



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 2024

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FINANCIAL HIGHLIGHTS

Financial Summary

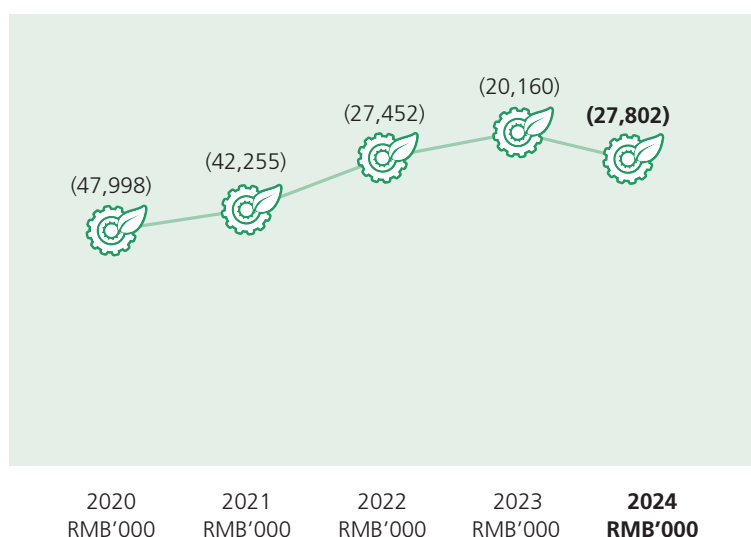
For the year ended 31 December

	2020	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Results					
Turnover	369,355	476,385	403,729	397,998	385,482
Gross profit	40,392	45,605	14,822	21,366	20,223
Gross margin	10.94%	9.57%	3.67%	5.37%	5.25%
Loss attributable to the shareholders	(47,998)	(42,255)	(27,452)	(20,160)	(27,802)
Loss per share (RMB cents)	(2.53) cents	(2.23) cents	(1.45) cents	(1.06) cents	(1.46) cents

As at 31 December

	2020	2021	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Assets & Liabilities					
Total assets	392,919	347,595	337,196	303,278	332,527
Total liabilities	237,775	237,236	256,046	238,699	304,087
Equity attributable to the shareholders	143,036	100,781	70,111	49,951	22,149

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 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 RMB	2023 RMB
Continuing Operations			
Revenue	2	385,482,322	397,998,097
Cost of sales and services		<u>(365,259,446)</u>	<u>(376,632,434)</u>
Gross profit		20,222,876	21,365,663
Other income, gains and losses, net	5	(4,977,025)	14,203,984
Selling and distribution expenses		(13,922,955)	(8,101,974)
Administrative expenses		(20,338,969)	(21,803,601)
Research and development expenses	3	(1,102,139)	(1,319,315)
Impairment losses under expected credit loss model, net of reversal:			
– trade receivables		(9,990,028)	(9,477,305)
– other receivables		(1,108,620)	(1,706,963)
Impairment losses for property, plant and equipment		(2,408,741)	–
Finance costs	6	<u>(4,581,000)</u>	<u>(5,172,914)</u>
Loss before tax	6	(38,206,601)	(12,012,425)
Income tax credit	7	221,318	1,043,900
Loss after taxation		<u>(37,985,283)</u>	<u>(10,968,525)</u>
Discontinued operation			
Profit/(loss) for the year from discontinued operation	4	<u>1,845,733</u>	<u>(5,601,754)</u>
Loss for the year and total comprehensive expense for the year		<u><u>(36,139,550)</u></u>	<u><u>(16,570,279)</u></u>
(Loss)/profit for the year attributable to:			
Owners of the Company			
– From continuing operations		(29,647,974)	(14,557,904)
– From discontinued operation		<u>1,845,733</u>	<u>(5,601,754)</u>
		(27,802,241)	(20,159,658)
Non-controlling interests			
– From continuing operations		(8,337,309)	3,589,379
– From discontinued operation		–	–
		<u>(8,337,309)</u>	<u>3,589,379</u>
		<u><u>(36,139,550)</u></u>	<u><u>(16,570,279)</u></u>
(Loss)/profit per share			
Basic and diluted (RMB cents)			
– From continuing operations		(1.56)	(0.77)
– From discontinued operation		<u>0.10</u>	<u>(0.29)</u>
		<u>(1.46)</u>	<u>(1.06)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	<i>Notes</i>	2024 RMB	2023 RMB
Non-current assets			
Property, plant and equipment		62,691,675	73,627,007
Right-of-use assets		35,661,586	39,309,032
Deposits	<i>11</i>	180,000	–
Other financial assets		–	–
		98,533,261	112,936,039
Current assets			
Inventories		75,307,871	90,456,549
Trade receivables	<i>10</i>	10,818,520	8,776,649
Prepayments and other receivables	<i>11</i>	82,467,447	70,420,103
Pledged deposit		40,000,000	–
Cash and cash equivalents		25,399,950	5,934,322
		233,993,788	175,587,623
Assets of disposal group classified as held for sale	<i>4</i>	–	14,754,304
		233,993,788	190,341,927
Current liabilities			
Trade payables	<i>12</i>	8,931,678	16,106,709
Contract liabilities		77,747,402	86,526,298
Other payables and accruals		56,154,708	47,464,251
Bank and other borrowings – due within one year	<i>13</i>	134,670,000	55,170,000
Lease liabilities		1,561,379	1,498,976
		279,065,167	206,766,234
Liabilities of disposal group classified as held for sale	<i>4</i>	–	10,075,911
		279,065,167	216,842,145
Net current liabilities		(45,071,379)	(26,500,218)
Total assets less current liabilities		53,461,882	86,435,821

