



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 2022

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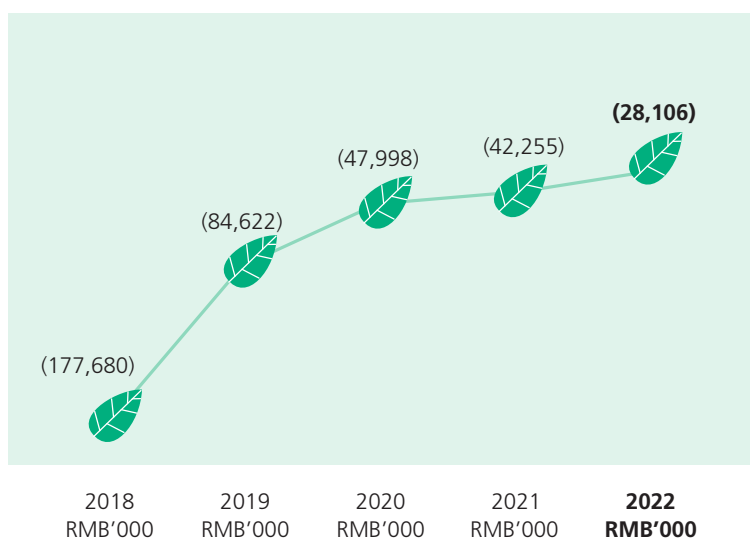
FINANCIAL HIGHLIGHTS

Financial Summary

	For the year ended 31 December				
	2018	2019	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Results					
Turnover	351,898	358,752	369,355	476,385	449,676
Gross profit	1,707	34,996	40,392	45,605	16,395
Gross margin	0.49%	9.75%	10.94%	9.57%	3.67%
Profit/(loss) attributable to the shareholders	(177,680)	(84,622)	(47,998)	(42,255)	(28,106)
Earnings/(loss) per share	(9.58) cents	(4.47) cents	(2.53) cents	(2.23) cents	(1.48) cents

	As at 31 December				
	2018	2019	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Assets & Liabilities					
Total assets	448,980	361,913	392,919	347,595	337,196
Total liabilities	157,312	156,406	237,775	237,236	253,483
Equity attributable to the shareholders	273,006	191,034	143,036	100,781	72,675

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 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Notes	2022 RMB	2021 RMB
Revenue	2	449,675,951	476,384,723
Cost of sales and services		<u>(433,280,684)</u>	<u>(430,779,976)</u>
Gross profit		16,395,267	45,604,747
Other income, gains and losses, net		1,426,951	4,119,271
Selling and distribution expenses		(10,516,917)	(17,289,282)
Administrative expenses		(26,971,894)	(31,466,638)
Research and development expenses	3	(1,136,489)	(3,498,792)
Impairment losses on:			
– goodwill		–	(420,000)
– intangible asset		–	(1,842,385)
– right-of-use assets		–	(16,842,000)
– property, plant and equipment		–	(3,158,000)
Impairment losses under expected credit loss model, net of reversal:			
– trade receivables		(4,887,399)	(11,739,422)
– other receivables		(314,626)	(3,840,186)
Share of results of associate		–	1,000,646
Gain on disposal of associate		5,911,506	–
Finance costs	4	<u>(6,401,517)</u>	<u>(5,467,070)</u>
Loss before tax	4	(26,495,118)	(44,839,111)
Income tax (expense)/credit	5	<u>(150,701)</u>	<u>54,704</u>
Loss for the year		<u>(26,645,819)</u>	<u>(44,784,407)</u>
Total comprehensive expense for the year		<u><u>(26,645,819)</u></u>	<u><u>(44,784,407)</u></u>
Loss for the year attributable to:			
Owners of the Company		(28,106,065)	(42,255,043)
Non-controlling interests		<u>1,460,246</u>	<u>(2,529,364)</u>
		<u><u>(26,645,819)</u></u>	<u><u>(44,784,407)</u></u>
Loss per share – basic (RMB cents)	7	<u><u>(1.48)</u></u>	<u><u>(2.23)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	<i>Notes</i>	2022 RMB	2021 RMB
Non-current assets			
Property, plant and equipment		78,761,728	79,572,550
Right-of-use assets		53,286,428	59,237,115
Goodwill		5,528,000	–
Intangible asset	8	6,545,500	37,000
		<u>144,121,656</u>	<u>138,846,665</u>
Current assets			
Inventories		74,004,250	75,221,355
Trade receivables	9	31,866,638	32,081,750
Prepayments and other receivables	10	77,654,553	65,932,999
Amount due from an associate		–	785,049
Financial assets at fair value through profit or loss (“FVTPL”)		352,729	1,000,000
Other financial assets		2,340,000	2,340,000
Cash and cash equivalents		6,856,413	26,439,100
		<u>193,074,583</u>	<u>203,800,253</u>
Asset held-for-sale		–	4,948,494
		<u>193,074,583</u>	<u>208,748,747</u>
Current liabilities			
Trade payables	11	20,723,475	29,532,859
Contract liabilities		73,559,830	67,707,911
Other payables and accruals		60,059,379	48,167,886
Loan from a related party		100,000	–
Bank and other borrowings – due within one year	12	56,700,000	41,400,000
Lease liabilities		3,978,742	3,730,654
Tax liabilities		3,127,847	1,484,575
		<u>218,249,273</u>	<u>192,023,885</u>
Net current (liabilities)/assets		<u>(25,174,690)</u>	<u>16,724,862</u>
Total assets less current liabilities		<u>118,946,966</u>	<u>155,571,527</u>

