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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 2020

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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

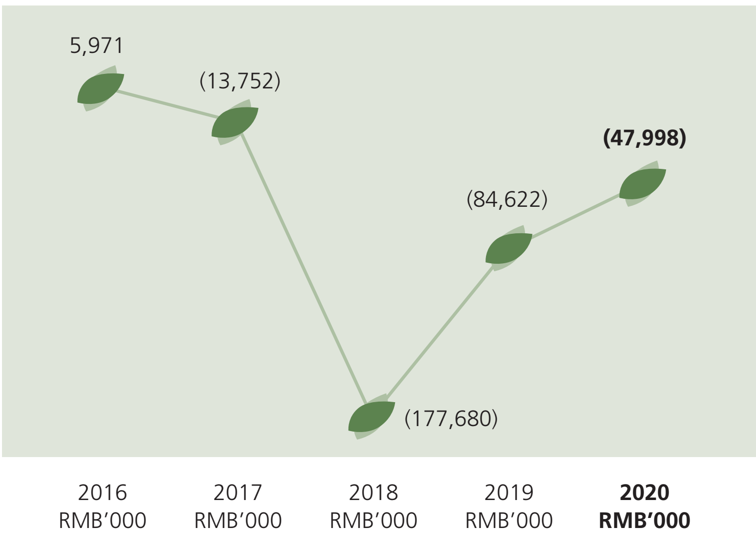
FINANCIAL HIGHLIGHTS

Financial Summary

	For the year ended 31 December				
	2016	2017	2018	2019	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	***RMB'000***
Results					
Turnover	389,278	375,907	351,898	358,752	**369,355**
Gross profit	78,806	53,205	1,707	34,996	**40,392**
Gross margin	20.24%	14.15%	0.49%	9.75%	**10.94%**
Profit/(loss) attributable to the shareholders	5,971	(13,752)	(177,680)	(84,622)	**(47,998)**
Earnings/(loss) per share	0.37 cents	(0.82) cents	(9.58) cents	(4.47) cents	**(2.53) cents**

	As at 31 December				
	2016	2017	2018	2019	**2020**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	***RMB'000***
Assets & Liabilities					
Total assets	459,628	707,878	448,980	361,913	**392,919**
Total liabilities	110,244	133,078	157,312	156,406	**237,775**
Equity attributable to the shareholders	325,908	422,954	273,006	191,034	**143,036**

Profit/(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 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	**2020** ***RMB***	2019 *RMB*
Revenue	*2*	**369,355,184**	358,751,734
Cost of sales		**(328,963,499)**	(323,756,023)
Gross profit		**40,391,685**	34,995,711
Other income, gains and losses, net		**(6,772,125)**	(7,937,281)
Selling and distribution costs		**(16,673,866)**	(18,561,353)
Administrative expenses		**(23,659,940)**	(26,567,027)
Research and development expenses	*4*	**(5,516,185)**	(8,298,309)
Finance costs	*4*	**(1,635,933)**	(4,636,152)
Impairment loss of:			
– goodwill		**(7,980,000)**	(3,749,807)
– intangible asset		**(1,566,854)**	(12,881,908)
– inventories		**–**	(1,039,851)
– trade receivables		**(20,112,975)**	(19,161,085)
– other receivables		**(3,230,000)**	(384,599)
– right-of-use assets		**–**	(4,766,091)
– property, plant and equipment		**–**	(8,754,679)
– interest in associates		**(1,369,826)**	(1,714,938)
– amount due from an associate		**(233,266)**	(833,414)
Gain on deregistration of a subsidiary		**357**	–
Gain on disposal of a subsidiary		**–**	1,918,826
Gain on liquidation of an associate		**296,230**	–
Loss on modification of leases contract		**–**	(1,491,079)
Share of loss of associates		**(1,937,890)**	(4,952,796)
Loss before income tax	*4*	**(50,000,588)**	(88,815,832)
Income tax (expense)/credit	*5*	**(362,768)**	5,136
Loss for the year		**(50,363,356)**	(88,810,696)
Total comprehensive income for the year		**(50,363,356)**	(88,810,696)
Attributable to:			
Owners of the Company			
– Loss for the year		**(47,998,435)**	(84,621,807)
Non-controlling interests			
– Loss for the year		**(2,364,921)**	(4,188,889)
		(50,363,356)	(88,810,696)
Loss per share			
– Basic *(RMB cents)*	*7*	**(2.53)**	(4.47)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Notes	2020 RMB	2019 RMB
Non-current assets			
Property, plant and equipment		**58,560,890**	56,329,036
Right-of-use assets		**67,780,900**	12,992,063
Goodwill		**420,000**	8,400,000
Intangible asset	*8*	**2,036,000**	3,896,964
Interest in associates		**3,947,848**	13,642,335
Prepayments and other receivables	*10*	**–**	12,514,676
Total non-current assets		**132,745,638**	107,775,074
Current assets			
Inventories		**91,642,179**	88,933,060
Trade and bills receivables	*9*	**43,892,498**	59,706,282
Prepayments and other receivables	*10*	**85,272,882**	66,218,178
Amounts due from associates		**3,833,315**	14,399,019
Financial assets at fair value through profit or loss		**22,000,000**	–
Other financial assets		**–**	633,919
Cash and bank balances		**13,531,995**	24,247,304
Total current assets		**260,172,869**	254,137,762
Total assets		**392,918,507**	361,912,836
Current liabilities			
Trade payables	*11*	**43,768,089**	19,283,679
Contract liabilities		**78,967,149**	37,463,275
Other payables and accruals		**59,194,072**	55,476,202
Amount due to an associate		**–**	5,600,000
Amount due to non-controlling interests		**1,120,528**	1,120,528
Bank and other borrowings	*12*	**9,400,000**	31,200,000
Lease liabilities		**1,791,388**	6,218,453
Current tax liabilities		**75,078**	43,764
Total current liabilities		**194,316,304**	156,405,901
Net current assets		**65,856,565**	97,731,861
Total assets less current liabilities		**198,602,203**	205,506,935