		2024	2023
	<i>Notes</i>	RMB	RMB
Non-current liabilities			
Bank borrowings	<i>13</i>	14,870,000	9,920,000
Lease liabilities		8,813,875	10,375,252
Deferred tax liabilities		1,338,072	1,561,084
		<u>25,021,947</u>	<u>21,856,336</u>
Net assets		<u>28,439,935</u>	<u>64,579,485</u>
Capital and reserves			
Share capital	<i>14</i>	189,450,000	189,450,000
Reserves		(167,300,933)	(139,498,692)
Equity attributable to owners of the Company		22,149,067	49,951,308
Non-controlling interests		6,290,868	14,628,177
Total equity		<u>28,439,935</u>	<u>64,579,485</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	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 2023	189,450,000	275,317,438	3,717,696	2,541,404	(19,382,403)	(381,533,169)	70,110,966	11,038,798	81,149,764
Loss and total comprehensive expense for the year	—	—	—	—	—	(20,159,658)	(20,159,658)	3,589,379	(16,570,279)
At 31 December 2023	<u>189,450,000</u>	<u>275,317,438</u>	<u>3,717,696</u>	<u>2,541,404</u>	<u>(19,382,403)</u>	<u>(401,692,827)</u>	<u>49,951,308</u>	<u>14,628,177</u>	<u>64,579,485</u>
At 1 January 2024	189,450,000	275,317,438	3,717,696	2,541,404	(19,382,403)	(401,692,827)	49,951,308	14,628,177	64,579,485
Loss and total comprehensive expense for the year	—	—	—	—	—	(27,802,241)	(27,802,241)	(8,337,309)	(36,139,550)
At 31 December 2024	<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>(429,495,068)</u>	<u>22,149,067</u>	<u>6,290,868</u>	<u>28,439,935</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. APPLICATION OF NEW AND 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 16, *Lease Liability in a Sale and Leaseback*
- Amendments to HKAS 1, *Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)*
- Amendments to HKAS 1, *Non-current Liabilities with Covenants*
- Amendments to HKAS 7 and HKFRS 7, *Supplier Finance Arrangements*

Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) and Amendments to HKAS 1 Non-current Liabilities with Covenants

As a result of the adoption of the amendments to HKAS 1, the Group changed its accounting policy for the classification of borrowings:

“Borrowings are classified as current liabilities unless, at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period. Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.”

In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively. The application of the amendments in the current year had no material impact on the consolidated financial statements.

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

The Group has not early 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 significant impact on its results of operations and financial position:

	Effective for accounting periods beginning on or after
• Amendments to HKFRS 9 and HKFRS 7, <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January, 2026
• 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 Accounting Standards, <i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i>	1 January, 2026
• Amendments to HKAS 21, <i>Lack of Exchangeability</i>	1 January, 2025
• HKFRS 18, <i>Presentation and Disclosure in Financial Statements</i>	1 January, 2027

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:

	2024	2023
	RMB	RMB
Continuing operations		
Fertiliser products	384,846,908	397,424,063
Elderly care and health care services	635,414	574,034
	<u>385,482,322</u>	<u>397,998,097</u>
Total revenue from contracts with customers	<u>385,482,322</u>	<u>397,998,097</u>

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

	2024	2023
	RMB	RMB
Trade receivables (<i>note 10</i>)	10,818,520	8,776,649
Contract liabilities	77,747,402	86,526,298
	<u>77,747,402</u>	<u>86,526,298</u>

Contract liabilities mainly relate to the advance consideration received from customers of fertiliser products, RMB45,094,683 (2023: RMB33,465,176) of the balance at the beginning of the year has been recognised as revenue for the year ended 31 December 2024 from performance obligations satisfied during the year when the goods were sold or the services were rendered during the year.

As at 31 December 2024, the aggregated amount of unsatisfied or partially unsatisfied performance obligations under the Group's existing contracts was approximately RMB77,747,402 (2023: RMB86,526,298). This amount represents revenue expected to be recognised in the future from delivery of biological compound fertilisers in accordance with the expected date of delivery of biological compound fertilisers in accordance with the remaining performance over the lease term, which is expected to occur in the next 12 months.

3. SEGMENT INFORMATION

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

For the year ended 31 December 2024, the Group has two (2023: two) reportable and operating segments in its continuing operations. These segments are managed separately as each business offers different products and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

Continuing Operations

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

Discontinued operation

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

The Group previously had the “Health care products (wine) and related services” as an operating segment following the acquisition of the entire equity interest of Shanghai Weidi Network Technology Company Limited (“Shanghai Weidi”), which was engaged in health care products and related services, by the Group in July 2022.

On 27 March 2024, 82.76% equity interest of Shanghai Weidi held by the Group was disposed of. The operations of the “Health care products (wine) and related services” segment are presented as discontinued operations.

(a) **Segment revenues and results**

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

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

Year ended 31 December 2024

	Continuing operations		
	Fertiliser products RMB	Elderly care & health care services RMB	Total RMB
Revenue from external customers	384,846,908	635,414	385,482,322
Inter-segment revenue	<u>—</u>	<u>—</u>	<u>—</u>
Reportable segment revenue	<u>384,846,908</u>	<u>635,414</u>	<u>385,482,322</u>
Reportable segment loss	<u>(31,106,702)</u>	<u>(406,899)</u>	(31,513,601)
Unallocated other income, gains or losses, net			(866,899)
Unallocated corporate expenses			(5,565,101)
Unallocated interest expense			<u>(261,000)</u>
Loss before tax			<u>(38,206,601)</u>

Year ended 31 December 2023

	Continuing operations		
	Fertiliser products <i>RMB</i>	Elderly care & health care services <i>RMB</i>	Total <i>RMB</i>
Revenue from external customers	397,424,063	574,034	397,998,097
Inter-segment revenue	—	—	—
Reportable segment revenue	<u>397,424,063</u>	<u>574,034</u>	<u>397,998,097</u>
Reportable segment loss	<u>(41,651)</u>	<u>(3,431,631)</u>	(3,473,282)
Loss on settlement of other financial assets			(945,025)
Unallocated other income, gains or losses, net			855,188
Unallocated corporate expenses			(8,055,019)
Unallocated interest expense			<u>(394,287)</u>
Loss before tax			<u>(12,012,425)</u>

(b) Segment assets and liabilities

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

	2024	2023
	<i>RMB</i>	<i>RMB</i>
Segment assets		
Continuing operations		
Fertiliser products	319,422,910	277,079,722
Elderly care & health care services	1,041,761	920,008
Total segment assets	320,464,671	277,999,730
Assets of disposal group classified as held for sale	–	14,754,304
Unallocated corporate assets	12,062,378	10,523,932
Consolidated total assets	<u>332,527,049</u>	<u>303,277,966</u>
Segment liabilities		
Fertiliser products	285,168,180	199,689,349
Elderly care & health care services	2,084,728	474,271
Total segment liabilities	287,252,908	200,163,620
Liabilities of disposal group classified as held for sale	–	10,075,911
Unallocated corporate liabilities	16,834,206	28,458,950
Consolidated total liabilities	<u>304,087,114</u>	<u>238,698,481</u>