	<i>Notes</i>	2022 RMB	2021 RMB
Non-current liabilities			
Bank borrowings	<i>12</i>	–	6,000,000
Lease liabilities		<u>35,233,613</u>	<u>39,212,355</u>
		<u>35,233,613</u>	<u>45,212,355</u>
NET ASSETS		<u>83,713,353</u>	<u>110,359,172</u>
Capital and reserves			
Share capital	<i>13</i>	189,450,000	189,450,000
Reserves		<u>(116,775,445)</u>	<u>(88,669,380)</u>
Equity attributable to owners of the Company		<u>72,674,555</u>	<u>100,780,620</u>
Non-controlling interests		<u>11,038,798</u>	<u>9,578,552</u>
TOTAL EQUITY		<u>83,713,353</u>	<u>110,359,172</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	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 2021	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
Loss and total comprehensive expense for the year	—	—	—	—	—	(42,255,043)	(42,255,043)	(2,529,364)	(44,784,407)
At 31 December 2021	<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>(350,863,515)</u>	<u>100,780,620</u>	<u>9,578,552</u>	<u>110,359,172</u>
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
Loss and total comprehensive expense for the year	—	—	—	—	—	(28,106,065)	(28,106,065)	1,460,246	(26,645,819)
At 31 December 2022	<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>(378,969,580)</u>	<u>72,674,555</u>	<u>11,038,798</u>	<u>83,713,353</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

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

a. Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following 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:

- **Amendments to HKFRS 3 *Reference to the Conceptual Framework***
- **Amendments to HKAS 16 *Property, Plant and Equipment – Proceeds before Intended Use***
- **Amendments to HKAS 37 *Onerous Contracts – Cost of Fulfilling a Contract***
- **Amendments to HKFRSs *Annual Improvements to HKFRSs 2018-2020***

The application of the 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 these consolidated financial statements.

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:

	Effective for accounting periods beginning on or after
• HKFRS 17, <i>Insurance Contracts</i> (including the October 2020 and February 2022 Amendments to HKFRS17)	1 January 2023
• 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 1 and HKFRS Practice Statement 2, <i>Disclosure of Accounting Policies</i>	1 January 2023
• Amendments to HKAS 8, <i>Definition of Accounting Estimates</i>	1 January 2023
• Amendments to HKAS 12, <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023

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:

	2022	2021
	RMB	RMB
Fertiliser products	403,176,000	475,645,743
Elderly care and health care services	552,831	738,980
Health care products (wine) and related services	45,947,120	–
Total revenue from contracts with customers	<u>449,675,951</u>	<u>476,384,723</u>

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

	2022	2021
	RMB	RMB
Trade receivables (note 9)	31,866,638	32,081,750
Contract liabilities	<u>73,559,830</u>	<u>67,707,911</u>

Contract liabilities mainly relate to the advance consideration received from customers of fertiliser products and health care products (wine) and related services. RMB58,418,236 (2021: RMB71,180,182) of the balance at beginning of the year has been recognised as revenue for the year ended 31 December 2022 from performance obligations satisfied during the year when the goods were sold or the services were rendered during the year.

As at 31 December 2022, the aggregated amount of unsatisfied or partially unsatisfied performance obligations under the Group's existing contracts was approximately RMB73,559,830 (2021: RMB67,707,911). This amount represents revenue expected to be recognised in the future from delivery of biological compound fertilisers and health care products – wine 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 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 2022, the Group has three (2021: 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, 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
- Health care products (wine) & related services – Trading of wine

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

During the year, the fertiliser products segment also commenced the principal activities of providing processing and licensing services related to fertiliser products.

(a) **Segment revenues and results**

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies described in the consolidated financial statements. 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 2022

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

Year ended 31 December 2021

	Fertiliser products <i>RMB</i>	Elderly care & health care services <i>RMB</i>	Health care products (wine) & related services <i>RMB</i>	Total <i>RMB</i>
Revenue from external customers	475,645,743	738,980	–	476,384,723
Inter-segment revenue	–	–	–	–
Reportable segment revenue	<u>475,645,743</u>	<u>738,980</u>	<u>–</u>	<u>476,384,723</u>
Reportable segment loss	<u>(36,611,427)</u>	<u>(2,453,222)</u>	<u>–</u>	<u>(39,064,649)</u>
Fair value gain on other financial assets				2,340,000
Unallocated other income, gains or losses, net				606,561
Unallocated corporate expenses				(9,706,055)
Share of results of associates				1,000,646
Unallocated interest expense				<u>(15,614)</u>
Loss before tax				<u>(44,839,111)</u>

(b) **Segment assets and liabilities**

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

	2022	2021
	RMB	RMB
Segment assets		
Fertiliser products	299,774,407	329,605,911
Elderly care & health care services	4,248,999	4,452,391
Health care products (wine) & related services	28,756,145	–
	<hr/>	<hr/>
Total segment assets	332,779,551	334,058,302
Asset held-for-sale	–	4,948,494
Amount due from associate	–	785,049
Unallocated corporate assets	4,416,688	7,803,567
	<hr/>	<hr/>
Consolidated total assets	337,196,239	347,595,412
	<hr/> <hr/>	<hr/> <hr/>
Segment liabilities		
Fertiliser products	211,887,208	167,379,282
Elderly care & health care services	1,387,740	48,074,611
Health care products (wine) & related services	18,153,305	–
	<hr/>	<hr/>
Total segment liabilities	231,428,253	215,453,893
Unallocated corporate liabilities	22,054,633	21,782,347
	<hr/>	<hr/>
Consolidated total liabilities	253,482,886	237,236,240
	<hr/> <hr/>	<hr/> <hr/>