	Notes	**2020** *RMB*	2019 *RMB*
Non-current liabilities			
Bank and other borrowings	*12*	**6,400,000**	–
Lease liabilities		**37,058,624**	–
Total non-current liabilities		**43,458,624**	–
NET ASSETS		**155,143,579**	205,506,935
Capital and reserves attributable to owners of the Company			
Share capital	*13*	**189,450,000**	189,450,000
Reserves		**(46,414,337)**	1,584,098
Equity attributable to owners of the Company		**143,035,663**	191,034,098
Non-controlling interests		**12,107,916**	14,472,837
TOTAL EQUITY		**155,143,579**	205,506,935

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Share capital *Note 13* *RMB*	Share premium *Note 14(i)* *RMB*	Surplus reserve *Note 14(ii)* *RMB*	Capital reserve *Note 14(iii)* *RMB*	Other reserve *Note 14(v)* *RMB*	Accumulated losses *Note 14(iv)* *RMB*	Attributable to owners of the Company *RMB*	Non-controlling interests *RMB*	Total *RMB*
Balance as at 1 January 2019	189,450,000	275,317,438	3,717,696	2,541,404	(22,032,403)	(175,988,230)	273,005,905	18,661,726	291,667,631
Loss and total comprehensive income for the year	–	–	–	–	–	(84,621,807)	(84,621,807)	(4,188,889)	(88,810,696)
Put option exercised	–	–	–	–	2,650,000	–	2,650,000	–	2,650,000
Balance as at 31 December 2019	189,450,000	275,317,438	3,717,696	2,541,404	(19,382,403)	(260,610,037)	191,034,098	14,472,837	205,506,935
Balance as at 1 January 2020	189,450,000	275,317,438	3,717,696	2,541,404	(19,382,403)	(260,610,037)	191,034,098	14,472,837	205,506,935
Loss and total comprehensive income for the year	–	–	–	–	–	(47,998,435)	(47,998,435)	(2,364,921)	(50,363,356)
Balance as at 31 December 2020	189,450,000	275,317,438	3,717,696	2,541,404	(19,382,403)	(308,608,472)	143,035,663	12,107,916	155,143,579

1. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) Adoption of new or amended HKFRSs

The Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued a number of new or amended HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKFRS 3, Definition of a Business
- Amendments to HKFRS 16, COVID-19-Related Rent Concessions (early adopted)
- Amendments to HKAS 1 and HKAS 8, Definition of Material
- Amendments to HKAS 39, HKFRS 7 and HKFRS 9, Interest Rate Benchmark Reform
- Revised Conceptional Framework for Financial Reporting

None of these new or revised HKFRSs has a material impact on the Group's results and financial position for the current or prior period.

(b) New or amended HKFRSs that have been issued but are not yet effective

The following new or amended HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[1]
Amendments to HKAS 16	Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]
HKFRS 17	Insurance Contracts[3]
Amendments to HKFRS 3	Reference to the Conceptual Framework[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]
Annual Improvements to HKFRSs 2018-2020[2]	

[1] Effective for annual periods beginning on or after 1 January 2021.
[2] Effective for annual periods beginning on or after 1 January 2022.
[3] Effective for annual periods beginning on or after 1 January 2023.
[4] Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.
[5] The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16, Interest Rate Benchmark Reform – Phase 2

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the "Reform"). The amendments complement those issued in November 2019 and relate to (a) changes to contractual cash flows in which an entity will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate; (b) hedge accounting in which an entity will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and (c) disclosures in which an entity will be required to disclose information about new risks arising from the Reform and how it manages the transition to alternative benchmark rates.

Amendments to HKAS 16, Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

Annual Improvements to HKFRSs 2018-2020

The annual improvements amends a number of standards, including:

- HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, which permit a subsidiary that applies paragraph D16(a) of HKFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to HKFRSs.

- HKFRS 9, Financial Instruments, which clarify the fees included in the "10 per cent" test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other's behalf are included.

- HKFRS 16, Leases, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

- HKAS 41, Agriculture, which remove the requirement to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

Amendments to HKAS 37, Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the "cost of fulfilling" a contract comprises the "costs that relate directly to the contract". Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The directors of the Company is currently assessing the impact that the application of the amendments will have on the Group's consolidated financial statements. The directors of the Company anticipate that the application of the amendments will likely impact on the Group's accounting policies in respect of the determination of when contracts are onerous, and the measurement of provision for onerous contracts recognised.

Amendments to HKAS 1, Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

HK Int 5 (2020) was revised as a consequence of the Amendments to HKAS 1 issued in August 2020. The revision to HK Int 5 (2020) updates the wordings in the interpretation to align with the Amendments to HKAS 1 with no change in conclusion and do not change the existing requirements.

HKFRS 17 – Insurance Contracts

The new standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes HKFRS 4, Insurance Contracts. The standard outlines a "General Model", which is modified for insurance contracts with direct participation features, described as the "Variable Fee Approach". The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach.

Amendments to HKFRS 3, Reference to the Conceptual Framework

The amendments update HKFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)-Int 21 Levies, the acquirer applies HK(IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognised in the profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, any gains or losses resulting from the remeasurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognised in the profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The directors of the Company anticipate that the application of the above standards and amendments may have an impact on the financial statements in future periods should such transaction arise.

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:

	2020	2019
	RMB	*RMB*
Fertiliser products	**368,786,426**	353,356,662
Elderly care and health care services	**568,758**	5,395,072
Total revenue from contracts with customers	**369,355,184**	358,751,734

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

	2020	2019
	RMB	*RMB*
Trade and bills receivables *(note 9)*	**43,892,498**	59,206,282
Contract liabilities	**78,967,149**	37,463,275

Contract liabilities mainly relate to the advance consideration received from customers. RMB33,774,389 (2019: RMB15,502,930) of the balance at beginning of the year has been recognised as revenue for the year ended 31 December 2020 from performance obligations satisfied during the year when the goods were sold or the services were rendered during the year.