(c) Other segment information

	Continuing operations			Unallocated RMB	Consolidated RMB
	Fertilizer products RMB	Elderly care & health care services RMB	Subtotal RMB		
For the year ended 31 December 2024					
Amounts included in measure of segment profit or loss or segment assets:					
Loss on disposal of property, plant and equipment	1,171,831	–	1,171,831	–	1,171,831
Gain on disposal of right-of-use assets	(890,627)	–	(890,627)	–	(890,627)
Written-off for inventories, net	3,253,284	–	3,253,284	–	3,253,284
Written-off for prepayment	1,500,000	–	1,500,000	–	1,500,000
Research and development expenses	1,102,139	–	1,102,139	–	1,102,139
Bank interest income	(46,743)	(907)	(47,650)	(323)	(47,973)
Interest expense	4,320,000	–	4,320,000	261,000	4,581,000
Depreciation and amortisation	9,032,844	94,679	9,127,523	–	9,127,523
Impairment losses on trade and other receivables	10,230,042	–	10,230,042	868,606	11,098,648
Impairment losses on property, plant and equipment	2,408,741	–	2,408,741	–	2,408,741
Additions to property, plant and equipment	2,558,492	–	2,558,492	–	2,558,492

	Continuing operations			Unallocated RMB	Consolidated RMB
	Fertilizer products RMB	Elderly care & health care services RMB	Subtotal RMB		
For the year ended 31 December 2023					
Amounts included in measure of segment profit or loss or segment assets:					
Loss on disposal of property, plant and equipment	196,766	–	196,766	–	196,766
Research and development expenses	1,319,315	–	1,319,315	–	1,319,315
Bank interest income	(156,498)	(535)	(157,033)	(1,154)	(158,157)
Other interest income	–	–	–	(91,784)	(91,784)
Interest expense	4,778,627	–	4,778,627	394,287	5,172,914
Depreciation and amortisation	10,775,020	147,136	10,922,156	–	10,922,156
Impairment losses on trade and other receivables	8,062,085	3,004,346	11,066,431	117,837	11,184,268
Additions to property, plant and equipment	3,262,021	–	3,262,021	–	3,262,021

	Fertiliser products		Continuing operations Elderly care & health care services		Total	
	2024	2023	2024	2023	2024	2023
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Primary geographical markets						
PRC	384,846,908	397,424,063	635,414	574,034	385,482,322	397,998,097
Major products/services						
Sales of biological compound fertiliser products						
– Ordinary fertilisers	359,752,928	378,821,948	–	–	359,752,928	378,821,948
– Organic fertilisers	6,529,518	5,599,291	–	–	6,529,518	5,599,291
– Licencing income	1,495,217	4,355,072	–	–	1,495,217	4,355,072
– Processing income	16,980,723	8,369,660	–	–	16,980,723	8,369,660
– Warehousing service income	88,522	278,092	–	–	88,522	278,092
Provision of integrated elderly care & health care services						
– Processing income	–	–	–	–	–	–
– Leasing of elderly equipment	–	–	–	151,234	–	151,234
– Consultation service income	–	–	635,414	422,800	635,414	422,800
	384,846,908	397,424,063	635,414	574,034	385,482,322	397,998,097
Timing of revenue recognition						
At a point in time	366,282,446	384,421,239	–	–	366,282,446	384,421,239
Transferred over time	18,564,462	13,002,824	635,414	574,034	19,199,876	13,576,858
	384,846,908	397,424,063	635,414	574,034	385,482,322	397,998,097

(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 2024 and 2023.

4. DISCONTINUED OPERATION/DISPOSAL GROUP HELD FOR SALE

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

On 27 March 2024, a sales and purchase agreement was signed between the Company and 上海泛濶投資合夥企業(有限合夥), previously the vendor which sold the entire interests of Shanghai Weidi to the Group, for the disposal of 82.76% equity interest of Shanghai Weidi at a consideration of RMB10,593,100. The assets and liabilities of the Disposal Group, which was expected to be sold within twelve months of the date of classification of the Disposal Group as held for sale, have been classified as assets and liabilities of disposal group held for sale and were presented separately in current assets and current liabilities in the consolidated statement of financial position of the Group as at 31 December 2023. The disposal of Shanghai Weidi was completed on 27 March 2024.

As the “Healthcare products (wine) and related services” operation represented a separate major line of business of the Group, the financial performance of the “Healthcare products (wine) and related services” operation is presented separately in the consolidated statement of profit or loss as discontinued operation. The loss for the years ended 31 December 2024 and 2023 from the Discontinued operation are set out below.

	2024	2023
	RMB	RMB
Revenue of discontinued operations		
Contracts with customers	<u>943,396</u>	<u>8,586,613</u>
Total revenue	943,396	8,586,613
Cost of sales	(248)	(6,411,312)
Other (expenses)/income	(3,219)	1,024
Distribution and selling expenses	–	(406,385)
Administrative expenses	(1,180,205)	(6,444,392)
Impairment losses under expected credit loss model, net of reversal:		
– other receivables	–	(17,052)
Finance costs	<u>(767)</u>	<u>(910,250)</u>
Loss before taxation of discontinued operations	(241,043)	(5,601,754)
Income tax expenses	<u>–</u>	<u>–</u>
Loss after taxation of discontinued operation	(241,043)	(5,601,754)
Post-tax gain recognised on the disposal of the Disposal Group:		
– Gain recognised upon disposal of subsidiary	<u>2,086,776</u>	<u>–</u>
Profit/(loss) for the year from discontinued operations	<u>1,845,733</u>	<u>(5,601,754)</u>

The major classes of assets and liabilities of the Disposal Group as at 31 December 2023, which have been presented separately in the consolidated statement of financial position as assets and liabilities of disposal group classified as held for sale, are as follows:

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

5. OTHER INCOME, GAINS AND LOSSES, NET

	2024 <i>RMB</i>	2023 <i>RMB</i>
Continuing operations		
Loss on disposal of property, plant and equipment	(1,171,831)	(196,766)
Written off for inventories, net	(3,253,284)	–
Written off for prepayment	(1,500,000)	–
Government grants (note (i))	1,000	4,741
Bank interest income	47,973	158,188
Other interest income	–	91,784
Loss on settlement of other financial assets	–	(945,025)
Fair value gain on financial assets at FVTPL	–	225
Gain on lease modification (note (ii))	–	15,387,204
Gain of disposal of right-of-use assets	890,627	–
Sales of scraps	1,034	19,621
Service fee income	–	(29,777)
Compensatory payment	–	(82,847)
Others	7,456	(203,364)
	<u>(4,977,025)</u>	<u>14,203,984</u>

Notes:

- (i) Government grants mainly represented subsidies granted by the PRC Government to subsidiaries of the Group on the research and development expenses related to compound fertilisers incurred by the Group. The subsidies were received and recognised in profit or loss only when the research and development has been completed and fulfilled the criteria set by the PRC Government.