(c) Other segment information

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

	Fertilizer products <i>RMB</i>	Elderly care & health care services <i>RMB</i>	Unallocated <i>RMB</i>	Consolidated <i>RMB</i>
For the year ended 31 December 2021				
Amounts included in measure of segment profit or loss or segment assets:				
(Gain)/loss on disposal of property, plant and equipment	299,143	–	(453,913)	(154,770)
Research and development expenses	3,498,792	–	–	3,498,792
Bank interest income	(47,919)	(327)	(20,845)	(69,091)
Other interest income	(229,940)	–	(131,803)	(361,743)
Interest expense	5,442,085	9,371	15,614	5,467,070
Depreciation and amortisation	8,577,808	198,758	736,719	9,513,285
Impairment loss of trade and other receivables	12,078,179	3,501,429	–	15,579,608
Impairment loss of goodwill	–	420,000	–	420,000
Impairment loss of intangible assets	–	1,842,385	–	1,842,385
Impairment loss of right-of-use assets	16,842,000	–	–	16,842,000
Impairment loss of property, plant and equipment	3,158,000	–	–	3,158,000
Additions to non-current assets	31,242,252	–	3,543,151	34,785,403

	Fertiliser products		Elderly care & health care services		Health care products (wine) & related services		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
Primary geographical markets								
PRC	403,176,000	475,645,743	552,831	738,980	45,947,120	–	449,675,951	476,384,723
Major products/services								
Sales of biological compound fertiliser products								
– Ordinary fertilisers	382,401,474	447,556,397	–	–	–	–	382,401,474	447,556,397
– Organic fertilisers	7,225,991	28,089,346	–	–	–	–	7,225,991	28,089,346
– Licensing income	5,230,082	–	–	–	–	–	5,230,082	–
– Processing income	8,318,453	–	–	–	–	–	8,318,453	–
Provision of integrated elderly care & health care services								
– Processing income	–	–	19,573	97,864	–	–	19,573	97,864
– Leasing of elderly equipment	–	–	178,386	172,839	–	–	178,386	172,839
– Consultation service income	–	–	354,872	468,277	–	–	354,872	468,277
Sales of health care products (wine)								
– Sales of wine	–	–	–	–	44,787,120	–	44,787,120	–
– Service income	–	–	–	–	1,160,000	–	1,160,000	–
	403,176,000	475,645,743	552,831	738,980	45,947,120	–	449,675,951	476,384,723
Timing of revenue recognition								
At a point in time	389,627,465	475,645,743	–	–	44,787,120	–	434,414,585	475,645,743
Transferred over time	13,548,535	–	552,831	738,980	1,160,000	–	15,261,366	738,980
	403,176,000	475,645,743	552,831	738,980	45,947,120	–	449,675,951	476,384,723

(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 2022 and 2021.

4. LOSS BEFORE TAX

	2022	2021
	<i>RMB</i>	<i>RMB</i>
Loss before tax is arrived at after charging the following items:		
Auditor's remuneration	446,650	408,800
Cost of inventories recognised as expense (<i>note (i)</i>)	433,280,684	430,609,810
Depreciation of property, plant and equipment	9,557,506	3,964,620
Amortisation of intangible asset	381,500	156,615
Depreciation of right-of-use assets	5,450,687	5,392,050
Short-term leases expenses	1,080,256	1,226,056
Travelling and transportation expenses	5,043,440	7,360,168
Legal and professional fee	1,234,704	1,080,585
Promotion expenses	1,019,284	2,518,125
Employee costs (including emoluments of directors and supervisors):		
– Wages and salaries	21,260,545	26,573,752
– Bonus	4,500	27,500
– Retirement benefit scheme contributions	2,487,681	3,797,506
– Staff welfare and other benefits	2,035,652	2,452,408
	<u>25,788,378</u>	<u>32,851,166</u>
Finance costs		
Interest expense on bank and other borrowings	3,388,101	2,219,937
Interest expense on other financial liabilities	157,706	158,804
Interest expense on lease liabilities	2,855,710	3,088,329
	<u>6,401,517</u>	<u>5,467,070</u>

Notes:

- (i) Cost of inventories recognized as expense mainly includes raw materials and consumables used of RMB397,468,044 (2021: RMB395,902,941) and the manufacturing overheads of RMB35,812,640 (2021: RMB34,706,869).

5. INCOME TAX EXPENSE/(CREDIT)

	2022	2021
	RMB	RMB
Current tax		
– tax for the year	6,596	3,810
– Under/(over) provision in respect of prior years	144,105	(58,514)
	150,701	(54,704)

(a) China Corporate income tax

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% (2021: 25%), except for the subsidiaries described below.

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% (2021: 15%). In accordance with public announcement made by Ministry of Science and Technology of the PRC dated 9 December 2020, Guangdong Fulilong Compound Fertilisers Co., Ltd. Has been approved to extend its High and New-Tech enterprise qualification for a further 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 2022 (2021: Nil).