As at 31 December 2020, the aggregated amount of unsatisfied or partially unsatisfied performance obligations under the Group's existing contracts was approximately RMB78,967,149 (2019: RMB37,463,275). This amount represents revenue expected to be recognised in the future from delivery of biological compound fertilisers in accordance to the expected date of delivery and provision of leasing of elderly equipment in accordance to the remaining performance over the lease term, which is expected to occur in the next 12 to 24 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 years ended 31 December 2020 and 2019, the Group has two reportable and operating segments. 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:

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

Revenue from contracts with customers within the scope of HKFRS 15:

	2020	2019
	RMB	*RMB*
Sales from biological compound fertilisers	**368,786,426**	353,356,662
Income from provision of integrated elderly care and health care services	**568,758**	5,395,072
	369,355,184	358,751,734

(a) Business segments

Central revenue and expenses are not allocated to the operating segments as they are not included in the measure of the segments' profit that is used by the chief operating decision-maker for assessment of segment performance.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance is set out below.

Year ended 31 December 2020

	Fertiliser products *RMB*	Elderly care & health care services *RMB*	Total *RMB*
Revenue from external customers	**368,786,426**	**568,758**	**369,355,184**
Inter-segment revenue	**–**	**–**	**–**
Reportable segment revenue	**368,786,426**	**568,758**	**369,355,184**
Reportable segment loss	**(27,731,519)**	**(7,151,205)**	**(34,882,724)**
Amounts included in the measure of segment profit or loss or segment assets:			
Gain on disposal of property, plant and equipment	**234,767**	**–**	**234,767**
Research and development expenses	**5,516,185**	**–**	**5,516,185**
Interest income	**(45,234)**	**(7,628)**	**(52,862)**
Interest expense	**1,617,959**	**7,038**	**1,624,997**
Depreciation and amortisation for the year	**6,595,197**	**177,017**	**6,772,214**
Impairment loss of trade and other receivables	**20,112,975**	**3,230,000**	**23,342,975**
Impairment loss of goodwill	**–**	**7,980,000**	**7,980,000**
Reportable segment assets	**349,278,702**	**12,471,387**	**361,750,089**
Additions to non-current assets during the year	**10,348,561**	**705,345**	**11,053,906**
Reportable segment liabilities	**203,378,839**	**21,488,585**	**224,867,424**

Year ended 31 December 2019

	Fertiliser products *RMB*	Elderly care & health care services *RMB*	Total *RMB*
Revenue from external customers	353,356,662	5,395,072	358,751,734
Inter-segment revenue	–	–	–
Reportable segment revenue	353,356,662	5,395,072	358,751,734
Reportable segment loss	(47,483,694)	(14,167,134)	(61,650,828)
Amounts included in the measure of segment profit or loss or segment assets:			
Gain on disposal of property, plant and equipment	26,962	–	26,962
Research and development expenses	8,298,309	–	8,298,309
Interest income	(58,367)	(21,094)	(79,461)
Interest expense	4,636,152	–	4,636,152
Depreciation and amortisation for the year	13,184,855	1,355,484	14,540,339
Impairment loss of trade and other receivables	19,136,283	409,401	19,545,684
Impairment loss of goodwill	–	3,749,807	3,749,807
Impairment loss of intangible assets	–	12,881,908	12,881,908
Impairment loss of right-of-use assets	4,766,091	–	4,766,091
Impairment loss of property, plant and equipment	8,754,679	–	8,754,679
Loss on modification of leases contract	1,491,079	–	1,491,079
Provision for obsolete stock, net	1,039,851	–	1,039,851
Reportable segment assets	292,849,334	28,216,175	321,065,509
Additions to non-current assets during the year	1,310,437	26,440	1,336,877
Reportable segment liabilities	134,757,061	10,347,772	145,104,833

(b) Reconciliation of reportable segment revenues, profit or loss, assets and liabilities

	2020	2019
	RMB	*RMB*
Revenue		
Total reportable segments' revenue	**369,355,184**	358,751,734
Elimination of inter-segment revenue	**–**	–
Consolidated revenue	**369,355,184**	358,751,734
Loss before income tax expense		
Total reportable segments' loss	**(34,882,724)**	(61,650,828)
Elimination of inter-segment profit	**–**	–
Interest income	**27,908**	19,291
Unallocated other interest income	**750,625**	442,956
Unallocated interest expense	**(10,936)**	–
Unallocated depreciation and amortisation	**(331,942)**	(66,333)
Share of loss of associates	**(1,937,890)**	(4,952,796)
Gain on disposal of a subsidiary	**–**	1,918,826
Gain on deregistration of a subsidiary	**357**	–
Gain on liquidation of an associate	**296,230**	–
Impairment loss of investment in associates	**(1,369,826)**	(1,714,938)
Impairment loss of amount due from an associate	**(233,266)**	(833,414)
Fair value loss on other financial assets	**(633,919)**	(9,829,848)
Unallocated corporate expenses	**(11,675,205)**	(12,148,748)
Consolidated loss before income tax expense	**(50,000,588)**	(88,815,832)
Assets		
Total reportable segments' assets	**361,750,089**	321,065,509
Interest in associates	**3,947,848**	13,642,336
Amounts due from associates	**3,833,315**	14,399,019
Unallocated corporate assets	**23,387,255**	12,805,973
Consolidated total assets	**392,918,507**	361,912,837
Liabilities		
Total reportable segments' liabilities	**224,867,424**	145,104,833
Amount due to an associate	**–**	5,600,000
Unallocated corporate liabilities	**12,907,504**	5,701,068
Consolidated total liabilities	**237,774,928**	156,405,901

(c) Disaggregation of revenue from contracts with customers

In the following table, revenue is disaggregated by primary geographical market, 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.