- (ii) Gain on lease modification was recognised for the year ended 31 December 2023. The original leased area was significantly reduced through a supplementary agreement. Hence the lease modification was not accounted for as a separate lease. Instead, the carrying amount of the right-of-use asset had been decreased correspondingly to reflect the reduced lease area, and the lease liability was remeasured at the effective date of the lease modification, by discounting the revised lease payments under the supplementary lease agreement using the revised discount rate of 4%. As the related right-of-use assets had been impaired in previous financial year, the corresponding adjustment to the carrying amount of the right-of-use asset was significantly lesser than the corresponding adjustment to the carrying amount of the lease liabilities and hence a significant gain resulted.

6. LOSS BEFORE TAXATION

	2024 <i>RMB</i>	2023 <i>RMB</i>
Continuing operations		
Loss before taxation is arrived at after charging the following items:		
Auditor's remuneration	510,817	481,703
Cost of services recognised as expense	378,259	920
Cost of inventories recognised as expense (note)	364,881,187	376,631,514
Depreciation of property, plant and equipment	6,974,407	8,196,976
Depreciation of right-of-use assets	2,153,116	2,747,633
Short-term leases expenses	313,488	1,211,236
Travelling and transportation expenses	4,095,459	3,551,934
Legal and professional fee	365,267	656,919
Promotion expenses	1,201,319	565,758
<i>Employee costs (including emoluments of directors and supervisors):</i>		
– Wages and salaries	21,320,282	19,867,697
– Bonus	1,751,319	649,845
– Retirement benefit scheme contributions	3,396,368	2,897,580
– Staff welfare and other benefits	1,258,823	946,399
	<u>27,726,792</u>	<u>24,361,521</u>
Finance costs		
Interest expense on bank and other borrowings	4,132,174	3,989,074
Interest expense on other financial liabilities	–	180,000
Interest expense on lease liabilities	448,826	1,003,840
	<u>4,581,000</u>	<u>5,172,914</u>

Notes:

Cost of inventories recognised as expense mainly includes raw materials and consumables used of RMB356,787,875 (2023: RMB369,256,650) and labour costs and production overheads of RMB8,093,312 (2023: RMB7,374,864).

7. INCOME TAX CREDIT

	2024	2023
	RMB	RMB
Continuing operations		
Current tax		
– tax for the year	1,694	1,693
– over provision in respect of prior years	<u>–</u>	<u>(43,088)</u>
	1,694	(41,395)
Deferred tax	<u>(223,012)</u>	<u>(1,002,505)</u>
	<u>(221,318)</u>	<u>(1,043,900)</u>

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

Pursuant to the rules and regulations of the Cayman Islands, the Group's subsidiaries incorporated in the Cayman Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong are not liable for income tax as they did not have any assessable income arising in Hong Kong during the year ended 31 December 2024 (2023: Nil).

China Corporate income tax

Pursuant to the income tax rules and regulations of the PRC, the provision for PRC income tax of the subsidiaries of the Group is calculated based on the statutory tax rate of 25% (2023: 25%), except for the subsidiaries described below.

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

Certain subsidiaries of the Group in the PRC are qualified as small and micro businesses and enjoy preferential income tax rate of 5% (2023: 5%) with no expiry term.

8. DIVIDENDS

No dividend has been paid or declared by the Company during the year (2023: nil).

9. (LOSS)/PROFIT PER SHARE

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

	2024	2023
	<i>RMB</i>	<i>RMB</i>
(Loss)/profit for the year attributable to owners of the Company		
– From continuing operations	(29,647,974)	(14,557,904)
– From discontinued operation	1,845,733	(5,601,754)
	<u>(27,802,241)</u>	<u>(20,159,658)</u>
Loss for the purpose of basic loss per share		
	<u>(27,802,241)</u>	<u>(20,159,658)</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 adjustment is made in arriving at diluted loss per share as there was no potential ordinary shares in issue during the years ended 31 December 2024 and 2023.

10. TRADE RECEIVABLES

	2024	2023
	<i>RMB</i>	<i>RMB</i>
Trade receivables	105,971,674	102,165,062
Allowance for expected credit losses	(95,153,154)	(93,388,413)
	<u>10,818,520</u>	<u>8,776,649</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:

	2024	2023
	<i>RMB</i>	<i>RMB</i>
Within 3 months	1,257,380	1,605,621
More than 3 months but less than 6 months	3,717,203	3,793,045
More than 6 months but less than 1 year	5,817,827	2,561,129
Over 1 year	26,110	816,854
	<u>10,818,520</u>	<u>8,776,649</u>

The credit period for the customers were from 30 to 60 days (2023: 30 to 60 days).

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

	2024	2023
	<i>RMB</i>	<i>RMB</i>
At 1 January	93,388,413	94,451,402
Written off of trade receivables	(8,225,287)	(10,540,294)
Expected credit losses provided	9,990,028	9,477,305
	<u>95,153,154</u>	<u>93,388,413</u>

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

11. PREPAYMENTS AND OTHER RECEIVABLES

	2024	2023
	<i>RMB</i>	<i>RMB</i>
Current		
Prepayments		
Advanced deposits to suppliers of raw materials of fertiliser products and health care related products	78,976,908	61,033,786
Other receivables (<i>note (i)</i>)	16,354,312	21,141,470
Less: allowance for doubtful debts (<i>note (ii)</i>)	(12,863,773)	(11,755,153)
	3,490,539	9,386,317
	82,467,447	70,420,103
Non-current		
Deposits (<i>note (iii)</i>)	180,000	–
	82,647,447	70,420,103

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 2024 (2023: RMB7,000,000). The amount is unsecured and interest bearing at 4% per annum. The repayment date was extended for one year from 30 September 2020 to 30 September 2021. There was significant increase in credit risk due to further extension of the advance and such balance was considered as credit impaired. Therefore, such amount was fully impaired as at 31 December 2023. As at the date of approval of consolidated financial statements, no repayment has been received.

Also included in other receivables is a consideration receivable arising from the disposal of an associate of approximately RMB307,000 as at 31 December 2024 (2023: RMB307,000) and an amount due from an independent third party, 廣東福利龍農林生態科技有限公司 of approximately RMB5,950,000 as at 31 December 2024 (2023: RMB5,950,000).