(b) Reconciliation between tax expenses and accounting loss

	2022	2021
	<i>RMB</i>	<i>RMB</i>
Loss before tax	<u>(26,495,118)</u>	<u>(44,839,111)</u>
Calculated at statutory rate of 25% (2021: 25%)	(6,623,780)	(11,209,778)
Tax effects of:		
Share of results of associate	–	(250,162)
Income not taxable for tax purposes	(3,094,313)	(1,842,665)
Expenses not deductible for taxation purposes	3,015,781	9,600,071
Unused tax losses not recognised	6,738,841	3,755,713
Effects of differential tax rate and preferential tax treatment	(29,933)	(34,295)
Utilisation of deductible temporary difference previously not recognised	–	(15,074)
Under/(over) provision in prior years	<u>144,105</u>	<u>(58,514)</u>
Taxation charge/(credit)	<u>150,701</u>	<u>(54,704)</u>

- (c) At 31 December 2022, the Group has unused tax losses of RMB102.6 million (2021: RMB94.8 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 RMB32.2 million, RMB18.6 million, RMB10.5 million, RMB14.3 million and RMB27.0 million will be expired in 2023, 2024, 2025, 2026 and 2027 respectively (2021: RMB22.3 million, RMB31.0 million, RMB17.5 million, RMB9.7 million and RMB14.3 million will be expired in 2022, 2023, 2024, 2025 and 2026 respectively). No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams.

There is no deferred tax asset or liability recognised arising from deductible or taxable temporary differences.

6. DIVIDEND

No dividend has been paid nor declared by the Company during the year (2021: 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:

	2022	2021
	RMB	RMB
Loss for the purpose of basic loss per share	<u>(28,106,065)</u>	<u>(42,255,043)</u>
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>1,894,500,000</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 2022 and 2021.

8. INTANGIBLE ASSET

	Software application RMB	License RMB	Total RMB
Cost			
At 1 January 2021, 31 December 2021 and 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	<u>6,890,000</u>	<u>276,085,998</u>	<u>282,975,998</u>
Accumulated amortisation and impairment losses			
At 1 January 2021	–	274,049,998	274,049,998
Amortisation	–	156,615	156,615
Impairment	<u>–</u>	<u>1,842,385</u>	<u>1,842,385</u>
At 31 December 2021	–	276,048,998	276,048,998
Amortisation	<u>344,500</u>	<u>37,000</u>	<u>381,500</u>
At 31 December 2022	<u>344,500</u>	<u>276,085,998</u>	<u>276,430,498</u>
Carrying amount			
At 31 December 2022	<u>6,545,500</u>	<u>–</u>	<u>6,545,500</u>
At 31 December 2021	<u>–</u>	<u>37,000</u>	<u>37,000</u>

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

	2022	2021
	RMB	RMB
(a) Elderly care services	–	37,000
(b) Health care products (wine)	<u>6,545,500</u>	<u>–</u>
	<u>6,545,500</u>	<u>37,000</u>

The intangible assets were recognised upon the acquisitions of Shu Ju Ku Greater China Ltd (“SJKGC”) and Shanghai Weidi Network Technology Company Limited (“Shanghai Weidi”) on 17 March 2017 and 18 July 2022 at their fair value at the dates of acquisition respectively. They are 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 it may be impaired.

(a) Elderly care and health services

The 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. Licensing 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 purpose of impairment testing, the intangible asset is identified as belonging to the following CGU:

	2022	2021
	RMB	RMB
Health care services	<u>–</u>	<u>37,000</u>

Details of impairment testing for the year ended 31 December 2021 are discussed below.

The elderly care and health care services segment includes two CGUs, which are the elderly care services CGU and health care services CGU. The intangible asset belongs to the health care services CGU, which provides EEG detection services. The scale of business and the current financial performance of the health care services CGU were below the expectation of the Group’s management during the year. Further, in 2021, the CGU had suspended its operations due to COVID-19 pandemic. The Group performed its impairment assessment for intangible assets in the health care services CGU by estimating the recoverable amount of the health care services CGU and comparing its recoverable amount to its carrying amount as at the end of the reporting periods. The Group forecasted the cash flow projections based on latest available information and impairment loss of RMB1,842,385 was recognised for the year ended 31 December 2021. The recoverable amount of the CGU as at 31 December 2021 was determined from value in use calculations based on cash flow projections from formally approved budgets by management covering a five-year period. Cash flows beyond the five-year period were extrapolated until 2034 since the management expected the license agreement for the EEG diagnosis detection and analysis technology would be ended in 2034, and thereafter the patent protection period would be ended. The annual growth rate of 0% for the next 5 years and 4% thereafter for the licensing income, did not exceed the long-term growth rate for the industry in the PRC.

Details of the variables and assumptions were as follows:

	2022	2021
	RMB	RMB
Pre-tax discount rate	N/A	22%-24%
Operating margin	N/A	90%
Growth rate within the five-year period – processing income	N/A	0%
Growth rate within the five-year period – licensing income	N/A	0%

The discount rate used was pre-tax and reflected specific risks relating to the relevant CGU.

The growth rate within the five-year period – processing income represented the EEG diagnosis detection services provided by the self-operated inspection centre. As there was no existing expansion plan for the self-operated inspection centre and the management of the Group would focus on the business development of the EEG diagnosis detection services to licensing business, the processing income was budgeted to maintain at the same level over the five-year period in the forecast.

The growth rate within the five-year period – licensing income represented the EEG diagnosis detection services which are licensed to the third parties for business purpose. The licensing income comprises installation income and licensees' processing income. The installation income is forecasted based on the number of licensing contracts to be arranged and expected to become zero since the financial year of 2022 as the management of the Group expected that future advanced technology would compete with the EEG diagnosis detection technology, while the licensees' processing income is forecasted based on the expected number of EEG diagnosis detection services provided by the licensees.

As at 31 December 2021, the recoverable amount of the intangible asset was RMB37,000, determined based on the value-in-use of the health care services CGU.