	Disaggregation of revenue from contracts with customers					
	Fertiliser products		Elderly care & health care services		Total	
	2020	2019	**2020**	2019	**2020**	2019
	RMB	*RMB*	***RMB***	*RMB*	***RMB***	*RMB*
Primary geographical markets						
PRC	**368,786,426**	353,356,662	**568,758**	5,395,072	**369,355,184**	358,751,734
Major products/services						
Sale of biological compound fertiliser products						
– Ordinary fertilisers	**357,996,985**	336,118,175	**–**	–	**357,996,985**	336,118,175
– Organic fertilisers	**10,789,441**	17,238,487	**–**	–	**10,789,441**	17,238,487
Provision of integrated elderly care & health care services						
– Licensing income	**–**	–	**–**	3,778,333	**–**	3,778,333
– Processing income	**–**	–	**89,709**	300,117	**89,709**	300,117
– leasing of elderly equipment	**–**	–	**329,049**	–	**329,049**	–
– Consultation service income	**–**	–	**150,000**	1,316,622	**150,000**	1,316,622
	368,786,426	353,356,662	**568,758**	5,395,072	**369,355,184**	358,751,734
Timing of revenue recognition						
At a point in time	**368,786,426**	353,356,662	**–**	3,778,333	**368,786,426**	357,134,995
Transferred over time	**–**	–	**568,758**	1,616,739	**568,758**	1,616,739
	368,786,426	353,356,662	**568,758**	5,395,072	**369,355,184**	358,751,734

(d) 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 2020 and 2019.

4. LOSS BEFORE INCOME TAX

Loss before income tax is arrived after charging:

	2020	2019
	RMB	*RMB*
Finance costs		
Interest expense on bank and other borrowings	**1,355,903**	2,687,555
Interest expense on other financial liabilities	**–**	1,016,800
Interest expense on lease liabilities	**280,030**	931,797
	1,635,933	4,636,152
Auditor's remuneration	**1,123,655**	1,160,679
Research and development expenses	**5,516,185**	8,298,309
Cost of inventories recognised as expense	**328,182,700**	321,559,999
Depreciation of property, plant and equipment	**3,758,164**	7,424,121
Amortisation of intangible asset	**294,110**	1,266,330
Depreciation of right-of-use assets	**3,051,882**	5,916,221
Provision for inventory obsolescence	**–**	1,039,851
Short-term leases expenses	**1,001,668**	3,185,941
Travelling and transportation expenses	**6,503,259**	5,586,717
Legal and professional fee	**2,456,551**	2,014,779
Promotion expenses	**1,610,052**	2,672,830
Employee costs (including emoluments of directors and supervisors):		
– Wages and salaries	**26,211,030**	24,706,789
– Bonus	**1,972,995**	1,516,867
– Retirement benefit scheme contributions	**1,386,599**	3,683,412
– Staff welfare and other benefits	**1,637,553**	1,748,772
	31,208,177	31,655,840

5. INCOME TAX EXPENSE/(CREDIT)

(a) The amount of taxation in the consolidated statement of comprehensive income represents:

	2020	2019
	RMB	*RMB*
Current tax		
– tax for the year	**291,978**	78,580
– under/(over) provision in respect of prior years	**70,790**	(83,716)
	362,768	(5,136)

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 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% (2019: 25%), except for the following subsidiaries.

High and New-Tech enterprise certificate was issued on 9 November 2017 and lasted for 3 years, 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% (2019: 15%). In accordance to public announcement made by Ministry of Science and Technology of the People's Republic of China dated 9 December 2020, Guangdong Fulilong Compound Fertilisers Co., Ltd. has been approved to extend a High and New-Tech enterprise qualification for 3 years.

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 2020 (2019: nil).

	2020	2019
	RMB	*RMB*
Loss before income tax	**(50,000,588)**	(88,815,832)
Calculated at statutory rate of 25% (2019: 25%)	**(12,500,147)**	(22,203,958)
Tax effect of share of loss of associates	**484,473**	1,238,199
Tax effect of non-taxable items	**(222,356)**	(1,540,414)
Tax effect of expenses not deductible for taxation purposes	**8,855,238**	16,484,886
Tax effect of unused tax losses not recognised	**2,420,948**	4,771,812
Tax rate of differential and preferential tax treatment	**1,253,822**	1,736,093
Utilisation of tax losses previously not recognised	**–**	(408,038)
Under/(over) provision in respect of prior years	**70,790**	(83,716)
Income tax	**362,768**	(5,136)

(b) Deferred taxation

At 31 December 2020, the Group has unused tax losses of RMB95.2 million (2019: RMB85.5 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 5 years, of which RMB22.3 million, RMB31.0 million, RMB17.5 million and RMB9.7 million will be expired in 2022, 2023, 2024 and 2025 respectively (2019: RMB14.7 million, RMB22.3 million, RMB31.0 million and RMB17.5 million will be expired in 2021, 2022, 2023 and 2024 respectively). No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams.

No deferred tax asset has been recognised in relation to other deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

6. DIVIDEND

No dividend has been paid nor declared by the Company during the year (2019: nil).

7. LOSS PER SHARE

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

	2020	2019
	RMB	*RMB*
Loss for the purpose of basic loss per share	**(47,998,435)**	(84,621,807)
Weighted average number of ordinary shares for the purpose of basic loss per share	**1,894,500,000**	1,894,500,000

No diluted loss per share is presented as there was no potential ordinary shares in issue during the years ended 31 December 2020 and 2019.

8. INTANGIBLE ASSET

	2020	2019
	RMB	*RMB*
Cost		
At 1 January and 31 December	**276,085,998**	276,085,998
Amortisation and impairment		
At 1 January	**272,189,034**	258,040,796
Amortisation	**294,110**	1,266,330
Impairment	**1,566,854**	12,881,908
At 31 December	**274,049,998**	272,189,034
Carrying amount	**2,036,000**	3,896,964

The intangible asset was purchased through the acquisition of Shu Ju Ku Greater China, Ltd ("SJKGC") on 17 March 2017 and was recognised at its fair value at the date of acquisition. It is considered by the management of the Group as having a useful life of 16 years. The intangible asset will be tested for impairment whenever there is an indication that it may be impaired.

The intangible asset 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, including 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.