(ii) Allowance for doubtful debts:

	2024	2023
	RMB	RMB
At 1 January	11,755,153	10,048,190
Allowance for impairment loss	1,108,620	1,706,963
	<u>12,863,773</u>	<u>11,755,153</u>

(iii) On 23 September 2024, the Group entered into an agreement with two independent third parties, 淄博供銷資產營運有限公司 and 廣東福利龍農林生態科技有限公司, to acquire 18% equity interest of 淄博淄供三蘇農業發展有限公司, at a deposit of RMB180,000.

12. TRADE PAYABLES

	2024	2023
	RMB	RMB
Trade payables	8,931,678	16,106,709

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:

	2024	2023
	RMB	RMB
Within 3 months	2,180,601	3,003,122
More than 3 months but less than 6 months	166,500	1,622,910
More than 6 months but less than 1 year	281,016	2,536,877
Over 1 year	6,303,561	8,943,800
	<u>8,931,678</u>	<u>16,106,709</u>

13. BANK AND OTHER BORROWINGS

	2024	2023
	<i>RMB</i>	<i>RMB</i>
Current		
Interest bearing		
Secured		
– Short-term bank loans (<i>note (i)</i>)	54,040,000	34,000,000
– Current portion of long-term bank loans (<i>note (i)</i>)	–	60,000
Unsecured		
– Short-term bank loans	30,020,000	8,000,000
– Short-term other loans (<i>note (ii)</i>)	2,610,000	13,110,000
	<u>86,670,000</u>	<u>55,170,000</u>
Non-interest bearing		
Secured		
– Short-term bank loans (<i>note (iii)</i>)	40,000,000	–
Unsecured		
– Short-term other loans	8,000,000	–
	<u>134,670,000</u>	<u>55,170,000</u>
Non-current		
Interest bearing		
Secured		
– Long-term bank loans (<i>note (i)</i>)	14,870,000	9,920,000
	<u>149,540,000</u>	<u>65,090,000</u>

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

	2024	2023
	<i>RMB</i>	<i>RMB</i>
Within one year	134,670,000	55,170,000
More than one year, but not exceeding two years	14,870,000	9,920,000
	<u>149,540,000</u>	<u>65,090,000</u>

Notes:

- (i) The bank borrowings were secured against property, plant and equipment with a total carrying amount as at 31 December 2024 of approximately RMB38.9 million (2023: RMB53.2 million). Certain bank borrowings were also guaranteed by a director of a subsidiary and an independent third party.
- (ii) Short-term unsecured other loans as at 31 December 2024 represented borrowings granted from two (2023: four) independent third parties in total of RMB10.6 million (2023: RMB13.1 million). Other loans of RMBNil (2023: RMB6.0 million) were guaranteed by a subsidiary's director, carried fixed interest rate of 12% per annum and repayable on demand, RMBNil (2023: RMB4.5 million) carried fixed interest rate of 18% per annum and repayable on demand, RMB2.6 million (2023: RMB2.6 million) carried fixed interest rate of 10% per annum and repayable on demand, and RMB8.0 million (2023: RMBNil) was interest-free and repayable on demand.
- (iii) Short-term secured bank loans as at 31 December 2024 represented the borrowings from bank of RMB40,000,000, carried at interest of 1.21% per annum and secured by the pledged bank deposits.
- (iv) As at 31 December 2024, banking facilities of approximately RMB138.9 million (2023: RMB66.9 million) were granted to the Group and the Group utilised approximately RMB138.9 million during the year ended 31 December 2024 (2023: RMB51.9 million).

As at 31 December 2024 and 2023, all the bank and other borrowings were not subject to any financial covenants.

14. SHARE CAPITAL

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

	2024		2023	
	<i>Number</i>	<i>RMB</i>	<i>Number</i>	<i>RMB</i>
	<i>(million)</i>		<i>(million)</i>	
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><u>1,895</u></u>	<u><u>189,450,000</u></u>	<u><u>1,895</u></u>	<u><u>189,450,000</u></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 2024, none of the directors or supervisors, employees or other participants of the Scheme had any rights to acquire the H Shares in the Company (2023: nil).

15. GOING CONCERN BASIS

The Group incurred a net loss of RMB36,139,550 and a net cash outflow of RMB26,271,255 from operating activities for the year ended 31 December 2024 and had accumulated losses of RMB429,495,068 as at 31 December 2024. As at 31 December 2024, the Group's current liabilities amounted to approximately RMB279,065,167 while its total cash and cash equivalents amounted to only RMB25,399,950. The Group was in a net current liabilities position of RMB45,071,379 as at 31 December 2024. Included in current assets of the Group are trade and other receivables whose carrying amounts at 31 December 2024 amounted to RMB14,309,059 in aggregate. Up to the date of this announcement, RMB7,610,495 of these trade and other receivables is still outstanding. These conditions may cast significant doubt on the Group's ability to continue as a going concern. The validity of the use of the going concern basis in the preparation of the consolidated financial statements is dependent upon the Group's ability to generate adequate cash flows in order to meet its obligations as and when the obligations fall due.

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

On 19 February 2025, a total of 135,900,000 placing shares have been successfully placed by the placing agent of the Company to not less than six placees at a new placing price of HK\$0.375 per Placing Share pursuant to the terms and conditions of the Placing Agreements, representing approximately 6.69% of the issued share capital of the Company and approximately 10.19% of the issued H Shares of the Company as enlarged by the allotment and issue of all the Placing Shares immediately upon completion of the Placing. On 27 February 2025, HK\$50,758,000 of the proceeds of placing shares were received by the Company.

In March 2025, the Group has obtained banking facilities amounting to RMB40,000,000 in order to meet its working capital requirements.

The Directors are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as they fall due within twelve months from the date of approval of the consolidated financial statements. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, uncertainty exists as to whether the Group is able to achieve its plans and measures as described above, which incorporate assumptions about future events and conditions that are subject to inherent uncertainty. Should the Group be unable to continue to operate as a going concern, it may be unable to realise its assets and discharge its liabilities in the normal course of business. Adjustments would have to be made to write down the carrying value of assets to their recoverable amounts, to provide for any future liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

Should the going concern assumption be inappropriate, adjustments may have to be made to reflect the situation that assets may need to be realised other than at the amounts at which they are currently carried in the consolidated statement of financial position. In addition, the Group may have to provide for further liabilities that might arise, and to reclassify non-current assets and liabilities as current assets and liabilities. The effects of these adjustments have not been reflected in the consolidated financial statements.