There was no objective evidence of reversal of impairment loss in 2022, hence no further impairment assessment was performed as at 31 December 2022.

(b) Health care products (wine)

The 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 Group has conducted impairment assessment on the recoverable amount of the platform as at the end of the reporting period based on the recoverable amount of the cash-generating unit which have been determined based on value in use calculations. The discount rate in measuring the amount of value in use was 25%.

For the purpose of impairment testing, intangible asset is identified as belonging to the following CGU:

	2022	2021
	RMB	RMB
Health wine products	6,545,500	–

Details of the variables and assumptions were as follows:

	2022	2021
Pre-tax discount rate	25%	N/A
Operating margin	(3%)–2%	N/A
Growth rate within the five-year period	6%	N/A

The discount rate used is pre-tax and reflects specific risks relating to the relevant CGU.

As at 31 December 2022, the recoverable amount of the health care products CGU was RMB12,418,000. No impairment loss is recognised for the year ended 31 December 2022.

9. TRADE RECEIVABLES

	2022	2021
	RMB	RMB
Trade receivables	126,318,040	121,645,753
Allowance for expected credit losses	(94,451,402)	(89,564,003)
	<u>31,866,638</u>	<u>32,081,750</u>

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:

	2022	2021
	RMB	RMB
Within 3 months	10,619,705	11,088,864
More than 3 months but less than 6 months	12,852,425	10,330,033
More than 6 months but less than 1 year	5,404,464	7,866,644
Over 1 year	2,990,044	2,796,209
	<u>31,866,638</u>	<u>32,081,750</u>

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

	2022	2021
	RMB	RMB
At 1 January	89,564,003	77,824,581
Expected credit losses provided	4,887,399	11,739,422
At 31 December	94,451,402	89,564,003

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 2022 and 2021 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 <i>RMB</i>	More than 3 months but less than 6 months <i>RMB</i>	More than 6 months but less than 12 months <i>RMB</i>	Over 1 year <i>RMB</i>	Total <i>RMB</i>
2022					
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>
	Within 3 months <i>RMB</i>	More than 3 months but less than 6 months <i>RMB</i>	More than 6 months but less than 12 months <i>RMB</i>	Over 1 year <i>RMB</i>	Total <i>RMB</i>
2021					
Expected loss rate	18.56%	25.97%	61.77%	96.20%	
Gross carrying amount	13,616,009	13,953,847	20,577,148	73,498,749	121,645,753
Expected credit losses	<u>2,527,145</u>	<u>3,623,814</u>	<u>12,710,504</u>	<u>70,702,540</u>	<u>89,564,003</u>

10. PREPAYMENTS AND OTHER RECEIVABLES

	2022	2021
	<i>RMB</i>	<i>RMB</i>
Current		
Prepayments		
Advanced deposits to suppliers of raw materials of fertiliser products and health care related products	64,414,892	55,925,130
Other receivables (<i>note (i)</i>)	23,287,851	19,741,433
Less: allowance for doubtful debts (<i>note (ii)</i>)	(10,048,190)	(9,733,564)
	13,239,661	10,007,869
	<u>77,654,553</u>	<u>65,932,999</u>

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 2022 (2021: 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. The other receivable was fully impaired by RMB7,000,000 as at 31 December 2022 (2021: 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 RMB6,788,000 as at 31 December 2022 (2021: RMBNil).

- (ii) Allowance for doubtful debts:

	2022	2021
	<i>RMB</i>	<i>RMB</i>
At 1 January	9,733,564	5,893,378
Allowance for impairment loss	314,626	3,840,186
At 31 December	<u>10,048,190</u>	<u>9,733,564</u>

11. TRADE PAYABLES

	2022	2021
	<i>RMB</i>	<i>RMB</i>
Trade payables	<u>20,723,475</u>	<u>29,532,859</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:

	2022	2021
	<i>RMB</i>	<i>RMB</i>
Within 3 months	3,109,173	13,954,850
More than 3 months but less than 6 months	3,223,887	7,711,732
More than 6 months but less than 1 year	7,512,203	3,228,002
Over 1 year	<u>6,878,212</u>	<u>4,638,275</u>
Trade payables	<u>20,723,475</u>	<u>29,532,859</u>

12. BANK AND OTHER BORROWINGS

	2022	2021
	<i>RMB</i>	<i>RMB</i>
Current		
Interest bearing		
Secured		
– Short-term bank loans (<i>note (i)</i>)	44,000,000	34,400,000
Unsecured		
– Short-term other loans (<i>note (ii)</i>)	<u>12,700,000</u>	<u>7,000,000</u>
	56,700,000	41,400,000
Non-current		
Interest bearing		
Secured		
– Long-term bank loans (<i>note (i)</i>)	<u>–</u>	<u>6,000,000</u>
	<u>56,700,000</u>	<u>47,400,000</u>

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

	2022	2021
	<i>RMB</i>	<i>RMB</i>
Within one year	56,700,000	41,400,000
More than one year, but not exceeding two years	<u>–</u>	<u>6,000,000</u>
	<u>56,700,000</u>	<u>47,400,000</u>

Note:

- (i) The bank borrowings were secured against property, plant and equipment with a total carrying amount as at 31 December 2022 of approximately RMB55.2 million (2021: RMB43.3 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 2022 represented borrowings granted from four (2021: two) independent third parties in total of RMB12.7 million (2021: RMB7.0 million). Other loans of RMB8.2 million (2021: RMB6.0 million) were guaranteed by a subsidiary's director, carried fixed interest rate of 12% per annum and repayable on demand and RMB4.5 million (2021: RMB1.0 million) carried fixed interest rate of 18% per annum and repayable on demand.