9. TRADE AND BILLS RECEIVABLES

	2020	2019
	RMB	*RMB*
Trade receivables	**121,717,079**	116,917,888
Allowance for expected credit losses	**(77,824,581)**	(57,711,606)
	43,892,498	59,206,282
Bills receivable	**–**	500,000
	43,892,498	59,706,282

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:

	2020	2019
	RMB	*RMB*
Within 3 months	**23,608,030**	23,900,405
More than 3 months but less than 6 months	**12,162,620**	14,298,938
More than 6 months but less than 1 year	**4,605,773**	11,178,309
Over 1 year	**3,516,075**	9,828,630
	43,892,498	59,206,282

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

	2020	2019
	RMB	*RMB*
At 1 January	**57,711,606**	41,004,054
Disposal of a subsidiary	**–**	(2,453,533)
Expected credit losses provided	**20,112,975**	19,161,085
At 31 December	**77,824,581**	57,711,606

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 2020 and 2019 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. 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:

2020	**Within 3 months** *RMB*	**More than 3 months but less than 6 months** *RMB*	**More than 6 months but less than 12 months** *RMB*	**Over 1 year** *RMB*	**Total** *RMB*
Expected loss rate	**18.76%**	**24.67%**	**59.56%**	**94.60%**	
Gross carrying amount	**29,060,747**	**16,144,883**	**11,390,068**	**65,121,381**	**121,717,079**
Expected credit losses	**5,452,717**	**3,982,263**	**6,784,295**	**61,605,306**	**77,824,581**

2019	Within 3 months *RMB*	More than 3 months but less than 6 months *RMB*	More than 6 months but less than 12 months *RMB*	Over 1 year *RMB*	Total *RMB*
Expected loss rate	13.56%	19.87%	47.39%	80.41%	
Gross carrying amount	27,649,910	17,844,955	21,247,875	50,175,148	116,917,888
Expected credit losses	3,749,505	3,546,017	10,069,566	40,346,518	57,711,606

10. PREPAYMENTS AND OTHER RECEIVABLES

	2020	2019
	RMB	*RMB*
Current		
Prepayments		
Advanced deposits to suppliers	**74,033,265**	55,971,078
Other receivables (note (i))	**17,132,995**	12,910,478
Less: allowance for doubtful debts *(note (ii))*	**(5,893,378)**	(2,663,378)
	11,239,617	10,247,100
	85,272,882	66,218,178
Non-current		
Prepayments	**–**	12,514,676
	85,272,882	78,732,854

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 2020 (2019: RMB7,000,000). The amount is unsecured and interest bearing at 4% per annum. The repayment date has been extended for one year from 30 September 2020 to 30 September 2021. There is significant increase in credit risk due to the extension of the advance and such balance is considered as credit impaired. Impairment loss of RMB3,230,000 was recognised in 2020 (2019: RMB66,500).

(ii) Allowance for doubtful debts:

	2020	2019
	RMB	*RMB*
At 1 January	**2,663,378**	2,278,779
Allowance for impairment loss	**3,230,000**	384,599
At 31 December	**5,893,378**	2,663,378

11. TRADE PAYABLES

	2020	2019
	RMB	*RMB*
Trade payables	**43,768,089**	19,283,679

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

	2020	2019
	RMB	*RMB*
Within 3 months	**35,043,729**	11,276,484
More than 3 months but less than 6 months	**110,089**	719,847
More than 6 months but less than 1 year	**1,481,881**	2,549,525
Over 1 year	**7,132,390**	4,737,823
	43,768,089	19,283,679

12. BANK AND OTHER BORROWINGS

	2020	2019
	RMB	*RMB*
Current		
Interest bearing		
Secured		
– Short-term bank loans *(note (i))*	**400,000**	31,200,000
Unsecured		
– Short-term other loans *(note (ii))*	**9,000,000**	–
	9,400,000	31,200,000
Non-current		
Interest bearing		
Secured		
– Long-term bank loans *(note (i))*	**6,400,000**	–
	15,800,000	31,200,000

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

	2020	2019
	RMB	*RMB*
Within one year	**9,400,000**	31,200,000
More than one year, but not exceeding two years	**6,400,000**	–
	15,800,000	31,200,000

Notes:

(i) In 2020, bank borrowings were secured against property, plant and equipment with a total carrying amount of approximately RMB9.7 million (2019: RMB29.6 million). Certain bank borrowings were also guaranteed by a director of the subsidiary and an independent third party.

(ii) Short-term unsecured other loans as at 31 December 2020 represented borrowings granted from two independent third parties in total of RMB9.0 million. Other loans of RMB3.0 million carried fixed interest rate of 12% per annum and repayable on demand, while the remaining RMB6.0 million was interests-free and repayable on demand.

(iii) As at 31 December 2020, the bank borrowings of the Group bear interest at fixed interest rate and the effective interest rate was 6.20%. As at 31 December 2019, the bank borrowings of the Group bear interest at fixed and floating interest rates and the effective interest rate was ranged at 4.35% to 6.50%.

(iv) As at 31 December 2020, banking facilities of approximately RMB21.6 million (2019: RMB54.0 million) were granted to the Group and the Group utilised approximately RMB6.8 million during the year ended 31 December 2020 (2019: RMB31.2 million).

13. SHARE CAPITAL

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

	2020		2019	
	Number (million)	***RMB***	*Number (million)*	*RMB*
Ordinary shares of RMB0.10 each:				
Domestic shares				
At 1 January and 31 December	**698**	**69,750,000**	698	69,750,000
H shares				
At 1 January and 31 December	**1,197**	**119,700,000**	1,197	119,700,000
Total at 31 December	**1,895**	**189,450,000**	1,895	189,450,000

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 2020, none of the directors or supervisors, employees or other participants of the Scheme had any rights to acquire the H Shares in the Company (2019: nil).