16. CONTINGENT LIABILITIES

On 8 July 2022, the Group acquired 100% equity interest in Shanghai Weidi, of which the consideration of RMB6,593,100 for the acquisition of 82.76% equity interest of Shanghai Weidi from 上海泛濤, an independent third party, has been settled during the year ended 31 December 2024, and the consideration of RMB2,206,900 for the acquisition of the remaining 17.24% equity interest (representing the remaining interest held by the Group after the disposal of Shanghai Weidi during the year ended 31 December 2024) from another independent third party vendor (the “Second Vendor”) has not yet been settled as at 31 December 2024 (the “Unsettled Consideration”). The Unsettled Consideration of RMB2,206,900 was included in Other payables as at 31 December 2024. The Second Vendor sued the Group for the outstanding consideration amount and for additional compensation amounting to RMB340,966.

On 28 February 2025, a civil judgement was granted by the court, whereby the Group is found liable to pay for the Unsettled Consideration and legal costs in the total sum of RMB2,369,002 (the “Court Judgement”) within 10 days of the date of the civil judgement. As at 31 March 2025, the Group has not yet settled the Court Judgement, and therefore, the Second Vendor has applied to the court to preserve his interest of debts, to freeze the 12.8% equity interest of Guangdong Fulilong Compound Fertilisers Co., Ltd, a wholly owned subsidiary of the Company, with an amount of RMB2,560,000 equivalent to nominal value of 12.8% of equity interest. The directors of the Company are currently seeking legal opinion to resolve such dispute. In the opinion of the directors, the financial impact of such dispute to the Group is insignificant to the Group, and no further provision for legal costs is considered necessary.

BUSINESS REVIEW

Compound Fertiliser Industry

I. Development of Compound Fertiliser Industry

1. Raw Materials and Compound Fertiliser Prices

In 2024, the raw material market for compound fertilisers witnessed a structural adjustment. Nitrogen fertilisers, swayed by the unleashing of production capacities, danced in the lower price realm range. Phosphate fertilisers, bolstered by the steadfast support of resource costs, maintained in the higher echelons. Potash fertilisers, under the shadow of international market influences, languished in a state of enduring frailty. The market price of compound fertilisers first traced an ascent path followed by a gentle descent, with its annual price average dancing delicately between cost support and the rhythm of demand. By the fourth quarter, it touched its low for the year and rose gradually in a stable manner.

2. Downstream Market Demand for Compound Fertilisers

On 3 February 2024, the Central Document No. 1 (“Opinions of the Central Committee of the Communist Party of China and the State Council on Learning and Applying the Experience of the ‘Thousand Villages Demonstration, Ten Thousand Villages Renovation’ Project to Effectively Promote Comprehensive Rural Revitalization”, 「《中共中央國務院關於學習運用「千村示範、萬村整治」工程經驗有力有效推進鄉村全面振興的意見》」) was promulgated officially. The document emphasizes national food security, aiming to stabilize grain output at over 1.3 trillion catties (斤). By measures such as raising wheat floor price and strengthening support for key grain-producing regions, it enhanced farmers’ enthusiasm to cultivate. Driven by the policy, the sown area across the country has remained stable with optimized planting structures for major crops such as corn and wheat, leading to a steady growth in the demand for chemical fertilisers.

3. The Trend of Compound Fertiliser Market

As the tide of agricultural modernization surges forward, the expectations of growers for the quality and efficacy of fertilisers rise ever higher. Fertiliser enterprises must embark on a relentless quest for innovation. They must improve product quality and fertiliser efficiency, and introduce new types of fertiliser products that are more effective and more environmentally-friendly. Moreover, as the country call for environmental stewardship grows louder, these enterprises must fortify their green infrastructure, and diminish pollution emissions.

II. Development of the Group's Compound Fertiliser Business

The Group's compound fertiliser business includes the research and development, production and sales of compound fertilisers. Classified by production process, the products are mainly high-tower compound fertilisers; by nutrient sources, they include sulphur-based compound fertilisers, chlorine-based compound fertilisers, nitrate-based compound fertilisers, and others; by product types, the products cover high-concentration compound fertilisers, medium- and trace-element fertilisers, water-soluble fertilisers, slow- and controlled-release fertilisers, seaweed fertilisers, bio-fertilisers, crop-specific fertilisers and horticultural fertilisers. These products are extensively applicable for field crops cultivation such as corn, wheat, and rice, as well as for economic crops including peanuts, melons, fruits, vegetables, and horticultural flowers. Compared to conventional alternatives, our formulations demonstrate superior nutrient density and enhanced environmentally-friendly compatibility.

Through our information-based development, the Group has established five core operational sectors including procurement, production, marketing, logistics, and finance, supported by a well-established management framework. This integrated system enables efficient resource allocation and ensures agile market responsiveness.

1. Procurement Model

The raw material procurement framework operates under two primary methodologies: strategic procurement and purchase order-driven procurement. The Procurement Department maintains rigorous oversight of raw material price dynamics, implementing purchasing activities through proactive and adaptive mechanisms that align with annual sales projections, manufacturing schedules, and the current and anticipated material valuations. The Group has established long-term partnerships with multiple large-scale suppliers to ensure sufficient material supply while mitigating risks associated with raw material price volatility.

2. Production Model

The Group operates production bases in Weifang, Shandong and Dongguan, Guangdong. The Group employs a demand-driven manufacturing approach. Aligned with the seasonal nature of compound fertiliser sales, the production, procurement, and sales departments coordinate closely prior to peak seasons to formulate detailed regional and product-specific plans while advancing raw material procurement and production schedules. During the period under review, following market trends, the Group has expanded its product portfolio to include liquid fertilisers and water-soluble compound fertilisers, meeting the market needs.

3. *Marketing Model*

In respect of its compound fertiliser business, the Group mainly employs dealer-based distribution system. The Group has established “Fulilong” as a well-known compound fertilizer brand through years of business development. Leveraging brand equity, it has fostered an extensive and deeply penetrated distribution network. During the period under review, the Group has responded to the wave of digitalisation development through setting up an e-commerce sales platform, broadening its market coverage.

4. *Logistics Coordination Model*

The Group’s Logistics Department oversees the inventory and distribution of raw materials and finished goods. By partnering with third-party transportation providers, the Group optimise cost efficiency for clients while ensuring smooth logistics flow for enterprises.

Medical and Elderly Care Health Business

I. Industry Development Overview on Medical and Elderly Care Health

1. Enhanced Policy Support

The government has prioritized the integration of medical and elderly healthcare services in key documents and strategic plans. A series of supporting policies have been enacted across critical areas, including home-and community-based services, institutional care, healthcare-elderly care coordination, service regulation, and fiscal incentives and taxation, pricing, land, healthcare insurance, and investment financing. These measures provide a robust policy framework to drive the development of the medical and elderly healthcare industry.