- (iii) As at 31 December 2022, the bank borrowings of the Group bear interest at fixed interest rate and the effective interest rate was 4.43% (2021: 5.84%).
- (iv) As at 31 December 2022, banking facilities of approximately RMB44.0 million (2021: RMB63.4 million) were granted to the Group and the Group utilised approximately RMB44.0 million during the year ended 31 December 2022 (2021: RMB40.4 million).

13. SHARE CAPITAL

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

	2022		2021	
	Number	RMB	Number	RMB
	(million)		(million)	
Ordinary shares of RMB0.10 each:				
Domestic shares				
At 1 January and 31 December	<u>698</u>	<u>69,750,000</u>	<u>698</u>	<u>69,750,000</u>
H shares				
At 1 January and 31 December	<u>1,197</u>	<u>119,700,000</u>	<u>1,197</u>	<u>119,700,000</u>
Total at 31 December	<u>1,895</u>	<u>189,450,000</u>	<u>1,895</u>	<u>189,450,000</u>

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 2022, none of the directors or supervisors, employees or other participants of the Scheme had any rights to acquire the H Shares in the Company (2021: nil).

14. 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>	
The Company					
At 1 January 2021	275,317,438	(2,312,483)	(350,442,224)	(19,382,403)	(96,819,672)
Loss and total comprehensive expense for the year	–	–	(4,713,241)	–	(4,713,241)
Deemed contribution arising from imputed interest on amounts due from subsidiaries	–	–	–	(14,450,774)	(14,450,774)
	<u>275,317,438</u>	<u>(2,312,483)</u>	<u>(355,155,465)</u>	<u>(33,833,177)</u>	<u>(115,983,687)</u>
At 31 December 2021 and 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)
	<u>275,317,438</u>	<u>(2,312,483)</u>	<u>(360,180,724)</u>	<u>(42,216,703)</u>	<u>(129,392,472)</u>
At 31 December 2022	<u>275,317,438</u>	<u>(2,312,483)</u>	<u>(360,180,724)</u>	<u>(42,216,703)</u>	<u>(129,392,472)</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 2022 and 2021.

(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.

15 Going concern basis

The Group incurred a net loss of RMB26,645,819 for the year ended 31 December 2022 and had accumulated loss of RMB378,969,580 as at 31 December 2022. The Company's current liabilities also exceeded its current assets by RMB25,174,690 as at 31 December 2022. Notwithstanding the above results and financial condition, the consolidated financial statements have been prepared on a going concern basis since on 18 June 2022, the Company entered into subscription agreements with H shares subscribers who agreed to subscribe for an aggregate of not more than 200,000,000 new H shares of the Company at HK\$0.15 per share. On the same day, the Company entered into subscription agreements with 17 domestic shares subscribers, pursuant to which the Group agreed to allot and issue a total of not more than 2,800,000,000 new domestic shares of the Company at HK\$0.15 per share. The subscription agreements have been approved by the Company's shareholders in the extraordinary general meeting on 19 September 2022. The director is confident that the Group is able to generate sufficient cash flow in order to meet its obligations as they fall due over the next twelve months from the end of the reporting period. Accordingly, the director is satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

BUSINESS REVIEW

Fertiliser Business

In the first half of 2022, energy prices such as oil, natural gas and coal rose due to global inflation and the Russian-Ukraine war. On the other hand, the supply chain was still under intense pressure of the resurgence of the new coronavirus pneumonia (“COVID-19”) epidemic while commodity prices continued to increase. These factors together pushed the prices of compound fertilizer raw materials such as nitrogen fertilizers, phosphorus fertilizers, and potash fertilizers continued to spike sharply. In the second half of 2022, the prices of compound fertilizer raw materials had already put an end to the rising trend but remained volatile and stayed at high levels. On the downstream demand side, thanks to the increasing awareness on food security, the State has introduced various support and subsidy policies for growing crops. Coupled with the impact of rising inflation, crop prices such as corn and wheat have risen to varying degrees. Rising grain prices have guaranteed the benefits of growing crops, which helps to heighten farmers’ enthusiasm for planting. The better market outlook on the downstream demand side has also led to an increase in the demand for chemical fertilizers, resulting in a strong demand for compound fertilizers.

Affected by the rising raw material prices, production cost of compound fertiliser enterprises has increased constantly. Correspondingly, there has been a relatively large increase in selling prices of compound fertiliser products. Although food prices are still steady, continuous increase in upstream raw material prices will lead to less acceptance on the downstream demand side. Sales pressure of compound fertiliser enterprises will be higher and profit margins will be lower. Facing the surge of raw material prices, the Group has increased product selling prices in a timely manner. As for market acceptance, downstream transmission of price increase factors has been relatively smooth. At the same time, the Group has strengthened its marketing and sales management, and timely adjusted the product structure according to the market demand, compound fertilizer business grew steadily. In addition, the Group has also enhanced the management of raw material procurement and closely monitored the prices changes in raw material which ensured safe production while effectively reduced its price volatility risk during raw material procurement.

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 communities, and will establish its own elderly care institutions or elderly care communities at the right time. During the period under review, the elderly care institutions under entrusted management by Shanghai Ruifu of the Group enhance elderly care service trainings and continue to improve the quality of elderly care services in a bid to provide high-quality elderly care services. Furthermore, Shanghai Ruifu has strengthened safety and pandemic prevention work. The elderly care institutions entrusted to it have succeeded in tackling all challenges during the COVID-19 outbreaks, and the elderly health-care business has advanced steadily.