14. RESERVES

	Share premium	Capital reserve	Accumulated losses	Other reserve	Total
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
	(Note(i))	*(Note(iii))*	*(Note(iv))*	*(Note(v))*	
The Company					
At 1 January 2019	275,317,438	(2,312,483)	(190,404,828)	(22,032,403)	60,567,724
Loss and total comprehensive income for the year	–	–	(142,903,241)	–	(142,903,241)
Put option exercised	–	–	–	2,650,000	2,650,000
At 31 December 2019 and 1 January 2020	275,317,438	(2,312,483)	(333,308,069)	(19,382,403)	(79,685,517)
Loss and total comprehensive income for the year	–	–	(17,134,155)	–	(17,134,155)
At 31 December 2020	275,317,438	(2,312,483)	(350,442,224)	(19,382,403)	(96,819,672)

(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 2020 and 2019 as such reserve reached 50% of the registered capital of the respective companies.

No surplus reserve was set up for the Company for the year ended 31 December 2020.

(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 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. The Company entered into a mediation agreement with one of Purchaser on 11 July 2019 for arranging share buyback of 2.51% equity interest. The share buyback was completed on 30 August 2019 and the consideration of RMB2,650,000 was derecognised against the other financial liabilities.

15. THE ASSESSMENT OF THE IMPACT OF THE CORONAVIRUS DISEASE 2020

The World Health Organisation declared coronavirus and COVID-19 a global health emergency on 30 January 2020. Since then, the Group has experienced significant disruption to its operations in the following aspects:

- interruptions to provision of elderly care and health care services due to social distancing and protective measures;
- significant uncertainty concerning when government lockdowns will be lifted, social distancing requirements will be eased and the long-term effects of the pandemic on the demand for the Group's primary products, which is biological compound fertilisers.

Governments in the countries in which the Group operates also implemented various measures which might mitigate some of the impacts of the COVID-19 pandemic to the results and liquidity position of the Group. To an appropriate extent, the Group applies for such government financial assistance. Details of financial assistance from Government available throughout the period remain subject to uncertainty.

The Directors will continue to assess the implications of COVID-19 pandemic to the Group's business from time to time. Depending on the duration of the COVID-19 pandemic and continued negative impact on economic activities, the Group might experience further negative results, and liquidity restraints and incur additional impairments on its assets in 2021. However, the exact impact(s) in the remaining period of 2021 and thereafter cannot be predicted at the moment.

BUSINESS REVIEW

Fertiliser Business

China is a large producer country of agriculture and chemical fertilisers, ranked first in terms global chemical fertilisers production. In early 2020, the compound fertiliser industry was significantly affected due to the COVID-19 epidemic. With the epidemic gradually and effectively contained nationwide, the fertiliser application volume in Spring and Summer have gradually increased. Since the beginning of 2020, the prices of agricultural products such as corn, soybeans and wheat have increased, which has led to an increase in planting income and drove farmers' willingness to plant, which in turn has stimulated the investments of fertilisers and other agricultural material products, and boosted the sentiment of the fertiliser industry. In order to cater for the needs of developing quality agricultural products in the new era, and to better help boosting agricultural efficiency and increase farmers' income, the Company strengthened technological transformation and business management, and adjusted its product mix, with the compound fertilizer business segment realized notable improvements.

Guangdong Fulilong, a subsidiary of the Company, commenced the intelligent upgrade and transformation of manufacturing processes, including metering, feeding, mixing, granulation, dust removal and other fertiliser manufacturing segments in July 2020. After the transformation, it achieved more accurate feeding, higher production efficiency and significant increase in production capacity, resulting in a drastic decrease in production energy consumption per unit product and more environmental-friendly production.

In addition, the "Prevention and Control of Environmental Pollution Caused by Solid Waste with Biotechnology" project of Guangdong Fulilong was accepted and approved. Since then, Guangdong Fulilong can use the sludge collected from the urban sludge pipe network to produce (biological) organic fertilizer, nutrient soil, soil conditioner and other products. Through sludge drying and granulation technology, dried and granulated products such as (biological) organic fertilizer, nutrient soil, soil conditioner and other products can be used widely for soil conditioning and restoration of mines, woodlands and others, so as to achieve green development, energy saving and emission reduction and resource recycling, and support the sustainable development of ecological agriculture. The business was initiated in August this year and will gradually become a profit growth driver of the Company in the future.

Shandong Fulilong, a subsidiary of the Company, adjusted its business team and strengthened the management of marketing in 2019. The effect of the integration began to appear in 2020, with Guangdong Fulilong's operating and financial condition recorded significant improvement during the year.

THE ELDERLY HEALTH-CARE BUSINESS

Firstly, 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. On 23 December 2020, entrusted by the Standardization Administration, a final evaluation team comprising several department heads conducted a final evaluation of the pilot program (national level) undertaken by Shanghai Ruifu Elderly Service Center, a subsidiary of the Group, regarding the standardization of elderly day care services. By listening to the work reporting of the pilot program, reviewing the information and conducting site inspection, it was concluded that the pilot program meets the intended objectives and has the significance to promote, and the final evaluation was passed with a high score of "93". The elderly day care service standard system was compiled based on the actual work done of the community elderly day care centers managed by Shanghai Ruifu Elderly Service Center. The entire standardised system has stronger operability which is beneficial to achieve targeted service quality, standardization of service management and formalization of the service process, as so to effectively improve the professional standards of elderly day care services. Based on the major missions, such as "making full use of existing resources to increase the supply of elderly care service facilities", "promoting integrated care service models" and "promoting elderly care consultation services" in the Implementation Plan for Deepening the Elderly Care Services in Shanghai (2019-2022) (《上海市深化養老服務實施方案（2019-2022年）》), Shanghai Ruifu Elderly Service Center has deeply involved in the community, constantly explored and expanded door-to-door services, elderly assistive equipment rental services, meal assistance services, daycare micro-stations, elderly care consultation service, and community elderly home nursing training to achieve high-quality development of elderly care services and improve and expand the service function of day care centers.

Secondly, the assistive equipment rental business has been proactively promoted. In recent years, the State Council, Ministry of Civil Affairs and Shanghai Municipal Government have promulgated various policies, especially the subsidised policy for renting assistive equipment in Shanghai, which has greatly facilitated the development of assistive equipment rental business. After Shanghai Muling, a subsidiary of the Company, has successfully qualified to become the first-round provider of social rental service for rehabilitation assistive equipment in 2019, leveraging its elderly care institutions under its management in Shanghai, it proactively and gradually expanded its assistive equipment rental outlets and reduced the rent and staff cost for opening assistive equipment rental service outlets significantly. Shanghai Ruifu Elderly Service Center has already set up its assistive equipment rental outlets in sub-districts and towns.