2. Expanding Service Capacity

China has established 87,000 partnerships between medical institutions and elderly care providers. Over 7,800 integrated healthcare-elderly care facilities are certified as medical institutions and registered as senior care providers with a total of 2 million beds. This has significantly enhanced service accessibility.

3. AI-Driven Industrial Transformation

Artificial intelligence is applied in health monitoring, disease diagnosis, assisted treatment, and rehabilitation training to facilitate deep integration and synergistic development of medical and elderly healthcare services. This enhances both its service quality and operational efficiency, driving the medical and elderly healthcare sector toward intelligent and modernized advancement.

II. Development of the Group’s Medical and Elderly Care Health Business

The Group’s core elderly care team, with over two decades of industry experience, introduces Japan’s “personalized, quality-driven” elderly care philosophy into China. Adapting this model to local needs, the team established the renowned elderly care brand “Ruifu Elderly Care” in Shanghai. With extensive operational expertise, Ruifu Elderly Care is entrusted with managing government-backed and public-private partnership projects. Currently, it oversees 50 elderly care institutions in Shanghai, including: 3 nursing homes, 29 daycare centers, 6 elderly care residences and 12 integrated elderly service centers.

Ruifu elderly daycare centers have been designated as a standardization pilot project in social management and public services by Standardization Administration of the People’s Republic of China. Its managed nursing homes are among the first in Shanghai to receive the Grade 3 Senior Care Institution accreditation. The Ruifu team has authored industry-standard guides, including the Quality Management Manual for Senior Care Institutions (《養老服務機構質量管理手冊》), which is being adopted as reference materials by universities and care facilities nationwide. The management team oversees urban-wide quality supervision and assessment work in Shanghai and conducts annual evaluations for elderly care providers in these aspects. It also operates a rehabilitation assistive equipment rental business, offering electric care beds and mobility aids for the elders.

In February 2025, the Company completed an additional issuance of shares. A total of 135,900,000 Placing Shares have been successfully placed at the price of HK\$0.375. The net proceeds after deduction of commission and other expenses of the Placing amounted to approximately HK\$50.50 million. The proceeds will be used for the acquisition of an artificial intelligence-based medical health software platform, as well as for the subsequent development of the medical health software platform, general working capital for the medical and elderly care health business and potential investment opportunities.

In early 2025, the Company completed a series of significant business arrangements, and a professional team in charge of the operation of medical health software platform has been set up. The Company, in collaboration with Tian Youzhong and Li Lin, members of the operation team and Beijing Qingniao Kechuang Technology Co., Ltd. (北京青鳥科創科技有限公司), jointly founded Beijing Boya Quanjian Intelligent Computing Technology Co., Ltd. (北京博雅全健智算科技有限公司)(referred to as “Boya Quanjian”). Moving forward, Boya Quanjian will focus on the management and operation of the medical health software platform, striving to push forward the Group’s medical and elderly care health business to achieve leapfrog development and reach new heights.

FINANCIAL REVIEW

Continuing operations

Turnover, Gross Profit and Gross Profit Margin

For the year ended 31 December 2024, the Group achieved a total turnover of RMB385,482,322 (31 December 2023: RMB397,998,097), representing a year-on-year decrease of 3.14%. The consolidated gross profit amounted to RMB20,222,876 (31 December 2023: RMB21,365,663) and the consolidated gross profit margin was 5.25% (31 December 2023: 5.37%). During the Year, the market price of the raw materials of compound fertilizer of the Group has shown a downward trend compared to last year. Therefore, despite the overall sales volume remaining stable compared to last year, the turnover and the consolidated gross profit margin have decreased.

Selling and Distribution Costs

For the year ended 31 December 2024, the Group's selling and distribution costs amounted to RMB13,922,955 (31 December 2023: RMB8,101,974), representing a year-on-year increase of 71.85% in selling and distribution costs during the period under review. This was mainly due to the change in the sales structure of the Group's compound fertilizer business for the year, resulting in an increase in the proportion of sales volume with high sales commission. In addition, we have strengthened our efforts in online sales during the Year, resulting in significant increase in promotion expenses for online sales.

Other Income, Gains and Losses, Net

For the year ended 31 December 2024, the Group's other income, gains and losses, net is a net loss amounted to RMB4,977,025 (31 December 2023: net gain amounted to RMB14,203,984). This was mainly due to loss on disposal of property, plant and equipment and written off for inventories and prepayment. For the year ended 31 December 2023, there was gain on lease modification.

Administrative Expenses

For the year ended 31 December 2024, the Group's administrative expenses amounted to RMB20,338,969 (31 December 2023: RMB21,803,601), representing a year-on-year decrease of 6.72%. The decrease was mainly attributable to the Company's cost reduction and efficiency enhancement measures to save administrative expenses.

Research and Development Expenses

For the year ended 31 December 2024, the Group's research and development expenses amounted to RMB1,102,139 (31 December 2023: RMB1,319,315), representing a year-on-year decrease of 16.46%. It was arisen from mainly the research and development expenses of Guangdong Fulilong, a high-tech enterprise.

Finance Costs

For the year ended 31 December 2024, the Group's finance costs amounted to RMB4,581,000 (31 December 2023: RMB5,172,914), representing a decrease of 11.44% compared to same period last year. The decrease in finance costs was due to the significant year-on-year decrease in interest rates for one-year and long-term bank loans during the Year.

Discontinued operations

For the year ended 31 December 2024, the profit for the year from discontinued operations is RMB1,845,733 (2023: loss of RMB5,601,754) was mainly due to the gain recognised upon disposal of the subsidiary of RMB2,086,776 during the year.

Loss for the Year

For the year ended 31 December 2024, the loss attributable to owners of the Group amounted to RMB27,802,241 (31 December 2023: RMB20,159,658). The loss per share attributable to the Company for the year ended 31 December 2024 was RMB1.46 cents (31 December 2023: RMB1.06 cents).

Pledge of Assets and Contingent Liabilities of the Group

As at 31 December 2024, the carrying amount of buildings under property, plant and equipment pledged as security for certain of the Group's banking facilities amounted to RMB38,900,000 (31 December 2023: RMB53,200,000).

The details of the contingent liabilities as at 31 December 2024 and 31 December 2023 are disclosed in note 16.

Structure of Share Capital

As at 31 December 2024, 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>

GENERAL MANDATE TO ISSUE SHARES

On 7 June 2024, 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 7 June 2024 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 19 April 2024 published on the GEM website, and the announcement of results of the annual general meeting dated 7 June 2024 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 2024 and 31 December 2023 are disclosed in note 3.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

During the year ended 31 December 2024, the Group financed its operations mainly by internally generated cash and banking facilities.