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 a convenient assistive equipment rental service to the partial or complete disability for a better and healthy living of the elderly. 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.

During the period under review, the Group acquired 上海微帝網絡技術有限公司, a company with innovative technology, extensive experience and professional expertise required for system platform development. At present, the DTC (Direct to Consumer) system has initially been built by the Group. Going forward, with gradual enhancement of the DTC platform system, it is expected that some elderly care and assistive products as well as compound fertilizers will be changed from offline stores to online sales on the DTC platform.

FINANCIAL REVIEW

Turnover, Gross Profit and Gross Profit Margin

For the year ended 31 December 2022, the Group achieved a total annual turnover of RMB449,675,951 (31 December 2021: RMB476,384,723), representing a year-on-year decrease of 5.61%. The consolidated gross profit amounted to RMB16,495,267 (31 December 2021: RMB45,604,747) and the consolidated gross profit margin was 3.67% (31 December 2021: 9.57%) . The significant decrease in consolidated gross profit margin for the year was mainly due to the geopolitical factors that significantly pushed up the purchase prices of international energy and bulk raw materials including high content imported potassium and other key raw materials in the first half of the year; on the other hand, the recurring epidemic in the PRC also led to lower logistics efficiency and higher logistics costs for the Group, which reduced the gross profit margin accordingly.

Selling and Distribution Costs

As of 31 December 2022, the Group's selling and distribution costs amounted to RMB10,516,917 (31 December 2021 : RMB17,289,282), representing a year-on-year decrease of 39.17% in selling and distribution costs during the period under review. This was mainly due to the change in the operation model of the Group's compound fertilizer business for the year, and the reduction in marketing expenses in line with the marketing demand, resulting in a significant decrease in selling and distribution costs year-on-year.

Other income, gains and losses, net

For the year ended 31 December 2022, other income, gains and losses, net amounted to RMB1,426,951 (31 December 2021: RMB4,119,271). Other income, gains and losses, net for the year ended 31 December 2022 mainly comprised the fair value gain of profit guarantee receivable of RMBNil (2021: RMB2,340,000) arising from acquisition of subsidiaries and are carried at fair value, bank and other interest income of RMB762,802 (2021: RMB430,834) and government grant income of RMB114,449 (2021: RMB497,408).

Administrative Expenses

For the year ended 31 December 2022, the Group's administrative expenses for the year amounted to RMB26,971,894 (31 December 2021: RMB31,466,638), representing a decrease of 14.28% as compared to the same period last year. The decrease was mainly attributable to the decrease in administrative salaries expenses, travelling and transportation expenses and promotion expenses.

Research and Development Expenses

For the year ended 31 December 2022, the Group's research and development expenses amounted to RMB1,136,489 (31 December 2021: RMB3,498,792), representing a decrease of 67.52% as compared to the same period last year. The decrease was mainly due to the change in the mode of operation of our subsidiary, Guangdong Fulilong, which resulted in reduction of investment in research and development and material consumption during the year.

Finance Costs

For the year ended 31 December 2022, the Group's finance costs amounted to RMB6,401,517 (31 December 2021: RMB5,467,070), representing an increase of 17.09% as compared to the same period last year. The increase in finance costs was attributable to the increase in bank and other short-term borrowings to RMB56,700,000 in 2022 (31 December 2021: RMB47,400,000) and interest expenses on lease liabilities.

Loss for the Year

For the year ended 31 December 2022, the loss attributable to owners of the Group amounted to RMB28,106,065 (31 December 2021: RMB42,255,043). The loss per share attributable to the Company for the year ended 31 December 2022 was RMB1.48 cents (31 December 2021: RMB2.23 cents).

Pledge of Assets and Contingent Liabilities of the Group

At 31 December 2022, the carrying amount of buildings under property, plant and equipment pledged as security for certain of the Group's banking facilities amounted to approximately RMB55,200,000 (2021: RMB43,300,000).

As at 31 December 2022, the Group did not have any material contingent liabilities (2021: Nil).

Structure of Share Capital

As at 31 December 2022, the structure of the share capital of the Company was as follows:

Name of shareholders	Number of shares held	Percentage of shareholding (%)
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>

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. The aforementioned fund raised from the additional issuance of shares was fully utilised in the first half of 2022 as working capital required for elderly care services operations and management business expansion combined with health care services.

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.

According to the settlement agreement, the Company agreed with SJK and SJKGC on 3 alternative plans for profit guarantees. Due to the failure of SJK to fulfill its profit guarantees under Plan 1 and Plan 2, the settlement agreement will be automatically implemented in accordance with the provisions of Plan 3. In respect of the progress of profit guarantees of SJKGC from 2017 to 2022, SJK shall return the 23,312,133 shares of the Company which it held to the Company, and the Company will initiate the recovery process of these shares.