For the EEG detection business, owing to relatively slow business development as a result of various factors, as well as the spreading of COVID-19 across China and to the world in the first half of this year, the EEG detection business has been significantly affected. However, in light of the great advancement and wide application of this technology, the Group is endeavoring to expand this business to enable the EEG detection business to become a profit growth point in its development.

FINANCIAL REVIEW

Structure of Share Capital

As at 31 December 2020, the structure of the share capital of the Company was as follows:

Name of shareholders	Number of shares held	Percentage of shareholding (%)
Tianjin TEDA International Incubator ("Incubator")	182,500,000	9.64
Shenzhen Xiangyong Investment Company Limited ("Xiangyong Investment")	180,000,000	9.50
Shandong Zhinong Fertilisers Company Limited ("Zhinong Fertilisers")	180,000,000	9.50
Dongguan Lvye Fertilisers Company Limited ("Lvye Fertilisers")	120,000,000	6.33
Other domestic shares	35,000,000	1.85
H Shares public shareholders	1,197,000,000	63.18
Total	1,894,500,000	100.00

USE OF PROCEEDS FROM ISSUANCE OF NEW H SHARES

On 14 March 2018, the Company issued an announcement in relation to the completion of subscribing new shares under general mandate, pursuant to which, the conditions set out in the subscription agreement had been fulfilled, and the subscription was completed on 14 March 2018. According to the subscription agreement, the Company had allocated and issued a total of 199,500,000 subscription shares at a subscription price of HK$0.25 per subscription share to the subscribers. The net proceeds from the subscription, net of relevant expenses incurred from the subscription, amounted to HK$49,225,000. As of 31 December 2020, the aforementioned fund raised of HK$35,767,054 from the additional issuance of shares was utilised and the remaining HK$13,457,946 is expected to be fully utilised in 2021.

As of 31 December 2020, the Group had utilised the net proceeds from issuance of new H shares in the following manners:

Unit: HK$	**Use of proceeds**	**Actual amount used as of 31 December 2020**
About 70% were used to carry out the nationwide operation management of elderly care institutions (service facilities), integration of elderly care service resources, supervision and consultancy on elderly care service management and other related old-aged service businesses. The above services included the fund required for further investing in transforming the trusteeship of elderly care service institutions; establishing operation management platform system of elderly care service institutions chain, and upgrading elderly care management institutions.	34,457,500	26,704,728
About 30% were used to purchase EEG detection equipment for the nursing homes currently operated and managed by the Group, day care centres and related partners, and provide operating capitals that are needed to carry out the EEG detection services in elderly care institutions.	14,767,500	9,062,326
Total	49,225,000	35,767,054

The Company intends to utilise the balance of the net proceeds in the following manners:

Purposes	Descriptions	Intended use of proceeds HK$
Expand the elderly care and health care business	To carry out the nationwide operation management of elderly care institutions (service facilities), integration of elderly care service resources, supervision and consultancy on elderly care service management and other related old-aged service businesses gradually. The above services included the fund required for further investing in transforming the trusteeship of elderly care service institutions; establishing operation management platform system of elderly care service institutions chain, and upgrading elderly care management institutions.	9,420,562
Improve the EEG detection services	To purchase EEG detection equipment for the nursing home currently operated and managed by the Company, day care centres and related partners, and provide operating capitals that are needed to carry out the EEG detection services in elderly care institutions.	4,037,384
Total		13,457,946

Depending on the market situation, business development and the operational needs of the Company, the expected timeline and the intended usage of the unutilised proceeds shall be subject to review and change as and when appropriate.

The Company intends to utilise the balance of the net proceeds according to the following timetable:

	From 1 January 2021 to 30 June 2021	From 1 July 2021 to 31 December 2021	Total
	HK$	*HK$*	
Elderly care and health care business	3,768,225	5,652,337	9,420,562
EEG detection services	1,614,954	2,422,430	4,037,384
Total	5,383,178	8,074,768	13,457,946

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 purchase, and SJK agreed to sell 51% of the entire issued shares of SJKGC (referred to as the "Sale Shares") 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 Hong Kong Teda Biomedical Investment Limited, an indirect wholly owned subsidiary of the Company, as its nominee to hold the Sale Shares 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 published on the GEM website dated 26 April 2018. 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 with a total amount of US$5,500,000. The Company has initiated the arbitration proceeding at the Hong Kong International Arbitration Centre on 3 September 2019 and reached a settlement agreement with SJK on 31 December 2020 and revised the settlement agreement and adjusted the Shareholders' Agreements and the Share Acquisition Agreement on 24 March 2021. For details, please refer to the announcements of the Company dated 4 September 2019, 17 July 2020, 7 January 2021 and 24 March 2021 published on the GEM website.

GENERAL MANDATE TO ISSUE SHARES

On 19 June 2020, 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 19 June 2020 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 28 April 2020 published on the GEM website, and the announcement of results of the annual general meeting dated 19 June 2020 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 2020 and 31 December 2019 are disclosed in note 6 to the consolidated financial statements.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

During the year ended 31 December 2020, the Group financed its operations mainly by internally generated cash and banking facilities.

As at 31 December 2020, the Group's current assets and net current assets were RMB260,172,869 (31 December 2019: RMB254,137,762) and RMB65,856,565 (31 December 2019: RMB97,731,861) respectively. The liquidity ratio of the Group, represented by the ratio of current assets over current liabilities, was 1.34 (31 December 2019: 1.62). The Group's current assets as at 31 December 2020 comprised mainly cash and bank balances of RMB13,531,995 (31 December 2019: RMB24,247,304), trade and bills receivables of RMB43,892,498 (31 December 2019: RMB59,706,282), prepayments and other receivables of RMB85,272,882 (31 December 2019: RMB66,218,178) and inventories of RMB91,642,179 (31 December 2019: RMB88,933,060).