As at 31 December 2024, the Group's current assets and current liabilities were RMB233,993,788 (31 December 2023: RMB190,341,927) and RMB279,065,167 (31 December 2023: RMB216,842,145) respectively. The liquidity ratio of the Group, represented by the ratio of current assets over current liabilities, was 0.84 (31 December 2023: 0.88). The Group's current assets as at 31 December 2024 comprised mainly cash and bank equivalents of RMB25,399,950 (31 December 2023: RMB5,934,322), pledged deposit of RMB40,000,000 (31 December 2023: RMBNil), trade receivables of RMB10,818,520 (31 December 2023: RMB8,776,649), prepayments and other receivables of RMB82,467,447 (31 December 2023: RMB70,420,103) and inventories of RMB75,307,871 (31 December 2023: RMB90,456,549).

As at 31 December 2024, total bank and other borrowings of the Group amounted to RMB149,540,000 (31 December 2023: RMB65,090,000). As at 31 December 2024, the bank and other borrowings are denominated in Renminbi and provided by various licensed banks in China with fixed interest rate ranged from 1.21% to 18.00% per annum (31 December 2023: fixed interest rate ranged from 4.43% to 18.00% per annum).

As at 31 December 2024, the Group's consolidated total assets and net assets were RMB332,527,049 (31 December 2023: RMB303,277,966) and RMB28,439,935 (31 December 2023: RMB64,579,485) respectively. The Group's consolidated gearing ratio, represented by the ratio of total liabilities to total assets, was 0.91 (31 December 2023: 0.79). As at 31 December 2024, the Group's consolidated gearing ratio, represented by the ratio of total bank and other borrowings to total assets, was 0.45 (31 December 2023: 0.22).

EMPLOYEE AND REMUNERATION POLICIES

As of 31 December 2024, the Group had 260 employees (31 December 2023: 264 employees). The remuneration of the Group's employees are determined in accordance with the terms of government policies and by reference to market standard and the performance, qualifications and experience of employees. Discretionary bonuses are paid to a few employees as a recognition of and reward for their contributions to the corporate development. Other employee benefits include contributions to retirement schemes, medical schemes, unemployment insurance schemes and housing allowances.

EXPOSURE TO FOREIGN CURRENCY RISK

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

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

TREASURY POLICIES

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

FUTURE OUTLOOK

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

In January 2025, the National Bureau of Statistics released the population statistics as of the end of 2024, with the population of aged 60 and above in China reached 310,000,000, accounting for 22.0%. Among which, the population of aged 65 and above reached 220,000,000, accounting for 15.6%. 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 health industry, the elderly care health industry has become one of the "sunrise industries" with the greatest potential.

The Group will champion the philosophy of innovation and collaboration, proactively introduce cutting-edge technologies, and inject new impetus into the healthcare software platform, accelerating the digital and intelligent upgrade of the medical and elderly care health business. Meanwhile, the Group will actively expand its market presence, strengthen communication and cooperation with other enterprises in the industry, and integrate resources from all parties to jointly foster a healthy, orderly, and booming ecosystem for the medical and elderly care health industry. The Group is committed to leveraging advanced technologies and resource pooling to provide the general public with more superior, efficient, and personalized medical and elderly care service solutions. By constantly bolstering market competitiveness and industry influence, the Group aims to create more substantial value returns for shareholders and drive the Company towards high-quality and sustainable development.

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

As at 31 December 2024, the interests of the directors and supervisors of the Company and their respective associates in the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) were as follows:

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

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

Note 1: Out of these shares, 180,000,000 shares are held by Xiangyong Investment and 120,000,000 shares are held by Lvyte 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 Lvyte 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 Lvyte 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 Lvyte Fertilisers, respectively. All of the shares represent domestic shares.

Save as disclosed in this paragraph, as of 31 December 2024, 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 2024, 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 <i>(Note)</i>	9.63%
Xiangyong Investment	Beneficial owner	180,000,000 <i>(Note)</i>	9.50%
Guangdong Jiamei	Beneficial owner	180,000,000 <i>(Note)</i>	9.50%
Lvye Fertilisers	Beneficial owner	120,000,000 <i>(Note)</i>	6.33%

Note: All of the shares represent domestic shares.

Save as disclosed above, as at 31 December 2024, 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 2024, none of the Directors, the Supervisors, or the management shareholders and their respective associates of the Company (as defined under the GEM Listing Rules) competes or may compete with the business of the Group or has or may have any other conflicts of interest with the Group required to be disclosed pursuant to the GEM Listing Rules.

FINANCIAL INFORMATION

The financial information in this announcement does not constitute the Group's consolidated financial statements for the year ended 31 December 2024, but represents an extract from those consolidated financial statements. The final results of the Group for the year ended 31 December 2024 have been reviewed by the Audit Committee of the Company.

SCOPE OF WORK OF FAN, CHAN & CO. LIMITED

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

PURCHASE, SALE OR REDEMPTION OF SECURITIES

On 16 January 2025, the Company entered into the Placing Agreement with the Placing Agent. The Placing Agent has conditionally agreed, as the placing agent of the Company, to procure on a best effort basis to not less than six Placees who and whose ultimate beneficial owners shall be Independent Third Parties to subscribe for up to 239,400,000 Placing Shares at the Placing Price of HK\$0.265 per Placing Share. On 5 February 2025, the Company and the Placing Agent entered into a supplemental agreement to change the Placing Price per Placing Share from HK\$0.265 to HK\$0.375. On 19 February 2025, a total of 135,900,000 Placing Shares have been successfully placed by the Placing Agent to not less than six Placees at the New Placing Price of HK\$0.375 per Placing Share. The proceeds will be used for the acquisition of an artificial intelligence-based medical health software platform, as well as for the subsequent development of the medical health software platform, general working capital for the medical and elderly care health business and potential investment opportunities.

Save as aforesaid, neither the Company nor any of its subsidiaries has purchased, sold or repurchased any of the Company's shares during the year ended 31 December 2024 and the Company did not repurchase any of its shares during the year under review.

SHARE OPTION SCHEME

For the year ended 31 December 2024, the Company did not approve any new share option scheme.

AUDIT COMMITTEE

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

The audit committee had held two meetings during the current financial year. The audit committee has reviewed the audited annual results of the Group for the year ended 31 December 2024.

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 2024, 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
31 March 2025

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

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 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.