ISSUE OF NEW H SHARES UNDER SPECIFIC MANDATE AND ISSUE OF NEW DOMESTIC SHARES UNDER SPECIFIC MANDATE

On 18 June 2022, the Company and the H Shares Subscribers entered into the H Shares Subscription Agreements, pursuant to which the H Shares Subscribers have agreed to subscribe for, and the Company has agreed to issue to the H Shares Subscribers, an aggregate of not more than 200,000,000 new H Shares at the H Share Subscription Price on the terms and subject to the conditions set out in the H Shares Subscription Agreements. On 18 June 2022, the Company and 17 Domestic Shares Subscribers entered into the Domestic Shares Subscription Agreement, and pursuant to which, the Company agreed to allot and issue a total of not more than 2,800,000,000 new Domestic Shares to the Domestic Shares Subscribers at HK\$0.15 per Subscription Domestic Share. On 19 September 2022, the Special General Meeting and the Class Meeting were held by the Company whereby the H Shares Subscription Agreements and all transactions contemplated thereunder, as well as the Domestic Shares Subscription Agreements and all transactions contemplated thereunder were considered and approved. The specific mandate was also granted to the Board of Directors of the Company. For further details, please refer to the announcements of the Company dated 21 June 2022, 3 August 2022 and 19 September 2022 published on the GEM website.

H Shares Subscription and Domestic Shares Subscription are subject to the approval by the China Securities Regulatory Commission. The Company has already submitted relevant materials to the China Securities Regulatory Commission and has not yet obtained its approval.

GENERAL MANDATE TO ISSUE SHARES

On 14 June 2022, 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 14 June 2022 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 26 April 2022 published on the GEM website, and the announcement of results of the annual general meeting dated 14 June 2022 published on the GEM website.

SEGMENTAL INFORMATION

The Group principally operates three business segments: (1) biological compound fertilisers products; and (2) elderly care and health care services; and (3) health care products (wine) and other related services.

The details of the analysis of the Group's segment results for the years ended 31 December 2022 and 31 December 2021 are disclosed in note 3 to this announcement.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

During the year ended 31 December 2022, the Group financed its operations mainly by internally generated cash and banking facilities.

As at 31 December 2022, the Group's current assets and net current liabilities were RMB193,074,583 (31 December 2021: RMB208,748,747) and RMB25,174,690 (31 December 2021: net current assets RMB16,724,862) respectively. The liquidity ratio of the Group, represented by the ratio of current assets over current liabilities, was 0.88 (31 December 2021: 1.09). The Group's current assets as at 31 December 2022 comprised mainly cash and bank balances of RMB6,856,413 (31 December 2021: RMB26,439,100), trade receivables of RMB31,866,638 (31 December 2021: RMB32,081,750), prepayments and other receivables of RMB77,654,553 (31 December 2021: RMB65,932,999) and inventories of RMB74,004,250 (31 December 2021: RMB75,221,355).

As at 31 December 2022, total bank and other borrowings of the Group amounted to RMB56,700,000 (31 December 2021: RMB47,400,000). As at 31 December 2022, the bank borrowings are denominated in Renminbi and provided by various licensed banks in China with fixed interest rate of 4.43% per annum (31 December 2021: fixed interest rate of 5.84% per annum).

As at 31 December 2022, the Group's consolidated total assets and net assets were RMB337,196,239 (31 December 2021: RMB347,595,412) and RMB83,713,353 (31 December 2021: RMB110,359,172) respectively. The Group's consolidated gearing ratio, represented by the ratio of total liabilities to total assets, was 0.75 (31 December 2021: 0.68). As at 31 December 2022, the Group's consolidated gearing ratio, represented by the ratio of total bank and other borrowings to total assets, was 0.17 (31 December 2021: 0.14).

EMPLOYEE AND REMUNERATION POLICIES

As of 31 December 2022, the Group had 265 employees (31 December 2021: 344 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 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 chemical fertilizer industry is the basic industry of the national economy because chemical fertilizer is an important means of production for agricultural production and operation. The implementation of supply-side structural reform eliminated excess and backward production capacity within the industry, and the environmental protection policies tightened to force enterprises to improve their level of production process. Following this round of industry adjustments, compound fertilizer and upstream raw material industry has shown effective improvement in the over-capacity situation, resulting in a significant increase of industry concentration and the supply and demand tends to balance. As a result, the industry presents a positive and healthy development trend. The downstream planting industry has basically passed the policy adjustment period after experiencing changes such as planting structure adjustment and grain destocking. Currently, the grain planting industry is running smoothly with grain prices rising steadily. The compound fertilizer industry has already entered a transformation and development stage after a period of rapid industry development and adjustment. At the same time, compound fertilizer companies actively seek for transformation and business upgrade through product structure adjustments in order to reach the next level of competition in development stage. Under the backdrop of the global COVID-19 pandemic, imported inflation and the Russian-Ukrainian war, prices of compound fertilizer raw materials increased significantly since 2020, which became the major impact to the compound fertilizer industry. In the long run, however, prices of raw materials will return to normal gradually and become stable due to the dual impacts of supply and demand in the market as well as policy regulations. The Company will strengthen marketing management, adjust product structure according to market demand, promote the production of compound fertilizers with high efficiency and intelligence, and strive to increase the market share.

In January 2023, the National Bureau of Statistics released the population statistics as at the year end of 2022, with the population of aged 60 and above in China reached 280,000,000, accounting for 19.8%. Among which, the population of 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.

The DTC (Direct to Consumer) system has initially been built by the Company. Going forward, with gradual enhancement of the DTC platform system, it is expected that some elderly care and assistive products as well as compound fertilizers will be changed from offline stores to online sales on the DTC platform.

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

As at 31 December 2022, 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 <i>(Note 1)</i>	–	300,000,000	15.83%
Mr. He Xin	–	–	300,000,000 <i>(Note 2)</i>	–	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 2022, 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 2022, 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 2022, 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 2022, 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 2022.

SHARE OPTION SCHEME

For the year ended 31 December 2022, 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 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 2022.

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 2022, 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

30 March 2023

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. 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 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.