profit growth point for the Company.



## DIRECTORS' AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2023, the interests of the directors and supervisors of the Company and their respective associates in the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) were as follows:

### Long position in ordinary shares of RMB0.1 each in the Company:

Directors/Supervisors/ Executive Officers	Personal	Family	Corporate	Other	Total	Percentage of issued share capital
Ms. Sun Li	–	–	300,000,000 (Note 1)	–	300,000,000	15.83%
Mr. He Xin	–	–	300,000,000 (Note 2)	–	300,000,000	15.83%

*Note 1:* Out of these shares, 180,000,000 shares are held by Xiangyong Investment and 120,000,000 shares are held by Lvye Fertilisers. Ms. Sun Li is the beneficial owner of Beijing Yingguxinye Investment Co., Ltd. (“Yingguxinye”) holding its 15% equity interest, while Yingguxinye holds 100% equity interest in Xiangyong Investment and Lvye Fertilisers, respectively. All of the shares represent domestic shares.

*Note 2:* Out of these shares, 180,000,000 shares are held by Xiangyong Investment and 120,000,000 shares are held by Lvye Fertilisers. Mr. He Xin is the beneficial owner of Beijing Yingguxinye Investment Co., Ltd. (“Yingguxinye”) holding its 10% equity interest, while Yingguxinye holds 100% equity interest in Xiangyong Investment and Lvye Fertilisers, respectively. All of the shares represent domestic shares.

Save as disclosed in this paragraph, as of 31 December 2023, none of the Directors or the Supervisors of the Company had interest in any securities and underlying shares and debentures of the Company or any of its associated corporations, which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange.

## DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES

At no time during the year was the Company or any of its subsidiaries a party to any arrangement to enable the directors and the supervisors of the Company or their respective spouses or children under 18 years of age, to have the rights to subscribe for the Company's securities or to exercise any such rights.

## SUBSTANTIAL SHAREHOLDERS

As at 31 December 2023, the following persons (other than the Directors and the Supervisors of the Company) had interests and short positions in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO:

### Long position in ordinary shares of RMB0.1 each in the Company:

Names of shareholders	Capacity	Number of ordinary shares	Percentage of issued share capital
State Asset Operation	Beneficial owner	182,500,000 (Note)	9.63%
Xiangyong Investment	Beneficial owner	180,000,000 (Note)	9.50%
Guangdong Jiamei	Beneficial owner	180,000,000 (Note)	9.50%
Lvye Fertilisers	Beneficial owner	120,000,000 (Note)	6.33%

*Note:* All of the shares represent domestic shares.

Save as disclosed above, as at 31 December 2023, the Directors of the Company were not aware of any other person (other than the Directors and the Supervisors of the Company) who had an interest and short position in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under Section 336 of the SFO and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of the Company.

## **MANAGEMENT CONTRACTS**

No contracts concerning the management or administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

## **COMPETING INTERESTS**

During the year ended 31 December 2023, none of the Directors, the Supervisors, or the management shareholders and their respective associates of the Company (as defined under the GEM Listing Rules) competes or may compete with the business of the Group or has or may have any other conflicts of interest with the Group required to be disclosed pursuant to the GEM Listing Rules.

## **FINANCIAL INFORMATION**

The financial information in this announcement does not constitute the Group's consolidated financial statements for the year ended 31 December 2023, but represents an extract from those consolidated financial statements. The final results of the Group for the year ended 31 December 2023 have been reviewed by the Audit Committee of the Company.

### **Scope of work of Fan, Chan & Co. Limited**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the auditor Fan, Chan & Co. Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by Fan, Chan & Co. Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Fan, Chan & Co. Limited on the preliminary announcement.

## **MATERIAL UNCERTAINTY RELATING TO GOING CONCERN**

The following is an extract of Fan, Chan & Co. Limited's report in the Group's consolidated financial statement for the year ended 31 December 2023.

We draw attention to note 3 to the consolidated financial statements, which sets out that the Group incurred a net loss of RMB16,570,279 and a net cash outflow of RMB13,154,710 from operating activities for the year ended 31 December 2023 and had accumulated losses of RMB401,692,827 as at 31 December 2023. As at 31 December 2023, the Group's current liabilities amounted to approximately RMB216,842,145 while its total cash and cash equivalents amounted to only RMB5,934,322. The Group was in a net current liabilities position of RMB26,500,218 as at 31 December 2023. These conditions, along with other matters as set out in note 3 to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## **PURCHASE, SALE OR REDEMPTION OF SECURITIES**

The Company did not redeem any of its shares during the year under review. Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's shares during the year ended 31 December 2023.

## **SHARE OPTION SCHEME**

For the year ended 31 December 2023, the Company did not approve any new share option scheme.

## **AUDIT COMMITTEE**

The Company established an audit committee with written terms of reference in compliance with the GEM Listing Rules and by reference to the "Guidelines for The Establishment of An Audit Committee" published by the Hong Kong Institute of Certified Public Accountants. The audit committee provides an important link between the Board and the Company's auditor in matters coming within the scope of the Group's audit. The primary duties of the committee are to review and supervise the financial reporting process of the Group. It also reviews the effectiveness of the external audit, internal controls and risk evaluation. During the year under review, the audit committee of the Company comprises three independent non-executive directors, namely Mr. Li Xudong, Mr. Wang Yongkang and Ms. Gao Chun during the year under review, among whom, Mr. Li Xudong was appointed as the chairman of the committee due to his professional qualifications in accounting and auditing experience.

The audit committee had held five meetings during the current financial year. The audit committee has reviewed the audited annual results of the Group for the year ended 31 December 2023.

## **CORPORATE GOVERNANCE PRACTICES**

The Board and the management of the Company have endeavored to apply the code provisions as set out in the Corporate Governance Code (the “Code”) contained in Appendix 15 of the GEM Listing Rules to the Group. The corporate governance principles which the Company complies emphasis on the establishment of an efficient board of directors and sound internal control, as well as the transparency presented to all of the shareholders. The Directors are of the view that, the Company had complied with all the provisions of the Code except A.2.1 of the Code during the year under review.

## **DIRECTORS’ SECURITIES TRANSACTION**

For the year ended 31 December 2023, the Company has adopted a code of conduct regarding directors’ securities transactions on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry with all directors, the directors of the Company have complied with such code of conduct and the required standard of dealings.

By order of the Board

**Tianjin TEDA Biomedical Engineering Company Limited**

**Sun Li**

*Chairman*

Tianjin, the PRC  
28 March 2024

*As at the date of this announcement, the executive directors of the Company are Ms. Sun Li and Mr. He Xin; the non-executive directors of the Company are Mr. Cao Aixin, Dr. Li Ximing and Ms. Li Xueying; the independent non-executive directors of the Company are Mr. Wang Yongkang and Ms. Gao Chun.*

*This announcement, for which the directors are willing to collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief that the information contained in this announcement is accurate and complete in all material respects and is not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This notice will remain on the GEM website at <http://www.hkgem.com> on the “Latest Listed Company Information” page for 7 days from the date of its posting, and it will also be published and remain on the website of the Company at [www.bioteda.com](http://www.bioteda.com).*