As at 31 December 2020, total bank borrowings of the Group amounted to RMB15,800,000 (31 December 2019: RMB31,200,000). As at 31 December 2020, the bank borrowings are denominated in Renminbi and provided by various licensed banks in China with fixed interest rate of 6.20% per annum (31 December 2019: fixed and floating interest rate at the range from 4.35% to 6.50% per annum).

As at 31 December 2020, the Group's consolidated total assets and net assets were RMB392,918,507 (31 December 2019: RMB361,912,836) and RMB155,143,579 (31 December 2019: RMB205,506,935) respectively. The Group's consolidated gearing ratio, represented by the ratio of total liabilities to total assets, was 0.61 (31 December 2019: 0.43). As at 31 December 2020, the Group's consolidated gearing ratio, represented by the ratio of total bank and other borrowings to total assets, was 0.04 (31 December 2019: 0.09).

CHARGES ON THE GROUP'S ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2020, banking facilities of approximately RMB21,600,000 (2019: RMB54,000,000) were granted to the Group and the Group utilised approximately RMB15,800,000 (2019: RMB31,200,000) during the year ended 31 December 2020.

As at 31 December 2020, the Group did not have any material contingent liabilities (2019: Nil).

EMPLOYEE AND REMUNERATION POLICIES

As of 31 December 2020, the Group had 408 employees (2019: 351 employees). The remuneration of the Group's employees are determined in accordance with the terms of government policies and by reference to market level 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 Renminbi and payables to suppliers were also mainly denominated in Renminbi.

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 Renminbi 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 fertiliser industry in China is experiencing an unprecedented stage of innovative development with the constant emergence of new formulations, new technologies and new products. Relevant fertiliser standards are gradually introduced in which they also bring opportunities for integration and development in the fertiliser industry. Based on experience in foreign countries, the amount of fertiliser application in some developed countries in the EU, North America, Asia and the Middle East usually experiences a rapid growth initially, then remains stable with a steady decline or continuous decline trend after reaching its peak. It will then gradually move on to the course for sustainable development with reduced fertiliser application and enhanced efficiency and high output and high efficiency. For the transformation and upgrading of the chemical fertiliser industry in China, it is required to increase the compounding rate and improve the efficiency of fertiliser application. It needs to carry out product upgrades and promotes more targeted and effective new fertilisers such as special fertilisers and specialty fertilisers. Increasing efforts are needed to regulate the industry, speed up the elimination of poor quality fertiliser and accelerate the increase of industry concentration. In order to adapt to the ever-changing market needs, the fertiliser subsidiaries under the Group are constantly adjusting product mix and upgrading manufacturing processes. After many years of endeavours, Guangdong Fulilong has been successful in developing 8 series of new fertiliser products with distinct features. Such premium-quality fertiliser products include medium-element water soluble fertiliser series, white & black compound microbial fertiliser series, Tianmo major-element water soluble fertiliser series, Xianlisha microbial agent series, enduring and stable performance-based fertiliser series, Xinjinlong active fertiliser series, light and full water soluble compound fertilisers series and organic biological mixed fertiliser series. In the new year, the Company will adopt a different means of marketing to promote our new fertiliser product series actively so as to promote the sustainable and healthy development of the Group's compound fertiliser business.

The Fifth Plenum of the 19th CPC Central Committee put forward the "national strategy of proactively addressing population aging". The Recommendations of the CPC Central Committee for Formulating the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Goals for 2035《中共中央關於制定國民經濟和社會發展第十四個五年規劃和二〇三五年遠景目標的建議》, which was unanimously adopted at the plenum, proposes to develop inclusive elderly care services and mutual aid elderly care, support families to undertake elderly care functions, foster new types of elderly care services, develop an elderly care service system that coordinates community with institutions and integrates medical care and elderly care, so as to improve the comprehensive monitoring system for elderly care services. On 27 September 2020, the National Health Commission, the Ministry of Civil Affairs, and the National Administration of Traditional Chinese Medicine jointly issued the Guidelines for the Management of Integrated Medical Care and Elderly Care Institutions (Trial) (《醫養結合機構管理指南(試行)》), which requires to regulate the management services and management requirements for medical care institutions. It sets out the standards and requirements for the management of elderly care services, medical care service, medical care and elderly care service integration management, operation management and safety management. At 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 with the aims to constantly enhance its own professional capability of elderly nursing. The Group will develop its own international leading mid-to-high end elderly care institutions when appropriate. In addition, the Group will vigorously expand the assistive equipment rental business and continue to improve the system, quality standards and service procedures to provide more comprehensive elderly care services for the elderly.

For the EEG detection business, owing to relatively slow business development as a result of various factors, coupled with the spreading of COVID-19 epidemic across China and to the world in the first half of this year, the EEG detection business has been significantly affected. However, in light of the great advancement and wide application of this technology, the Group is endeavoring to expand this business.

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

As at 31 December 2020, 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)*	–	300,000,000	15.83%

Note: 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.

Save as disclosed in this paragraph, as of 31 December 2020, none of the Directors and 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 2020, 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
Incubator	Beneficial owner	182,500,000 *(Note)*	9.63%
Xiangyong Investment	Beneficial owner	180,000,000 *(Note)*	9.50%
Zhinong Fertilisers	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 2020, 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 2020, 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.

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 2020.

SHARE OPTION SCHEME

For the year ended 31 December 2020, 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. 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 six meetings during the current financial year. The audit committee has reviewed the audited annual results of the Group for the year ended 31 December 2020.

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 2020, 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
26 March 2021

As at the date of this announcement, the executive directors of the Company are Ms. Sun Li, Mr. Hao Zhihui and Mr. He Xin; the non-executive directors of the Company are Mr. Cao Aixin, Dr. Li Ximing and Ms. Gai Li; the independent non-executive directors of the Company are Mr. Li Xudong, 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 this announcement or any statement herein misleading.

This announcement, 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.